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A copy of the agenda for this meeting, including a summary of the action taken on each agenda item, is available online at:

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CALL TO ORDER

[Time: 00:00:02]

Mayor Ortega: I call the February 16th, 2021, city council regular meeting to order. Deputy city clerk, will you please conduct the roll call.

ROLL CALL

[Time: 00:00:14]

Deputy City Clerk Cathie Butteweg: Thank you, Mayor. Mayor David Ortega.

Mayor Ortega: Present.

Deputy City Clerk Cathie Butteweg: Vice Mayor Betty Janik.

Vice Mayor Janik: Present.

Deputy City Clerk Cathie Butteweg: Councilmembers Tammy Caputi.

Councilwoman Caputi: Here.

Deputy City Clerk Cathie Butteweg: Tom Durham.

Councilmember Durham: Here.

Deputy City Clerk Cathie Butteweg: Kathy Littlefield.

Councilwoman Littlefield: Here.

Deputy City Clerk Cathie Butteweg: Linda Milhaven.

Councilmember Milhaven: Here.

Deputy City Clerk Cathie Butteweg: Solange Whitehead.

Councilwoman Whitehead: Here.

Deputy City Clerk Cathie Butteweg: City Manager Jim Thompson.

City Manager Jim Thompson: Here.

Deputy City Clerk Cathie Butteweg: City Attorney Sherry Scott.

City Attorney Sherry Scott: Here.

Deputy City Clerk Cathie Butteweg: Acting City Treasurer Judy Doyle.

Acting City Treasurer Judy Doyle: Here.

Deputy City Clerk Cathie Butteweg: City Auditor Sharron Walker.

City Auditor Sharron Walker: Here.

Deputy City Clerk Cathie Butteweg: City Clerk Carolyn Jagger.

City Clerk Carolyn Jagger: Present.

Mayor Ortega: Thank you. Thank you. We have Scottsdale Police Officer Tony Wells and Firefighter Josh Porter. If anyone requires their assistance.

MAYOR'S REPORT

[Time: 00:01:15]

Mayor Ortega: For my Mayor's report, I would like to make sure that everyone is wear that certainly we are involved with the general plan and the draft is visible at our website, www.Scottsdaleaz.gov. And search general plans. We welcome your comments, and we continue to receive them as we progress with our virtual plan of the city.

Let's move on to the city manager's report, the economic development program manager, Cristal Rodriguez will present the shop Scottsdale program just date.

CITY MANAGER'S REPORT – SHOP SCOTTSDALE PROGRAM UPDATE

Economic Development Program Manager Cristal Rodriguez: Good afternoon, Mayor and city councilmembers. My name is Cristal Rodriguez, and I'm the marketing manager for the economic development department. I would like to get a brief update on the shop Scottsdale campaign that myself and my amazing counter, Jackie Cataldo and I have been working on. Next slide.

For those of you who may not be aware. We launched shop Scottsdale an awareness campaign targeting Scottsdale residents to underscore the volume and the importance of keeping dollars in our community. To do this, we launched a video series consisting of local partner organizations such as experience Scottsdale and Scottsdale chamber of commerce, as well as messaging from small businesses within our community. These videos are clearly being show cased through the city of Scottsdale social media channels and the Scottsdale video network, as well as social media channels of the global partner organizations we featured. These videos are serving not only as awareness pieces but also as advertising for the small businesses we have spotlighted.

Along with providing facts and figures for residents we have broken down data into something that they can visualize. For every \$100, 43 stays in Scottsdale. We are able to keep our roads and parks clean and so on. We are really aiming to have the shop Scottsdale experience be a visual one. We want residents to understand that something as buying their morning cup of coffee from their neighborhood coffee house has the power to reinvigorate their local economy. These small acts build up to make big differences to us here in Scottsdale and the local business owners who need local support now more than ever. Next slide.

Since the campaign launched in April, we will continue to hang those banners when occupancy is available that the money you spend here stays here. We have also developed a new landing page to secure an easy to remember URL for the campaign. ShopinScottsdaleaz.com. You can help your community while shopping local. We'll also feature the small business videos we compiled, and I would like to show one of those videos now. Kelly, can you start that video?

Video: The mercantile is a boutique market that's home to over 60 local makers. A lot of these businesses are trying to grow their business. So we give them the opportunity to do that here. I am first generation American. I moved here from California. My husband actually, we came down to old town Scottsdale when we first moved here to Arizona. We wanted to show me around. I loved it here. I just loved it here and I fell in love with all the stores, all the small businesses.

Video: I feel what makes the mercantile different is we house so many small businesses in here. So you are not only supporting one business but you have other businesses to support and the creative aspect where you could actually come in and get creative yourself. We usually have our own crafts that we sell to the customers but we also have workshops where other vendors that are here in store will teach a workshop and people can sign up and learn something new. It could be pottery, jewelry making, or brush lettering. So if people can't come into the store, and want to shop online, they have an online website, mercantile.co. There are so many of our small businesses on the website and we

also ship most of our items for free.

Mayor Ortega: Thank you, Ms. Rodriguez.

Economic Development Program Manager Cristal Rodriguez: Kelly, we'll go back to slide four.

Mayor Ortega: Well you continue or --

Economic Development Program Manager Cristal Rodriguez: Yeah. Slide four, Kelly.

Mayor Ortega: Good. Good.

Economic Development Program Manager Cristal Rodriguez : Thank you. As you can see, these videos tell the journey of each of these small businesses and places a human element to the advertising. So you are not only hearing about what the business does, but why they choose to do it in Scottsdale and how vital local support is on their business. We hope these stories will give small businesses a much-needed boost in these times. So looking ahead, we hope to amplify this message with the help of our local partners as well as the small businesses that we feature. We're also producing point-of-sale items. They can change from stickers and all of this is to add recognize to the shop Scottsdale campaign. Next slide.

Thank you, guys, for your time today. If you have any questions, please do not hesitate to contact myself or Jackie Cataldo in tourism. And thank you again.

PRESENTATIONS/INFORMATION UPDATES

[Time: 00:08:42]

Mayor Ortega: Very good. And that leads us into the experience Scottsdale. Presentation an update from C.E.O. Rachel Sacco, as well as Katie Birchler, who is the board chair.

Experience Scottsdale President and CEO Rachel Sacco: Hello Mayor Ortega, Vice Mayor Janik, this Rachel Sacco. I want to thank you for this opportunity to provide this update on Scottsdale's tourism industry. Since of last year, your tourism industry has faced the greatest challenge every, but the experience Scottsdale team, and I remain very optimistic about this year ahead as we aim to support our local businesses, provide future inspiration for travelers and to promote safe and conscientious travel to Scottsdale. Next slide, please, Kelly.

This slide shows just how important the tourism is to our community and residents. And in normal times, I would be so excited to share all of these numbers with you, because tourism is definitely a leader in jobs and job creation, the tax revenue that we all enjoy and the economic impact that gives us our quality of life. But this slide today is exemplifying what experience Scottsdale is fighting for as we look to stabilize our industry and expedite our recovery and I hope that next year when I'm back here talking to you, that these numbers will even be greater. Next slide, please, Kelly.

Here you can see the year-over-year declined at our Scottsdale hotels experienced in 2020. Next slide. And the industry experts don't even anticipate a full recovery for the U.S. tourism industry until perhaps

2024. However, this year, in 2021, our forecast indicates that Scottsdale hotels will recover some of the ground that we lost in 2020, but certainly not all of it. But your experience Scottsdale team is focused on programs that will ensure that eventually we return to the record-breaking visitation of the years to come. Next slide.

Your Experience Scottsdale team has been working really hard to do promotions, but also to protect Scottsdale's brand, especially when we remember the city and the state made national headlines because of COVID-19. While so many organizations that are like ours had to simply shut their doors and stop their work, we tightened our belts to ensure that we could continue working on behalf of the community and our residents. We developed a recovery program that allowed us to be efficient and flexible so our efforts evolved as the pandemic evolved and we have been successful in protecting our brand. We had travel professionals and media, resulting in leads and bookings for future business and positive media coverage about Scottsdale. Next slide.

Our community and safety, however, remains our priority. And experience Scottsdale has educated our hospitality businesses about public health guidelines, and ordinances that work in tandem with the city of Scottsdale to do so. Our partners have risen to the challenge with new and enhanced cleaning and sanitation protocols and at the same time, we're also educating our travelers about their shared responsibility. To wear a mask, to maintain physical distance and to be mindful and kind. We developed the websites, beScottsdalesafe.com and meetScottsdalesafe.com to help promote those messages and we were proud to partner with Honor Health for the mask up Scottsdale campaign. Next slide.

Safety has certainly been central to all of our promotions and messages, we are also reminding people why they even travel in the first place which is so seek new experiences and make meaningful memories and connections. So we have unveiled a website in a new destination video for our new extraordinary moments life long memories came, which we hope to advertise further once the COVID-19 conditions change, but for now, this campaign will reach anyone who is searching for information about Scottsdale on our website, or our social challenge -- channels, excuse me. I would now like to share with you this video and hope that you will also be inspired by it. Kelly, if you would help me to do so.

(Music).

Experience Scottsdale President and CEO Rachel Sacco: We produced this video well before COVID, but we're so pleased that it strikes the right cord even now, as it chronicles a couple's journey through their lifetime and how Scottsdale responds to every part of their lives. One luxury travel advisor thanked us for the video which she said she can send to clients without overstepping her boundaries. Scottsdale is a destination she recommends moving forward. Next slide, please.

Many of the changes we implemented will remain important throughout the rest of this year, including connecting with our potential visitors and clients and dry markets although you can see that those drive markets are pretty far flunk in some cases. And it means continuing to make those virtual connections so that Scottsdale is well-positioned to compete for visitors and meeting groups when travel becomes more widely accessible. Because of our virtual trade shows that we participated in, and hosted, we have been able to introduce Scottsdale to clients that have never even considered our destination. We

have been talking to clients and travel advisors who previously were really focused on offshore vacations and international defendant fashion -- destinations or even Disney-type vacations. It also means continuing the casita-style resorts and the safety measures and our traditional amenities and culture. Next slide.

So in summing up, I want to thank you and remind you that we are continuing to drive inspiration, business and media coverage for Scottsdale but also remaining committed to our community's health. And I want to speak to the residents at home and all of you as residents. Thank you so much for helping to support the local hospitality businesses throughout the remainder of this crisis and beyond. I want to remind you that Experience Scottsdale is just as much a resource to you, as we are to our visitors. So please let us know how we can help you. And now I would like to turn things over to our experience Scottsdale board chair, Kate Birchler.

Experience Scottsdale Board Chair Kate Birchler: Thank you, Rachel. I'm honored to be here before you speaking on behalf of experience Scottsdale's board of directors, but I'm also speaking to you as a constituent. My family and I have lived in Scottsdale for 23 years. My family board members and I love Scottsdale. And we love representing Scottsdale's tourism industry. Our board is comprised of a diverse group of representatives including area hotels, golf courses attractions, but also sectors such as healthcare and real estate. As part of our board, we are grateful to also have Councilwoman Milhaven as council liaison city manager Jim Thompson as ex officio officer. Having them on our board helps to facilitate communications with the city. I'm sure they will attest that experience Scottsdale's board is here to be a good partner and to help.

I spent 20 years leading tourism marketing for Macerich and I work with shopping centers in major cities across the country. I had the opportunity to work with other destination marketing organizations similar to experience Scottsdale, and I can confidentially say Experience Scottsdale has always been cutting edge with its strategy and its outreach to promote this great defendant in addition to visitors across the world.

The Experience Scottsdale team has remained practically engaged with the members and partners to keep Scottsdale's name top of mind throughout the pandemic and they are poised for success. The team has continued to fostered long standing relationships with the travel trade and media with meeting planners and encourage visitors to travel Scottsdale when they feel comfortable. They stay engaged and stay in front of our clients and we couldn't do our jobs without the port of Experience Scottsdale. I'm honored to serve this board and I look forward to working with you. Thank you again for your time this evening and please let Rachel and I know if there's anything we can do to help you.

PUBLIC COMMENT

[Time: 00:20:13]

Mayor Ortega: Thank you very much, Kate and Rachel. I don't know if there's any other comments from the council, but really appreciate that update.

We are moving on to public comment on non-agendized items in the council's purview. Speakers are limited to three minutes, to address the council. Please begin by stating your name, address for the

record and then proceed with your comments. When you have one minute remaining, you will hear an alert tone and when your time is up, you will hear a second alert tone. At that time, you must conclude your remarks. Staff will mute you once again and you may either stay in on the meeting to listen or leave by hanging up the phone. So at this time, the citizens will be attending remotely and we appreciate your comments and I will turn it over to staff. I believe we have one public comment.

Management Associate Shane Stone: Thank you, Mayor Ortega this is Shane Stone, we have one public speaker from Valeri Marsh. Ms. Marsh, if you will please hit star six to unmute yourself and begin your public comment.

Valeri Marsh: Thank you, Shane. Hello, this is Valeri Marsh, 6774 Sutton. I was recently told that the city will not be fixing the cell tower problem because your focus is on the budget, general plan and COVID-19. Worthy goals but ironically all three will be impacted if this problem is not fixed. The budget will be hit by a 20% decrease in property taxes and lawsuits because none of the local telephone companies have insurance to cover radiation. Radiation destroys natural tab at that times and uses millions of times more power than needed costing us money and natural resources. And as for COVID-19, I submitted several studies that show that radiation entering our homes will increase, not decrease COVID-19 because it harms the immune system.

But now something else has come up. We proposed three solutions that the nation's top experts on this issue have looks at specifically for Arizona, all of which they believe complies with federal, state and local laws. Over the past years when I talked to the members of the current and former city council would have actually taken the time to meet with us, they all agreed, yeah, public safety is not being upheld and they wish to move forward with solutions, but there's been one problem. They all looked to attorney Scott who firmly believes that these solutions would violate the law. I respect attorney Scott and I asked her to come to the country with the country's top attorneys and not a single lawsuit from the wireless company or the government. Ms. Scott informed she will not spend more time looking into issue because she can't violate the law. You can you simply walk away without ever engaging in dialogue with us with the welfare of your constituents is at stake.

Yes, the solutions are novel, but I wouldn't believe that they were lawful. I would think that you would be eager to look into solutions, even if it's less than 1,000 words of straight word for generation of positive cash flow utilizing policing powers of city retains that were never preempted by any law. If you can show us that none of these solutions are lawful, I will be happy to leave you guys alone and return to the business of running my own business. If not, why haven't we been able to meet with you and hear your and your council's objections and solve the problem and keeping with your oath of office to uphold the public welfare. I'm asking if we could just engage in dialogue to hear your objections and see, you know, where this disagreement lies. Thank you so much.

Mayor Ortega: And with that, we will close public comment.

MINUTES

[Time: 00:24:56]

Mayor Ortega: Next, may we have the approval of the minutes? I request a motion to approve the

minutes as posted.

Vice Mayor Janik: I make a motion to approve the minutes as posted.

Councilwoman Littlefield: Second.

Mayor Ortega: Thank you, Vice Mayor Janik and Councilwoman Littlefield. We have a motion to approve the minutes as posted. All in favor, register your vote. Thank you. Unanimous.

CONSENT AGENDA

Mayor Ortega: Well, next we'll move on to our consent agenda, items 1 through 17. We did not receive any requests for public comment on the consent agenda items, however, item number 15 is, removed from the agenda at the request of staff. So do we have a motion to approve consent agenda items excluding item 15?

Councilwoman Caputi: I will make a motion to approve consent agenda items, 1 through 17, with the exception of 15.

Councilwoman Whitehead: I will second that.

Mayor Ortega: Thank you. We have a motion from Councilwoman Caputi and seconded by Councilwoman Whitehead. With that, register your vote. Aye. thank you. That's unanimous.

ITEM 18 – CELEBRITY EQUINE CENTER CONDITIONAL USE PERMIT

[Time: 00:26:46]

Mayor Ortega: Well, now we will move on to the regular agenda item, 18. Known as the celebrity equine center conditional use permit, use permit 4-UP-2020. And we'll hear the presentation by staff, Jeff Barnes.

Senior Planner Jeff Barnes: Thank you, Mayor and members of council. My name is Jeff Barnes with the city's planning department. And presenting for you case 4-UP-2020. Next slide, please. So this slide, to give you some context. Site location, the site itself is a 5-acre site highlighted in yellow here. It's the third property south from Mountain View Road on the west side of 120th Street. 120th Street terminates next to this property, as the entrance to the Stonegate Equestrian Park. Surrounding in this area are multiple single family residential subdivisions of various lot sizes and configurations and also somewhat visible on this slide is the diagonal power line corridor that cuts through the relatively undeveloped space as you take a look aerial photo, crosses over a portion of the east half, the east third of this property. Next slide.

This will give you a little closer view of the site, highlighted again in the yellow here for a little bit of context reiterated. You will see the cul-de-sac termination of 120th street that leads into the Stonegate equestrian trail system. To the north of this property, up at 120th, the -- the developed area that's about half the size of this site is the owner of this property's current residence, and intended to stay

that way. I site highlighted is where they are applying the conditional use permit on. To the west and the south, you will see the Stonegate residential neighborhood. There is a buffer of open area between the backyards of those homes and the site boundary for this application. Contextually that's 40 feet wide on the west and 80 feet wide on south and contains a drainage easement and public trail easement there which connects into the trail system and the surrounding area. Next slide, please.

This site carries the R1-43 single family residential zoning designation, as do the properties to the north and to the northeast of this area. The community to the west and south, consider the R1-C, and the Stonegate equestrian park to the east and the southeast carries the OSPCD open space planned community development zoning designations.

Next slide, please so the request before you tonight is regarding resolution 1029 for a ranch conditional use permit on the property. Next slide, please. Much like our other conditional use permit types, the ranch use comes with a set of criteria set forth in our zoning ordinance. Some of those talk about property configuration requirements, some of those talk about property maintenance requirements. All of those are things we have reviewed and analyzed as part of our staff review that are over viewed in the staff report presented to you.

This proposal for a ranch comes along with the associated uses of boarding and training and horses, boarding and training activities for horses that are not those for the private enjoyment of the property owner which triggers part of the conditional use permit requirement. The proposed site improvements include an uncovered arena, barn and other accessory structures that you typically expect of a ranch property.

Part of the application materials included the submittal of a traffic impact analysis reviewed by our transportation staff, showing that there would not be impacts to the surrounding street network, more than could be handled by those existing streets. There's no outside speakers proposed with this application. Also lighting has been reviewed to be minimal in height and attempted to be located in ways that would not have nuisance impact to surrounding area.

Along the course of this application, we have received comments in support and comments in opposition. The applicant team has been engaged in an ongoing discussion with representative group of primarily Stonegate residential community over concerns and attempting to mitigate those relative to the property and the proposal. This went before the Planning Commission back in December and they made a recommendation of approval. That approval recommendation included some stipulation adjustments relative to urine control and manure collection that I will talk about on the next slide, please.

So getting into some of those details from the Planning Commission. They had specified modification to the set of stipulations regarding the cleaning and removal of manure and specified those to also include urine within that within those parameters, as the discussion at that meeting led to urine often being controlled in the same manner that manure is. Also specified by the planning commission was that leading into this meeting, that the applicant team puts together an exhibit that details how the construction of the barn stall floors will be in showing that they would be able to absorb and urine will be able to soak in. I will get that a little bit later. And last part was that site configuration be modified so the manure collection vehicle would not have to circulate around the entire perimeter of the site to

pick up and pass by the homes in the Stonegate community to the west and to the south. If I could net the next slide.

This was the site plan that was presented to the planning commission, the uncovered arena with turnout arenas. The singular driveway along the south side of the site, in the center of the site, various hay storage and there's a care takers residence and some other elements there and then a barn structure at the west portion of what you are seeing there with a access loop around the outside. The diagonal lines up towards the front and the center represent that power line corridor that I mentioned earlier. If you could click that slide thank you.

So part of what the Planning Commission discussion involved was the circulation route for the collection vehicle for the manure and you can see in the arrow here generally that vehicle would come in and loop around the entire site, pick up and come back out that restaurant. Next slide, please. So this slide is the modified site plan that was presented in response to the Planning Commission's recommendation which altered the collection route and the positioning for that and if I can get a click on that slide. You can see the collection route is more central with a hammerhead-style turn around that eliminates the circulation around the perimeter of the site in response to concerns from the neighborhood. This is the site plan that was presented in your packet, but the last week they came up with an additional modification to this, which is shown, if I can get the next slide.

So as I mentioned there was ongoing discussion with the neighborhood. This -- this site plan was out of that discussion. It brings it more central to the site and keeps that hammerhead style collection route. So if I could get a click on that slide. You can see the general idea of that where this slides the arena a little bit south and brings that access through the center, eliminating the rest of that circulation route from the south side entirely. So because this arrived later than what you have got in front of you, any motion for action tonight that would include this would need to specify the use of this plan instead. Next slide, please.

I presented the construction detail from the Planning Commission recommendation this is what was provided by the applicant I'm showing you, but I will let the applicant go through the detail to give you any more technical on what it's showing. Next slide. This is the conceptual landscape plan along the perimeter and the center of the site. Please note that this has not been updated to that most current site plan but conveys still the general idea of where that landscaping would go next slide, please.

This is the lighting site plan. This gives you the concept of where they would have arena lighting. Those fixtures are pole mounted, identified at 12 feet in height on this graphic, stipulated to 16, typical of other ranch uses and our lighting design guidelines. The rest of the lighting for the site is shown as low level bollard-style light in the barn structure. Next slide, please. This is just a conceptual elevations to go with that barn structure to give you a sense of what that would be looking like at that western end of the site.

And next slide, circling back around to the request. So this is regarding the adoption of resolution 12029 for conditional use permit for a ranch, reminder, again, that that site plan modification game in late and so any intention to will you that would need a modification with the motion to change stipulation number one, excuse me, relative to the date on the site plan to use the one with the centralized drive. That completes staff's presentation. I believe the applicant is cued up to be able to

pick up from there and give you more information. They're waiting on you.

[Time: 00:42:15]

Applicant Representative Wendy Riddell: Mr. Mayor, members of the council, can you hear me?

Mayor Ortega: Yes, now.

Applicant Representative Wendy Riddell: Excellent.

Mayor Ortega: Proceed.

Applicant Representative Wendy Riddell: Are you able to see the screen that we're sharing?

Mayor Ortega: Yes.

Applicant Representative Wendy Riddell: Wonderful. Thank you so much. Wendy Riddell, I'm here on behalf the Celebrity Equine Center and the Flynn family. A.J. and Kevin, who are sitting here, are long-time Scottsdale residents, 40 years in Scottsdale's equestrian community. They are also the immediate residents of this proposed boarding and training facility. This is part of a lifelong dream for them.

So the side itself, you can see in the green is roughly 5 acres, you see Kevin and A.J., the Flynn residents, their existing home where they do have some of their private horses. You also note the Grandon's which is another existing border and training. And you can see the power lines and the trail system that allows the horses to be circumventing this property as well. This gives you an idea looking into Stonegate, you can see the power line corridor. They placed the arena underneath it, underneath a portion of it, much like we are proposing to do here on the Flynn site.

So we are here adjacent again to the Stonegate Equestrian Park. It was actually an estimate of approval for the original Stonegate subdivision and over \$1 million investment by the city of Scottsdale. What we hope to do here is to compliment the Stonegate with the celebrity equine center we are proposing. So as staff mentioned, we are here today with a conditional use permit, and I would encourage the council to look at this with a little different lens than you would a typical zoning case.

This is not a zoning case. In fact, the underlying residential zoning the remain. The zoning ordinance provides that a ranch is a permitted use, subject to mooring seen criteria and the CUP must -- again must be granted if those criteria are met.

And so I will hit the highlights of the criteria. Some of the issues we have been and one the biggest issues is the setbacks for the facility. There's an H.A.O. track between the Stonegate subdivision on south and the west. But we have substantially set back the structures from the edge of the property. So from the southern boundary of Stonegate it's set back 130 feet and western boundary 90 feet and the mature containment is set back substantially with 375 feet tucked up close to the Flynn's residence themselves and the brand new property. They talk about how the manure is contained, and what the plan for that physical containment will be. You see that containment site was moved up now 375 feet

from the closest Stonegate neighbor. And there are very specific, very granular plan about how manure on this site is going to be handled, that the stalls will be cleaned three times a day and picked up two to three times per week as needed and that will never be manure sitting around, nothing will be allowed to accumulate and, again, regular removal from the site.

One of the other criteria is about the fly program and how will flies be handled here. And, again, we have very granular criteria and talks about the mature pickup and a fly misting system and fly predators that really help to mitigate the impact of any flies here. And so in looking at these criteria, the planning staff is recommending approval and has confirmed that our proposal here complies with all of the criteria.

I do, however, want to take a moment and I really want to thank Councilwoman Whitehead and Councilwoman Littlefield for the active involvement that they have taken in this case, as well as the neighbor Ruth Jordan to name just, you know, one of a few who spent a lot of time sitting with us, understands this stuff and then allowing us to work through some of their concerns and to make some changes as a result of those concerns. That started, you know, prior to the Planning Commission but certainly continued through planning commission, and up until city council here today.

Some of the changes that were made in response as we headed to the Planning Commission was relocating the mature containment, shifting the perimeter parking along the access perimeter road and relocating the horse trailer parking, again away from the neighborhood, as well as extensive landscaping, for additional dust mitigation and to increase the visual and noise buffers. So what you see here is a site plan presented to the Planning Commission. Though we have moved the manure containment to the north prior to Planning Commission, the neighbors still had concern, in particular, about the circulation on site and the circulation with the mature truck and that it would be down close to the neighbors. So in response, now we worked with them very, very closely and ultimately as a result we were able to achieve the unanimous approval by the planning commission but we were able to modify the stipulation and we included that the mature trucks only circulate up to the top of the site by relocating the mature and we ultimately were able to also agree on stipulations on how manure and urine would be handled. And we -- urine would be handled.

And we offered two options for circulation, whether that circulation would come into the center of the site or continue along the southern boundary. So in working with neighbors, they preferred this option which is totally acceptable to us. We shifted the driveway up to the center of the site. Really reducing any traffic flow, any need to have traffic flow down adjacent to the Stonegate neighborhood, bringing it up through the center. The manure containment is located on northern boundary and the circulation for that now comes out and goes back out that center road. So we were able to work all of that out. I want the neighbors and the council to understand that this is the site plan that we are proposing with this revised manure collection and circulation route.

And then also in addition to that, there are a number of stipulations that are a part of this application that provides that additional commitment to the neighbors. Things such as the hours of operation, importantly, there's a cap on the number of horses boarded. 36 horses here. There's, again, as we mentioned, there's some noise abatement. There's manure, parking, lighting. So very strict stipulations, very strict criteria that govern this CUP and gives, I hope, the neighbors and the community assurance that this will be a seamless part of the community.

I wanted to make a couple of other quick point. When looking at this, everything that we actually show on the site plan can be legally constructed here today. We are not seeking any variances or any deviations in anyway. The only reason we are here in front of the council is for that conditional use permit to allow the boarding and the training of horses. All the barns, all the structures, everything else you see here is legally permitted to be constructed today. We are very pleased to have 125 signatures of support from Scottsdale equestrian community and growing.

As a lifelong Scottsdale resident myself, every time I'm around horse people, they are asking me about this case. Everyone is excited to see that Scottsdale's equestrian heritage continues to be held near and dear. Again, the conditional use permit here have been met and as a result, respectful request to you that the council approve this conditional use permit and certainly as we sit here today, if the west's most western town, valuing deeply our equestrian heritage. Mr. Mayor, members of the council, I'm happy to answer any additional questions that you may have.

Mayor Ortega: Well, thank you very much. At this point, if any councilmember has a question to staff, or to the applicant, I will address those questions first. I see Councilwoman Whitehead.

[Time: 00:52:14]

Councilwoman Whitehead: I want to thank Jeff Barnes and the planning department. I learned a lot. The residents were very active and very thorough, very flexible, but none of us have horse experience. So we learned a lot and also the planning department was flexible with the residents and the applicant to get things moving around. So it's been a good process. On the lighting, I just have a question. The lights, they just -- they are only on I would imagine when somebody is using -- I don't remember what you call the place where the horses run around.

Applicant Representative Wendy Riddell: The arena.

Councilwoman Whitehead: The arena, thank you.

Applicant Representative Wendy Riddell: Yes Mr. Mayor and Vice Mayor Whitehead, the lights are only on when someone is using that.

Councilwoman Whitehead: I just wanted to verify that. Thank you so much.

Mayor Ortega: I have a couple of items. Did you want to speak, councilman Durham.

Councilmember Durham: Thank you, Mayor Ortega. I have a couple of questions and comments. The stipulations in the CUP were ambiguous in the possibility of having horse shows. As I read it, there are no showed permitted since this property is not on a major street; is that correct?

Applicant Representative Wendy Riddell: Mr. Mayor, if that question is to me, no horse shows will be held at this facility.

Councilmember Durham: And so if I understand correctly, you can't ask permission to have a show

either, right?

Applicant Representative Wendy Riddell: Mr. Mayor, councilmember, I believe that is correct. Most importantly it's not included in the CUP and under the CUP, we could not have horse shows.

Councilmember Durham: One thing I found unusual, you mentioned the stipulation on the active hours but those hours start at 6 a.m. And that seems a little bit early to me if there's going to be activities such as hauling hay around and moving mature and delivering hay, 6 a.m. seems a little uncivilized if you ask me. Was that an issue of concern in the neighborhood?

Applicant Representative Wendy Riddell: So, Mr. Mayor, councilman, there's a difference between activity occurring on the site and when you can have things like vendors coming, meaning someone coming in with hay. It is important when you are dealing with livestock, with horses to have the ability to feed them early, particularly in the summer hours. And to be able to, you know, keep the stalls cleaned, but those are really very quiet activities certainly there's more restrictive activities for the delivery of hay and other active things on the site.

Councilmember Durham: One final question, several of the people who have concerns about the site have mentioned that it's a commercial operation, and is the commercial activity implicit in the definition of a ranch? Is that what allowed the commercial activity to take police?

Applicant Representative Wendy Riddell: So actually, Mr. Mayor, councilman and I will certainly let planning staff chime in here as well, but the city of Scottsdale regulates both ranches, which allow the type of activity that my clients are proposing, doesn't allow for shows, is not opened to the public, does not allow large events, those are put into one category of ranches. By comparison, however, there is a separate category for commercial facilities. Where it's much larger, where they do allow public events, where it is open to the public, where, you know, you have horse shows. So by its very nature, what we are proposing here is not commercial. It falls in the category of a ranch, if that helps.

Councilmember Durham: Well, it is commercial in the sense that certain activities will be taking place for -- for payment but I think I understand your distinction.

Applicant Representative Wendy Riddell: Certainly, there's money exchanging hands, I don't dispute that at all for the board and for the training. But in terms of the intensity of the activity, you know, we are applying for a ranch, not for commercial uses.

Councilmember Durham: Thank you, Mr. Mayor. That's all I have.

[Time: 00:57;18]

Mayor Ortega: I think it's important that we look at the context, having the Stonegate equestrian park there, and basically the activity that's already there and adjacent which is available and an amenity for the Stonegate community. I did speak with Reed, who is with the parks and rec and I believe he might be available to fill us in on kind of activities there I understand it has moderate use. Is it possible for Reed to come -- is it possible for Reed to come on? Well, they may be trying to dial him up, but we did speak about how it's used and I prefer to have him speak to those details. Just as information.

The other point I am make is moving on and probably asking -- asking the Flynn family, because they have this operation directly adjacent and have been very successful with it. The neighboring property which is not part of this conditional use permit; is that correct?

Applicant Representative Wendy Riddell: Thank you, Mr. Mayor. Yes, that is correct. The adjacent Flynn residence is not part of this conditional use permit.

Mayor Ortega: Sure, and they have for their private use maybe 10 or 12 horses, I understand?

Applicant Representative Wendy Riddell: Yes, Mr. Mayor for private use they do.

Mayor Ortega: Sure. And so, you know, they have a direct interest in making sure and direct interest in handling any complaints that may be occurring there.

Applicant Representative Wendy Riddell: Absolutely.

Mayor Ortega: The other point I would like to make and I did speak with Reed. I don't know, again, if he's available but I would be able to ad-lib a few things in our discussion.

Management Associate Shane Stone: Mayor Ortega. This is Shane from the city manager's office. We don't have Reed, but I see a hand raised from the assistant city attorney, Bill Murphy.

Assistant City Manager Bill Murphy: Your question, your initial question about the use of the park, it is a neighborhood park. So it is drop-in. It's not that busy in comparison to most of the other parks that we have. But it is used primarily for equestrians that are in that neighborhood area if that helps.

Mayor Ortega: Yes, and I believe that there is a lighted arena there and I was told that their hours have a push button-type of use when they are used in the evening, except not allowed after 10:30. So that's on city property in that park area. What is the time limit for lights out at this new proposed use?

City Assistant Manager Bill Murphy: Thank you, Mr. Mayor. Actually, they will go out a half hour prior to the park, if that's helpful.

Mayor Ortega: So 10:00 is what you are saying?

Assistant City Manager Bill Murphy: Correct.

Mayor Ortega: Oh, good. The other question, I noticed where the mature storage is and so forth, it seems to be also somewhat convenient to where the Flynn property is just to the north, but I would say, you know, the rules are that everything is self-contained on this five acre property, so there would not be any waste brought on to the property from the Flynn's property, they have their own waste management there?

Assistant City Manager Bill Murphy: That's correct, Mr. Mayor.

[Time: 01:00:15]

Mayor Ortega: Okay. And then finally, one of the concerns I heard was whether or not having 36 horses joining at their own arena, might put some stress on the Stonegate Equestrian Park. Where would be the anticipated use, if any of the 36 four-legged occupants into the park.

Applicant Representative Wendy Riddell: Thank you, Mr. Mayor. The Flynns are putting their facility here to compliment the park and the surrounding uses, not because they intend to use the equestrian park itself very often. So I think the use would be and where we're happy to make this commitment on the record, but it would be somewhat episodic, once or twice at most and that is high, much higher than they really will. You will notice that we have got our own very large arena, where the majority of schooling and the riding of the horses would take place. I hope that's helpful.

Mayor Ortega: Good. I'm hoping that you could stipulate that maybe no more than six horses at a time would be in the public area. I realize that -- that is kind of what I'm hearing and they might rotate during the day, but I don't want the locals and their use to somehow be squeezed out by a dozen horses or 20 horses for some reason. And I'm gathering it would be minimal use that you would project?

Applicant Representative Wendy Riddell: Correct, we would have no problem with the type of limitation you just suggested.

Mayor Ortega: Okay. And finally, I think in checking on the use of the adjoining Flynn ranch and their property had no complaints in terms of any nuisance. That's the ownership of this five acre parcel so any other comments? Please. Councilwoman Caputi.

[Time: 01:03:54]

Councilwoman Caputi: Thank you Mayor. First of all, I think the owner has done a great of going above and beyond in this case, to make sure that the conditional use permit criteria have been met and it's excellent outreach to the neighbors, getting a lot of feedback and making adjustments to make the project better. Just a really quick question. There's a lot of great stipulations that were listed. Who actually enforces those and what is the resource? Maybe this is a question for staff, when there are problems. I'm picturing myself three months from now taking emails about, wait, there's flies or there's -- or whatever. What actually happens when someone has a problem and who enforces these stipulations?

Mayor Ortega: I will ask the city manager or the attorney. Excuse me.

City Attorney Sherry Scott: Thank you, Mayor. Sorry, I'm not very good with my buttons over here, I will try to do better. Sherry Scott from the legal department. So typically, if a conditional use permit is passed, and there are stipulations affiliated with that and there's a question about whether or not or an allegation that the conditional use permit stipulations are being violated, that will be a 3459er that goes to code -- a matter that goes to code enforcement and code enforcement will go out and take a look at that. If they are found to be in violation, they will get a notice of violation and that process will proceed.

If there is a question about interpreting what the stipulation means, then that would go to the zoning

administrator and the zoning administrator would give an opinion. And see that we actually have the wording as determined by the zoning administrator and they comply by the zoning administrator, and so that's how the system works. Of course, if there's continual violations of the conditional use permits and stipulations, then there's always a chance for the council to take a look at that in the future and potentially have a hearing to revoke that conditional use permit.

Councilwoman Caputi: Thank you.

Mayor Ortega: I see no other requests to speak. I would ask, though -- we could actually check a vendor or contractor's records on whether or not they are picking up twice a week, and we could demand that, they're to make sure that they are complying. So I'm open to a motion with the indication for the site -- excuse me. Okay. Oh, yes we have many comments. We have many comments, and we will hear those comments I will turn it over to staff. Excuse me.

Management Associate Shane Stone: Thank you Mayor Ortega and members of -- [No audio] Public comment will be coming from Mr. Natale. I have unmuted you on our end. You can hit star six and begin your comment.

[Time: 01:07:22]

Paul Natale: Yes, this is Paul Natale. Hello?

Mayor Ortega: We can hear you.

Management Associate Shane Stone: Yes, we can hear you.

Paul Natale: Can you hear me?

Mayor Ortega: Yes, sir.

Paul Natale: Thank you very much. I have listened to everybody and my name is Paul Natale and my address is 11126 East Sorrel Lane here in Scottsdale. I have been a resident here for the past 32 years and I'm very familiar with the property that you are speaking with. I do not know the Flynn family, however, I have become very familiar with the property in the last year, just by pure -- how can I say, I know the equestrian area was there, and happened to be riding my mountain bike and came across this property, and was very impressed with the way things were kept, in fact it piqued my interest so much, about the way he kept his horses and his farm that I am now a full-time volunteer over at Onkopi and have been become very familiar with how horses have needs and need to be taken care of. I have noticed after being up there and frequenting the Flynn family area that his horses are well taken care of. The neighbors are very excited to have him and his animals in the area.

I have spoken with his surrounding neighbors and they all seem to be the same attitude of how can I say -- [No audio] 117-degree heat, that we had this summer, his horses again were well taken care of. They were shaded and they had misters and I was up there almost every day at all times of the day. Families come there. It fits very well with the geography of the equestrian center. I do approve what he is doing. I believe it's an appropriate use. The Flynn's have kept their property neighbor friendly and

they have agreed to a number of stipulations to make sure it's compatible with the neighbors. I strongly support this use and I permit the request and ask that the city council to support it.

Management Associate Shane Stone: And we will go to Ms. Meredith. You should be able to unmute yourself using star six and begin your public comment, please.

[Time: 01:10:30]

Linda Meredith: Evening Mayor and city council, my name is Linda Meredith, my address is 12007 East Mountainview Road. I have lives in this equestrian-friendly neighborhood for over 25 years. The Flynns have been such good neighbors. They keep their place spotless and are always accommodating to others when stop by to see their beautiful horses. Many young people are drawn to horses and want to learn all about them. This area is so fortunate to have many equestrians, a great horse park and connecting trail. Over the years, concessions have been made by equestrians so developers could build a development. Some of you here tonight were instrumental in preserving this neighborhood. You supported the equestrians and saw to it that the equestrian park was completed and trails were connected. I personally thank you. Once dedicated horse trails, a petition to develop some gated communities are now shared with walkers and bicyclists. We coexist with relatively few problems.

The land that the Flynns will be using for their expansion is what I feel is the best use of the land. It is directly across from the horse park and trails. It abuts an existing horse ranch. It will be great to have a brand new horse facility in the neighborhood. I'm sure that the Flynns will have a first-class ranch. Every time I see a ranch demolished, I feel like we are stealing from future generations, the lifestyles many in the city of Scottsdale have enjoyed for so long. The character of this neighborhood is an equestrian one and will hopefully remain that way forever. I strongly support this use permit and ask that you do as well. Thank you.

Management Associate Shane Stone: And our next public comment is from Mr. Dunlavy. If you could press star six and begin your public comment.

[Time: 01:12:39]

Tom Dunleavy: My name is Tom Dunlavy. I live at 9948 North 119th Place. That's in Montana Ranch and it's north about Mountainview, about five properties removed from the Flynn property. Our family strongly supports celebrity equine center project. We're very familiar with this subject property. And we frequently walk past it. It's the cleanest and best maintained property in the surrounding area and it certainly is an enhancement to the neighborhood. Over the years, we have watched as the Flynns have continually upgraded the property. It seems like every year they added something new or painted things or moved trees or something like that. It's something that they invest a lot of time and money and energy into.

We have two young granddaughters. They love horses. And we asked the Flynns over if we could bring them over to see the horses. They were delighted to have them come and they really went out of their way to introduce these young girls to horses. They let them feed their rabbits and they just had a great time. Another example of their interaction. I was walking past their property and there was a family walking down the street which included a girl about 5 years old and her two younger sisters. And as

they were walking past the property a girl in the arena on the Flynn ranch called out to them. She was maybe 10 years old and she called out to the 5-year-old, who said, would you like to come and see my horse? And the 5-year-old was very excited to come over and pet the horse and I thought that was great example of what this type of property brings to a neighborhood. You know, today so many kids are just sits around dealing with electronic games and on their iPads and so it's nice to see them interacting directly with nature.

The Flynn's are also well known for their volunteer work and they are great neighbors. This will be a great addition to the neighborhood and we look forward to having it approved. Thank you for the opportunity to speak on their behalf.

Management Associate Shane Stone: And our next public comment will be from Mr. Wakeman. Mr. Wakeman if you could please press star six to begin your public comment.

[Time: 01:15:55]

David Wakeman: Thank you. My name is David Wakeman. I'm at 1866 east Del Timbre. [Garbled audio]

Management Associate Shane Stone: Mr. Wakeman, I'm sorry to interrupt you, but you are coming through very soft on the volume.

David Wakeman: Okay. I will try this. Does that help?

Mayor Ortega: Much better. Much better.

David Wakeman: Okay. Okay. This 36-horse large commercial ranch would be directly up against an adjacent to an expansive fully-established community. I mean the conditional use permit for this kind of a commercial property would circumvent the zoning as it's not compatible with the other properties. It's also encumbered as Mr. Barnes talked with the utility and that those horses are up against the Stonegate neighborhood. Unfortunately, the utility right-of-way prevents that. So I'm not sure this site is suitable for this type of an application, although it does have the requisite 5 acres.

We talked a lot about the systems that will protect the safety, the welfare and the health of the neighbors around no dust, but I didn't find anywhere there a scientific report or professional engineer that performed that a study that substantiates the claims it won't have detrimental impact on the health and safety of the community. And a number of the systems that they are using, there's a whole collection. Many of them are manual and loosely defined. The list borne by the local residents we talked about what happens if it doesn't work. I think that's going to be on the people that live right there which is me and a lot of my neighbors.

One example, they talk about the manual fly control system and the manure storage area. If that manual system proves inefficiently and automated fly control system is installed. Who will determine if it's inefficient? I think there's some questions that haven't been answered about whether these systems will really be effective. So I ask that you represent all the local homeowners and deny the conditional use permit.

This may be a good thing for the city of Scottsdale, as many supporters say, I don't think this is the correct location or site. And certainly I see that Mr. Flynn's team is impressive on what they have done so far, but this is a commercial engagement. Local homeowners like myself don't have the wherewithal to invest in representation to protect our property rights. Mr. Mayor, city councilmembers, we are relying on you. Again, I think this is the wrong site, the wrong location and it doesn't have the documented needed safeguards to protect the health and the welfare of the local residential community. Thank you for your time tonight.

Management Associate Shane Stone: Our next public comment will be from Ms. Brown. Ms. Brown, you should now be able to hit star six to unmute yourself and begin your public comment.

[Time: 01:19:01]

Judith Brown: Hi, can you hear me?

Management Associate Shane Stone: Yes, we can.

Judith Brown: Perfect. Thank you so much. My name is Judith Brown. I was born and raised in Scottsdale. And my parents started a security company here in Scottsdale 44 years ago, which I have taken over, and I grew up with a horse community near the Shea corridor area, and you would love to see some western equestrian culture back into Scottsdale. I have seen over the years many of it leaving the area. I think obviously the location being next to the equestrian park -- I don't think they could have picked a better location to originate their family farm, and the equestrian facility that they are proposing.

I know personally that their property is impeccably cleaned, maintained impeccably, probably better than what most people are referencing commercial ranches or other facilities. From my experience, I think they do above and beyond job on their own family farm. I can only imagine if they could even do better, I don't think so, on a facility that would board and train other people's animals. So I would super love to join the training and boarding facility. I don't have horses right now. But I certainly did over the years and I fully support this project because I find it to be a good location and I personally find the Flynn family farm to do an amazing job at their existing family farm with their horses and the level that they take care of their horses.

We have heard many stories of the level that they are, you know, socializing and bringing value to quality of life around people. That want to experience horses. We need other things to do in Scottsdale besides restaurants and bars and I think this is a wonderful, wonderful project. And that's all I have to say. Thank you so much.

Management Associate Shane Stone: And our next comment is from Ms. Jordan. Ms. Jordan, you should be able to hit star six to unmute yourself and begin your public comment. Ms. Jordan, you are still appearing as muted. It may not have worked. Star six should be the combination to unmute yourself. Ms. Jordan, if you are able to hear me, we are still not able to hear you.

Okay. We are going to come back to Ms. Jordan shortly and we will move on to Ms. Smith. Ms. Smith, you should be able to unmute yourself with star six and begin your comment.

[Time: 01:22:31]

Corinne Smith: Hi, my name is Corinne Smith, and I live at 9711 East Mountainview Road in Scottsdale. I grew up here in Scottsdale. And my parents Amy and Oliver Smith raised my younger brother and my older sister and I on 9871 East Cholla Street. My father started and has successfully grown his business, Oliver Smith jeweler in Scottsdale and has been a member of the Scottsdale charros for over 20 years. While growing up, we had two quarter horses that lived in our backyard. If I was lucky enough, my dad would take me and my two horses to Stonegate equestrian center to ride.

Kevin and A.J. have been clients. A.J. kept a tight ship. We were told to clean our tack after every ride and only put our horses back into clean stalls and to always give the horses the utmost best care that can be given. It was such a tight ship that when I went to look at horses with my father while looking at a particular school's equine program and touring the facility, I took a good look around. Shortly after I turned to my dad and said there's no way I can go here. All of their tack is dirty. The tack room is filthy and there's dust everywhere! A.J. and Kevin set the bar.

The farm has always been a sanctuary for me. I don't only say that because my favorite animals live there but also because it's so uniquely cared for and beautiful. A.J. and Kevin commit all of their time and energy to keeping the flies down, minimizing dust and successfully growing more plants than any Arizonan could imagine. Not to mention, keeping them alive all summer. I cannot tell you how many people have stopped me while walking by just to express interest and tell me how beautiful the farm is. The Flynn's are a class act. I have faith they will do the exact same for celebrity equine center. I know they will go the extra mile to make the site not just great but extraordinary. They have already and will continue [No audio]. Great community neighbor. I fully support this and thank you for your time.

Management Associate Shane Stone: And our next comment we will go to Ms. Thibodeaux. You should now be able to unmute yourself with star six and begin your public comment.

[Time: 01:25:07]

Kimberly Thibodeaux: Hi, my name is Kimberly Thibodeaux. Good evening and thank you for allowing me this opportunity to speak on behalf of A.J. and Kevin Flynn. 10 East Sorrel. I live close by to A.J. and Kevin. So I'm very familiar with the neighborhood and the surrounding area. As an equine enthusiast myself, I believe the addition of celebrity equine center would be a tremendous asset to the area. Clearly it would be compatible with the adjacent equine park and the many horse owners in the surrounding area. Stonegate is filled with wonderful people who I love very much. They are great with their horses and great horse lovers and animal lovers and maintain a beautiful barn for their own horses. And with that said, I know they would only build and maintain a first-class equine center. Anyone who has even been by their home would have to know how beautiful it would be just by the look of their own home.

A.J. and Kevin are very conscientious of their neighbors and would make sure that their neighbors would feel good about the addition to the community. So thank you so much for allowing the opportunity to share my good thoughts about A.J. and Kevin and what I hope becomes the celebrity equine center. Thank you.

Management Associate Shane Stone: And for our next public comment, we will go to Ms. Grow. Ms. Grow, you should now be able to use star six to unmute yourself and begin your comment.

[Time: 01:26:59]

Maren Grow: Yes, hi. This is Lauren Grow. I'm at 1870 East 401 in the saddle back neighborhood that abuts the plan for the equine center. Stonegate is a master plan community of over 900 homes established in the early 1990s, directly adjacent to the site for the proposed celebrity equine center. I have been involved with the Stonegate resident group that formed to object no this high density development since May of 2020, when we first received notice of the Flynn peace plan. Excuse me. At that time, it was referred to as the Flynn family farm on their website and in their initial CUP project. It changed midcourse to celebrity equine center.

Let's be clear, this is not a family farm but rather and a commercial venture intended generate income. I'm very discouraged that the city code allows the conditional use permit process for this type of high density commercial venture in an established residential community. I'm very discouraged that the CUP criteria doesn't include a maximum number of horses. I am very discouraged that the CUP gets approved -- that if it does, that there will be many Stonegate residents that will be negatively impacted by the noise, pest, odors, dust and light from the celebrity equine center, just over their back wall. Lastly, I'm hopeful that the city's decision makers will have the foresight to modify the conditional use permit process, to prohibit this ranch conditional use so that more Scottsdale residents won't have to experience a similar losing battle in the future. I oppose this proposal. Thank you.

Management Associate Shane Stone: And for our next comment, we will go back to Ms. Jordan. Ms. Jordan, you should now be able to hit star six to unmute yourself and begin your comment. Ms. Jordan, if you can hear me, star six will unmute you. Okay. We will reach back out to Ms. Jordan. It appears we are having some difficulties on that line. Next we have Mr. --

[Time: 01:30:11]

Ruth Jordan: Can you hear me now?

Management Associate Shane Stone: I can! Thank you.

Ruth Jordan: Okay. Okay to go ahead then?

Management Associate Shane Stone: Yes, please. Thank you.

Ruth Jordan: Okay. Ruth Jordan. 118 East Sorrel lane Stonegate, Mayor Ortega, councilmembers. Although site modifications have been made --

Management Associate Shane Stone: If you can hear me, star six will unmute you.

Ruth Jordan: Can you hear me now?

Management Associate Shane Stone: Yes, we can.

Ruth Jordan: May I continue?

Management Associate Shane Stone: Yes, it appears you may have volume on in the background. That can cause a bit of a feedback, so you probably want to turn the volume down on whatever device it is.

Ruth Jordan: Okay, but I'm hearing that they are moving on and yet I'm talking to you, so I'm confused. Am I on now or shall we try again in a minute or what?

Digital Media Designer Brian Hancock: Ruth, this is Brian. Just mute the TV in the background and that's what the issue is. If you mute the TV --

Ruth Jordan: I'm not watching on the TV. I'm watching on my computer live stream and I have the volume way down.

Digital Media Designer Brian Hancock: The same thing, just mute the computer or the TV, then you should be fine.

Ruth Jordan: Okay. So shall I try star six.

Digital Media Designer Brian Hancock: : No, no you are speaking right now to the council. So go ahead.

Ruth Jordan: So am I -- can I be heard?

Digital Media Designer Brian Hancock: Yes. We can hear you in the room. Just go ahead with your comment.

Ruth Jordan: Thank you, Brian, for your help with the technical. [Background noise] >> Hi, my name is Ruth Jordan 11878 East Sorrel Lane Stonegate. Mayor Ortega, councilmembers, although site modifications have been made to the original plan, our neighbors remain opposed to this development in its present configuration. As elected officials you may want to be aware of some of the broader issues from the Stonegate, dominated by the corridor, the power corridor, the high density and the proposed ranch and its close proximity to some Stonegate residents motivated over 400 homeowners to sign petitions in opposition to the development. The density and the proximity issues were dismissed and never resolved.

Commercial ranch, we have heard a lot about this this evening. Although this proposed development does not meet the ordinance requirements to be officially classified as a commercial ranch, maybe no mistake, it is a de facto revenue generating venture in a residential area R1-43. Conflict of interest. Applicant team failed to disclose that planning commissioner Prescott Smith is the vice president of a firm hired by the applicant team. Mr. Smith's mother is the owner of the firm and the public relations consultant to the applicant team. Legal action. Under the private property rights protection act, in the future Stonegate homeowners who can show standing and demonstrate harm have the potential to seek remedy from the city council for loss of property values.

Despite the aforementioned issues, I would like to acknowledge that the applicant team did listen to residents they made site modifications in certain areas, to mitigate some of the negative impacts of this

development. And most recently as both Jeff and Wendy have mentioned they helped to resolve the perimeter traffic by affording the residents a choice of a site flow pattern. Resident requests for additional information were answered in a timely and professional manner by the applicant team. We deeply regret that the density and the proximity issues we are never resolved. Thank you.

Management Associate Shane Stone: And for our next comment, we will go to Mr. Szymanski. You should now be able to use star six to unmute yourself and begin your comment.

Management Associate Shane Stone: Yes, we can.

[Time: 01:34:57]

Mike Szymanski: Thank you, Mr. Mayor, Mr. Ortega, councilmembers, I'm Mike Szymanski at 11863 East Appaloosa Place, Scottsdale, Arizona. This Flynn family ranch conditional use permit is directly east of where I live today and it's not warranted, justified to the magnitude proposed by the applicant. It is in my opinion, someone's dream, but not my dream. If approved, this will allow large scale ranch applications, instead of the private family ranches. The current plan will accommodate up to 36 -- I said 36 horses and include boarding, training and rehabilitation of equestrian facilities. It's true a commercial facility. It's not a residential family ranch, despite what I call a slick presentation you received tonight. I have no problem with the existing city equestrian park nor the Flynn existing facility because it's lightly used and the current equestrian park is more than sufficient to accommodate equestrian needs this our area.

So I ask, what is the need? Who is it to benefit? What is the public benefit? The Flynn project will impact I and my neighbors of Stonegate. It negatively impacts our potentially greater or us residents who are close -- well, actually live in close proximity to the Flynn project. There are 17 compromised lots in the area. I so have to ask you, as a Stonegate resident. I moved to Stonegate many years ago. I didn't want to live in Maricopa where my brother bought a cheap house many years ago. Where they have commercial feed farm and other facilities where you smell the odors as the winds drift. In my opinion, this is ill advised and in no way, shape or form justifies anything other than the existing facility that exist in the area. The noise, the flies, the odors are beyond anyone's ability to deal with. So I ask you, please, give careful thought to mitigating and changing the process that we have before us today. Thank you.

Management Associate Shane Stone: Our next comment will be for Mr. Weinflash. Mr. Weinflash, you should now be able to use star six to unmute yourself and begin your comment.

[Time: 01:38:18]

Scott Weinflash: Good evening, my name is Scott Weinflash I live at 12153 East Arabian Park Drive, probably about a half mile north of the Flynn ranch. I'm speaking as a board member of the HOA and speaking on behalf of the board members of the HOA. It's clearly understood that much work has been completed in assessing the celebrity equine center: And my purpose is to ask the city to clarify and confirm several items on the detail. And many of which on my six-point list were addressed today which includes the use of public facilities, the special events and ongoing inspection.

I have three points I would like to ask and it's not that I'm not in favor of the equine center. I have lived in Scottsdale since '85 and lives in this development since 2004. And I have walked by the Flynn ranch probably three to five times a week for the last dozen or so years walking our dog and the ranch is well maintained and the people are very friendly. I have three questions that I would like to know if they can be discussed. The traffic study and the traffic control. It's been stated that a study was completed but I wasn't able to locate the details. And my concern is what volume of cars with a large tractor-trailers some of which have come up and down that street, and it is very difficult on the 120th and Shea turn to get in and out when a vehicle like that is there. If we can have a comment on that later after I speak.

The second is the Flynn ranch talks about having residential housing for maybe their workers. How does that work with the CUP? And finally a question to address some of the recent comments, perhaps is there a possibility to provide approval, if that's what happens with possibly fewer horses on the site, and if compliance is achieved, showing that maybe -- showing that maybe 20 horses can be well maintained, maybe adding the remaining 15 or so horses after that trial period. Thank you.

Management Associate Shane Stone: And for our next public comment, we will go to Mr. Bush. Mr. Bush, you should be able to use star six to unmute yourself and begin your public comment.

[Time: 01:40:46]

Steve Bush: Good evening, my name is Steve Bush. I live on East Terra Lane in Stonegate. I have been a resident of Stonegate for over 18 years and wanted to speak on behalf of the Flynns. As a person that is a proponent of what they are doing. I lived in Mountainview Estates which is just adjacent to the equestrian park. I have three sons and we have utilized the trail systems, the equestrian park, the facilities there and have walked by their farm numerous times. The added -- the addition of horses and other equestrians, we walk by there and don't see a whole lot of activity and when we do, my sons, their eyes light up and we enjoy all the interaction.

It's many times as I have walked by their farm, it's immaculate. The residence is beautiful. They keep it well-maintained and we haven't had any adverse reactions to any odor or anything else. I just wanted to reiterate that there are some residents of Stonegate that are in favor of this development. Thank you for your time.

Management Associate Shane Stone: And, for our next public comment, we will go to Mr. McCarthy. Mr. McCarthy, you should be able to sit star six to unmute yourself and begin your comment.

[Time: 01:42:43]

William McCarthy: Yes, my name is William McCarthy and I live in Stonegate in the Tamrac subdivision. A lot of questions were answered. I don't know if it was intentional to have the council preview their questions but that covered a great deal of mine. I want to reiterate that we are a group of neighbors. We're not organized. We are not grassroots. We don't have the backing of any financial support for tens of thousands of dollars of legal representation. We only have what we are able to express. And one thing that has been highlighted and was also mentioned with the Planning Commission, is the love of horses. And everybody is in agreement with that. I think the same thing can be said about dogs.

Everybody wants to love dogs but no one wants a kennel particularly in their backyard either, but dogs are a lot smaller and produce a lot less bodily waste than the horses do.

We already had a renowned Arabian horse facility in the immediate area just of Mountainview and the argument could be made then well, why not add more? I would propose expanding the existing equestrian park with the available 5-acre lands and that way it would be available for the entire public instead of just only horse enthusiasts.

We talked about the lighting, and it does appear that maybe there's some response from the park at 10:30 to the horse property at 10:00 but I understand our neighborhood have asked to have the lights reduced to 9:00. It's only one hour difference. Stonegate is a dark sky neighborhood without any streetlights. So the lights at the neighboring will add some detriment.

There's been some question and indication about how many horses are there. And, you know, there's 36 -- 36 will be added. We already have apparent odor from the presence of how many ever horses there are and it will only be compounded further with the additional intrusion. And what was mentioned on the -- about the traffic pattern with the two choices, that diagram showed 40 stalls. I hope that was just, you know, a way of maybe throwing in -- filling in the space with it and it remains at 36 stalls. And both of the diagrams for the traffic pattern, there are 16 stalls that immediately back up to the saddleback subdivision on 116th way and it's not clear what the design of the buildings facing the backyards. Hopefully the back walls will be closed instead of the horses facing the neighbors, which will only increase the -- the exposure of the horse elimination waste.

And with the horse elimination waste, that's a 24/7 proposition. So while there are efforts and attempts being made and indicated to mitigate the circumstances, it's going to -- the horses are going to be in their stalls presumably the majority of the time with it. So unless somebody is there, you know, every minute of the day with, it that item is going to continue to exist. The conditional use permit --

Mayor Ortega: Thank you, Mr. McCarthy.

William McCarthy: My time is up?

Mayor Ortega: Yes, your time is up. I appreciate your reflections there.

Management Associate Shane Stone: Mayor Ortega, members of council that concludes the public comment on this item for this evening. Thank you.

Mayor Ortega: Well, very good. I would ask Councilwoman Whitehead.

[Time: 01:46:36]

Councilwoman Whitehead: Thank you, Mayor. And I do want to thank everybody who commented through the public comment process. I have a couple questions and comments. On the lighting, can the applicant just first of all, I think staff made clear these are fairly short lights, 12 feet. So I just don't want the residents to be envisioning like a ballpark here. But can the applicant speak to the light -- the lighting choices and lights have come a long way that will be used on site?

Applicant Representative Wendy Riddell: Yes, thank you, Mayor, Vice Mayor. That is very much the case. If you look at the lighting back at the Stonegate equestrian, I believe it's roughly 35 feet in height. Technology is over 20 years old. Lighting has come a very long way. The lights that we're proposing here are, you know, less than half the size at Stonegate, and it's LED-type of lighting, which is very focused, does not have any kind of bleed over, shielded screened bulbs and will be a far better experience for the Stonegate residents.

Councilwoman Whitehead: The lights will only be on when the arena is in use, but also, a person can just -- it's a button where the person is done, and they flip off the lights and go home, is that how it works?

Applicant Representative Wendy Riddell: Mayor, Vice Mayor, it will be flipped off and they will only be used when somebody is out there riding. There is a stipulation that also requires there to be an automatic shutoff. So in some event, if someone were out there past and didn't recognize the time, it would actually turn off on its own as well. So it's pretty strictly regulated.

Councilwoman Whitehead: Thanks so much. The fly -- the fly mitigation is pretty state-of-the-art. I think it might be helpful for these residents who are very worried, if you just talk a little bit about the fly mitigation.

Applicant Representative Wendy Riddell: Certainly. So there's really two different methods of fly mitigation, of course, indeed -- in addition to the number of times the stalls will be cleaned, but the first kind are called fly predators. It may seem a little bit strange, they actually come in the mail and they are a bag and they look like little seeds and they sprinkle them. They are a type of predator that hatches. They are impacted perceptible to people, they eat the fly eggs before they become flies. There's a misting system that is established in the barn and there was some misstatement from the neighbors saying this would be manual. This is something that's automated and it is indeed installed in the barn or stipulated to that, and it emits a very -- a mist. It's all E.P.A. approved. But it is a deterrent and discourages there from being any flies near the facility.

[Time: 01:50:24]

Councilwoman Whitehead: Thank you so much. I have a question now for staff. So we did go through this pretty in-depth when we were over the months of looking at this proposal, when residents and the applicant. The difference between a ranch and a commercial operation and I -- and residents, I hear you. We might have to relook at some of our ordinances and -- but for this -- for the purpose of this, my understanding is that the type of facility -- this allows someone to board a horse and they can teach. They can have a teacher come and teach them how to ride that horse but they cannot have shows. They cannot have stadiums. They cannot have speakers. So it's, again, not a public facility. I wonder if -- I think staff could do a better job explaining the difference, so that there is permanent protection from this as one resident told me, turning into WestWorld.

Senior Planner Jeff Barnes: Thank you, Mayor and Councilwoman Whitehead, this is Jeff Barnes with the city's planning department, hopefully I can help answer that for you. So as was kind of discussed earlier, there are two levels of equestrian-related conditional use permits, one is the ranch use permit that's what is being sought out here today, which is the -- the less intensive, if you will, still allows for

boarding and training, smaller groups, for doing that, and then there's the more intensive commercial stable in our stoning ordinance, and that's intended more for larger group activities, larger shows and events and things like that. That requires a 10-acre site, wouldn't be achievable at this site if they wanted to pursue it later on anything like that. So the ranch use is in line with what they are requesting.

From a zoning standpoint, understanding that there's been the discussion about -- about money exchanging hands and that's considered commercial, you know, in -- in certain sense, but not from necessarily the zoning standpoint, the zoning ordinance looks, still the single family residential R1-43 zoning district. That allows four different uses that are previously deemed compatible with the residential land uses, schools, churches, and ranches, to add additional criteria and control those things. So those are some of the distinguishing elements that may help sort out, you know, what -- what's unique about this particular application, and why it's not necessarily considered commercial from a zoning and land use standpoint in our ordinance application.

Councilwoman Whitehead: Thank you, Jeff. So -- and I just want to make some comments. We basically have two general plan priorities colliding here. We have a priority to protect our equestrian lifestyle, and the zoning on this land predates Stonegate. But we also have a general plan requirement that we protect quality of life, and certainly that we engage with our citizens. So there was never going to be a perfect answer here, but I do think we have done a pretty good job addressing many of the -- I think it's going to be much better than people are worried about, and it's certainly my hope that the applicant did add quite a bit of trees on the border to -- to make it beautiful, and to -- that's what you will see instead of the horses.

The traffic, I think that was a really big change that we saw tonight. The -- the truck to get the mature will not be -- you know, circling the perimeter of the property, which would go by the Stonegate houses. The location of the mature storage was moved as far away from the residents as possible. There have just been quite a bit of changes and so I feel pretty confident that this -- this will -- that they will be good neighbors and we will have -- we will protect equestrian lifestyle. We will protect the opportunity for people to own horses and also protect Stonegate residents. So I will support the project and again, I really appreciate everybody's comments.

Mayor Ortega: Thank you. We also have a comment from Councilwoman Littlefield.

[Time: 01:54:53]

Councilwoman Littlefield: Thank you, Mayor, very much. I have been very active with this particular project, but I think it all comes down basically -- Jeff, I will ask you. The zoning on this land is single family 1-43 district. They are not asking for a change on that zoning; is that correct?

Senior Planner Jeff Barnes: Mayor and Councilwoman Littlefield, that is correct. This is not a rezoning application. The R1-43 allows for the opportunity to request a ranch through the conditional use permit process, but it is identified as a compatible, allowable land use subject to the conditions.

Councilwoman Littlefield: Okay. Then since the only thing we need to be considering here is whether or not the CUP conditions have been satisfied, can you tell me to the best of your knowledge, and

working on this project, have those conditions been satisfied?

Senior Planner Jeff Barnes: Yes, from the staff review and assessment, those have been satisfied and there have been some additional parameters added in there to help attempt to mitigate concerns that have been raised.

Councilwoman Littlefield: Thank you. That's really what the issue is here tonight, and therefore, since they have been satisfied, I will be supporting this CUP conditional use permit.

Mayor Ortega: Thank you. I hear a motion for regular agenda item celebrity equine center use permit 4-up-2020. And would that include the site plan dated February 11th, 2021?

Councilwoman Littlefield: Yes, with the amendments as stipulated by staff.

Councilwoman Whitehead: I will second that.

Mayor Ortega: Great. We have a motion by Councilwoman Littlefield, a second by councilwoman Solange Whitehead and any other discussion? Okay. Register your vote. Aye. Okay. The motion passes.

And with that, we have concluded our consent and regular agenda. Therefore, I will now adjourn our meeting. There's no other council items brought forward. So I will adjourn our regular meeting, and now, I will convene the February 16th, 2021 work study session.
Okay.

Our work study session provides a less formal setting for the Mayor and the council to discuss specific topics with each other and with city staff and provide staff with an opportunity to receive direction from the council. At this point, we would ask for public comment, however, we did not receive any public comment or requests to speak. Therefore, I will open and close public comment.

WORK STUDY ITEM NO. 1 – MONTHLY FINANCIAL UPDATE

[01:58:38]

Mayor Ortega: We have two items coming forward in our work study. First one is the monthly financial update. I will ask Ms. Doyle, the acting city treasurer to make a presentation.

Acting City Treasurer Judy Doyle: Thank you. Good evening Mayor and councilmembers. Tonight is the monthly financial update through January. Next slide, please.

So looking at the fiscal year-to-date general fund sources we are in total \$24 million or 14% favorable when compared to the budget. I will touch on those categories that are driving the significant variance, and you will find as we continue to move through the fiscal year, a lot of the explanations will remain the same from prior months. The majority of the overall increase is in the taxes local category at \$13.9 million favorable or 19%, virtually all of which is sales tax, which I will cover on that next slide. Property tax is favorable by 7% or \$1.5 million due to timing and the budget spread. The budget is

spread based on the way people paid on average over the last two years and that may vary year over year.

State shared revenues are favorable, 5.5 million or 14%. State shared sales tax is the majority of this variance, which is consistent with what we are seeing here at the local sales tax, which, again, I will cover on that next slide. Auto lieu is the remainder of the variance which is generally considered to be driven by the aggressive sales on the part of car dealers. Charges for services is showing a favorable variance of 17% or \$1.7 million. Nothing has really changed in this category since last month, the favorable variance is still due to hosting a much larger national equestrian show at WestWorld, than originally planned. Also contributing to the favorable variance is reimbursements from the state and Maricopa County for costs related to the assistance that our fire department has provided in response to fires around Arizona. And then finally, contributing to the favorable variances, the T.P.C. payment for the fourth quarter of last fiscal year, which was received in this fiscal year.

Licensed, permits and fees is reporting \$800,000 favorable variance, primarily due to recreation fees. I mentioned last month the difficulty that occurred during budget development to accurately predict what the occupancy would be at our recreational facilities, occupancy was better than expected. Fines fees and forfeitures is unfavorable by \$600,000 or 14% due to lower received photo radar revenue, due to photo enforcement sites are down for maintenance, and less people are on the roads and people are deferring payments. And there are fewer people being housed in the jails due to COVID concerns and then finally the favorable variances in transfers in are due to the reimbursement to the general fund for a debt service payment that is funded by our CIP stormwater fees.

The favorable variances is also the higher enterprise franchise fees due to more revenue collected in the water and water reclamation fund than anticipated, which consequently then affects the transfers in to the general fund. The increase is the result of greater water deliveries compared to the four-year running average, due to the lack of rain and the excessive temperatures that Scottsdale has faced so far this fiscal year. Next slide, please.

So looking at the 1% sales tax, we are \$12.9 million or 22% favorable to our budget. I will note for just the month of January, we did come in under budget \$1.1 million or 6.9%. Our tax audit team did dive into the data and we do feel confident that this decrease in January is reflective of timing. Our budget spreads are based on past history and taxpayers seem to be inconsistent in which they filed this month versus when they filed this month last year. The difference in timing occurred in virtually every category.

Now looking at the big drivers of the year-to-date favorable variance. Again, not much is different than in previous months, automotive, we continue to see primarily due to those car dealers doing better than expected. Again, presumably as a result of the promotions and incentives, that they have been offering. Construction primarily due to an increase in construction activity and speculative sale activity, dining and entertainment, restaurants are doing better than anticipated. Even with their reduced capacity as a result of the pandemic. Food store due mostly to more people eating at home due to the pandemic. Hotel and motel, favorable due in part to hotels doing better than anticipated despite less people traveling, and an increase in bookings with short-term vacation rental properties. Miscellaneous retail stores primarily due to increased online shopping due to COVID. And then other activity due to an increase in taxable sales from computer software, hardware sales at wholesalers and manufacturers.

Our year-to-date revenues under a favorable position and we remain cautiously optimistic. Next slide, please.

So turning to the uses side of things, this reflects an unfavorable variance of \$400,000 or nearly 0%. As I mentioned last month, the unfavorable variance of 4.8 million in that transfers out is related to the purchase of land from the Arizona State land department for the WestWorld main access and master plan project, which was approved by the city council at the December 1st meeting. Without that transfers out, we are reflecting a favorable \$4.4 million variance or about 3%. I will touch on the favorable variance and personnel services in more detail on that next slide, but just over half of that \$4.4 million favorable variance, I mentioned is in contractual services. And again, sounding very much like a broken record on the uses from last month, the favorable variance is due to the timing of the invoices, savings in our jail services due to fewer offenders being arrested and sent to Maricopa County jail in an attempt to mitigate the spread of COVID and fewer photo enforcement dispositions. The certificates of participation has a favorable variance of \$400,000, due to the timing of the service concession arrangement we have with the Bureau of Reclamation. Next slide, please.

The total personnel services variance is showing a year-to-date \$1.4 million or 1% favorable variance. Salaries is favorable, 1% or \$600,000 due primarily to rank promotions within public safety with those replacement employees coming in at a lower rate than that person who was promoted. And retirement is favorable \$800,000 due to the overall public retirement safety expenses being lower than estimated as a result of those less experienced employees replacing retirees whose retirement expenses were greater. Next slide, please.

This slide just summarizes the expenditures that I just walked through, but at a division level. Next slide, please. The favorable change in the general fund balance through January is \$23.6 million, be which is up \$2.1 million from last year month's \$21.5 million. Next slide.

I also wanted to share some really great news related to successful bond issuances that we have recently had. Next slide, please. In December, we took advantage of our triple-a bond rating which is the highest rating that any city can achieve, and the current market conditions and refunded \$168 million of general obligation bonds. Jumping right to the best part, we achieved a net present value savings of \$13.2 million. We had an all-in true interest cost of 1.3%, which is the lowest in the city's history. And to put this into perspective, these bonds were previously financed at about 2% more. These bonds will mature under the same time frame as the original bonds from 2021 to 2034. The savings from this refund will benefit the preserve fund and then finally worth noting, these bonds are repaid using the preserve sales tax. Next slide, please.

And then last month, we yet again took advantage of our stellar bond rating and the current market conditions and refunded \$143 million of municipal property corporation or MPC bonds. Again, getting right to that best part, we achieved a net present value savings of 11.5 million. We had an all-in true interest cost of 1.5%, which is the lowest in the city's MPC history. These bonds will mature again under the same time frame as the original bonds from 2021 to 2036. The savings from this refunding will benefit both the general fund and the water and sewer enterprise funds. The general fund savings will be about \$5.5 million, which on average is about \$350,000 per year, and about 6 million or on average about \$400,000 per year in the water and the sewer fund. Next slide, please.

And then finally, we issued \$51 million in G.O. bonds for the first tranche. We averaged an all-in true interest cost of 1.55%. We had 17 bidders, which the highest number of bidders in the city's history. These will finance several of our bond 2019 projects. These bonds will be repaid using secondary property taxes, again staying below the promised rate of 57 cents per \$100 of assessed valuation. All of that great news concludes my presentation this evening, and I'm happy to answer any questions. Thank you.

Mayor Ortega: Thank you very much, Ms. Doyle. And let's move on to the monthly financial study, presented by Jim Thompson our city manager.

WORK STUDY ITEM NO 2 – MONTHLY FINANCIAL STUDY SESSION

[Time: 02:10:14]

City Manager Jim Thompson: Thank you, Mr. Mayor and members of council. My presentation this evening will be coming -- covering information which has been updated to reflect the most recent numbers.

Mayor Ortega: Your volume, maybe.

City Manager Jim Thompson: Well, that's not up yet, but I will be at the next slide, as soon as it does come up. Yes, the first one is just the top sheet. So there you go. Yeah. I can talk for a while more, but now it's up. Thanks. Yeah.

The general fund results and, again, Ms. Doyle covered some of this in her presentation, and -- and I -- I think it's kind of duplicative, the council asked that I come back monthly throughout the budget process to make sure that we didn't fall off track and when we see the numbers here, we will talk about it for a second, but I will circle back towards the end, but sources and uses, I think very similar slide to what Ms. Doyle shared, but right now, we're at -- at the significant number in the slide, it's a favorable variance of \$24 million. She mentioned, you know, on our -- this outpaces our projections at about 14%. If you look at the source side, we are 14% ahead of what we are projected, but keep in mind we are slightly behind where we were the year before. So even with the pandemic, we have been able to perform thankfully very similar to what we did the previous year which was a very stellar year in our performance. And so we are happy to see that continue and so forth.

On the use side, I think Ms. Doyle also noted last month, we're down to \$400,000 variance, whereas last month, we were millions off and that was for the purchase, but also remember, we heard for months on end about the overtime and fire. One thing that we have noted recently is that our numbers of staff, either exposed or contracting COVID have dropped significantly in the last couple of weeks. So some of those numbers we were receiving for overtime for exposures when we respond to calls and then we have to isolate for a period of time, we had coverage on overtime, particularly in police and fire, and those have fallen off, which is good news and so we are starting to see a more consistent historical perspective associated with overtime in those areas rather than those which were anomalies associated with the pandemic. Next slide, please.

Continued positive results. This year's revenues are coming in better, by \$24 million, and thus far, we

also have, you know, growth in our fund balance. I know there was some recent correspondence to city council associated with the city's fund balance and spending monies down and, in fact, our fund balance has grown probably 4 to almost five times in the period of time that I have been here which is just over four years now. And so when you look at that growth. Now, that growth has been designated which we are going to talk about retreat and other times for public safety to look at some of the pension and some other things that we have but also designations otherwise. When we look at the fund balance a few years back to where it was today, it's substantially higher with obligations associated with it. So, again, this year we anticipated and we went in and made substantial reductions to the budget both on the revenue side and the expenditure side and to date we are out performing that by \$24 million than what we showed. So, again, we are very happy with that.

Keep in mind that the vacancy savings, a good portion of it is associated in the budget is for 137 positions. We currently still have frozen within our organization and we will start hiring back some of those. We're going to be opening up one. Libraries that we shut down a few months back and we started to see a rise in numbers associated with COVID or exposures. We shut another one down, and we will be opening that up and bringing some of these 137 back on staff, as well as in other areas. Next slide, please.

Getting into the vacancy savings a little bit, the general fund is year-to-date is \$3.8 million, associated with the savings and then all funds to date is 5.3. So we -- not just the general fund but we looked at all funds across the entire line, and associated with that keep in mind that in some of those other areas, maybe water, sewer, sanitation, we did have rate forgiveness, rate reductions, penalty forgiveness. We have done other things throughout the pandemic to help many of those, and then we had funds available to help offset that.

In no case does this show the monies we received of CARES Funding in the general fund. That's in a separate, a totally separate fund. We did that on purpose, and we did not put the \$29.6 million in the general fund because some would say you got that money and that's why -- no. It's totally separate. So if we did that back into the general fund, which some cities did for their operational purposes -- we did not. We are giving it back to the community through various programming, we would be sitting today at over \$50 million growth in fund balance if we moved the CARES Fund accordingly. Instead we chose to account for it in a different fashion and keep it separate, and use that for the programs that council at the time approved that we're moving forward with and providing quarterly updates. Next slide, please.

This is the one area that you have heard about. This will be the third time this evening. So Judy didn't touch on this, but both Rachel and Kate talked about at the beginning of the meeting and shared some of these numbers but we like to ever could this, because this means we felt -- this is what we felt to be our most exposed area in the pandemic and it has held true. It has been. It is the one that has taken probably the largest reductions, but while the tourism fund is considerably smaller than the general fund, we find it important that the budgetary barometer of the fund's greatest source is the bed tax, making it susceptible to impact during the pandemic. It's unfortunately. But with reductions we are doing fairly well.

So this year we budgeted \$6.1 million for year-to-date, and received 7.2. So we're running right now favorably at 19% to what we expected our revenues to be. Keep in mind that's -- that's -- you know, we

basically took even a little bit greater than half in our budget process from the previous year and so at 7.2, we are substantially behind where we were last year which was a banner year in this area, but certainly better than our budget at this time. And then uses likewise, some of that was to spend down on other obligations we had associated with the fund, but we're even favorable there at \$100,000, bringing our total favorable. And so we have a little bit of overage in that category, but basically actual and budget, 9.6 to 9.6, very consistent. So to budget, so we are hitting that right online. Next slide, please.

Continuing COVID-19 impacts this year's revenues are coming in better than budgeted in tourism by 1.2. And then we have a slight offset on the expenditure side, but we expect that to -- to be consistent by year end and so we -- if we continue on the path that we are on, we will come in probably around \$2 million over. In the coming months, which we're usually very big for us, in the tourism economy, as you probably heard, a lot of our major events have either canceled or are not having visitors. We just went through the open, where we had 2,000 people allowed on 16, which we would normally see on a Saturday, probably a couple hundred thousand. And likewise, for the entire event, it could be upwards of 3 to 400,000 and this year with the weather the way it was, we could have seen up to a half million on Friday and Saturday. Our maximum was 5,000 for the entire event. So substantially less, but that means we won't see the same revenue stream that we had. The Arabian horse show, which is coming up, that also has no spectators. It is just those participating in the show. And so, again, we expect to have less revenue associated with that.

Barrett-Jackson was moved to March and we have spring training starting on their normal schedule, which will be here towards the end of the month. Discussions right now continue, but the last numbers we heard were 17% to 30% are where most of the stadiums are at. We have a 12,000 capacity. Even if we went at 20% or 2500, we are not at this point. The last discussion we had was 500. It's been bumped to 750 or 1,000. And so that's substantially less than what other communities are allowing in their stadiums as well. One thing I will note with the COVID numbers as well throughout the last couple of months, we have been running behind many of our neighboring jurisdictions as far as rates on testing and have shown better results in that area.

But, again, we're still at a high level and so we will continue to monitor and continue to monitor the impacts and our programming. We're leaving all of our requirements in place that we have set throughout, and have been very successful in implementing those and so, again, we -- we expect some hit here the next couple of months because of the much lower numbers that we would normally have this time of year and may it be for any of the major events that we have. And so some not even allowing spectators, we expect those numbers to be less. So I'm thankful where we are. I think the next couple of months are going to really show for us, but as far as ahead as we are at \$24 million in the general fund, it would take a lot of impact, even over the next couple of months to even come close to falling behind that. So I feel -- I know cautiously optimistic are the words we used. I think I'm more optimistic than cautiously.

We are not changing our spending habits or behaviors. We are not. With the budget, we will come forward with air tight budget again, only because of our concerns that this may continue for a while, but we want to be certain in an uncertain world and right now we are not there to know the certainties but hopefully by the time we come forward in about two months with the discussed budgets in-depth, I will have a better feeling for that. If you have any questions I will be happy to entertain those, but thank

you.

[Time: 02:21:44]

Mayor Ortega: Well, Mr. Thompson, I saved the tough question for you. Could you just outline for my benefit the contingency line item in our budget and, you know, with the surplus that we have, how we might look forward to our next budget cycle in the overall picture.

City Manager Jim Thompson: Thank you, Mr. Mayor and members of council. Contingency line item on in our budget, we have a couple. We have, you know, emergency contingency that could be used for emergencies. We did not use it in the case of pandemic, which is a qualified emergency that we could have dipped into our fund balance reserve, which we keep at 10% of our operating and we did not. We also didn't have a contingency for things that come up throughout the year which allows us to our full budget capacity.

So the way it works to balance the budget is if we are bringing in \$20, and we had \$10 in the bank, I will give you a simple example, that's \$30, but if we're only spending \$10, and we take aside \$10 for our preserve, it still leaves \$10. So that sets into contingency to allow us to balance the budget. And we at no time ever budget where we spend more than what we anticipate bringing in, however, what normally happens we don't spend as much as we budget, because we are frugal in that sense, and responsive to the fiscal responsibilities that we have, and then likewise on revenues, we are very conservative as you noted this evening with the \$24 million spread. And so we intend to come out higher in revenues and so at the end of the year we have some remaining, but looking at that contingency, it allows us to balance the budget. It would take any council-specific action in that area. And the one for which we recently have done, which we have shared this evening, as well was the purchase of the state lands, was taken out of that contingency to -- to move forward and acquire those. So, again, an example of those contingency spending line items which gives us authority throughout the budget year because you are only allowed to appropriate once, and so we always appropriate that contingency to establish that to a zero-based budget then. Hopefully.

ADJOURNMENT

[Time: 02:24:09]

Mayor Ortega: Very good. And with that, we are concluded with our work study. So we are adjourned. Thank you.