

JULY 6, 2022 WORK STUDY 1, REGULAR AND WORK STUDY 2 COUNCIL MEETING
CLOSED CAPTION TRANSCRIPT

This document was created from the closed caption transcript of the July 6, 2022 City Council Work Study 1 and Regular and Work Study 2 meeting and has not been checked for completeness or accuracy of content.

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: 00:00:01]

Mayor Ortega: I call the July 6, 2022, city council work study session number 1 to order. City Clerk Ben Lane, please conduct the roll call.

ROLL CALL

[Time: 00:00:15]

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

Mayor Ortega: Present.

City Clerk Lane: Vice Mayor Tom Durham.

Vice Mayor Durham: Here.

City Clerk Lane: Councilmember Tammy Caputi.

Councilmember Caputi: Here.

City Clerk Lane: Councilmember Littlefield.

Councilmember Littlefield: Here.

City Clerk Lane: Linda Milhaven.

Councilmember Milhaven: Here.

City Clerk Lane: Councilmember Whitehead.

Councilmember Whitehead: Here.

City Clerk Lane: City manager Jim Thompson.

City Manager Thompson: Here.

City Clerk Lane: Sherry Scott.

City Attorney Scott: Here.

City Clerk Lane: Sonia Andrews.

City Treasurer Andrews: Here.

City Clerk Lane: Auditor Sharron Walker.

City Auditor Walker:

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

Mayor Ortega: Excellent. The work study format sessions provide a less formal opportunity for Mayor and council to discuss a particular topic and give direction or receive information on those posted topics. We also give the public an opportunity to come forward with any public comment on the topic. However, so therefore I would open public comment, and I see that we have no public comment for the posted work study item. Therefore, I would -- I will close public comment.

WORK STUDY #1 ITEM 01 – HOME ARIZONA PRESENTATION

[Time: 00:01:24]

Mayor Ortega: The topic that we're going to be reviewing today will be the Home Arizona presentation. The topic has to do with housing and the current conditions. Our presenter is Scott Cooper, Business Attraction Manager. Go ahead. Thank you.

Scott Cooper: Good afternoon, Mayor, and members of city council. There are many factors impacting

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our economy at the local, national, and international levels. Scottsdale is not an island and certainly feels those influences.

The issue we are discussing this afternoon, housing, is at the forefront of industry discussions today. These discussions are impacting both business attraction and business retention decisions. This is an issue that can impact our competitive advantages in our quality of life. A key component being housing costs and availability.

This can hold up business relocation decisions or even disqualify our region from consideration. It can lead to delayed lease renewals at existing offices or new projects awaiting for new markets ready for their expansion. Housing is also impacting an already-stressed labor market, as workers have a harder time finding opportunities to live in the community, businesses have a harder time finding talent. The economic development subcommittee received a presentation on this issue from Housing Arizona, a group formed to address the housing situation at their April 14 meeting and felt it important enough to schedule today's work study session with the full council.

At this point I'd like to turn the presentation over to Nico Howard with Home Arizona who will introduce his team and provide their presentation. Thank you.

Nico Howard: Thank you very much for that introduction. Mayor, Vice Mayor, council, good afternoon. My name is Nico Howard and I'm with a group called Home Arizona. At Home Arizona, our mission is to advocate for the development of fair and quality living spaces for all of Arizona's employees and their families.

I'm exceptionally fortunate to be joined by my founding board by a group of business and civic leaders across a diverse array of industries. A couple of names that you might recognize, everyone's favorite economist, Elliott Pollock, Stacy Pearson, our wonderful executive director, Paul Johnson, the former mayor of Phoenix, Jen Daniels, the former mayor of Gilbert, John Graham, the CEO and President of Sunbelt Holdings along with a number of others.

Now, Elliott has a really terrific presentation for you guys today about a lot of data and graphs, a lot of things that are way over my head. But before we get into all of that, I wanted to say a couple words about how we came to be as an organization. And we really coalesce around two separate but very closely related issues.

[Time: 00:04:16]

The first is that the costs of residential housing across the Phoenix MSA has continued to rise at an unsustainable pace. And number two, it's getting harder and harder to hire good people at our companies. And I know that most cities have struggled with that issue as well, as well as the private sector, but I'll just say those two things one more time.

The cost of residential housing across the Phoenix MSA has continued to rise in unsustainable rate and it's getting harder to hire good employees at our companies. If these two issues persist, they will cause our state to become less competitive from a community economic development perspective and the ultimate consequence of that is that we will begin to lose major employers. So let's look closer at issue number one.

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We've been watching housing prices for the last 12 months, and what we've seen is nothing short of alarming. Across four rent as well as for-sale housing, we've seen close to a 30% increase in the cost of housing. And what that communicates to us unequivocally in the data is that we are undersupplied as a market. And that undersupply, relative to increased demand, is pushing up housing costs and hurting our affordability.

Now, a lot of people view this as just an affordability or a fairness issue, and those are certainly components of the issue. But it becomes a major economic development issue in disguise, and here's why. When major employers relocate to a market, one of their biggest problems is attracting and retaining key talent. They're typically looking at two separate issues.

Number one, whether the existing labor force in a market is sufficient to meet that company's needs, and if not, number two, whether they can import that labor from elsewhere. Now, in order for that to occur, an employee somewhere else in the nation or in the world has to decide to move their family to a new market. And when they're looking at that decision, one of the first things that they're looking at is the cost of living, specifically the cost of housing.

If they can't afford to live in a market or if they can find better housing options elsewhere, simply put, those employees will stop relocating to our market. And if enough employees stop relocating to our market, eventually major employers will begin to do the same. So what starts as an affordability and a fairness issue quickly evolves into a labor availability and community economic development issue. At this time I'll turn it over to Elliott Pollock who will talk to you a little bit more about the data. Again, my name is Nico Howard. Our group is Home Arizona, and I thank you very much for your time today.

Elliot Pollock: I appreciate being here. Thank you very much for hearing us out. Again, this, to me, I've been an economist in the greater Phoenix area since 1969. I'm very old. This is the most significant economic development issue I've seen in that entire time, which is why when I was approached to see if I was interested in it, I just jumped at the chance to communicate to people about this.

So let me go through a bunch of data. Hopefully it will set the stage for you. First of all, nationally and in Arizona, vacancy rates, both for home ownership and for rental are at historic lows. And that's true not only in the U.S., again, it's true in Arizona. This is for home ownership, and this is for vacancy rates. Indeed, the decade of the 2000s was a decade of overbuilding, and the decade of the 2010s was a decade of underbuilding.

[Time: 00:07:34]

We built about half as many units in the 2010s as we built in the 2000s. And so now we're short on inventory. And, yes, the 2000s had -- 2010s have less population growth because of the great recession, but not -- it declined far less than the amount of housing, which is, again, why you absorb so much excess housing. And this decade, even though they're going to be years of good growth and years of bad growth, we're still going to have close to 900,000 people more at the end of the decade than at the beginning of the decade.

Another way of looking at it -- and this is kind of convoluted -- where you see the red with the white, that red with the white is the demand -- what should have -- the number of households that should have

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been basically formed and the red and green show how much housing was built, and we are basically -- we way underbuilt between '90 and '97. We way overbuilt between '96 and 2005, and we have underbuilt every year since 2005, which got us to where we are today. Employment has continued to be strong. It will probably be reasonably strong this year as well. And population growth, while cyclical, is also going to continue to be strong. And here's why especially the problem is occurring now. It's like the rodent that was eaten by a python. You so he it going through the python. The rodent eating through the python are basically Millennials. The largest generation in American history. And essentially they are now basically 26 to 32. And that's prime home buying age.

And so we -- let's take a look at this chart. The blue lines are age. The red horizontal line is basically home purchase loan applications. When people start to buy homes. This is what it looked like in 2021. This is what it's going to look like five years later in 2026. All those people are going to be home buying age. And there's just a tremendous amount of demand coming, and there's also a tremendous amount of pent-up demand.

On top of that, this is the propensity to own versus rent. It jumps up obviously in the 20s to mid-30s. But it keeps on going up from the 30s to the 40s and the 40s to the 50s, but the biggest jump is when people are in the 25 to 34-year-old age group. So you have a lot of people, and those people have a propensity to buy housing. Okay? So it's a big deal. There's one other thing.

[Time: 00:10:20]

I don't know if the '21 data is out yet, but there's so much pent-up demand that 46% of those people 18 to 29 are living home with mommy and daddy. The only time that's ever been that high was at the end of the Great Depression. Think about that. That's 82 years ago. And so those people are going to end up buying housing or renting housing, if for no other reason, they're going to get good jobs because we all know there's a labor shortage, or their parents are going to do what I did and said get out. Thank you very much.

On the supply side, the number of homes in MLS is the long-term average is 65 days. We're currently at about 20 days. And under \$350,000, which used to be affordable. Now it's downright cheap, was 45 days longer on average. Now it's 5.6 days. And even the inventory in new home subdivisions, three years ago was about 2500 units. 18 months ago it was 1600 units. Now it's 477 units. So there's just no supply of housing.

Under normal circumstances, and I'll go through these numbers later, but essentially you'd need the metropolitan area would need about 13,000 housing units a year. But we're so undersupplied to get things back to normal, we're about 16 to 17,000 units short on top of what you need every year. So if you spread that over five years, you really need about 16,000, 17,000 apartments in the metropolitan area just to get supply/demand back into balance over a five-year period.

And, again, apartment deliveries -- I'm not talking Scottsdale. I'm talking areawide -- has not kept up with that, which is why vacancy rates and apartments are so low. So where do we need housing? Entry-level housing, move-up housing, market-rate housing, workforce housing, low-income housing. Basically the current shortage -- and I think this is the first time I've ever seen this -- is all housing types at all price levels and at all income levels. There is nobody who's gotten away from this. Now, consider housing a ladder.

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If you're upper income and housing prices go up, well, maybe you're a cash buyer, or maybe you just downgrade a little. If you're a middle-income guy, maybe you're going to downgrade your house from a 2500 square foot house to a 2,000 square foot house or 1800 square foot house. But you get below that, you might not be able to afford a house given current levels of interest rates, and so you're going to be moving to apartments. And then at the lower end, there's just going to be a lot more homelessness.

Solange told me about a story about a friend of hers who essentially the rents went up so much, she basically doesn't know what she's going to do. That is fairly common in today's world, unfortunately. As you know, prices and rents have gone up astronomically relative to the rate of inflation. That's likely to slow, but we'll get into affordability in a minute. I guess we're here now. The red line is Phoenix.

[Time: 00:13:43]

In 2010, 85% of the household in Phoenix could afford the median price income -- median priced house. In 2016, it was about 70%. 2020, it was basically just under 70%. Now it's 43%, and it's going lower. So, again, 2015, 71% could afford the median priced house. That's very good. Median simply means 50% above, 50% below. So if more than half can afford the median house, that's really an affordable market. We were a very affordable market. And even in '19, it was 65%. Here's what it was in the first quarter.

And keep in mind the average interest rate in the first quarter was under 4%. So this is before the big increase in interest rates, and it was all of a sudden less than half can afford the median priced home, and that's where the squeeze is. So we ran some numbers to see where we were headed. This assumes no price increases in housing in '23, '24, or '25. And affordability under this set of circumstances would fall into the high 20s.

That's kind of Californiaesque. We did another one saying what's the worst thing that could happen? Well, how about housing prices declining 15% over the next two years? Affordability is still in the 30s and low 40s, even under those circumstances. And that assumes a 6.5% interest rate, if you listen to the Fed, it's going to be higher than that by the end of the year, if they do what they say they're going to do. Then I took a look at, okay, let's take a look at what's historically been affordable markets. Albuquerque, Houston, Dallas, Denver, Phoenix.

And then take a look at the other end of the spectrum, New York, San Diego, San Francisco, Los Angeles. Take a look at the last two columns, and take a look at the home ownership rate and markets that are affordable, and then the apartment renter rate in those affordable markets and what happens to markets that become less affordable? You simply are pushing people to rental housing. That's the reality of it. And if you had -- right now it's about 65/35. Ownership. If that went to 60/40, that would mean another 75,000 people would be in apartments rather than houses. And then the other thing is about interest rates.

A one half percent change in interest rates is the same thing as a 6.5% increase in the price of a home when it comes to your payment. So for every 1% increase in interest rates, it's the same thing as a 13% increase in price -- the price of the house in terms of how it affects your monthly payment. And this is really out of any control anyway. This was -- when interest rates were lower -- really explained why housing prices could go up 233% in 12 years -- or 22 years, but mortgage rate -- but payments basically didn't go up that much.

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And it's because really, yes, incomes went up, but it's really that interest rates declined so much. And now that the decline is over, the effect on affordability is basically devastating. The real thing, though, to look at in the Phoenix area is the ratio of housing price to family income. So historically, the ratio of the house you bought to your income was about three to one. Well, it's now up to about 5 1/2 to 1. And so the prices have gone up so much relative to income that it's squeezing basically the everyday guy.

Same thing with apartments. If apartments were to go up 10% a year, you'd need \$100,000 to qualify for an apartment by 2026. It's getting crazy. So we took a look at most of the importance -- I shouldn't say important -- in cities that we think with key cities in the valley, and we took a look at the wages of nurses and police officers and firefighters and teachers and chefs, and then we took a look at the rents in those cities to see whether somebody who was a nurse and single or a fireman who was single, what could they afford?

Well, in August of 2020, the green shows you what they could afford to buy. By the way, Scottsdale is the third from the bottom in each of these things. So in 2020, none of those professions by themselves on their income could afford to buy the median priced house. The yellow is -- could they rent a two-bedroom apartment? The orange is could they rent a one-bedroom apartment? And the red is they couldn't do anything.

Just between August '20 and August '21, take a look at how much more red there is. And then take a look at August '20 versus March of '22 and how much more red that is. Essentially, there is no place for essential workers to live anymore. And it's not just Scottsdale. It's a lot of places. In the valley. And that is creating, again, a real problem.

[Time: 00:19:13]

So what does this affordability situation do? Fewer people buy. More people rent. More people who rent single-family homes are going to be doubling up as families. They're going to be more Millennials and Gen-Zs living with their parents and start giving the age of baby Am Bookers more parents living with their kids.

Homes are going to be smaller and more dense. There's going to be less workforce housing. So where do these people live? C&D apartments are going to be rare, but they're not going to be well maintained. There's going to be a lot more homelessness, and it's a worsening economic development picture is the ability to draw an employee's diminishes, they're just going to be upward pressure on wages and city budgets, and slower growth in the economy as a whole, which means probably less real income growth.

Now, I happen to say there are seven things that can be done, because I happened to find a picture of a guy with seven fingers. But basically, you have to build more units. There really is no other solution. And it can't be done overnight. It's going to take a while. This isn't -- this problem isn't going away soon.

I could go through the numbers, but the numbers are that essentially you need every year 20,000 to 25,000 single-family for-sale units, about 15,000 rental units. There's 2,000 to 2,500 units needed for new home inventory. There's replacement of 1,000 demolished units. And there's all the pent-up demand. The wild card is how long are people going to be put up with their Millennials living with them? So essentially over the next five years, to get things back to normal, you really need about 42,000 units a

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year. I doubt that's going to happen.

So the key takeaways from this is affordability has fallen. It's now plummeting. There's virtually no vacancy or available supply. Supply has not kept pace with demand. Our success in attracting jobs and people has not been matched by a sufficient supply of housing, and that new employees need. And, again, a continued shortage of housing drives up costs. You know, the first thing you learned in economics 101, supply and demand.

So the good old days that we all grew up in where housing was very affordable, and basically there was a lower consistent housing price to income ratio, and that helped economic development, helped the greater Phoenix area. Our kids could live nearest when they got back from school or they just moved out. Essential workers could easily find a place to live in the community in which they worked. Supply and demand was generally in balance.

And you saw basically not north Scottsdale but most subdivisions in the valley were three to four units an acre, and they were building out, not up. There was relatively low development costs, and cities were very responsive to the developing community. There was a reasonable length of time in terms of entitlements. Inspections were by the book and didn't change very much. And, again, there was a sufficient supply of both single-family and rental housing. And now, the good old days are gone. Affordable is low and going lower. This creates economic development issues. Your kids can't live near you. They're living miles away from you.

There's strong demographics and a lack of supply has created the current situation. The density is going to become higher by necessity, which means smaller lots, smaller homes to make affordability work, there's got to be -- things have to balance sooner or later. The ratio of renters to owners is going to grow. The shortage of rental houses -- rental units is at all income levels, and developers are going to want to start building up rather than out.

And, again, the development process has become elongated, but the worst thing about this whole thing is it's going to create more homelessness. That's the thing that I have issues with. So why do we care? Once again, this is the most significant economic challenge I think that we face because companies are starting to question whether they can come here when they can't get housing for their employees at a reasonable price.

Our children, our essential workers, and everybody else we need to keep the economy going, they can no longer live in most of the cities in Phoenix. They have to go way out to the suburbs, and that's going to -- when gas is 6 bucks, that's an effort. And homelessness is going to increase, at least Scottsdale is trying to do something about it. A lot of other cities are not at the moment. And, again, that's why we care. And so I'm going to give -- turn it over to Stacy because she's done -- her company has done some polling and --

[Time: 00:24:19]

Stacy Pearson: Thanks, Elliott. So certainly the data is frightening, horrifying, even. But good public policy needs to align with good public opinion on issues. And so we, in February, went into the market called public opinion strategies to find out what voters thought of the housing crisis, how serious it was, whether or not it was affecting them personally. The firm that we used is a Republican-leaning firm. It's

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Governor Ducey's pollsters, a reputable back. We did a survey of 900 people, excluding voters, excluding Phoenix writ large.

They've got a different version of density than I think most of the suburbs. We talked to folks in all other suburbs in our community and asked them what they thought of the state of housing in greater Phoenix. And the results are absolutely astounding. So we asked if folks thought there was a housing crisis in Arizona. A stunning 73% said yes. We can't get 73% of the electorate right now to agree today is Wednesday. It's just -- it's astounding. Then we asked if the dream of home ownership's becoming out of reach for more rest and middle, working-class people. 80% said yes. To that.

And when we looked at the cross-tabs, again, the sample size was so large, we actually had reliable data in some of the subsets. 80% of households earning under \$40,000 believes Arizona needs more housing. Same number of folks, 81%, above 80 grand think we need more housing. A whopping one in three voters from considered or would consider leaving their city because of the cost of housing, which that instability is very, very frightening.

And then even more astounding, two of five voters said that they were buying today. They couldn't afford the house that they're already in. And, again, this is February pre-interest rates rising significantly. So we can only imagine -- I'm imagining that these are worse. And then you're not to continue to read the screen, but 80% of voters agreed city leaders need to do something. We balanced this against capitalism.

We were asking do you need to get paid more, or do city leaders need to build more housing and create more supply? More folks thought the simple supply of housing was the issue, and were not blaming corporations, which I thought was fascinating. Despite the Nimbyism, what we have is data that shows that the voters in large part want to see all of you, city leaders across the valley, approve more housing in their communities across all income levels, across all price points, rental, and ownership. And we're happy to share these results for you. Or with you.

Elliot Pollock: I just want to finish up. Several cities we went to, because we usually ended it here, okay? And several cities say basically what should we do? And basically, the first few I said, I don't know. But so we basically -- I'm going to go over some things we've done. They may or may not be helpful. None of this stuff is directly Scottsdale related. This is valleywide. So I'm not pointing fingers anywhere. Please don't take any of this.

[Time: 00:27:32]

So cities can't do everything to mitigate the housing crisis, but they can't do some things. You can't do anything about the supply chain. You can't do anything about shortages of materials. And you can't do anything about interest rates. And you can't do anything immediate about the shortage. But there are some things you can control or cities can control, and that's basically to reduce or improve regulation, help streamline things, be consistent, which is the biggest complaint that we went to builders they had, modernize, speed up the process.

We're not targeting any city. I, quite frankly, have no concept of the development process in Scottsdale personally because I haven't done any developing in Scottsdale in decades. But all I'm going to say is that I'm going to drop some of this stuff to the city manager and see if he thinks it's worthwhile. But the

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economic vitality, affordability of housing, direction of homelessness, ability to draw new employees, and the future of each city's economic and fiscal prospects really depend on getting this resolved. And, again, I'll make sure that you get copies of this. I don't want to go into this much detail. I think it would drive you crazy.

So -- but basically these things are saying, here are the problems we have. We'd like to sit down and talk to somebody. And, again, this is valleywide. This is not pointed at you or any other individual city. I want to make that clear. And with that, I'll be glad to open it to any questions there are.

Mayor Ortega: Okay. Well, we have Councilwoman Whitehead, vice mayor Durham.

[Time: 00:29:35]

Councilmember Whitehead: Can you go back to the chart where you had the different cities, the most expensive cities, and the affordable cities?

Elliot Pollock: Sure. Keep your eyes closed for a second. This one?

Councilmember Whitehead: No, it was, like, a bar chart where you listed the different cities, San Diego. Let me see.

Elliot Pollock: Let's see. Was this --

Councilmember Whitehead: I think it was forward. Yeah. That one.

Elliot Pollock: This one. Yeah.

Councilmember Whitehead: Yeah. So I think --

Elliot Pollock: There's a lot of numbers, so I appreciate that you can't absorb all that in the 10 seconds I put it on screen.

Councilmember Whitehead: But I did absorb one thing. So it looks -- and I want to make sure -- so home ownership rate. Did home ownership rate increase in the expensive cities?

Elliot Pollock: They -- let's see. No. Let's take the most expensive city, Los Angeles. It was 18% in '15. 12% in '21. And down to 8% in -- who could afford the median price home in '22.

Councilmember Whitehead: Okay.

Elliot Pollock: This is the number -- the percentage of households that could afford the median priced home in that market.

Councilmember Whitehead: Okay.

Elliot Pollock: So that's why in Los Angeles, you have 55% renting and only 45% owning. My guess is that three-quarters of those got the house from their mother or father.

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Councilmember Whitehead: Right, right, right. Okay. That's what I -- maybe you did go too fast because I was, like, wait. Did it flip? And I was going to try to figure out. But, no, it's across all cities.

Elliot Pollock: Yeah. The only one you might see is San Francisco. They went from 14 to 17 back to 14. I -- you know. It's the same thing. It's not a place where the average person can afford a house anymore. I'm not even sure they can afford an apartment. But all I was trying to point out is the lower -- the single-family housing affordability gets, the more people that get pushed into apartments. So when you think about it, it's logical.

Councilmember Whitehead: Okay. I have other questions. I'll see what councilman Durham has to say. Thank you. Thank you.

Mayor Ortega: Okay. Vice Mayor Durham?

Vice Mayor Durham: Thank you, Mayor. You mentioned that the Millennial generation is sort of the snake and the cobra.

Elliot Pollock: The rodent and the cobra.

Vice Mayor Durham: I'm sorry, right, right. The rat and the cobra. But we're also approaching another huge demographic shift in that beginning around 2025, the birth rate substantially declined.

Elliot Pollock: Yes.

Vice Mayor Durham: The reason I'm familiar with this is I used to work in higher education. So that beginning around 2025, the college-age population is going to shrink rapidly.

Elliot Pollock: Correct.

[Time: 00:32:29]

Vice Mayor Durham: And so how does that affect what you've shown us today? Because around 2025, '30, we're going to have a substantially lower amount of people entering the workforce, and I'd like to hear you talk about how that affects what you're talking about.

Elliot Pollock: Well, the only way -- the only thing that America has that a lot of other places don't is people who weren't born here still want to live here. So I'm hoping that the demographics that you are absolutely correct about force Washington to deal with the immigration problem, because we're going to need employees. We're going to need labor.

And we are not going to be able to get it with the population we have. And so I would expect that ultimately the shortage of labor is going to be resolved by more focused immigration. And an easier path to citizenship for those people whose jobs are absolutely necessary. But that is -- fortunately people still want to come here, and I think that's going to be the offset to what you're suggesting.

Vice Mayor Durham: When you say people still want to come here, you mean the United States.

Elliot Pollock: Yes.

Vice Mayor Durham: That assumes pretty big changes in the immigration law.

Elliot Pollock: It does. It absolutely does. But you know what? Economics has a way of overruling everything sooner or later. Okay? And there's some very young people up there. We Baby Boomers aren't going to be around, and that labor force, that large part of the labor force that you and I are part of, is going to be tough to replace without immigration.

Vice Mayor Durham: Thank you.

Mayor Ortega: Councilwoman Caputi.

[Time: 00:34:27]

Councilmember Caputi: Thank you. I actually have a couple questions if that's all right. In our community lately we've had a lot of conversation about what's in our construction pipeline for multifamily housing.

And I'm just wondering, is there some sort of a right number of projects to have in a pipeline, seeing as so many of them, you know, are in a pipeline and never actually happen? And then what is the city's role in trying to decide what the market needs? Should the City have a role in what the market -- and what the market needs?

Elliot Pollock: You know, construction is highly cyclical. And so I think all of a sudden you're going to see a lot less coming to the pipeline given what's going on with interest rates over the next year and a half. But as long as the underlying demand is so strong because of the demographics, there's going to be people who want to build.

And I always thought that the City's -- any city's job, any city councilman's job -- and by the way, I've been watching the city council here for the 60 years I've been living in Scottsdale, and I wouldn't want your job for anything. Your job is to determine what you want, what you need, and what meets your standards. And so like I said, God bless you because I couldn't do it.

Councilmember Caputi: Okay. The other thing that I keep hearing lately is that Scottsdale is a very expensive city, right? And so I'm hearing people say that even if we build more housing, our prices aren't going to drop, which seems wrong to me. I can't imagine that the laws of supply and demand, you know, aren't in effect in the City of Scottsdale. So how do you address that?

Elliot Pollock: Well, if you take a look at what happened, let's say, after 2005 and you see what happened to prices here as well as other cities in the valley, there was no place that was immune from declines in both rental rates and single-family home prices. Nobody escaped that. I don't think anybody will escape it this time.

Nico Howard: Can I add?

Elliot Pollock: Yes.

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Nico Howard: Councilwoman Caputi, just to add one thing to what you asked about pipeline versus deliverables. You know, oftentimes things are expressed as what we have in the pipeline, what we have under construction. Candidly, I believe that completely misses the mark in terms of what the relevant metric is for supply and demand.

We should be looking at what is actually delivered in any given year, particularly with the labor constraints and the supply chain issues that we've had, what we're looking at now is not just what's being delivered but when it is being delivered. Typically on a multifamily project, we're seeing a life span from cradle to grave, start to finish, of 36 to 46 months, if that has entitlements, that could actually go longer.

So if you're two years on an entitlement case, two years in construction, another year in stabilization, that's really a five-year period. So when you're actually starting that project is very different from when you're actually delivering those units. So we could have three times as many, four times as many units in the pipeline in any given year than we'll actually deliver. What we really should be focused on is deliveries.

[Time: 00:37:40]

Elliot Pollock: Yeah. And right now you have -- if you take out that which has already been delivered, about 21, 2200 units under construction. They'll be delivered over the next 12 to 24 months. But then you have a bunch planned, about 3500 if you take out some projects that are -- appear to be gone. And my guess is that not all those will actually be built. It's going to be tougher getting money.

And then the ones that are prospective, those are fairly speculative at this point. Let's put it this way. Will they come back knocking at your door? Will somebody come back knocking at your door two, three years from now when we're on the other side of this? Absolutely. But in terms of reading the tea leaves through these numbers, in this type of economic environment, it becomes more problematic.

Councilmember Caputi: Okay. Thank you. And I just have one more question. You didn't touch upon water at all in this presentation, and obviously there's a lot of concern about water. We do live in the desert. We know Scottsdale has been planning carefully, and we know multifamily uses far less water than single-family homes.

But what do you think about this idea that we hear a lot in the community that we should stop multifamily housing building in order to preserve water?

Elliot Pollock: Well, I -- one of the first things I did when I was an economist at Valley National Bank -- you remember Valley National Bank -- was to go down and look at the water problem in Tucson. And back then the conclusion was there really wasn't one. And I've done this six or seven times, so I'm familiar with things. And you have a wonderful drought management plan, just terrific.

But more than half of your water is used for landscaping. Tucson, for example, by the way, has about a third less usage per unit than does anywhere in Phoenix, and that's because they actually charge for water. Water is effectively a free commodity for most people in the Phoenix area. And so there's so many ways of getting at this through xeriscapic landscaping, through pricing mechanisms, through the

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dozens of things that the -- your staff has laid out for you in this report that I don't understand why you'd want to look at one particular segment, and that segment actually uses half -- per capita half the water of single-family homes.

So there's lots of ways of looking at it, and it's well laid out. And once again, that's my take as an economist. Fortunately I'm not on the city council.

Councilmember Caputi: Thank you.

Elliot Pollock: That's the other thing. Right now 70% of all water is used by agriculture. When I started out, it was 89%. Cotton plants don't vote. That water will end up in municipal and industrial uses over time. Yes, ma'am. Oh, I'm sorry.

[Time: 00:40:41]

Councilmember Janik: I cannot hear about 50% of what you said.

Elliot Pollock: That's what my wife says.

[Laughter]

Councilmember Janik: That's selective hearing. That doesn't count. But, yeah, I would appreciate it. Thank you.

Elliot Pollock: All right. So what I said is -- you want me to start over? Okay. Okay. What I said is the water -- the drought management plan is a very good document. But what it shows me is that the bulk of the water in Scottsdale, like most cities in the Phoenix area, is used for landscaping. And a combination of mandating more xeriscapic landscaping and raising the price of water above the usual 120 gallons a day that a home uses, so somebody wants an acre of grass is paying through the nose for it.

Let the price mechanism deal with it. Those things are low-hanging fruit. And they've given you dozens of alternatives. I just don't see why picking one housing type, when that housing type uses less water than other housing types, makes sense in and of itself. As part of an overall picture, obviously you're going to have to at some point make some tough decisions. But my initial reaction is there's a lot of low-hanging fruit here with landscaping and with the price mechanism.

Mayor Ortega: Okay. We have Councilmember Milhaven.

Councilmember Milhaven: Thank you all for coming back. I was at the economic development subcommittee where you presented, so it's wonderful to have you come back. Thank you. When we presented to the subcommittee, we also had a conversation about it's not just how we price our units, that subsidizing pricing doesn't solve the problem, that it's still a supply issue, and perhaps you could elaborate on that for folks.

Elliot Pollock: Say that again?

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Councilmember Milhaven: We had talked about subsidizing the cost of housing to make it more affordable does not solve the problem of supply. And I hope you'd elaborate on that for folks.

Elliot Pollock: When it comes to homelessness, the two cities that have made headway that I'm aware of, which interestingly enough are Laguna Beach, California, and Houston, Texas, they did subsidize homelessness to the extent that you get people, and you get them back in the game, you know. They can be there for several months, a year until they get back in the game. But I don't see how you subsidize all housing.

And it's just a market mechanism, and sooner or later you're going to run out of money if you do that. There are certain -- there's a segment of society that needs help. And I understand that. And like I said, I do a lot of reading on it. And there's only two places in the country that I thought were really successful with it. And Laguna Beach was successful because they used the federal money from COVID for that. But this is a market-based problem. This isn't something you can subsidize away, I don't think.

[Time: 00:43:50]

Councilmember Milhaven Right. Right. That's part of the problem but doesn't solve the whole problem. It still becomes a supply issue. There are some -- I know Councilwoman Caputi sort of asked this and you answered it, but some people believe that the laws of supply and demand don't apply in Scottsdale. Would you agree with that?

Elliot Pollock: No. I don't know of anyplace on the planet where the laws of supply and demand don't work.

Councilmember Milhaven: Thank you.

Mayor Ortega: Okay. Councilwoman Whitehead.

Councilmember Whitehead: I'll keep it quick. Elliott, stick around because our next presentation applies to our last meeting. So -- and I do -- we are looking into that. I agree, I don't think we often look into subsidizing. I just want to point out, just for the record, that one of the challenges we have, you gave us a whole range. We have the people who may be subsidies will work to prevent homelessness and to protect tax dollars. But on the other end, you talked a lot about the dream of home ownership.

And that's a challenge that is beyond this because what is happening, I think the last number I heard 5,000 to 7,000 of our homes are now Airbnbs, short-term rentals, and that's just a different challenge, and I just want to point that out that people I know with money are trying to buy houses today, but they just get beat out by the cash buyers. Often these LLCs are from out of country. So different challenge, I just want to bring it up because I agree with you that, you know, people should be able to buy homes. And that's just one of the new shifts that we're dealing with in Scottsdale.

Elliot Pollock: Let me digress on that one a little. If a home is rented or home is owned, as long as it's occupied, it's basically filling a demand. If Airbnb -- I believe -- wasn't it you, Kathy, who asked me about that at a meeting? -- that's -- you have to weigh, okay, do we want these in our neighborhood or in our city, and is there an economic development reason for them to be here because, you know, the bridal showers might go somewhere else because they couldn't get a five-bedroom house.

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That's something you guys have to look at. But in terms of -- and that's because they're not full all the time. But if a house is occupied all the time, it is meeting a need.

Councilmember Whitehead: Yeah. I guess -- well, agree to disagree a little bit. I agree if it's rented full time. I'm talking about workforce housing and the people -- kids being able to live -- adult kids. So we are -- that's a balancing act and, yes, it is an economic driver. But that's just a balancing act that we're dealing with, the state is dealing with, and that's -- whenever there's a disruptive industry, that's a change that we all have to contemplate how to best serve all parties involved.

But it is a significant number of houses and condos that are no longer available to our workforce, and it's discouraging to watch that. But thank you.

Elliot Pollock: It is. My only comment is I don't disagree with you. It's a question if those people who were in those houses are displaced, where are they going to leave? So it's really a question of supply overall.

Councilmember Whitehead: They could try our hotels. But anyway. No, I hear what you're saying. And you know what? It's a shift that provides weight that's good, but still we have to balance all parties involved. So just worth pointing out, because I agree on your other end of the spectrum, talking about the need for people to be able to -- the affordability to rent or to buy, and that's a big part of that equation. But anyway, thank you, all of you. And the next topic is homelessness.

[Time: 00:47:41]

Elliot Pollock: Well, again --

Mayor Ortega: Okay, let me move on to Councilwoman Littlefield and then Vice Mayor Durham.

Councilmember Littlefield: Hi. I've spent most of yesterday and today researching these issues. There are no easy answers, unfortunately. And there are no quick answers to this.

Elliot Pollock: Absolutely.

Councilmember Littlefield: And any answer you try to apply is going to have consequences, both positive and negative. The more you supply housing that is affordable, the more people are going to come here to try to get it, which increases the problem, and it becomes a circular, never-ending spiral. I went back finally and took a look at the 2020 census numbers for the population of Scottsdale. And that was 241,000 people plus. And it was estimated that the population is now 268,800. And that's about two years' growth of 27,400 people.

Or 3,700 people per year, growing currently in Scottsdale just with what we're doing. Our city's general plan, that's the next thing I went to look at, is approved by our citizens and by this council, contained estimated growth numbers also which the citizens felt would be acceptable and workable over the next ten years without decreasing the quality of life in Scottsdale.

On page 129 in the housing element, the citizens projected buildout in 2055, 33 years hence, and I agree

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that's a long time, and we have no idea what's going to happen, of 3167, with 157,000 housing units. That would be a total of 47,860 people in our city above the current one of 2688. At this level of growth, it is estimated that the City can maintain its standard of living and its quality of life.

This averages over 33 years to approximately 725 homes per year at two people per home. Finally, citizens who -- also expected and approved, according to the general plan, the predominant housing type in Scottsdale should be single-family homes. So this is what we got when we sent out our general plan last year for approval by our citizens, and they did approve that. This also was approved by city council when we approved sending it out to our citizens.

So we currently have in our pipeline, as approved, between 10,000 and 12,000 units, mostly apartments, as per our city records. This says that we are not only overbuilding according to what the desires are to our citizens, but we are building the wrong things. Apartments instead of family homes. And I fail to see why our current citizens should endure a decrease in a standard of living that was designed together through our various general plans over the years and our zoning laws. Those laws were designed to keep our city special.

[Time: 00:51:00]

Citizens spend their hard-earned dollars to buy here, and they move here on the assumption that through our approved zoning, the City would honor our own laws and our rules and our regulations. Now we're being asked to change all of those without their consent. That is a problem for me. Next let's ask who pays for all the increases and the city costs to house all these extra additional people? Which by my estimation of your report and comparing that to our general plan is almost 200,000 people over the next ten years. City services, streets, sidewalks, bike lanes, trash, police, fire, code, and especially water will all escalate enormously. We're almost doubling the size of the city.

This is -- means more bonds and more debt that the people will have to pay. And it's in large part paid by our current residents. For increased capacity that they don't want. Speaking of city services, where do you anticipate getting the water for these people? As we already talked about a little bit, we're being asked to cut back now, adding more need without increasing supply is not a good recipe for sustainability. Where do you anticipate getting the needed water to supply all these people? That would be one of my first questions. Because they want water to drink. Double the population.

Do we need to half our water supply for our residents? In order to accomplish this? We need more detail on how we're going to -- in reality -- accomplish this as our lakes drop. It all translates to a little bit of a lower quality of life for our current residents, plus the fact that we would be reneging on our current general land promises regarding heights, densities, living styles, and the goals for our population growth, as approved by both the citizens and this council.

Eventually we would lose our unique character, which is what draws people here. Becoming like any other massive, dense city with nothing to attract world-class visitors from all parts of the world. I think the specialness of Scottsdale would diminish, and our reputation for arts, culture, and beauty would be lessened. If that's the direction you want to go, this is how you get there.

If you really want to do something to help solve this problem of homelessness, I have a partial answer. Get rid of the STRs. Councilwoman Solange Whitehead is correct. This is part of the problem. Lobby the

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legislature to stop allowing commercial uses of our residential neighborhoods. Businesses are buying up the normal turnover of residential homes that is a normal year-to-year fact of life in most residential neighborhoods. They're keeping them off the market for families to buy and live in. That not only decreases the supply, it increases the price. Supply and demand.

This is not a small number. You could get many, probably thousands. We just found another thousand that we didn't even know existed due to the codes. Such homes across the valley. This isn't just Scottsdale. This is every city in Maricopa County. It includes Scottsdale, of course. And those houses would then become available for families to purchase, which is what is causing at least part of the shortage in Arizona.

[Time: 00:54:47]

If you're truly concerned about it, lobby the legislature to return these homes to residential marketplace, which is where they belong. And at the very least, stop any additional commercialization of our residential neighborhoods. Two other thoughts to consider regarding Scottsdale. We are a landlocked city. We cannot grow our acreage. Also, much of our land, like the preserve and the greenbelt, is off limits to any kind of development.

In 2055 at buildout, our population is expected, per our citizens' approved general plan, to increase to 316,700 people. An estimate, of course. This was approved by both council and approved in the document for a citizen vote, our general plan. They approved it, too. This means an increase of 47,000 plus, almost 48,000 people over ten years as the charter runs. That's much lower than what you're asking and what you're recommending.

But we're not closing down new housing in Scottsdale. We are overdeveloping, and it is our sworn duty up here to protect the quality of life for our residents here in Scottsdale now and for those who will come here in the future. Thank you.

Nico Howard: Could I just ask a quick question in response to that?

Mayor Ortega: We'll go with Vice Mayor Durham. I have a closing comment. We're almost past time. Go ahead, Vice Mayor Durham, councilwoman.

Vice Mayor Durham: Thank you, Mayor. One of the issues that's been discussed recently is that many of our new apartments fall more into the luxury category of \$2,000 above for a one or two-bedroom with a lot of amenities included. Does the existence and construction of new sort of luxury apartments provide any downward pressure on price with regard to older apartments?

Elliot Pollock: Yes.

Vice Mayor Durham: Can you elaborate on that?

Elliot Pollock: Yeah. What happens is nobody builds C apartments. People build "A" apartments, and over time, for technological or just age reasons, they become "B" apartments, and there are new "A" apartments. And over time the "B" apartments become "C" apartments. So -- what's the name of it? The Maya. My office used to be at 6th Avenue and 75th Street until I sold the business.

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And the Maya -- when that was built, that was, like, as good as it gets. And that was probably, what, the '70s. And now it's a nice "B," maybe even a high "C" apartment. That's what happens over time. Nobody builds "C" apartments. They build "A" apartments. Now, if it turns out that it's maintained well over time, as you see in a lot of cities, these things can go from "A" to "B" and back to "A" again when they're refurbished.

What happens is when you bring on an additional 2,000 units in a normal supply/demand situation, they're going to be here. Whoever was here before is going to have to go here because they're not quite as good as this. And it basically ratchets prices down. So it helps everybody along the way. You know, back in the '50s, when a lot of this stuff on the other side of Scottsdale Road over towards Osborn was built, that was probably considered decent, really nice housing, and now it's "C" housing.

[Time: 00:58:41]

Mayor Ortega: Thank you. Anything more, Councilwoman Janik, and then Councilmember Milhaven.

Councilmember Janik: Okay. I'll make it short and sweet. First of all, thank you for all the information. It's good data.

Elliot Pollock: Thank you.

Councilmember Janik: It's good data to work off of. I might not agree with all your conclusions, but it's still good data, and I appreciate that. But my biggest comment is our city is almost built out. It's all infill. And infill is tricky. We don't have any more big areas where we can bring in quite a few people. And part of the big issue is the infill needs to fit the neighborhood. And that is the struggle that we up here have to deal with, and it's a very difficult struggle.

So I hope our community realizes there is no right answer because if there were, we do it. It's balancing. It's pushing and pulling. And it's hoping that the economy slows down, which it is. I gather that GDP is down 2%, which was announced today, which is a good sign, and everybody knew these price increases were not sustainable.

So hopefully prices will come down, yeah, interest rates go up, but then refinance when they come down again, and you've got your house and your equity. But thank you for all the information. I appreciate it.

Elliot Pollock: No, I appreciate it, too. I appreciate you listening to us. And as I said --

Mayor Ortega: Thank you.

Elliot Pollock: I wouldn't want to do what you have to do. It's a very difficult job.

Mayor Ortega: Thank you. Councilmember Milhaven?

Councilmember Milhaven: Well, thank you. I had understood this was sort of to accept this report, and then we would in future conversations talk about what we were going to do about it. But I didn't realize

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we were going to make political speeches, but since Councilwoman Littlefield shared points of view, I feel inclined to share mine as well.

I'm not sure where she gets the 268,000 population. I looked at census bureau as we were sitting here. And the 2020 census said we were at 241,000 people and the '21 estimate says we are at 242,000 people, so we grew about 1,000 people in the last year. At that rate for us to get to buildout, which our general plan says is 316 people, it will take us 72 years. Hardly growing too quickly in my opinion.

I'd also like to point out that STRs, as best we can figure, comprise about 5,000 or 6,000 housing units, depending on what you look at, we have between 130 and 140,000 pricing units. So while it may be impacting -- may be taking inventory out, I think it's a marginal impact. The other is even if I were to concede that it is the solution to the problem, I don't foresee that the state legislature is going to give us back local control that allow us to eliminate short-term rentals.

So for us to rely on solving or eliminating short-term rentals to fix our supply problem I think that's folly and we need to find some better solutions. Councilwoman Littlefield talked about who's going to pay for infrastructure, and I'd just like to point out we insist and demand that all infrastructure -- all development pays for their own infrastructure improvements.

And people might be interested to know that any housing development of more than five units requires a water study and to demonstrate that they have acquired enough water for 100 years of that project. And so we are not blind to recognizing the need that development needs to supply its own water or pay for its own infrastructure. Finally, my colleagues talked about commercializing residential neighborhoods, and what I'd like to point out is that in the City of Scottsdale, if you have a zoning district that's for officer retail only, you may not add residential.

You need to come to city council for a zoning approval to add residential housing to existing office or retail commercial uses. Virtually, all -- and I can't -- actually, I will say all, all, rezoning requests that have happened in my 12 years in the city council have been adding residential uses to existing zoning districts. We are not putting multifamily housing in the middle of single-family neighborhoods. We are simply not doing that.

And almost all of the projects where we've done are mixed use. So what they say is we're going to have office. We're going to have retail, and we're going to add residential to that use, I think that mixed use in those commercial areas are appropriate. It's putting housing near where workers are. And as we've heard from very well-respected economist, it is important to our economic vitality that we continue to provide housing and workers for our businesses. So thank you for my opportunity to share my point of view.

[Time: 01:03:07]

Mayor Ortega: Thank you. So I will close this out. Again, we appreciate the numbers. The facts speak for themselves. There is a lot of disruption worldwide. The flight to Arizona is occurring because of exodus from other places. That doesn't necessarily mean that we have all the resources here or that that pressure is not going to eventually overwhelm us. Again, that's part of a market condition driving population out of other coastal and other centers.

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That, then, becomes our problem here at the local level and state level. And we are not an unlimited resourced state or city. We do have zoning prerogative, and that zoning prerogative is and always should be at the local level where we deal with direct safety water and other concerns at our level. We can discuss what true mixed use is and how that can occur.

But basically I would say that the so-called capitalistic supply and demand law is also being changed by the severe disruptions that are occurring in our world. There's a war going on. There's energy deficiencies. There's the Millennials that were beaten down by the recession. That was 10, 12 years ago, that couldn't find their way out of staying at home, let's say. And the other factors that are all combining to create the situation that we have today. So it has distorted the free market system.

The other thing that I would like to bring out, because I did go to the ULI conference. I believe you spoke there, and there were other specialists there at the Westin. And the point was made that the big money, that is the large investors, basically turned away from single-family mortgages and so forth. They decided they would go directly and own properties. And then make only available rentals.

[Time: 01:05:40]

That, in fact, is because they may have come out of the office world of investment or the retail world of investment and then got into this other sector, which has also driven up the availability of what we're dealing with. We will continue to address project by project as we go forward. And I know that the big picture, again, we like being desirable, but, again, the rotation away from single-family ownership is also a big factor when -- the big boys and the big money say, gee, we'll just own everything and not go through the process of individual mortgages and people, you know, working and having that -- fulfilling that part of their dream. And that's also a reality.

With that, I will conclude part one of our work study. And we will -- we will go into our regular meeting. So I would ask now that we -- would you like a 5-minute break? We'll take only a 5-minute break. And we will be right back with you very shortly. Thank you.

Nico Howard: Thank you all very much for your time tonight.

CALL TO ORDER

[Time: 00:00:01]

Mayor Ortega: I call the June 6, 2022, city council regular meeting to order. City Clerk Ben Lane, please conduct the roll call.

ROLL CALL

[Time: 00:00:12]

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

Mayor Ortega: Present.

City Clerk Lane: Vice Mayor Tom Durham.

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Vice Mayor Durham: Here.

City Clerk Lane: Councilmember Tammy Caputi.

Councilmember Caputi: Here.

City Clerk Lane: Councilmember Betty Janik.

Councilmember Janik: Here.

City Clerk Lane: Councilmember Kathy Littlefield.

City Clerk Lane: Councilmember Linda Milhaven.

Councilmember Milhaven: Here.

City Clerk Lane: And Councilmember Solange Whitehead.

Councilmember Whitehead: Here.

City Clerk Lane: City Manager Jim Thompson.

City Manager Thompson: Here.

City Clerk Lane: City Attorney Sherry Scott.

City Attorney Scott: Here.

City Clerk Lane: City Treasurer Sonia Andrews.

City Treasurer Andrews: Here.

City Clerk Lane: City Auditor Sharron Walker.

City Auditor Walker: Here.

City Clerk Lane: And the clerk is present. And for the record, Mayor, Councilmember Littlefield is here as well.

Mayor Ortega: Thank you very much. We have Scottsdale Police Officer Tom Houk. Should anyone need assistance, I should also point out we have new restrooms. You should check them out over here to the side if you need them. Let's begin with the pledge of allegiance, Councilwoman Littlefield.

Councilwoman Littlefield: I pledge allegiance to the flag of the United States of America. And to the republic for which it stands, one nation, under God, indivisible, with liberty and justice for all.

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Mayor Ortega: I will begin with my report. We do keep the people of Ukraine and their fight for freedom at the forefront of our thoughts. So I would ask us to pause and keep silence. Thank you. Well, the City of Scottsdale sponsored a fantastic Fourth of July celebration at West World. This year we included for the first time a dog festival. And it was very successful, and we'll look forward to growing that event. It was also held at West World.

I want to remind everyone, of course, we're into summer, and our four aquatic centers are open. So let's enjoy them this summer and keep our family excursions, you know, it's a good opportunity for more family excursions as well as if you like to swim laps. They start early, like, 5:30 in the morning. So it's a nice time of the summer.

PUBLIC COMMENT

[Time: 00:03:01]

At this point we would open public comment. Public comment is an opportunity extended to any Scottsdale resident to speak for three minutes regarding a topic which is not on the agenda. So that's an opportunity for the public to come forward. We have no speakers coming forward. Therefore, I will close public comment. I know many of you are here for a specific agenda item, and that would come forward in due time.

Next we would look for a motion to have the approval of the minutes. The request is a motion to approve regular meeting minutes June 7, 2022, special meeting minutes of June 7, 2022.

Councilmember Janik: I move to accept -- to approve the regular meeting minutes of June 7, 2022, and the special meeting minutes of June 7, 2022.

Vice Mayor Durham: Second.

Mayor Ortega: Thank you. Okay. We have a motion and a second. Please record your vote. Thank you. Thank you. Unanimous. Ms. Janik? Good. Thank you. Unanimous.

CONSENT AGENDA

[Time: 00:04:26]

Mayor Ortega: Next we have consent agenda items. There's 1 through 16. Consent agenda items are posted to the public, and we are open to comments from the public on any particular item. One would come forward and declare that item, and we could listen to your comments on any such consent agenda items. The clerk tells me there are nobody. So therefore, I will close public comment for consent items 1 through 16. Also at this point if the council has any comment on any of the consent agenda items, I see councilwoman Janik has her hand up.

Councilmember Janik: Thank you, Mayor. I have a question on item number 9. I need some more information on it. And I'm not sure -- Dan's not here. I'm not sure who can answer my question. It has to do with the contract that is being given for waterline replacement pre-construction. And I don't understand, are we paying for this? Do we get reimbursed? What's the criteria for us to have to pay for this? And do the citizens who are impacted by this, do they have to pay a certain fee?

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Mayor Ortega: Thank you. So we have staff present, our City Engineer, please state your name.

Allison Tymkiw: Allison Tymkiw, City Engineer. Councilwoman Janik, Mayor, members. The contract, I believe it's for 5,000 feet of existing waterline that's failing. So it's for replacement of existing waterline.

Councilmember Janik: And then we're paying for the contract services on this?

Allison Tymkiw: Yes. So it's for the construction manager at risk. It's their pre-construction services. So when we hire a construction manager at risk, they first do pre-construction phase services with us during design. They help with cost estimating, et cetera. Value engineering. And then once we go to construction, they give us the GMP, the guaranteed maximum price, for construction.

Councilmember Janik: Okay. And then ultimately do the citizens or the people who live in this area get charged a fee, or is it our City's responsibility to maintain what's there?

Allison Tymkiw: Correct. It's our City's responsibility to maintain. It's our infrastructure. It's old waterline, I believe. I'm not positive, but I believe it's PVC, plastic pipe, that's facing, and we'll be replacing it with pipe.

Councilmember Janik: Okay, thank you.

Allison Tymkiw: Sure.

[Time: 00:07:17]

Mayor Ortega: Thank you. Seeing no other requests for information, I'm open to a motion to approve items 1 through 16 on the consent agenda.

Vice Mayor Durham: Mr. Mayor?

Councilmember Littlefield: Mayor?

Mayor Ortega: Oh, excuse me. Did someone else have a comment? Okay. I thought I heard something. So go ahead.

Vice Mayor Durham: I would move to approve items 1 through 16 of the consent agenda.

Councilmember Littlefield: I'll second that.

Mayor Ortega: Vice Mayor Durham and then a second by councilwoman Littlefield. Any discussion? Seeing none, please record your vote. Thank you. Unanimous.

ITEM 17 – PIMA ROAD PROJECTS CONSTRUCTION PHASE SERVICES CONTRACT

[Time: 00:07:57]

Mayor Ortega: Moving on to our regular agenda item. The Pima Road project's construction phase services contract. We have present our city engineer Allison Tymkiw to make the presentation.

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Allison Tymkiw: Okay. Thank you. Allison Tymkiw, City Engineer again, Mayor, members of council. This item 17 is Pima Road projects construction phase services contract. The requested council action tonight is to authorize the construction manager at risk construction phase services contract, maintain building construction company in the amount of 51,341,078.95 -- 76 dollars and 95 cents.

For the construction of phase 1 of the Pima Road and Happy Valley Roads projects for the guaranteed -- for the guaranteed maxed combined price, I'm sorry, 51 million, to authorize two budget appropriation transfers of \$5 million each for a total of \$10 million to fully fund the project. The project scope consists of two projects. One on Pima Road and one on happy Valley Road.

On Pima Road from Pinnacle Peak to Happy Valley Road, the project consists of adding one additional travel lane in each direction, raise landscape median, curb and gutter, bike lanes, an 8-foot sidewalk on the west side, capacity improvements at the intersection of Happy Valley and Pima Roads, construction of a complex drainage structure at Happy Valley Road intersection, vertical relocation of two large diameter waterlines.

[Time: 00:10:07]

On Happy Valley Road, from Pinnacle Peak to almost School Road, the project consists of an additional travel lane in each direction, raised landscape medians, curb and gutter, bike lanes, an 8-foot sidewalk on the north side, a 6 foot sidewalk and unpaved trail on the south side, and then two multilane roundabouts, one at the intersection of old school road and one at golf course.

Additionally it includes drainage improvements and various water and sewer relocations. This is a cross-section of the Pima Road project from pinnacle peak to happy valley road, and this is looking north. Sorry, wrong way. Okay. And this is Happy Valley Road from Pima Road to School Road and this is looking east. It shows the future cross-section. Okay.

The guaranteed maximum price is made up of the two projects. The total cost of the Happy Valley Road transportation features is roughly 25 million with waterline upgrades of approximately \$2.4 million. The total cost of the Pima Road project is roughly \$21.6 million for the transportation-related items and approximately 160,000 in waterline upgrades.

It is important to note that these costs are based on executing a contract immediately with a notice to proceed as early as late July, delaying the project would ultimately increase project costs due to the current inflationary economy. There are large waterline relocations which need to occur, which have very specific allowable shutdown windows, delaying the project could result in scheduled delays, and any scheduled delays would create exposure to additional price escalation. The project also includes a budget transfer, additional funds are needed for happy valley road project to address both escalations in construction and real estate.

We have seen considerable escalation in construction including in the cost of pipe materials, concrete, asphalt, fiber optic cable, trucking costs, and labor. Additionally, there have been substantial escalations in the real estate market. There's also an estimated \$2.5 million in land rights needed to construct drainage improvements, which was not originally identified in the inception of this project. While the Pima Road project does not currently include a sound wall, we are aware of public interest around the

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wall, so I will address it here.

The City has a council approved noise abatement policy that outlines when sound mitigation is warranted. In order for mitigation to be considered, the project must result in one of the following: Predicted noise is equal or greater to 64 decibels at the residence or an incremental increase of 15 decibels or more at the residence. Additionally, the cost per benefit property cannot exceed \$60,000, which was in the 2011 approved noise policy, so we have updated that to current dollars to be roughly \$74,000.

Other factors include location within the environmental sensitive lands overlay and scenic corridor. Noise barriers within scenic corridors and ESL, environmentally sensitive lands, may be subject to approval by DRB and city council as they conflict with current city policies and practices. Sorry about that.

[Time: 00:14:02]

If mitigation is warranted, the policy states that a sound wall should be the last consideration. Sound can be mitigated by other means. There is a noise mitigation value of the new pavement section. The new pavement section on this project will provide a sound-level decrease of approximately 3 to 5 decibels. Additional landscape can help mitigate noise, and we will consider adding additional trees, where possible, along the west right-of-way.

Additionally, the location of the travel lanes affect noise levels. We kept the west edge of pavement roughly where it is now and widened almost entirely to the east, so the traffic doesn't come any closer to the homes on the west side. Okay. This shows -- this is basically from our noise report. The noise model used is a Federal Highway Administration-approved.

It is used to predict highway and roadway noise levels, and it's used all over the country. The yellow dots on this aerial map represent locations at which the future noise levels were predicted. The red dots on this were where short-term noise monitoring occurred to help describe the current noise levels and to calibrate the model. The noise level isn't measured at individual homes. Instead, it is predicted with a theoretical model. While it's theoretical, it is a well-established process that is recognized by D.O.T.'s, departments of transportations, all over the United States, and municipalities. I apologize if this is hard to see.

But what this slide shows is that it's noisy out there on Pima Road already today. And the project is not what's creating the noise. So the noise levels are high even if we don't build the project, which is expanding the lanes, so we are doing what we can with the project to keep it from getting worse, basically with new pavement, with additional landscaping, and keeping the travel lanes at or further from the residents than they already are.

So the noise study models 20 years in the future, in this case 2040, the model shows that in 2040, 30 of the modelled locations will exceed the 64-decibel threshold in the noise policy. However, the model also shows that if we do not build this project, if we don't add the additional lanes on Pima Road, in 2040, 20 of those locations would still exceed 64 decibels in 2040 if we don't build the project.

So basically, it's going to be noisy in 2040 whether we build the project or not. And that takes no

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bearing -- the sound wall is not even in the equation at this point. Additionally, the greatest difference between the build the project and the don't build the project is 2 decibels. For information, changes in sound level under 3 decibels are not perceptible to the human ear.

Incidentally, in April of 2022, city council approved the 2022 transportation action plan, the TAP. In the Transportation Action Plan, it modified the existing noise policy. It increased the threshold from 64 decibels up to 67 decibels. Now, this study was done in 2019. So it was done using the 64-decibel threshold.

[Time: 00:18:09]

However, a sound study today would be using the 67-decibel threshold. If that were applied to this project, of the 30 locations that exceeded the 64 decibels in 2040 conditions, only 15 of them would exceed 67 in 2040 conditions. Okay.

This slide includes the 2040 build alternative, which adds the 12-foot sound barrier. The sound wall will reduce levels to below 64 decibels at all locations. The reduction is between 1 and 7 decibels. However, without building the wall, the new pavement section achieves approximately the same results with a sound improvement of approximately 3 to 5 decibels.

At 5 decibels decrease, all but three locations will be below the 64-decibel threshold. That demonstrates that the new pavement section is a very effective means of noise mitigation. This slide shows the extent of the noise barrier wall effectiveness. The benefit decreases as the listener moves further away from the source and is negligible at distances greater than 300 feet.

So noise will be improved close to the sound barrier as you move to 300 feet, the sound wall will not improve noise. The red line on this aerial represents a distance of 300 feet where the sound wall would be located. The house is located beyond this red line, which are the majority of the homes in the subdivisions, will not receive benefit from a sound wall. It is essentially the first row of homes, the ones that are closest to the road, and in some cases the next further into the community that would receive benefit from a sound wall.

Those same homes that would receive the most benefit will also receive the most impact to their view. A 12-foot sound wall on the roadside will in some cases be 15 to 18 feet tall on the residence side. This solid wall will effectively cut off existing views for the homes closest to the wall. Okay. So construction costs are also a consideration in the noise policy.

The construction costs of the wall were estimated in fall of 2021 to be \$3.9 million. Costs have escalated since 2021, so today's price would probably be higher. Also this estimate represents construction costs only and does not consider the added administrative costs of any capital improvement project or any future maintenance needs of the wall. So the actual costs of the wall would be higher. This cost is for a bear-bones masonry wall with integral color.

There is no opportunity for reducing costs through future -- through further value engineering because it's so basic. It's nothing fancy and has no aesthetic enhancements. This potentially would not meet DRB development review board standards for the area. And any required enhancements would only add additional costs to the wall.

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So as I said earlier, the cost threshold in the 2011 noise policy of 60,000 per benefited receiver adjusted to 2022 dollars equals around 74,000 per benefited receiver. The 30 receivers that meet the definition and intent of the policy, there were 30 receivers, so therefore the cost per benefited receiver is about \$130,000, which exceeds the 60,000 or \$74,000, which is in the policy.

So I just summarized the noise policy and how it relates to Pima Road and how the Pima Road corridor doesn't meet the noise policy standards. Now, this shows proposed projects in fiscal '22/'23 and '26/'27 in addition to the Pima Road project, there are ten projects with approximately 15 miles of residential frontage.

If the city were to waive the noise policy on this project, the potential impact of waiving the policy on future projects could be up to \$60 million. It's important to note that these projects are already underfunded at current arterial life cycle cost program by up to 80 to \$100 million between City and ALCP funding.

[Time: 00:23:17]

Okay. So aside from the noise level threshold and the cost per benefited property, the noise policy also considers scenic corridors and environmentally sensitive lands. The policy suggests that a sound wall should be the last consideration in noise mitigation. And as I noted earlier, we have already taken additional steps in noise mitigation including the pavement section, increased landscaping, and holding the travel lanes, not letting them go any closer to the additional residents.

So as you can see in these pictures, the sound wall would effectively cut off views of the traveling public. This conflicts with the objectives of the scenic corridor and the environmentally sensitive lands ordinance. And as I mentioned earlier, could also conflict with DRB objectives, develop review board. This would require further analysis for the validity of a sound wall in this location. So the first photo on the left shows existing conditions.

The photo on the top right shows existing conditions with the new roads section overlaid. Here you can see much of the existing desert landscaping is maintained, and you can also see one of the noise mitigation steps that we took, which was to move the -- hold the west edge and move the travel lanes further east, widening further east. The photo on the bottom right shows the road with the 12-foot sound wall. This shows the impact of the wall to the visual character of the natural landscape.

This is another rendering, the driving public is impacted, but there are also several homes that will lose their views with a 12-foot sound wall. The wall would be 12 feet on the roadway side, as I had stated earlier, but the wall will be up to 15 to 18 feet tall on the home side in some locations due to the elevation of the roadway.

In order for the City -- in order to reduce the City's exposure to escalating costs and the construction -- on the construction contract, it's staff recommendation to authorize the construction contract now. If council were to direct staff to further investigate a sound wall, we actually have until spring of 2023 before construction of the sound wall would become a critical path item. And that's all I have at this time. Any questions?

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Mayor Ortega: Thank you, Ms. Tymkiw. At this point, I don't see any questions. We'll proceed with public comment.

Allison Tymkiw: Okay.

Mayor Ortega: Those who have filled out a card and requested can come forward at this time. I will announce three. You each get 3 minutes maximum. And if you can be brief, that would be great. But certainly appreciate stating your name and address. So we have Darrell Maynard and Susan Roberts. Then Ryan Orth. Darrell Maynard. And then Susan Roberts. And Ryan Orth. Darrell?

Ryan Orth: I'm Ryan. I'm third.

Mayor Ortega: I could take Darryl Maynard or Susan Roberts. Are you Darrell? Please step forward. Sorry, to that podium over there. State your name, address, and then proceed.

Darrell Menard: My name is Darrell Menard. I live at 8620 east Laqunta road at Alta Sonora, basically on the corner of Happy Valley and Pima. I recently retired. I'm a general contractor. Well, not so recently. About 20 years ago. But I'm enjoying retired life immensely.

In 1988 I purchased an acre lot with the intention of building our dream home in the near future. In 1995, we started construction and completed our home in 1996. We chose Scottsdale for its beautiful desert Vistas and Mountain Views. We realized that living close to Pima Road, there would be some noise level in the near future. But not to the extent that we are experiencing today. Since 2019, we were promised a sound wall to cut down on the excessive noise that is occurring today.

[Time: 00:28:08]

And I understand all these things are changed along the way, but this is where we stand today. In my 25 years as a general contractor, keeping my word to my clients meant something, and it was always a key to my success and business. The City of Scottsdale leaders seem to have a problem keeping their word and their promises to the taxpayers. In 2019, at the Presbyterian Church, we were presented with drawings and with construction plans which included the masonry sound wall. In my opinion, to use an old phrase, I think we've been hoodwinked. Thank you.

Mayor Ortega: Thank you. Next we have Susan Roberts, Ryan Orth, and Mary Hsla.

Susan Roberts: Hi. Susan Roberts, I live on co-mean know Del Monte in pin Keel Paradise. Moved here so we could see the stars and listen to the animals and enjoy the desert. I'm really not sure even why we're at this meeting because to be honest, every one we've been at, no one's really seemed to pay attention to our concerns.

I don't know why the road has to be raised 3 feet. We've been here 35 years and haven't seen really any flooding on that corner or that street. So I'm wondering if there's another way. As it is now, we can see the top of the cars. We'll be able to see the tires, which will raise the sound. We can -- there's nights when we can't use our backyard now. I don't really care what the study says.

We've been to many people's backyards, and it's noisy, especially at night. So I don't know what 35

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houses there are or -- and why can't you do both? Do the trees, do the road, and do the sound wall, and then really make it pleasant maybe the way it was 15 years ago. And I'd like to know if we don't have this, are you going to lower our property taxes? Since our houses won't be worth as much? The very first meeting we had, there were two young women that were there. During the meeting we were talking.

The woman whose house it was at opened her door. The people there could no longer hear the conversation. And the girls admitted they would never buy that house. And that was before all of this. There's speeding on that road already. There will be more when it's emptier. I've never seen it crowded. Maybe it is farther north. I just -- and honestly, to hear about the corridor and the look of the road, look what's been done to Scottsdale. There was desert on Scottsdale Road. There was desert on Scottsdale in Pinnacle Peak. The desert's gone. So to use the excuse that, you know, it's the look, I think is kind of hypocritical. Sorry.

[Applause]

Mayor Ortega: Thank you. And Ryan Orth. Ryan Orth and Mary Hislop. It will go faster if you don't applaud. So we ask for that in the rules. So Ryan Orth, Mary Hislop and then Anthony. Go ahead.

Ryan Orth: Yeah. My name is Ryan Orth. Thank you so much for taking our comments tonight. I live at 8664 east Chalma Road with my wife, Beth, and our three boys. You know, I guess we were part of that -- maybe not a flight to Arizona, we were asked by our company or my company to move to Scottsdale a year ago March. And so when we came out, we said, okay. What are the -- you know, what are the objectives? And it was a new area. It was hot. And we said, okay.

Two things are important. Aside from number of, you know, bedrooms and things like that. One is we wanted a community that we could grow and nurture and be part of, a local community. And the second was we didn't want to live next to a major roadway. And so we looked all over the area. And part of that stemmed from when we lived in San Jose, we lived near a roadway very similar to Pima about four houses in.

[Time: 00:32:49]

And the City of San Jose agreed to additional development, much like is happening now in Pima Road. And what we saw over the course of ten years is increased traffic and increased noise. And what we didn't recognize was that in addition to the noise, there was additional foot traffic. And we had people coming along our road, coming through our neighborhood, and that caused increase in crime. And so we saw not just increases in road noise but because of the access and, you know, we saw increases in crime.

And so when we were looking in Scottsdale, we found the perfect home in the perfect neighborhood with a lot of the neighbors that are shown here, just a great community except it was about four houses in from Pima Road. And so we talked to the selling realtor, and he said, hey, don't worry. They're going to expand the road, but they have agreed to build a sound wall. Here's a website, you can check it out. And based on that, we agreed to purchase our home. And so, you know, we love Scottsdale.

It's going to be a new home for many years to us. We love our neighborhood. We love the community that we've established. But we purchased the home based on the sound wall being part of the decision. And, in fact, many of the people here, including the HOAs, sold property with the commitment that

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there would be a sound wall as part of the project. And so now, as Darrell pointed out, to change that around really feels like we have been, you know, in his words, hoodwinked. So anyway, we love this area. We want to be able to have a safe place to raise our kids, and we would appreciate your consideration to put the sound wall back in. Thanks.

[Applause]

Mayor Ortega: Thank you. Mary Hislop and Anthony Yaccanetti, then Beth Orth. Mary.

Anthony Yaccanetti: Mr. Mayor and council members, thank you all for permitting me this time. Mr. Mayor, when you ran as Mayor, amongst your issues was the enhancing health, safety, and integrity of Scottsdale. My wife and I and others voted for you on that commitment. Our three associations collectively were given signed and notarized documents that a sound wall would be built to mitigate the noise emanating from traffic which will dramatically increase due to anticipated home building north of our community.

At present, noise levels, we can hardly have conversation on our patio during high-traffic periods. We now have been notified that the wall, which was promised and agreed to, has been eliminated from consideration due to increased costs, costs per person, and population density. In comparing the 2019 versus the 2022 report, the square footage increase went from \$35 to \$50. The square footage increased from 54,432 to 77,600 square feet. A 38% increase. The increase cost is, in fact, due to the project being delayed.

[Time: 00:36:31]

The City performed noise study, comparing rubberized and conventional asphalt. There were no noticeable differences in noise abatement. Rubberized costs more and deteriorates twice as fast. Scottsdale no longer uses rubberized surfaces. Homeowners are being penalized in not having a wall as a result. One half mile south, a wall was built with sidewalks along Pima Road, stretching almost the same as our proposed wall.

I moved from New York -- from the New York noise, traffic, horns, and sirens for the quality of life and tranquility here where I live. If the wall is not built, our lives will change dramatically, both psychologically and financially. Property rights and values are going to be put in jeopardy. Our quality of life, promised by Mr. Mayor and the council members, should supersede the increased costs that were caused by the delay in starting this project. Homes have been purchased with binding contracts that there would be a wall, well, all our communities now face legal action as a result of that withdrawal. I am asking for your consideration of the homeowners and what the cancellation of building a wall will do to us.

We are willing to compromise, but flexibility is needed from all. You all ran on a platform of protecting our home values and quality of life. Please remember that this was all promised to us and why we helped elect you with our votes. Thank you all for your consideration.

[Applause]

Mayor Ortega: Thank you. And -- could you please state your name, your name and address, please, sir.

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Anthony Yaccanetti: My name is Anthony Yaccanetti. My wife's name is Ann. We live at 24817 North 87th Street in Scottsdale, 85255.

Mayor Ortega: Thank you. Next do we have Beth Orth? Or you're Mary. Okay. So we're -- Mary Hislop, and please state your address. Thank you.

Mary Hislop: Hi. My address is 8742 East Pinnacle Paradise. And my house was the one where Susan mentioned there was a meeting before the project even had public hearings where I opened my backdoor, sliding glass doors, and it was so loud they couldn't hold the meeting. And that was in 2018. The sound test was also done on my property. And it is quite loud at my property. And when we bought the house, we knew that this street was there.

[Time: 00:39:36]

But we were also told there would be a sound wall built when we bought it in 2005. And that was from the homeowner. I have no proof, no reason to believe that it was true back then. But since then I have been told there will be a sound wall built. I worked on getting the project to that step where a sound wall would be built and was told it would happen. And then in the last year, I've gotten a postcard saying, sorry. Not going to happen. There is a precedent where there was a sound wall built just to the south of our communities on the country club when they widened Pima just south of Pinnacle Peak. I would assume that was a precedent.

I don't know the cost, but I don't understand why if that precedent was set and that wall was paid for by the City, why we're being shut out. That's all. Thank you.

[Applause]

Mayor Ortega: Thank you, Ms. Hislop. Next we have Beth Orth and then Joseph Kerrstein.

Beth Orth: Hello. My name is Beth Orth and I live also at 8664 east Chalma Road. My husband, Ryan, also spoke earlier so I won't reiterate, but we were part of the transfer here to the area, didn't plan on living in Scottsdale but looked for a quiet neighborhood to live in. It was briefly told to us that the project was already in place and where we could find the information online.

But, again, we were reassured that the sound wall was going to be part of the project and, of course, after falling in love with the house, then it was one of the first things after that appointment that we looked up. What I'm understanding is that the sound study was done in 2019. That was before we came to the area. The data, as has been explained before, the sound has increased over that time. And continues to increase as the building -- a lot of it, what I see is the construction and the building that's going on north of us.

And as you know, the build has only -- these developments are only growing. What is disappointing was the fact that they had community meeting and they had promised all the details about the wall. And when there was a change in the plan, we got this postcard in the mail. We had no notification. No email or no communication other than a postcard that could have been easily missed, but just saying that now the sound wall is no longer part of the plan.

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Just to reiterate to our experience in San Jose really kind of put our radar up as far as safety and not having the wall -- building expanding two lanes in the Pima, adding a sidewalk, and not having a sound wall seems to be that our neighborhoods would be more exposed to a lot more foot traffic, as has been mentioned. There was an increase in crime. A lot of petty crime.

Just kids breaking in in California, you know, grabbing laptops or whatever, fast cash. But that's something we don't want to see. We would love the area, as has been mentioned, and pick it had because it is safe and because it's quiet. So we'd love to see that continue. We could see this as a win-win as far as helping us build our community and keeping our -- sustaining our quality of life and the great city that Scottsdale is. So we just appreciate your time and listening.

Mayor Ortega: Thank you.

[Applause]

Mayor Ortega: Next we have Joseph Kerrstein and Ken Levy. Joseph Kerrstein. Okay. Then we'll go with Ken Levy.

[Time: 00:43:38]

Ken Levy: Thanks. My name is Ken Levy, 8727 East Camino Evaz, 85255. I've lived at my house for 25 years with my wife, Lisa. All I can say is, to quote, ditto. I agree with everything everybody said. I understand exactly -- you know, I work -- I actually create budgeting software, so I know the problems with budgets. I deal with banks. I understand what this is all about. But this is more about integrity.

So I'm not going to read this whole document because we'd be here more than 3 minutes, but I am going to read a letter, offer to purchase from the City, dear Mr. And Mrs. Levy. As you know, the City of Scottsdale is finalizing plans for Pima road from pinnacle peak road to happy valley road. The roadway improvement project includes widening Pima road to include three through lanes and bike lanes in each direction, landscapes, curb and gutter throughout the project as well as a sound wall and sidewalk on the side of the road.

Additionally the project will install streetlights, blah, blah, blah. I don't need to go through that. The point of the matter is I signed a document. You bought my land. Okay? This is an offer to purchase real estate from me. This is a binding contract. It doesn't say you may build. It says you will build. So I'm a little perturbed by this postcard that came to me saying we're not going to build a wall. I sold you my property in good faith. You have a contract that says this is the contract for that good faith, and now you're backing out of that contract. I'm not a lawyer. You're a lawyer.

You probably know better than I do whether or not this is enforceable or not. But it's all about integrity. Now, I'm not picking on councilwoman Littlefield, but today I just happened to get this in the mail, so it works, okay? Because I did read it. And the thing on top, it says I will defend Scottsdale special character and high quality of life from harmful development. Well, this is it right here.

[Applause]

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[Cheers]

So if you're going to do this, okay, if you're going to put this out, we want you to stand by what you're saying. We want to have the integrity of the City, and I'm not blaming any single person here. Please, I'm not trying to attack anybody at all. I'm sure -- I think her name was Allison who decided, you know, came up here. This is all her opinion. It's great opinion. I've lived here for 25 years. It's loud. It's very loud. And we talk about views. And she's talking about views.

I will tell you three weeks after we bought our house in May of 1997, my wife and I heard all this construction noise at 3:00 in the morning. We didn't understand what it was. We looked out our window and they were building Maestro's Steakhouse. Well, that ruined my view but I didn't complain because I knew that this is what progress is all about. When the City Link or whoever it was before wanted to build that big building next to the Citadel, we did not fight it. We said okay, we'll compromise.

Give us trees, something to block off, and the City did that. I stood here 15 years ago and did the same exact thing I'm doing right now. But really I know I have 11 seconds left. I just want integrity. And we voted you because we felt, as someone pointed out, Mr. Mayor, you are a man of integrity. Everybody on this council has integrity. I watched you in the previous meeting. You guys were fantastic. You asked good questions. But the point of the matter is we have a legal contract here, and you guys are not abiding by it. So that's all I can say, and I thank you for the time.

[Applause]

[Time: 00:47:02]

Mayor Ortega: Next we have Mitch Roth. And I don't know if Joseph Christian -- Christine is here, but let's go with Mitch Roth.

Mitch Roth: Good afternoon. Or evening. Mitch Roth, 8644 east Chalma Road in Scottsdale. And I'm back, okay. I was here two weeks ago or three weeks ago. I'm the President of the HOAP and I'm here representing our HOA along with the folks at pinnacle paradise and pen keel peak estates 3. Many people here tonight will discuss or have discussed their specific and/or individual concerns, and they're real.

This group here tonight is looking for a clear understanding as to why, after three-plus years or maybe more, of telling us that a wall would be built that now it's not. We've heard from multiple city officials over the past few months and again tonight, Allison, and, you know, we've read the standard responses that we've received, which have all been the same. We're not building a wall. If it hasn't been for the considerable efforts of councilwoman Whitehead, Janik, Littlefield and vice mayor Durham, this would have been never been moved to the regular agenda. And our communities thank you for your efforts.

So what are some of the reasons we've heard that the wall was pulled from the project? Allison mentioned, you know, can't justify only 35 homes. It costs too much. Some folks have said they don't want to lose their views. It doesn't conform to scenic corridors. Rather than go into specifics which I kind of did last time, this group here today categorically states these claims are really not valid. Let me tell you why.

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There are more than 35 homes affected, evidenced by the large turnout here tonight. Had the wall been built when we were told it would, the project would have been finished including the wall which has, again, been said before. I've personally spoken with over 100 residents here and I can't seem to find one that says they don't want the wall. They -- everyone says it's too noisy, and it's a lot more than 35 people. As was mentioned before, a wall was built for Los Gatos. They have the same views as us. I have here three offers, and Ken, glad you brought yours. I have yours here, too. And I have two others. And I know there's more.

And the offer letters are on city letterhead, and it clearly states in consideration for us selling or leasing or providing -- and or providing easements, a wall will be built. The City is in violation of these agreements if the wall is not built. The wall has been more than a sound mitigator. It's for privacy and security, as Ryan mentioned before. It's a barrier from the road and the traffic. You're building a six-lane -- basically a freeway with a median, turn lanes, bike lanes, sidewalks, all adjacent to our neighborhood.

Partial blocking of views is a small price to pay for the noise reduction. In our opinion, new asphalt and additional trees are not a workable solution as part of the project is to raise the level of Pima by 3 feet. The sound study from 2019 said the wall was needed. Why not now? You have many homeowners who have bought here because the City said a wall was coming so they purchased multimillion-dollar homes. Now what?

Not having the wall will decrease our property values. And then the City said, we're building a 12-foot wall. We never had a discussion about how high the wall could or should be. Okay? Therefore, we respectfully respect the wall be put back in the project and we look forward to continued conversations for a win-win for the City and our communities. Thank you.

[Applause]

[Time: 00:51:04]

Mayor Ortega: Next we have Brian Clough and then Robert Verlease. Brian?

Brian Clough: Yeah, it's Brian Clough, 8206 east (Inaudible). A lot of what I was going to say in here has already been said, but we were promised in 2019 that -- this was from the City -- that a wall would be built. We never heard anything more about it until you sent this little postcard out, what, two or three months ago. So we found out in our Zoom call meeting that you changed your whole formula, the city council did, in order to not have the wall built.

But I can tell you from the people in my community, their home values will decrease if a wall is not built. And the concern about it being too high in certain areas, just lower it there. Look at Los Gatos. Why did Los Gatos receive a sound barrier wall, and we're not getting one? Thank you.

[Applause]

Mayor Ortega: Thank you. Next we'll go to Bob Berlease and his wife, Camille gave her time. So, Bob, you've got 4 minutes. And then we'll have Camille -- well, we'll go with Bob.

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Bob Berlease: Honorable mayor and city council members, it's good to see you all. My name is Bob. I live at 8501 east De La Old Road. I've been a 30-year resident and retired City employee of 29 years. I even wore my shirt. At the time I left the City, my position was the operations and engineering director in the water resources department. During my career, I was part of the team that brought about major projects such as the water campus and associated pump back systems, the chaparral groundwater treatment and CAP water plants.

And lastly, miles of waterlines to supply 22 golf courses north of the CAP. I mention these projects because each project took a tremendous amount of effort and collaboration between the City staff and adjoining neighborhoods. City staff involved with those projects listened and compromised when necessary. For instance, a one-acre dog park was built adjacent to the chaparral water park. Water plant. A territorial-looking house shell was built to enclose a major critical pump station that we needed at Los Gatos with Pima Road.

[Time: 00:53:53]

And to the surprise of the adjoining homes, and their multimillion-dollar homes, they were just pleased as can be. It was a win-win for all involved because we listened to the community. The Pima Road project lacked that effort. In 2019, City staff along with the engineering consultant held public meetings with neighborhood residents. At those meetings there was a back and forth, give and take, on one issue, which was the sound wall. The question raised, did a sound wall meet the criteria to construct?

The sound wall was an important part of this project, as there are many homes that abut the expanded roadway that were built prior to City annexation. At the final public meeting, staff presented preliminary plans showing a sound wall along with renderings as to what it would look like. And I think they were shown before by Allison. Great. Everybody was happy. Then COVID hit.

And we didn't hear anything for two years or so. In January of this year, the City determined that the wall was not necessary due to the limited number of homes benefiting new asphalt pavement would provide the same noise level reduction as the wall and cost estimates for the wall increased by \$2 million. Staff made this decision in January, but it was not until April that affected residents were notified by postcard, by postcard.

Quite honestly, many residents are extremely angry, as you can see tonight. And feel as if the City engaged in a bait-and-switch exercise. Some homeowners agreed to construction easements conditional on the commitment to build the sound wall, I think as you heard previously. The benefit to only 35 homes is questionable at best. I live approximately 1500 feet west of the centerline of Pima Road, and I invite this council to come visit me early morning or late afternoon. I'll provide beverages. The sound is not pleasant and will only get worse as this widening and future Pima widenings are constructed. I think one of the graphics showed future projects. We only have two major arterial roadways. Scottsdale Road and Pima.

So the next one that's going up is going to be Happy Valley to Dixie letter to Lone Mountain, I believe. Well, those are two lanes, one in each direction, right now. Well, they're going to be expanded to four lanes. That's only going to increase the traffic and the noise that is associated with it. The three HOAs that are impacted are in the process of hiring a sound consultant to conduct an independent study that we feel will show more than 35 homes impacted. And I respectfully request that this project be

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continued to allow time to conduct the independent study.

Since I left the City, I've been involved in construction for 50 years, and I can tell you that new asphalt, yes, when it's brand-new, will reduce sound. However, if you take a look at the roadway that's just south of Pinnacle Peak Road, after the utility cuts get in there and waterline replacements, sorry, Brian, you'll see that in ten years, that roadway is going to be no better than what we have today. So I thank you for your consideration.

[Applause]

Mayor Ortega: Thank you. Next we will have Gary Mitchalis and then last call for Joseph Kerrstein. Thank you, Gary. Please state your address, name and address, in 3 minutes about.

[Time: 00:57:31]

Gary Michaels: My name is Gary Michaels, 8222 east La junta Road. I'm not as near to Pima as these folks, but I'm basically two blocks down. I back up To Happy Valley Road. I've lived in the neighborhood since 1998. When we came into the neighborhood, we were told that there would be no roadway that existed between Hayden Road and Scottsdale Road. When that happened, it pretty much destroyed our property values. It also destroyed our peace and tranquility. If anyone talks about a tree barrier, I can testify that I have one.

I have three of the largest citrus in the neighborhood, and even great Jacaranda and other trees in the back, and I can tell you that it does not mitigate sound. So that alone will not do it. I've often wondered how I can come to council and say, gosh, the people are speeders in there. Now we'll have another project at Miller Road. And this project, I can only see noise and sound. I can tell you that when a realtor comes to my house, they tell me that my property value doesn't stack up. I've had prospective buyers come to my house, and they say, we don't want to look at your house. We'll look somewhere in the neighborhood. So I think it affects our property values. I will also say that I've looked at each of your names up there, and for the first time, I read my pamphlet and read and studied on each of you members, so I'm honored to be here and speak to you.

I agree, this is a matter of integrity, but it is also a matter of our quality of life and the tranquility and the beauty of Scottsdale. I really do admire the sound walls when I go south on Pima Road. So I would request, along with some of the other speakers here this evening, that we defer this project for further discussion. I don't think it should be deferred for long because of the costs, but I think our integrity is very important. I'm a financial adviser by trade. I've been one here in the City since 1978. And if I don't have my trust with my clients, I have nothing. So thank you for your time. And please consider the requests that you've heard tonight.

[Applause]

Mayor Ortega: Thank you very much. I will now close public comment. At this point if we have any questions for staff, I see no hands up. I do want to -- okay. Councilmember Milhaven.

Councilmember Milhaven: Thank you. I have a couple questions for staff. Could you -- several people talked about the sound wall at Los Gatos further south on. Could you speak to that?

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Allison Tymkiw: Councilwoman Milhaven, members of the council, Mayor, the wall, I think, that they're referring to, the one that the City actually built, some of them have been built by the developers. But the one that they're referring to was built by the City on a City project. And I believe it was -- I can't recall if it was prior to the 2011 sound ordinance or if it was right around that time. But regardless, before our own noise policy, we were utilizing ADOT's noise policy. So the project met the criteria.

Councilmember Milhaven: And that has changed since that time?

Allison Tymkiw: Yes.

[Time: 01:01:12]

Councilmember Milhaven: Okay. And then several people were reading what they called an agreement. I don't know what that document was. That wasn't clear. Does staff understand what that document was folks are reading?

Member of the audience: (Inaudible).

Councilmember Milhaven: Yeah, if you could give us a copy of it, that would be helpful. Maybe give it to the clerk, and they can get us copies. Oh, it looks like Sherry's got a copy.

City Attorney Scott: If I can help answer the question

Councilmember Milhaven: Yeah, if you could -- thank you.

City Attorney Scott: You can see in the first line, it does indicate that the City is still finalizing plans for the project. And then the second sentence, it begins to give some background about what that project is, and you can see, as you read further down that sentence, that it does say that it will include a sound wall. You can see that there. Oh. Usually I'm talking too loud. So if you can scroll down, can you scroll down, or do I need to move it? All right. Let me move it up. It talks about the appraisal, and then it goes on to say based on the aforementioned appraisal, the City of Scottsdale offers the amount, and then you see the offer here and the offer moves into the second page.

With each offer, I believe the language was fairly similar, but, of course, the offer was a little bit different depending on the amount of real estate being purchased. So what the citizens here tonight are arguing is that they had an offer which included a sound wall. And so when they accepted the offer, the City was obligated to construct the sound wall. What the City is stating is that the offer was a purchase of real estate, and you see the terms at the bottom of this page.

And the sound wall and the description of the project was simply background because the project had not yet been finalized. So I sympathize with what the citizens are saying. But the sound wall was not technically part of the offer that they accepted when they sold the real estate to the City.

Councilmember Milhaven: Thank you, Sherry.

[Boos]

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Mayor Ortega: Excuse me. Thank you. Thank you.

Councilmember Milhaven: Thank you. I have another question for staff. Allison, you said something that really piqued my interest when you said that spring of 2023, the wall becomes a critical path item. And that's -- I took notice of that because you also talked about some of the risks of delaying the project. And so what I'm assuming, so I'd like to make sure I follow you, is we could potentially tonight approve this project and then come back at a later date and make a decision about the wall so that we don't have to delay the project for consideration of the wall. Is that right?

[Time: 01:04:31]

Allison Timwku: Councilmember Milhaven, members of the council, Mayor, yes, that's correct. So we could start the project now as planned, and if council directed us to look further into the sound wall, we could do that. The critical path for the sound wall is we verified with the contractor that they don't need to start construction. If the sound wall were a part of the project, they don't need to start construction on that until March of 2023 before it would cause delays to the project.

Councilmember Milhaven: Okay. Because I think the most compelling thing I heard was Mr. Berlease, hi, Bob, nice to see you, was to do an additional sound study, right? What would be the purpose of continuing would be to do -- maybe somebody else said it, too -- to do an additional sound study? So I did go when this first came up, I did drive the neighborhood. I brought a decibel reader. I turned off my car.

I walked up and down the streets. I went to the street that's immediately parallel to Pima. I went deeper into the neighborhood. And my decibel reader -- I sat between houses. I sat so the house was blocking it. And my decibel reader never went above 65 or 66 decibels, which is about the sound of a normal conversation.

Because I think I talked to one of the other speakers, Mr. Clough, and said before you invest in a sound study, you may want to get your own decibel reader and see what the impact is. I'm not sure that a sound study's going to give you what you want, but if you -- if a sound study gives you the peace of mind that says, you know, the wall may or may not have the impact that you want it to have, then I'm certainly willing to delay the decision on the wall to give you the sound study to give you some additional information, but I think I'd like to move forward with the project for all the reasons noted about costs and delays and timing and things, and we can then buy the time to do the sound study to give folks more comfort. So that's sort of my two cents about where I stand sort of right now.

Mayor Ortega: Okay. And so just to, you know, clarify again, and I know that there's some hands up, but basically we just closed that discussion. We need to discuss it. You'll hear everything, you know, as we discuss it forward. Now, just -- we do have Vice Mayor Durham, Councilwoman Littlefield, Councilwoman Whitehead.

I will -- before we get a motion. I just want to clarify what I heard tonight is that I didn't hear anyone saying don't widen Pima Road. It's part of our arterial requirement. It's part of our duty, connectivity that we need to have. It's part of the safety factor. You'll notice also that the request includes drainage solutions, right?

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Some biking solutions, other things that are all safety oriented, and additional comment I'm making here is that we're all chasing costs right now, that the project is slated to start on August 1. There is no room for delay, in my opinion, if we continue the authorization for the road, those materials will go to another street somewhere else in the valley.

Those contractors will go elsewhere, and they'll say we'll meet you back in six months or whenever it fits their schedule. So the due diligence for building the connection, both on Happy Valley and, of course, the intersection, in my opinion, needs to move forward in a responsible way. We're all having to, as I say, chase costs, and that's very critical to keeping this project on track. I recall in '88 when I was driving north on Pima Road, I was in a police vehicle, right? And we were -- I was doing a ride-along. And at that time there was only two lanes, coming and going. That was 33 years ago. Right?

And so all of these, whether we've lived here for three years, 30 or 44, all of those improvements have been really essential for the safety of bikers and everyone else that's involved. The median solution also is a good -- a very important part of this project. Right? For both Happy Valley and Pima. So I want to say that I see the consensus from the groups that are involved that we will build the road because it's necessary. And I make that comment before we get a motion just in case there's some other -- well, as we go on to Vice Mayor Durham and then Councilwoman Littlefield and Councilwoman Whitehead.

Audience member: (Inaudible)

Mayor Ortega: I'm sorry, I have to keep going right here. We're keeping order. So Vice Mayor Durham, we're going to go with some comments. And then councilwoman Littlefield, councilwoman Whitehead and Councilwoman Caputi. I also agreed that the clarifications member Milhaven stated. Durham and Littlefield.

Vice Mayor Durham: I'd like to start with a question to Allison. This project, it seems to me, has been significantly delayed. I know it's been under discussion for a long time, and I'm just trying to figure out why there has been such a long delay following the 2019 sound study.

[Time: 01:10:12]

Allison Tymkiw: Vice Mayor Durham, members of the council, the delays are primarily due to the extensive right-of-way acquisition that had to occur. That is a long, lengthy process that sometimes is out of our control. Additionally, private utility companies. So when we have a project, the private utility companies are required to move their facilities that are in conflict with our construction.

And the private utility companies seem to be inundated these days. And they are causing delays on every single one of our projects. And then thirdly, we have a very complex intergovernmental agreement with the flight control district because we have a regional drainage channel that's part of this project.

Vice Mayor Durham: Thank you. This is, I think, the most difficult issue that I've ever had to deal with on the council. I feel that we're really stuck between a rock and a hard place because many of you have been told, for a very long time, that there would be a sound wall. And that really goes to integrity, as many of you have mentioned. It may not be a binding agreement, but it's very important that we earn

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and keep your trust.

And I've told our engineers and staff that the pavement, in my view, is not going to solve the problem because as all of you know, and I live two houses in from Pima, three houses in from Pima and two from Happy Valley, so I know what the situation is. The problem is not pavement noise. It's revving of engines. It's drag racing. And when Councilmember Milhaven testified that she did a decibel reading, I hope she wasn't one of the drag racers. I don't think she is.

[Laughter]

But that's the real problem, I think. And the pavement is not necessarily going to solve that. I've talked with our engineers, and they've told me that the sound wall would also not solve the problems of drag racing, revving of the engines, loud motorcycles, and so forth and so on. And I'm not an expert in that, so I have to put a lot of trust in what they've told us.

So you've relied on these statements from the City for many years, and you've received the postcard which certainly was not appropriate, in my point of view. And if I were not up here, I'd probably be down there with you. But unfortunately I am up here, and so I've also got to think about what's best for the city. And delaying this project would cost a lot of money for all of us, not just you but for everybody that pays taxes here.

It would cause many complications, as Allison's been talking about, and going forward with this project, and the Mayor explains why it's an important project. So -- and it's costing more by the minute. And the fundamental problem, I think, is in case -- to be clear -- is that the rising costs of the wall forces the costs of the project to exceed the amount per assisted -- per affected home according to our standards. And you can argue about how many homes are affected.

But the problem is, as all of you know, that your house values are going to decline because of this possibly. And so that possibly should go into this calculation as well. So for all of those reasons, I don't think the project should be continued. But what I'd like to propose, and I'll make a motion at the appropriate time, is that we convene, and one of the reasons we're stuck between the rock and a hard place is because we only have one more meeting before the summer break, and then construction is going to start in three weeks.

[Time: 01:14:57]

So we're really kind of stuck here. But what I'd like to propose, and I'll make a motion when it's appropriate, is that we convene a work study session to consider amendments or changes to our road noise abatement policy. Allison's referred to that. That's a policy, I think, which is determined by the city council. And fortunately there's possibility of building the wall in 2023. So that's what I would like to propose is no continuance because I think it would be a difficult situation financially for the City, and it's not responsible fiscally. And I say that understanding your concerns over it.

So that would be my proposal that we consider a motion to -- for a work study session to consider amendments or changes to the road noise abatement policy.

Mayor Ortega: Thank you, Vice Mayor. When the point comes for

Vice Mayor Durham: Yes.

Mayor Ortega: -- towards the end of the meeting, you can make that request. It will go to the clerk. The clerk would see when it would fit into the schedule and would respond accordingly. Councilwoman Littlefield, Whitehead, Caputi. Councilwoman Littlefield?

Councilmember Littlefield: Thank you, Mayor. Well, we obviously have not yet satisfied the concerns of the citizens affected by this project. You wouldn't be here if we had. We have not done our due diligence as a City to make this right. And I think there's been a lot of misunderstanding over the years. It's too bad it was delayed so long, which is part of the problem. But I am very concerned that it seems to me, having looked at a number of these things, at least the intent of promises were made, if not legally binding, and they are being not followed through. So I cannot accept this tonight as presented to us. And I would like to make a motion that -- hmm?

Mayor Ortega: May I ask just to wait just in case someone else has another question before you make the base motion? I say that because we have two other council people that haven't spoken yet.

[Time: 01:17:38]

Councilmember Littlefield: Well, then come back to me because I do have a motion.

Mayor Ortega: They may have a question regarding that, and then I'll come back to you. Councilwoman Whitehead and Caputi.

Councilmember Whitehead: I would like to hear what they are proposal is.

Mayor Ortega: Okay. But you had your hand up before that.

Councilmember Whitehead: I just was curious, I wanted to hear Councilwoman Littlefield's solution.

Mayor Ortega: Okay.

Councilmember Whitehead: Perhaps she can mention it without it being a motion.

Mayor Ortega: So this, again, is discussion generally as councilman Durham said, the question might come up. I do need a base motion or a main motion, if that's -- if you're suited to make that as a main motion. Councilwoman Caputi, you have a couple questions, and then I'll come back to Littlefield. Go ahead.

Councilmember Caputi: Okay. Sure. Allison, one quick question. You talked about -- and I know a lot of the residents are concerned about the road being raised when it gets built. What's the logic of raising the road?

Allison Tymkiw: Councilmember Caputi, Mayor, members, the reason for raising the road is for drainage structures to go beneath the road.

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Councilmember Caputi: Okay.

Allison Tymkiw: To eliminate the low water crossings.

Councilmember Caputi: Got it. The other question I had in terms of people who are concerned that if we did change the asphalt into something more sound mitigating, does that actually decrease over time? Is that a concern?

Allison Tymkiw: Yes, councilmember Caputi, members of the council. So we use traditional asphalt, and it has a sound-mitigating factor of approximately 3 to 5 decibels. That does decrease over time. It's pretty much a straight-line decrease over approximately seven years. Rubberized asphalt, we don't use in the city anymore.

We have determined that it doesn't provide any additional sound mitigation than regular asphalt. And it deteriorates at a far faster rate, and including the sound mitigation of the rubberized asphalt decreases.

[Time: 01:19:50]

Councilmember Caputi: Okay. I agree with a lot of my fellow council members. This is really a difficult situation. I actually live at Pima and Happy Valley myself. While I haven't necessarily experienced any noise levels to the point that I can't have conversation, of course, I'm listening to all of the neighbors, and I've spoken with many of them as well.

I do also think, though, that we live in a beautiful city, and I know a lot of you suggested that part of it -- why you moved here is because of our beautiful desert Vistas and our Mountain Views, which do also contribute to our quality of life. I know for me, it's hard to listen to the thought of having an 18-foot wall sort of, you know, blocking our views of Pinnacle Peak and the other beautiful things that we do get to look at.

But agree, I'm very familiar with Los Gatos, and they've done a decent job with that wall. So I think that what the City was intending to do was present a better solution using technology, saying, you know, there's a sound situation here. We can either build a wall, which is sort of low-tech and not attractive, or. We could come up with a solution that includes landscaping and better pavement and moving the road over so that it doesn't necessarily impact as much.

But I think that if residents are still so angry and really just demanding that it's a wall or nothing, then we probably do need to give that some deeper consideration. Again, that's going to throw off all sorts of other unintended consequences, as was mentioned in the proposal. We're going to have another how many tens of millions of dollars from other roads that will then have to be built, and someone expressed a concern about their taxes.

I mean, that will have an impact, too. But, again, there's lots of tradeoffs. So I would be inclined to say that if people are concerned about costs, there really isn't any reason not to continue tonight, seeing as we are not going to do anything that matters until spring of 2023 and costs will for sure continue to increase.

I'm in the construction business myself, and I'm here to tell you costs are not going down any time soon.

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For me, again, as a neighbor and a city Councilmember, I think the prudent thing to do here is to continue, let the project move forward since we're not at a critical moment, but -- and I'll be curious to hear the other motions.

Perhaps we can re-entertain looking at some options so that people aren't quite so vexed. Clearly there's a lot of anger in the room. So maybe we can come up with some sort of middle of the road solution. Thank you.

Mayor Ortega: Okay. Councilwoman Janik and then I see Council -- excuse me. Okay. Well, Councilwoman Janik hasn't spoken at all yet, so can we allow that?

Councilmember Janik: Again, this is probably the most difficult decision we will be making. I was voted in by the people. I was voted in to represent their wishes. I think the City dropped the ball on this. I think they should have done a better job. And now we are faced with the decision of do we continue with this contract with Pima Road? And if we don't, it will cost us more. Or do we respect those people who voted us into office? And for me, if I am truthful to myself, I align with the citizens. We dropped the ball. Okay?

Maybe everybody's going to need to suffer because of it, but maybe it's a good learning experience. I don't know. But deep down, I think that I have to side with the citizens on this. So I just wanted to share that with you.

Mayor Ortega: Okay. So councilwoman Littlefield. Okay. Now you would like to speak. Councilwoman Whitehead.

Councilmember Whitehead: Thank you, mayor. Yeah, I still have some questions. And I agree, we dropped the ball. Many -- and this is a question for staff -- many of the residents referred to a website that they went to where there was a wall. Can staff respond to that? Is that a City website?

[Time: 01:24:12]

Allison Tymkiw: Councilmember Whitehead, members of council, yes, that's the City website for our construction contract -- construction projects. We put up public notice websites, basically, that give information to the public on our projects.

Councilmember Whitehead: Okay. So the wall was present on that website.

Allison Tymkiw: Correct. It was mentioned on the website.

Councilmember Whitehead: Okay. So the 3 feet, you know, and I'm not a road engineer here, that is significant. And is that the only way to mitigate the flood issues? There are no ways to bury the pipes? I mean, 3 feet's pretty significant.

Allison Tymkiw: Yes, Councilmember Whitehead, members of the council, that's correct. The 3 feet is for accommodating the drainage structures that are required to go under the roadway.

Councilmember Whitehead: Okay. So we know that the better pavement is great for a couple years, and then it's not. And the landscaping also has its limits. I also just want to mention that I think what the

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residents are looking for, in your presentation you mentioned possibly enhancing landscape. I think we're looking for some certainty here on a number of fronts. I want to talk also about the wall at Los Gatos that the City paid for. So that wall, how tall is it?

What year did we put that in, and how long -- what's the distance of that wall? And sorry if that's not an answer. Allison, you know.

Allison Tymkiw: 8 feet.

Councilmember Whitehead: It's about 8 feet?

Allison Tymkiw: It's higher than that. It does. It goes up and down.

Mayor Ortega: Thank you. Please state your name and respond to the question.

Elaine Mercato: Mercato, I'm project manager for Pima Road and Happy Valley. I also was the project manager for Pima Road. Sorry.

Mayor Ortega: Please use it. Thank you.

Elaine Mercato: Okay. Can you hear me?

Mayor Ortega: Repeat.

Elaine Mercato: Elaine Mercato, project manager for Pima Road and happy valley and I was also the project manager for the last phase of Pima road south of Pinnacle Peak. The sound wall that was built not just for Los Gatos, it extended to across the golf course to protect the homes behind there and la vida in addition to one of the developments or two of the developments on the east side. At Los Gatos, it was approximately 18 to 20 feet tall.

[Time: 01:26:51]

Mayor Ortega: Thank you. Any other questions?

Councilmember Whitehead: Yeah. I do. And what year was that?

Elaine Mercato: That was constructed in 2008. That was prior to the development of the roadway noise abatement policy, which was 2011.

Councilmember Whitehead: So in 2011, the City changed the noise level at which we're required to build a wall.

Elaine Mercato: The City -- for the 2008 project, the City had basically adopted ADOT's roadway noise policy. However, it was not, I think, memorialized as a policy. And in 2011, it became necessary for the transportation department to create a roadway noise abatement policy in response to concerns that another development had with a roadway project.

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Councilmember Whitehead: So I'm just wondering, so DOT, Arizona Department of Transportation, their noise guidelines are different now than the City's. Theirs are stricter, because you said that was, I think, that was the –

Elaine Mercado: So in 2011, I believe ADOT's policy was 67 decibels for mitigation. The City's was more conservative, and it was 64 decibels. And then as Allison mentioned, it was recently adopted in the transportation action plan to use ADOT's policy of 67 decibels before –

Councilmember Whitehead: Okay. So I wasn't clear on that. You know, I just also want to talk generally about what I'm hearing. You know, I understand that this project is part of the problem but not -- the real problem is that the noise has increased significantly on Pima Road as well.

And I wonder if staff wants to address what types of steps we have the power to reduce the noise levels. I mean, we're having -- and I think Vice Mayor Durham mentioned some good examples of noise. I don't know if a wall will help. I don't know who on staff -- perhaps Mr. Milnechenco to reduce noise on Pima Road.

[Time: 01:29:11]

Mayor Ortega: Excuse me, then. You're directing that question to staff, Ms. Mercado?

Elaine Mercado: I'll just respond, and then if he would like to add to it.

Mayor Ortega: Okay.

Elaine Mercado: A huge part of the increase of noise does have to do with the deterioration of the pavement. Our street operations, they do look ahead at what capital projects are coming. And they will defer maintenance of the road, you know, if there's potholes, et cetera, they will address that, but general replacement that they would normally do on a schedule has not occurred given that this capital project was on the books, and they foresaw that coming.

The delays, you know, that was not something that they could account for. If they would have come out in 2019 and put new asphalt, well, then that asphalt would have only had a three-year life, whereas the typical life cycle is closer to 10 to 13 years.

Councilmember Whitehead: Okay. So back to the problem that we have, that the asphalt might provide some help only in the first couple years. So, okay. So I also agree that we, the City, made a commitment, and it's not really a matter about legally binding or not. It's a matter of a commitment that we made and the public trust.

But I would like to find a way to be fiscally prudent and to move forward but have a guarantee of a wall. And I appreciate, and I heard multiple times from the residents, that this is -- that there's some flexibility. We want to have an impact. We don't want to just build a wall because a large crowd showed up here. And so there's -- I think it just needs -- there needs to be certainty. There needs to be some certainty on the landscaping, not possible. So I'm going to go ahead and listen to the rest of my colleagues up here and see where we end up.

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Mayor Ortega: Okay. Then one final question on my part. So the process that we have tonight has three items, which would authorize the contract and a contract at risk to proceed with the road, and that's what has been posted. The clarification from staff is that the critical decision to design the wall and so forth won't come until the spring. But if we have a contractor on board, so to speak, remember, they projected these costs would be that high in the future. That's how they guessed or estimated the wall costs.

They were looking a year from now and escalating that cost. So by having a contractor on board, so to speak, and the work commencing, then we have a binding agreement so that that wall could be change ordered on to it. And I think that's the wisest way to approach this so that any questions can be answered, and certainly that's the direction I'm turning to rather than trying to continue or delay this, because I'll guarantee you, those contractors will -- and subcontractors and suppliers will leave us. So that's my main point.

[Time: 01:32:46]

And I just want to confirm that, again, staff would be in the position, obviously, to quantify the change order once we have somebody on board to do so. And let me -- but let me move for a main motion, and that's just my opinion. In other words, we can't change order something for a wall until we have a base contract with a contractor. That's the way it could be done. Now we'll go to Councilwoman Littlefield.

Councilmember Littlefield: Thank you, Mayor. Well, we obviously have not yet satisfied your concerns, citizens, that are affected by this project. We have not done our due diligence. There is a lot of misunderstanding about what we did and what we haven't done, and where that leaves us today. And -- but promises that we made, whether they're contractual or not, we made promises to you that we have not yet fulfilled.

I don't think the City is ready to make this contract yet with you. So I am going to move that we continue this project to a date to be determined. And until the concerns of our citizens have been addressed and a new sound study has been done.

Councilmember Janik: I second that.

Mayor Ortega: Okay. We have a motion and a second. Councilwoman Whitehead?

Councilmember Whitehead: I don't think anybody up here and I don't think any of you want to incur millions and millions of dollars of extra tax dollars. I think the goal at hand is to honor the agreement we made with a wall. I really am very concerned about delaying this project. That is just poor governance. I would like to have -- I would prefer to make a motion that we approve these contracts --

Mayor Ortega: Excuse me, we already have a motion, so you can vote for or against it. That's the position --

Councilmember Whitehead: Mayor, I have the floor. I'm not making a motion.

Mayor Ortega: Excuse me?

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Councilmember Whitehead: I have the floor and I'm not making a motion.

Mayor Ortega: Okay.

Councilmember Whitehead: But I do want to continue this discussion. We can vote on it. I would like to ask two options of staff. One option is, yes, we're on recess. Guess what? We work all the time up here. So if we do a continuance, I don't want a date uncertain.

I guess my question is would Councilwoman Littlefield consider a friendly amendment to her motion for a two-week continuance where we all would call in, have a virtual meeting, on our break in order to get some certainty on how to best serve all parties' interests?

[Time: 01:35:45]

Councilmember Littlefield: Mayor, can I respond to her?

Mayor Ortega: In the real world, that doesn't work. These contractors are ready to go and stage the work. They're ready to build a \$51 million project, and we're quibbling about 5 -- wait, wait -- a \$5 million or \$4 million project, which can be change ordered to that. If we don't do that, then we lose -- we lose the bigger opportunity, and you won't -- okay. Excuse me.

At this point there was an acceptance. Do you want to accept that we're somehow going to weigh in and know more in two weeks? A continuance would delay the project, period. It would kill the contract that we have at this point. That's my opinion, and I think that we will certainly vote on it. Anyone else want to weigh in?

Councilwoman Littlefield, Councilwoman Whitehead. Please, go ahead.

Councilmember Littlefield: So answer her question, I have no objection to working over the next few weeks to find a solution to this. That's fine. And we can either meet here or we can call in on a Zoom, whatever works best for everyone. But I think that we need to definitely take another look at this. We have not done our due diligence for our citizens. And that's who we work for.

Mayor Ortega: Okay. Councilwoman Whitehead and councilmember Milhaven, did you still have your hand up?

Councilmember Whitehead: Yeah. I have a question for the City Engineer. Would a two-week -- are we starting tomorrow if we approve this? Is a two-week continuance going to be a problem?

City Manager Thompson: Councilmember Whitehead, members of council, no. The contractor would like to have a notice to proceed of July 15, but I don't think that a week or two after that would cause too much problem.

I do want to point out, though, that staff is following the noise abatement policy, and it's not in staff's purview to go against the policy. So we can only do what the policy tells us to do. That would require city council direction.

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Mayor Ortega: So I see some more hands. And councilmember Milhaven, councilwoman Janik, Vice Mayor Durham.

Councilmember Milhaven: So it seems to me it really boils down to two things. One is, do we give the residents time to do the sound study they wanted to do to demonstrate that more than the 34 or 35 homes are impacted, and we won't have that information in the next two weeks.

The other issue at hand seems to be are you going to keep your promise? And whether or not you consider it a promise might be debatable and in different people's point of view, but that's sort of the assertion from the neighbors. Excuse me.

So I don't know that continuing it for two weeks accomplishes answering either one of those. I'd also like to say that I don't -- I appreciate Vice Mayor Durham's suggestion of a work study. We just modified it. And I don't know that we need to change the policy.

I think the question before the council is, do we make an exception to the policy for this particular project? It should not have any bearing on what happens on any future project. So do we give the citizens -- the residents the time to do the sound study, or do we agree that we're going to make an exception and build the wall -- you know, I have concerns about that because we're asking taxpayers to pay millions of dollars for something that may or may not have a benefit.

We talked about trees don't have that much of a benefit, and the sound wall has its limits as well. So I think that we should -- what I would encourage my colleagues to do is, one, move the project forward and then decide, do you want to give the residents time to finish the sound study, or do you want to make an exception to the policy with this rule?

[Time: 01:39:55]

Mayor Ortega: Thank you. Councilwoman Janik, again, the motion, just to clarify, is to continue this for two weeks. Whether or not there's going to be resolution of any of those issues is still subject to probably the same testimony that we're receiving right now. As posted, one of the conditions or statements was do we waive the policy for this case? Can we do that?

And for me, as an architect, I say it would be cheaper and better to do it as a one-time only waiver to allow the wall, even though the decision or the design of the wall, now, that gets to be a little dubious, right? Could still have to go through DR board. So by doing that, we're able to complete a necessary drainage street work that we have to have done, and then -- and then I would rather say, okay, we'll approve the wall rather than continue it and end up in the same situation where everyone's testifying the same.

Because of the promises made and so forth or the trust area. I still think we still have an opportunity to do it later and study it completely. But the position, in my opinion, of continuing this is not a good decision. It just brings the \$51 million project in jeopardy. And I would rather vote tonight and say, I vote to approve the wall, then -- wait, wait, wait.

[Cheers and Applause]

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But that's not the motion. The motion is to delay it -- the motion is to delay it, and the conclusions may be different in two weeks. So this is why I'm speaking up, and I'm having to say this again. Janik, Durham, Whitehead. Councilwoman Janik, then Vice Mayor Durham, and Councilwoman Whitehead.

Councilmember Janik: As of now, I approve giving the second that we would extend it two weeks, but that means everybody's got to be on task, and it's not just the City employees. You guys have to do it, too. And is two weeks -- I mean, what I've heard is that nothing happens until the last minute. This should have been done months ago. And I -- yeah. Now, all right. Let's have decorum.

[Time: 01:42:52]

Mayor Ortega: At this time, just, again, to keep clarity and the shouting won't happen. I know we've heard you, but that's okay. At this point then you've spoken about that. And I have Vice Mayor Durham, Councilwoman Whitehead, and Councilwoman Littlefield. So we're going to continue the dialogue. Everyone's talking and listening. Go ahead. Vice Mayor Durham and Councilwoman Whitehead.

Vice Mayor Durham: Thank you, Mayor. Obviously, this process has gone wrong, but two weeks is not going to save it. We're not going to get anything done in two weeks. As our City Engineer has pointed out, we have policies, and she's obligated to follow those policy s.

So in my view -- and this is what I've said earlier -- the policy is the issue. I would -- as I've said before, I continue to believe that we should revisit this policy at a work study session in the future, and there are other things that could be considered such as the views. Maybe something can be done on drainage. Maybe not. You know, I have no idea. I've been on Pima when it floods. And it's not fun. So there definitely is a drainage problem.

But -- so I will oppose the continuance because I believe it's the fiscally responsible thing to get this started. And not at leisure but when we have more time, take our time and go ahead with the sound study and take a greater review of our road noise abatement policy. Thank you.

Mayor Ortega: Thank you. Councilwoman Whitehead, and then Littlefield.

Councilmember Whitehead: So here's what I want to accomplish in two weeks. For a month or more, we've been hearing from you. We've been calling on staff to address this issue. And the staff's response -- and I've got to tell you, our staff works really hard.

So it's rare, really rare, that I'm a bit disappointed. But the staff's response was just no. And the staff is correct in that they cannot change a policy, but we can. And so we asked -- we asked staff for some types of alternatives, some types of compromise, some types of ways to mitigate the noise and to address the commitment made, whether legal or not, on the website. So we didn't get it over the last two weeks. And I'd be happy to make an alternate motion to just put the wall in and call it a day.

[Cheers and Applause]

Mayor Ortega: Okay. Well, I think the best process is to --

Councilmember Whitehead: I'm not done.

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Mayor Ortega: Well, and you haven't had a second, but we do have a motion to continue. If you're against continuing it, then that's okay.

Councilmember Whitehead: I'm sorry, Mayor. I still have the floor. I'm not done.

Mayor Ortega: Go ahead.

Councilmember Whitehead: So the question is, would two weeks -- I'm asking the City Engineer, thank you for your time and commitment -- would two weeks buy you an opportunity to consider some sort of wall, some sort of mitigation that would bring down the costs? I've heard a lot of talk about a lower wall. I don't know that additional noise studies --

Allison Tymkiw: Councilmember Whitehead --

Mayor Ortega: Please be and polite and answer here. Thank you. Go ahead.

Allison Tymkiw: Okay. Councilmember Whitehead, members of council. So part of the noise abatement policy dictates the height of the wall is determined by the noise analysis. And in order for a wall to qualify for the noise abatement policy, it must mitigate the noise by at least 5 decibels. And so the height of the wall is determined by that. So the noise analysis determined that the height of the wall had to be 12 feet.

Councilmember Whitehead: Okay. Thank you.

Allison Tymkiw: So if you put a shorter wall in, you're not going to get the same amount of noise mitigation.

[Time: 01:47:18]

Councilmember Whitehead: Okay. So -- and I also want to talk about the cost per house calculation. So perhaps my colleagues weren't around when I was doing a lot of work in 2009, 2010. Let me tell you, construction costs are cyclical. I was getting stuff done much cheaper, and people were glad to have the work.

So I don't think that we can make a decision based on costs per household after everything else that has transpired in this because we don't really know what that cost will be when this work is actually being done.

So I'm happy to -- I will make an alternate motion that we approve the project, move forward, and have it include a wall.

Mayor Ortega: Okay.

[Applause]

Mayor Ortega: At this point we have a motion already to continue it. You can vote against that, and you

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can bring another motion. That's what I'm trying to get to so we can have one motion at a time.

Councilmember Whitehead: No, I'm allowed to make an alternate motion. Perhaps the legal team wants to –

Mayor Ortega: As to form, the continuance is what was requested. And so it's approved to continue. Now you've asked for a motion for an alternate motion to a continuance. And I'm ruling the continuance, even at two weeks -- are you agreeing with two weeks? Because if you are, then you would –

Councilmember Whitehead: That's when we take a vote. I'm making an alternate motion just to move forward and include a wall.

Mayor Ortega: Okay. I don't hear a second at this point.

Councilmember Littlefield: I'll second that.

Mayor Ortega: So we have a motion and a second.

[Cheers and Applause]

Mayor Ortega: As to form, again, I'm just trying to keep control of this meeting. And the first motion was to continue and have a talk, a powwow, in two weeks. That's what's on the floor. You made an alternate motion. I'm asking whether people want to delay it for two weeks. The next question would be a motion to approve the -- what's been posted and include the wall. So at this point I would ask for any other discussion about continuing it for two weeks because that's the way the motion -- that's the motion I'm going to give precedent to.

Councilmember Whitehead: Mayor?

Mayor Ortega: Councilman Littlefield, Caputi and Janik, I'm just trying to keep us on the right course --

Councilwoman Whitehead: Point of order. Can we verify which motion should be voted on first?

[Time: 01:50:03]

Mayor Ortega: Well, the continuance was presented first. And I am asking --

Councilmember Whitehead: I guess I'm going to ask City Attorney Sherry Scott.

Sherry Scott: Yes, Mayor, if I may.

Mayor Ortega: Yes, go ahead.

Sherry Scott: The continuance under the council rules is voted on first. And then it would be the motion that you've made, the alternate motion. Of course, if councilwoman Littlefield wanted to withdraw her motion as well as the second, then it would go to your motion. Automatically.

Mayor Ortega: Right.

Councilmember Whitehead: Thank you.

Mayor Ortega: Okay. And do you have a discussion on that, Councilwoman Littlefield?

Councilmember Littlefield: Yes, I do. Thank you. Since the point of my original motion, whenever that was, was to consider building a wall, I will withdraw my motion in favor of the current –

[Cheers and Applause]

-- second, and I think that this is what we're trying to get to anyway. So I will withdraw.

[Time: 01:51:07]

Mayor Ortega: Thank you. And then we have the second withdrawal. So to clarify, this is not an alternate motion. This is a main motion. The main motion is to approve the contracts as shown and to add a stipulation that a wall be studied or put in? Is that what you're saying? What I'm trying to say is to add the wall, wall to the contract because we have a base contract in our main motion. If that is your understanding –

Councilmember Whitehead: Yes, the wall would be included in the contract.

Mayor Ortega: So as to form, could you please move to approve the items as read, as stated, and then add to that that you would request the other. So --

Councilmember Whitehead: Thank you.

Mayor Ortega: Adopt resolution --

Councilmember Whitehead: Yeah. I motion to approve the Pima Road project's construction phase services contract and adopt resolution number 12476 to authorize the construction manager at risk contract number 2022-062 with Hayden Building Corporation. Sorry, I don't have my glasses.

Amount of \$51,341,076.95 to provide phase 1 construction, phase services for Pima Road, Pinnacle Peak to Happy Valley road, happy valley road, Pima road to Alma School Road, for guaranteed maximum prize 1 for the first phase of roadway and waterline improvements. 2, a fiscal year 2022/'23 capital appropriation transfer in the amount of \$5,000,000 from the Pima road happy valley road to Jomax Road project to happy valley road to Pinnacle Peak project to be funded by the arterial life cycle program regional sales tax funding \$3.5 million and transportation 0.1% sales tax of \$1.5 million.

A fiscal year 2022/'23 capital appropriation transfer in the amount of \$5 million from the halve pie road to happy valley road, Pima to Pinnacle Peak project to be funded by the arterial life cycle program, regional sales tax funding of \$3.5 million and the transportation sales tax of 1.5 and the City Manager and treasurer or designee are authorized to take such actions as necessary to carry out the intent and with the additional number 5 adding the sound wall in the Pima Road section.

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Councilmember Littlefield: Second.

Mayor Ortega: -- amount of approximately 3.91.

Councilmember Whitehead: Adding an amount of approximate -- thank you, Mayor --

Mayor Ortega: Approximately.

Councilwoman Whitehead: Approximately \$4 million.

Mayor Ortega: We have to authorize those amounts. Okay. That's the motion. We have a second. Councilwoman Caputi and then we have City Attorney. Councilwoman Caputi.

Councilmember Caputi: It's not really -- my comment was more about if we were going to continue, so it's not appropriate anymore, but I do want to hear from the City Attorney. Is that an acceptable motion without knowing any of the parameters here? Can we just authorize the spending of city money like that?

City Attorney Scott: Well, it's a motion that we can make work. I think that the contract in front of you doesn't include the sound wall, and that's probably what you're a little uncomfortable with, and these amounts don't -- that you've just read into your motion don't include the sound wall. I have talked to the City Engineer, and we think we can accomplish this with a change order.

So staff's going to have to take the motion, go back, look at this, see what needs to happen with the change order. I also want to make sure that the council and the public understand that this likely will get sent to DRB for approval of the design and the aesthetic of the wall because it is the scenic corridor. So the DRB will be looking at the design of that.

So there's some complications, but I think they are complications that staff can work with and work around. And if we have to, we'll bring something back for clarification. But I think we can work with that motion. We certainly understand what the council's wanting.

[Time: 01:56:05]

[Applause]

Mayor Ortega: Okay. So at this point, did you have a follow-up, Ms. Caputi?

Councilmember Caputi: And, of course, Haydon Construction would have to be involved as well.

Mayor Ortega: Well, at this point, again, the contractor at risk includes provisions for change orders that are part of a contract, and that would have to have a response at our request, so council has requested that that sound wall be looked at as a change order. And that would come back under the normal process.

We clarified the amount because that was the amount that we knew of, so we're also -- I heard that up

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to \$3.9 million or whatever. So other discussion before we have the vote? Then Vice Mayor Durham. Please go ahead.

Vice Mayor Durham: Thank you, Mayor. I very reluctantly will oppose the motion. And the reason is that this is not an orderly process. We don't know where this money's going to come from. We don't really know what our policies ought to be. I don't like making an exception, a one-time exception, to the policy.

[Time: 01:57:25]

And I think based on the engineer's statements from earlier today, we have a window to approach this in a more orderly way and possibly come out to the same result in a more logical fashion with a clear policy which we can follow for years and years to come and protect the City at large. So I think -- I very much understand the concerns and the reasons for building this wall, but I think it's not a good process. It's not a way for a government to operate.

And so solely for that reason, I'm going to oppose the motion and hope that we can find a way forward under a revised noise abatement policy. Thank you.

Mayor Ortega: Thank you. And in closing, we will have a mayor and council item with the discussion of a policy and how firm it is and whether an exception is called for later in this meaning, can you bring up that point about the policy. So at this point I see no further discussion. Please record your vote. Okay. It passes 4-3.

[Applause]

Mayor Ortega: At this point, we have -- we will continue with our regular agenda items. And thank you for attending and contributing to the discussion.

ITEM 18 – COMPENSATED SYSTEM CONSERVATION AGREEMENT

[Time: 01:59:12]

Mayor Ortega: The next presentation is item number 18, compensated system, conservation agreement, presenter Brian Biesemeyer, water resources executive director.

Brian Biesemeyer: Thank you, Mayor and council. And I have an item with a very long name, but hopefully less controversial for you. It's conservation agreement between the State of Arizona, the United States, the Central Arizona Conservation District, and the City of Scottsdale.

Mayor Ortega: Thank you. Go ahead. Speak louder. No, Brian. You're terrific.

Brian Biesemeyer: A compensated conservation agreement, you might ask what is that. That's really leading –

Mayor Ortega: Thank you. Please take the conversation outside, and thank you very much. Please take the conversation outside. Greatly appreciated, folks. And do a little shopping while you're here in Old Town. We always appreciate that. Please enjoy dinner here in Old Town. Thank you. Continuing, Brian.

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Brian Biesemeyer: Thank you, Mayor. So what is compensated conservation? That really means leaving water behind Lake Mead and not taking that water. So in response to worsening conditions on the Colorado, the City was approached, as with several other cities by the Gila River Indian community about a proposal to leave some more water behind the dam.

Under the agreement, Scottsdale will cancel its current order for up to 5,000-acre feed of CAP water delivered to the Salt River Project as part of a groundwater savings facility, basically allowing us to get recharged credits. The cancel order would remain in Lake Mead, and in exchange for this conservation, the Bureau -- the U.S. Bureau of Reclamation would compensate Scottsdale for the cost of the order. So we've already spent this money.

And so we would be reimbursed by the Bureau for the money we spent to purchase the water. And then to ensure that we don't lose those long-term credits, we have a separate agreement with the Gila River Indian community to give us credits that they've already stored. So it's a complicated set of agreements, but it does make Scottsdale whole, and it leaves water behind the dam. And these are the premises that we're working off is the net result of these agreements would be neutral to Scottsdale. CAWCD or CAP, in other words, would agree not to fund the lost revenue.

So if we don't take that water through the system, there's less water flowing through the system. What we as well as the other municipalities don't want is our rights to be increased because we're not taking this water through the system. So one of the premises of the agreement would be that CAP agrees no the to significantly increase our CAP prices.

[Time: 02:02:34]

And this all must be done before July 18, which is the reason for it being in front of you now, and for the request for you to grant me approval to sign the agreement for council because of the timing that needs to be done. The timing's important because the savings needs to be counted for the August 24-month study where they set the levels of the drought contingency plan for the next year.

So the timing is important to get it done before that August 24-month study so the numbers can be rolled into that 24-month study. The entities participating are Peoria, Phoenix, Scottsdale, and Tucson as well as the Department of Interior through the Bureau of Reclamation as well as the Central Arizona Project and the Gila River Indian community.

So this is on your -- before you, but I have one on the ELMO that is a little more correct, and I'll point out why. Can you zoom in a little more? The difference between what you have here is that up to 5,000-acre feet. And so we're changing it from 5,000-acre to up to 5,000-acre feet. And that's really because we're using the water at this current time, and we want some flexibility to ensure that we have the right amount of water that we give the agreement versus just the flat amount of 5,000-acre feet.

Again, it's part of just our consumption of water as we are currently going through the process. And so we wanted to make sure there was some flexibility to perhaps not go all the way to 5,000-acre feet, maybe 4500, but it really will come down to our look at what we've consumed all the way through July and thus the change of the only change is to up to 5,000 acre feet. And that concludes my briefing pending your questions.

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Mayor Ortega: Thank you. I see Vice Mayor Durham and then Councilwoman Janik.

Vice Mayor Durham: Thank you, Mayor. On the slide that says to ensure no negative impacts to Scottsdale, the second bullet point says reducing the CAP water deliveries must not result in a significant price delivery increasing. So what will there be –

Brian Biesemeyer: The intent is not to have a price increase. We wanted to give a little flexibility. It's an insignificant, a small 1% or some very small amount is still in negotiation. So wanted some room for that. If council is -- would like to just state that they want no increase, then that's my walking orders, and then I take them, and that's how I negotiate and finish the negotiations.

Vice Mayor Durham: And does that negotiation need to be done by the 18th?

Brian Biesemeyer: Yes, sir, it does.

Vice Mayor Durham: Okay. And this is for water that we would be purchasing in the future?

Brian Biesemeyer: This is for water we've already purchased. We've already purchased it. It's waiting for delivery.

Vice Mayor Durham: But we're leaving it behind the dam?

Brian Biesemeyer: But instead of getting delivery, we'd leave it behind the dam.

Vice Mayor Durham: Okay. And so this price increase would relate to the point in time when we take that water?

[Time: 02:06:18]

Brian Biesemeyer: No. That would be in reconciliation when at the end of the year, CAP settles up, they give us a price, and then they settle up. It would be at the end of the year, and that settle-up, then instead of saying oh, your price was X, now it's X plus 5%. And this is to avoid that to make sure we have this in writing to avoid that settle-up including this water. Or the lack of this water in the cost.

Vice Mayor Durham: I think obviously we want to -- I think we want to hold that down as low as possible.

Brian Biesemeyer: And that is my intent.

Vice Mayor Durham: Thank you. Thank you, Mayor.

Mayor Ortega: Councilwoman Janik?

Councilmember Janik: Thanks, Mayor. Thanks for the presentation. I need clarification on number 2. And my question is, is this real water that really exists that really we can tap into, or is it phantom water? And is it an actual amount of water that is delivered, and then we can get the actual water back?

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Because –

Brian Biesemeyer: What we will get -- so what we are currently in the process, excluding this agreement, is 5,000 acre feet that we would provide -- wet water we provide to SRP.

Councilmember Janik: Right.

Brian Biesemeyer: And then we would get recharge credits for that water.

Councilmember Janik: Mm-hmm.

Brian Biesemeyer: Through this agreement, we would still get recharge credits. We just -- you know, we still get recharge credits. The difference is is that water being recharged in Scottsdale? No, it's not. Either way it's not being recharged in Scottsdale. So we get credits, but there's always that -- there's always the distinction of exactly where that water is. Either way, though, that water, because we don't have the capacity to recharge that water this year, we had ordered it for recharge SRP.

Councilmember Janik: Okay. All right. I think you understood my question. Thank you.

[Time: 02:08:27]

Mayor Ortega: So it's -- the transaction is to receive funds for 5,000 acre feet and then expend those funds for 5,000 acre feet. And it's a wash. So we are not arriving at costs, therefore I don't see any other comments. I would move to adopt resolution 12551, authorizing the Executive Director of Scottsdale Water execute all necessary documents, take all such actions as may be necessary, enter in the compensation system conservation agreement with the US Bureau of Reclamation and Central Arizona Water Conservation District to forgo delivery of 5,000 acre feet for Scottsdale Central Arizona Project allocation this calendar year for contribution to Lake Mead in exchange for monetary compensation and to enter into the purchase agreement for the same sum with our partner Gila River water storage LLC GRWS.

Councilmember Littlefield: Second.

Mayor Ortega: We have a motion and a second. Any other discussion?

Brian Biesemeyer: Mayor, if I may, I'm sorry.

Mayor Ortega: Yes, go ahead.

Brian Biesemeyer: The proposal is up to.

Mayor Ortega: Up to 5,000.

Brian Biesemeyer: Yes, sir.

Mayor Ortega: Up to 5,000, forgo delivery of up to 5,000.

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Brian Biesemeyer: Thank you.

Mayor Ortega: So your report is noted. Thank you. Please register your vote. Thank you. Unanimous.

Brian Biesemeyer: Thank you.

Mayor Ortega: Appreciate that. And by the way, there was no public comment. Just to clear that one up. Moving on to item number 19. Per our charter, we would accept any citizen petition. There were none recorded down with the clerk, and therefore I would close that item.

MAYOR AND COUNCIL ITEMS

[Time: 02:10:33]

Mayor Ortega: Next we will go to the discussion for the Mayor and council items. Vice Mayor Durham, did you have a request on a possible future work study item? We have time to enter that next meeting tomorrow if you would choose to discuss the topic.

Vice Mayor Durham: Thank you, Mayor. I'll make the motion now, I guess. It's partially obviated by our motion on our action on the wall, but I still think it would be a good idea to revisit this policy. So I would propose a work study session at a date to be determined to discuss our road noise abatement policy.

Councilmember Janik: I second.

Mayor Ortega: Okay. I see a motion and a second. Any further discussion? Again, whatever conclusions may be arrived at are for discussions in the future. Please register your vote. And Vice Mayor Durham is a yes, so it carries 4-3. Thank you very much.

Next we will go to our -- I will now adjourn our regular -- the regular portion of our city council meeting.

CALL TO ORDER

[Time: 02:12:11]

Mayor Ortega: And therefore we will convene our work study session number 2. I would call to order the June 6, 2022, city council work study session number 2 to order. And for the record, our sitting mayor and city council members as well as charter officers are all present.

Work study offers us the opportunity to have a less formal conversation as posted for the items. This would allow us to either gather information or provide direction by consensus the way the work study is run, since we did post the item, we are open for public comment up to five speakers. I am told there are no speakers, public speakers, on the work study item. Therefore, I will close public comment.

WORK STUDY #2 ITEM 01 – DRAFT TOURISM AND EVENTS STRATEGIC PLAN

[Time: 02:13:24]

Mayor Ortega: The first subject of our work study is the draft, tourism and events strategic plan presenter Karen Churchard, tourism and events director will make our staff presentation. Good to have

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you here.

Karen Churchard: Thank you, Mr. Mayor, council members. Thanks for having us tonight to talk a little bit about our draft recommendations of the tourism strategic plan. Joining me tonight is Chris Fair, President and CEO, and Tim Hasid, director of placemaking, a residence consultancy, to share with us the draft recommendations.

And before they make that presentation, I just wanted to give a couple points of how we got to tonight. Last summer we collaborated with Experience Scottsdale to determine the plan, goals, and to actually work with creating the next tourism strategic plan. We vetted and we finalized that input based on feedback from the Tourism Development Commission and also Experience Scottsdale's Board of Directors.

In September of 2021, we went through a procurement process where we hired residents consultancy to create our next tourism plan in partnership with Experience Scottsdale. And just as a point of reference, the City's economic development strategic plan that was accepted by city council in June of 2021 was also awarded to residents as well.

So we had a steering committee that established the work, and we set the plan, the development goals, and objectives with residents. And we have been providing feedback on the assessments, the research, and the recommendations and also to connect residents with stakeholders as well. In December of 2021 and January of this year, residents did extensive engagement that included each of you, our City Manager, many City department directors, hoteliers, restaurateurs, property owners, art galleries, and the list goes on to include more than 100 partners and stakeholders. We also did two surveys.

One for residents with more than 2300 responses, and the other with visitors with nearly 1300 responses. We also required residents to review 21 studies and plans of the City's to assess those. And based on all that, we're here tonight to share with you the draft recommendations. And during the presentation that Chris and Tim were giving, we'll stop at a few points and ask for your input and direction. So thank you. Chris and Tim?

[Time: 02:16:04]

Chris Fair: Thank you, Karen, and thank you, council, for your time and attention to look at this plan tonight. There's a lot of ground to cover, so we'll hit some of just the highlights and really focus in on the recommendations. In setting this up, we're going to talk you through a little bit just the brief background on the project.

Some of the research as we look at what are the macro trends, obviously no industry has been more impacted by the pandemic than travel and tourism, and our focus is on what's next in terms of the types of experiences that U.S. travelers and international travelers are looking for. From there we defined who might be the visitor of the future for Scottsdale. Does it look somewhat different than the visitors that we might have catered to in the past? And that was workshop with many stakeholders and I'll share some of the highlights with that.

And then we'll get into the draft recommendations. So just away of background where we are in the process, there's four phases. The first phase involved many of the research activities that Karen

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mentioned in terms of the visitors survey, engagement with stakeholders, and residents. And then the second phase was looking at some of the benchmarking and some of the assessment around Scottsdale as a tourism product.

Third phase got into the evaluation and recommendations, which is where we are today, and sharing with you in our next phase out of this will then be once the recommendations are adopted will be to develop an action plan on how we go about implementing this project. So first just briefly kind of touching on, you know, what's important for Scottsdale we realize is the affluent traveler.

Our firm residents since 2008 has been surveying the wealthiest 10% of households. So for over a decade, going on 16 years now, we've been surveying this particular audience. I think just a couple quick highlights of, you know, what's important to travelers today and the post-COVID environment. We did a study just prior to the pandemic and then the last couple of months. And you can see the top factors here of safety, accessibility by commercial flights, and scenery and nature, and for us Scottsdale checks all three of these boxes.

So that's one of the things we're looking at, is there anything that we're not in sync with in terms of the priority of affluent travelers today? In terms of the types of vacations we looked at, and there's a long list here. We won't go into that in detail, but it's been provided in the report. Also thinking about types of accommodations that full-service hotels, upscale hotels, resorts, all-inclusive resorts are still the most preferred types of accommodation for affluent travelers today although we have significant rise in the popularity of home sharing such as Airbnb which we're all familiar with.

Some of the things we also think about are the types of activities that are important to them on vacation. We can see the top activities, the most desirable are food and drink, engaging with new things, nature, fine dining, fun attractions, shopping. Again, we can look at Scottsdale and see that we're really checking off the top of this list, which has positioned us well for the future.

[Time: 02:19:01]

Those are just a few highlights as we think about the macro environment of what affluent travelers are looking for today. As we work through with your stakeholders, we looked at who might be the segments not just demographically but psychographically, what types of travelers are we looking for in the future? Who's come to Scottsdale in the past? We identified five segments, and this is an algorithm that divides travelers in the United States based on why they'd go on vacation.

And then secondly, what do we participate while they're on vacation. The first ones are travelers, older. The second group are enthusiasts. They tend to be younger. Half of them have kids. They're looking to do all kinds of different activities in all kinds of different places. Our third group are active adventurers, golfers, skiers, and the last two are pretty explanatory. They like all-inclusive resorts. They're more apt to go to theme parks, cruises.

And same with our last group, convenience travelers that are really looking at all-inclusives and cruises. So we look at who are we attracting today? The black bars show you that our top two audiences, when we surveyed visitors, fit into this active adventurer category. And the second are the family-oriented frugals. But as we worked with stakeholders, really the future visitor that we want to attract to Scottsdale will continue to be the active adventurers, people that participate in sports, health, fitness,

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active in things like golf.

But really we want to shift our focus and look at how do we grow our enthusiast audience, this younger traveler that may or may not have kids, but is interested in a wide variety of experiences. That's only 19% of our market today, but we felt that that should be up there with active adventurers. So our frame for developing this tourism plan was really focusing in on these two types of travelers from a psychographic perspective.

I've kind of explained who these two types are already. From a business perspective, of course, there's conferences and meetings, corporate events, incentive travel, leisure travel, which is growing in popularity, and that was identified by stakeholders as our top two priorities should really be conferences and meetings, and then looking at how do we grow the leisure travel, those travelers that are coming here for a conference and meeting and getting them to stay for a few extra days of leisure.

The next activity we talked about who our target audience has been, who we want it to be in the future was also looking at benchmarking Scottsdale from a product supply line perspective. Visitor survey was done with more than 1200 visitors as Karen said. Community surveyed more than 2300 community residents participated in that survey. And we interviewed over 100 stakeholders to identify what are some of the key issues and key opportunities.

And the reality is the good news is that overall, you know, Scottsdale is a very successful destination. There's not something here that's broken that we're trying to fix. You know, really it is how do we best chart the future for the destination and what role tourism can play not only as a significant part of the economy but also as an agent of economic development. So there was no key weaknesses identified through this assessment process. Really it was more about fine-tuning and improving some of the things that we already have as key strengths.

These are really summarized on this slide in terms of our key strengths as a destination, accommodation, dining, outdoor activities, shopping, our connectivity with Sky Harbor Airport, nature, parks, golf are, and some of the things we identified as opportunities are how do we leverage and grow not just arts in terms of performing arts but also actually the production of arts and creative industries.

[Time: 02:22:44]

How do we improve and grow some of our museums? How do we improve and grow some of our tours and those types of activities? How do we grow events and festivals, and how do we think about developing our character neighborhoods into actual tourism assets? So, again, not looking to fix anything but leveraging these key strengths and then also developing some of these things that were identified as key opportunities relevant to the target audiences we're looking to attract.

So with that, we developed a vision statement that said this. As one of the country's most recognized and desirable destinations, Scottsdale welcomes visitors from around the world who come to enjoy an urban sanctuary in the heart of the desert. From hiking trails to shopping safaris, sports to arts and culture, Scottsdale offers a wealth of experiences that attracts active adventurers, urban enthusiasts, business meetings, and world-class events throughout the year. As stewards of the destination, Experience Scottsdale promotes its unique characteristics and the City of Scottsdale develops and manages the facilities, programming and events required to enrich the visitor and resident experience in

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a manner that seeks to minimize the impact of tourism on our environment while maximizing its economic benefits for everyone involved.

So with that, how do we get there? Really looking at eight experience principles, and the recommendations that Tim will walk you through really fall into these eight areas that were developed as priorities for the tourism and events strategic plan. And these are in no particular order but they're arts and culture, business meetings and events, community well-being, festivals and events, Old Town, outdoor pursuits, sports, tourism, and travel and hospitality advocacy. So with that, I'll turn it over to Tim, and then we'll pause after we go through each section here and offer up any comments or questions that you might have, please.

[Time: 02:24:41]

Tim Hasik: Thank you, Chris. Thank you, Mayor and council. So the first one here is around arts and culture as we think about our first experience principle of really positioning and building off of the strength of Scottsdale as an us destination but also thinking about how do we evolve that positioning in transforming the destination in a place where arts is consumed, exchanged, and discussed within the nation.

Four different strategies really make up this experience principle. The first one being positioning Scottsdale as a center for artists and arts as we think about building off of these strengths and making sure that we're celebrating art but also allowing for artists to express themselves within Scottsdale and build the development of the arts community in clusters as part of the strategic plan. The second, growing the Scottsdale cultural corridor.

This is something that's currently being discussed in thinking about how do we build connectivity and strengthen the cultural corridor within Old Town and connect some of our institutions in order to build a strong visitor-centric experience which celebrates culture but also involves visitors and also the community as part of that initial initiative. And then number 3, bringing museum events and experiences outdoors of how do we think about art being not only celebrated and consumed indoors but also bringing the arts experiences outdoors and really bringing that experience to the public, both from a visitor and community perspective.

And the fourth one here, making Scottsdale the top culinary and wine destination of Arizona. As we think about of some the strengths and the discussions that we've had with a number of stakeholders within the community and the growing scene of how do we strengthen that positioning and continue to build that positioning as one of the key strengths and one of the key propositions from an experiential standpoint when it comes to attracting visitors and of course as we look at some of the trends within the tourism industry of thinking about how culinary and the fact of enjoying local cuisine is something that's growing as we saw at the beginning of the presentation.

So these are really four key strategies that encapsulate the arts and culture principle. Our polls vary, but, of course, there's a number of subactions that go under each one of the strategies that are currently being discussed with apartment and also in terms of Scottsdale actually implementing some of these strategies. Just want to allow Mayor and council to speak to any questions or integrations based on the four strategies that you see on your screen, and then we'll move to the next one.

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Mayor Ortega: Okay. So seeing none, continue.

Tim Hasik: Thank you. The next piece is really focused around business meetings and events. As Chris described, thinking about how do we cater to some of the key ordinances when it comes to that business ordinance and how do we also make sure that Scottsdale remains a destination of choice where companies decide to meet and bring employees and clients together for corporate gatherings and meetings.

[Time: 02:28:15]

This initiative is extremely important as we think also about the economic benefit of business travel, further destination and the economic impact of business travel for the destination. And two strategies were identified in terms of actually improving Scottsdale's position here in terms of actually developing more off-site venues based on some of the feedback from some of the advisory boards are thinking about how do we expand off-site venues to cater to new market trends and also celebrate the uniqueness of Scottsdale as a business meetings destination, of looking at potential new opportunities or existing opportunities in terms of expanding that current offering.

And then the second is aligning meetings and events with target industries. Based on our work as part of the economic development strategy, the importance of some of the clusters that were identified of making sure that when we're looking to attract companies and meetings of actually making sure that we're also looking at it from a holistic perspective with Scottsdale in terms of actually bringing the right types of meetings and events to the destination.

Of course, not excluding the existing business market but also expanding that and aligning some of the new outreach opportunities with the different clusters that were identified as part of the economic development strategy. So relatively straightforward, but I'll pause and see if there are any questions.

Mayor Ortega: If we can comment as you come to the end of your points. There's still some residual effect of COVID. There's some hesitation -- I think the rules have changed from the business world. The expectations are different as they've restarted. So I'd be kind of cautious about how much return we're going to necessarily get from that one, but the old rules just don't apply anymore. And we'll see what happens. You know, I think you should be reporting back kind of what the action is on it from a business perspective. Okay. Community well-being. Did you want to --

Councilmember Janik: I have a quick --

Mayor Ortega: Sorry, go ahead.

Councilmember Janik: When you say develop more off-site venues, are you talking about having more facilities that can handle smaller conferences? Or are you talking about, like, cultural things like more museums or both?

Karen Churchard: It's both. A little bit of actually making sure that our -- those that want conference spaces beyond the hotels can utilize some of our museums and our center of performing arts, for instance, Museum of the West, but also looking at potential places that could house conference areas. And I know there's --

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Councilmember Janik: Okay. Thank you.

Karen Churchard: Mm-hmm.

Tim Hasik: And even based on the Mayor's comment in terms of actually looking at how the business community is shifting towards different types of events of making sure that Scottsdale as a destination has reacted to that trend through that exploration of off-site venues. Community well-being, the third component, made of seven key strategies here. The first one, establishing Scottsdale as a well-being community and destination.

[Time: 02:31:30]

Making sure that we're positioning Scottsdale that way, both from a visitor perspective but also a community perspective in terms of actually staying true to some of the values of our community as we expand the destination. The second strategy here focusing on community quality of life as part of our outreach with the community, we heard about resident sentiment towards the industry, making sure that we're remaining and conserving the quality of life of our community and balancing that as part of the strategic plan.

Number 3, developing a unique wellness experiences. As we think about Scottsdale's strengths and current positioning of how do we expand some of these wellness experiences and partnership with our private partners. Number 4, position Scottsdale as a thought leader in sustainable tourism. Of course, there's been a reshuffle in the industry and a real focus on sustainability, and what does that look like both from a resource standpoint but also a sustainability practice standpoint with some of our partners, both public and private, and how do we continue that discussion and really spearhead that discussion in Scottsdale and across the nation.

Number 5, recognize industry best practices, which is closely linked to the previous one in terms of actually making sure that we're, as an organization, able to recognize these best practices with our public and private sectors and making sure that we're celebrating some of the successful stories that have already happened in Scottsdale and continue to support some of these efforts.

Number 6 here, growth sustainability-focused events and programming. As we think about sustainability in talking and communicating about sustainability, how do we think about some of our existing events and expanding some of these events to also cover sustainability topics and really bring that thought leadership to life as part of these initiatives.

And number 7, support new connectivity options. Of course, connectivity is important in terms of actually diversifying connectivity in transportation options of how do we also make sure that the strategic plan supports what other departments are working on in terms of actually bringing and celebrating pedestrian walkways and so on.

Mayor Ortega: Okay. I see no comment. Go on.

Tim Hasik: Thank you.

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Mayor Ortega: And, you know, no need to read us what we can read, but elaborate on the item if you wish.

Tim Hasik: Okay. Perfect.

Mayor Ortega: That would be better, and we can read what the statement is. You're adding a commentary to it. So thank you.

Tim Hasik: The next one is festivals and events. As we think about Scottsdale as being a key destination for festivals and events and making sure that we're also really focusing both on outdoor events but also indoor events of actually focusing our events calendar on expanding the length of a season and celebrating existing events but also expanding opportunities to really expand on the seasonality of these events.

So strategy number 1 is really around increasing the positive impact of these events and expanding or attracting year-round events. There's a number of events that are already taking place. I was trying to think about how do we optimize and start optimizing resources to expand the activation of these events. There's a number of partners that are involved.

Canal convergence is one example of how do we think about expanding that into a bigger-scale event based on the resources that are already mobilized as part of this event and really maximizing the economic impact of some similar events when it comes to festivals and events. And number 2, which was identified through our initial assessment of the infrastructure of diversifying Westworld's hosting capacities. We went through a relatively lengthy assessment of other and similar event venues in thinking about opportunities to actually expand different types of rooms and capacities within Westworld and thinking about expanding its capacity to host other types of events.

[Time: 02:36:10]

Number 3, focused on the Civic Center and the Performing Arts capacity of really supporting the Civic Center as one key gathering place for the community and making sure that some of the programs are being introduced are also supportive of ongoing programming within the Civic Center and going beyond that as we think about strategy number 3.

Strategy number 4, increasing off-season visitation to Scottsdale Stadium. Scottsdale Stadium is a successful venue, but as we think about some of the other actions of making sure that we're able to diversify the use of Scottsdale Stadium, in addition to spring training and also balancing the use between visitors and the community and really diversifying the types of events that are being hosted and also expanding Scottsdale Stadium's capacity to host events that are taking place in other areas of Old Town and expanding that to the Scottsdale Stadium at the same time.

And then number 5, looking at the special events ordinance in terms of actually reviewing that and considering an update in terms of actually facilitating the organization of events within the public realm from some of our partners who are behind some of the successful events and allowing new partners also to take part in terms of actually organizing new types of events within our different areas of Old Town and beyond.

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Mayor Ortega: Thank you. Continue.

Tim Hasik: Thank you. The next strategy is really focused around Old Town as we think about Old Town being really the heart of the Scottsdale experience, especially from a visitor perspective being one of the key shopping, dining, and cultural, and nightlife destinations both from a visitor but also for the community and really focusing on Old Town as part of the strategies that you'll see next.

The first strategy is really focused around placemaking initiatives. As we think about the vibrancy in Old Town and that vibrant component of Old Town of making sure that we are continuously supporting placemaking initiatives, both from an arts point of view, as we discussed in the arts and culture perspective, but also from a programming point of view in terms of actually bringing ongoing activation in Old Town and making sure that Old Town is vibrant and resonates with our target audiences.

Number 2 is around mixed-use development in Old Town. How do we diversify the use of some of our spaces, existing spaces, or new spaces in terms of actually bringing new types of activities, new types of businesses in our Old Town and diversifying the experience in Old Town.

Number 3 is really around guiding hotel development in Old Town. We worked with HVS, our partner on this project, on identifying strategies in terms of growth potential, and one of the growth areas in regards to hospitality was identified in Old Town as we think about Old Town, how do we start guiding the development of hotels in Old Town from a strategic point of view and tried to cluster some of the activity around the hotels in Old Town with a more strategic focus.

Number 4 is really focused around walkability and multi-modal access within Old Town of how do we support some of the work that has been established by the transportation development and continued to push walkability and alternative modes of transportation in Old Town from our hotels into Old Town and other areas in making sure that we are diversifying these options as we move this forward.

[Time: 02:40:15]

Number 5, strengthen the positioning of character districts in Old Town. A number of character districts have been identified as part of Old Town, and there's a belief that -- and a potential to further expand the promotion of these districts in Old Town and make sure that each district is aligned with some of the key promises in terms of what types of experiences are being clustered but also what is being promoted as part of these districts, especially from a visitor point of view and how visitors consume the destination and how can they better understand their perspective from looking at Old Town and the types of experiences that they can enjoy as visitors and also expanding that communication framework to the community, too.

And the last one is around the organizational and governance structure of Old Town. In order to be able to implement some of the strategies of looking and exploring a sustainable organizational and funding structure, to really enhance Old Town tourism and placemaking initiatives of what does that governance look like in Old Town in order to be able to implement and achieve the previous strategies that were just presented to you.

Mayor Ortega: Good. Continue. Thank you.

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Tim Hasik: Outdoor pursuits is really focused on the natural environment and outdoor experiences. The environment in Scottsdale is quite unique, and a characteristic and key driver of visitation to Scottsdale from a visitor point of view of how do we continue to emphasize the use of the natural environment and some of the strengths in that regards and how do we continue to promote key activities and experiences in Scottsdale.

This experience principle is made of five different strategies. The first one is elevating the preserve as a premier outdoor destination, trying to think about how do we communicate to our visitors -- preserve and how can they enjoy the preserve from a visitor standpoint. The desert as part of our survey to our visitors was identified as a key driver and an authentic characteristic, sorry, of Scottsdale of how do we communicate that to our visitors and make sure that we also frame some of the experiences around the preserve moving forward as part of the strategic plan.

Strategy number 2 is around expanding outdoor programming of how do we also look at different types of events that also celebrate outdoor activities and outdoor programming. Scottsdale is an active destination, and that's something that's celebrated by the visitors that decide to visit Scottsdale of how do we continue not only to expand our programming around arts and culture but also expand that programming around outdoor activities.

Number 3, activate the Arizona Canal of how do we think about the Canal as being a real connector of our community and look at opportunities to activate the Canal and think about the Canal as a true asset within our community and making sure that we're also thinking about new types of experiences, in this case more active experiences, of course, and really building off of the Canal as one of the key assets and moving that forward as an outdoor activity asset for our visitors. Based on current uses and also improving informational and wayfinding along the Canal so that visitors are aware of their use of the Canal and some of the potential activities that happened along the Canal.

[Time: 02:44:12]

Number 4, promoting easy access to outdoor recreation and attractions, of how do we as a visitor enjoy the destination, how do we promote some of the outdoor activities that are available, and how do we facilitate the consumption of some of these activities within the destination? Making sure that as a destination, we're really honing in on the operational component of how do we bring and facilitate the access from a visitor's standpoint.

And oftentimes the community and the residents are well aware of some of the outdoor activities, but sometimes visitors aren't as aware of some of these activities as we think about building that visitor experience around outdoor activities.

And the last one is really focused around cycling, the opportunity to really continue to promote and grow Scottsdale as a cycling destination. Some of the existing events in Scottsdale and the growing cycling movement in that regards and the number of people that actually travel across the country to enjoy nice weather and cycling and making sure that we're also following that path in terms of actually positioning Scottsdale on the map when it comes to the cycling community and bring new types of programming and new types of events within the destination.

Mayor Ortega: Continue.

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Tim Hasik: One of the last ones here is around sports tourism. As we think about both amateur sports, collegiate sports and professional sports, making sure that Scottsdale is a key destination for the different levels of sports and competitions year round, both from an events perspective but also from a business and organizational perspective. This experienced principles is based on three key strategies. The first one, expanding outdoor programs year round. As we think about amateur sports being a growing segment of the market of how does Scottsdale really position itself as a destination for amateur sports moving forward.

And then number 2, increase outdoor sports programming in terms of actually bringing new types of events in this case. And number 3, anchoring Scottsdale as a base camp for collegiate and professional sports. And this really speaks to the types of events that are being hosted in Scottsdale and the opportunity to do so moving forward when it comes to celebrating and also organizing these types of events within the destination.

Mayor Ortega: Good. On to travel and hospitality.

[Time: 02:47:05]

Tim Hasik: The last one here to close the experienced principle is really focused around travel and the hospitality advocacy. The first one is really making sure that as a destination, for diversity and inclusion within the industry of how do we continue to push diversity and inclusion as part of the industry, both from an organizational standpoint but also with our partners and make sure that we're pushing the muggle forward in that regards and making sure that we're working with our different partners and stakeholders to improve diversity and inclusion within the industry.

And number 2, advocating for tourism in the region. There's a need to advocate for the industry within the region and really recognizing the importance of the industry to our community, to our residents, and to visitors and moving that forward as part of this particular strategy. And then number 3, supporting and advocating for tourism labor force development. As we are all experiencing, there's a real shortage of service labor, and most destinations of how do we make sure that we're supportive of state's initiatives but also local initiatives to really improve workforce development with some of our partners. And then number 4, advocating for labor standards, which is connected to the previous one of also as we think about workforce development of making sure that we are also looking to champion labor standards and talent well-being within the industry as we move these strategies forward.

And then the last one here to close this experience principle is really investing in destination digitalization as we think about technology being a key asset in that regards and moving some of the explorations of how do we optimize technology within the industry to also optimize the operations of a destination and facilitate the visitor experience.

Mayor Ortega: Okay. So -- and would you say on the digital social media side, some of the tourism growth, say for bachelorette parties, was that organic, or was that something that you guys planned? I want to know. Who's responsible?

Karen Churchard: It's organic.

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Mayor Ortega: Okay. So there's -- it grew organically, word got around, social media. Okay. Moving on. Thank you very much.

Tim Hasik: Thank you. And I'll leave it to Karen to close the presentation.

Karen Churchard: So the next steps -- so next steps, we are -- thank you for this opportunity to present the high-level strategies. Next we'll be working through the next few months while you're on your summer break, we're going to do some work sessions. We look to you if you have any suggestions on those, we're going to make sure we have partners, stakeholders, department directors to go through these 37 strategies, and we've got more detailed strategies to go.

[Time: 02:50:16]

And then we'll be doing that for the next couple months. We're going to do a work study session with the Tourism Development Commission in August that we'll invite all of you to attend if you're available and would like to do that. And then I guess my last question for you, Mr. Mayor and council, is do you want us to come back with a final action plan and review it with council, or would you like us to have TDC make the recommendation and have that on consent?

Mayor Ortega: Okay. If I could just add another area as far as marketing our own facilities, I mean, there is an inventory of private sector properties, obviously, venues on public property and so forth. And then our own stadium, Westworld, the sports fields, which are kind of -- need to be marketed as well. Just think about that --

Karen Churchard: Absolutely.

Mayor Ortega: -- and how it appears to be, you know, really a complete effort that is certainly bound with Experience Scottsdale, but then how we would work our own on that. Vice Mayor Durham, did you have some comments?

Vice Mayor Durham: Yes. Thank you, Mayor. One of your early slides there showed that there was a great thirst or interest in activities relating to Indigenous populations. And I don't think that there was anything specific in here about that. I mean, we do have some opportunities. There are some festivals. We also are, depending on how far you want to drive, there are some locations to the north. There's the older village by the airport, too.

And I just wonder whether it makes sense to include that, some of those in our plans because there does seem to be a very large interest in that that's not being fulfilled currently.

Karen Churchard: Mr. Mayor, Vice Mayor, council members, yes, that is a part of our strategies. Today, just in the interest of time, we are providing the eight principles and the 37 high-level strategies. Each one of those 37 strategies has another two to seven detailed strategies, and the Native American area is definitely one along with creative placemaking and some more with artists. There's a lot of really good information that Chris and Tim have provided through this. I'm very excited that we have a lot of great opportunity to work with Experience Scottsdale on getting this plan going.

Vice Mayor Durham: Thank you.

Karen Churchard: Thank you.

Mayor Ortega: Councilwoman Janik?

Councilmember Janik: And I was just going to suggest that you be open to public/private partnerships, that when you scour the city, are there any venues, any other opportunities so you can expand your reach and enhance tourism?

Karen Churchard: Thank you.

Mayor Ortega: Thank you. Councilwoman Caputi?

[Time: 02:53:20]

Councilmember Caputi: Just a quick question and a comment. Karen, there was a comment on the dais about business travel being off still and that it might be different going forward. I'm actually noticing business travel coming back pretty strong. What are you seeing?

Karen Churchard: I'll let Chris talk a little bit about that because that's his expertise.

Chris Fair: Yeah. Certainly when we look at nationally the numbers, leisure travel is at 100-plus percent depending on the destination you're at, and business travel's at 50% to 60% in terms of bookings. But that varies widely from destination to destination. And I think that's where we did look at some of the opportunities with Scottsdale is actually well positioned to capture the business travel that is out there, which are smaller corporate meetings, groups, conference within companies.

And if we are working more remotely, there is going to be a trend towards more group gatherings, off-site events, which smaller facilities and destinations are well suited to versus the New Yorks of the world with the Javits centers and hundreds of thousands of square feet of convention space, you though, those are the destinations that are lagging.

So we have to kind of separate the overall numbers between how is business travel happening from one destination to another, and we're actually quite positive for Scottsdale, both on the leisure front and on the business front that you're well positioned, based on the trends we're seeing in the market today.

Councilmember Caputi: Right. Because we have so much outdoor open space, and that is one of our strengths. Then my only comment is we're doing fantastic plans and research and polling, and we hear things back. People come here for the shopping and nightlife and dining and wonderful vibrancy and also the open spaces and the nature and the hiking.

I just think it's important that we remember that. We sometimes get off track, and I think it's important to revisit the research and the data and the information that we're provided and follow our plans, that we not just talk about it and report it back to us, you know, and the council, but that we recognize that these are the things that people come here for, and we have excellent plans, and we need to make sure that we follow them. So great job.

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Mayor Ortega: Okay. Thank you very much. I think as you report out, we found there were, during the Phoenix Open, I asked how many groups and small convention groups there were during that one-week period, there were 600 of them in Scottsdale. So some properties have ten groups of, you know, Nebraska Foundation with 20 people or 15 people, and so it really does add up. And coincidentally during the Phoenix Open, you know, they come here. All right. Well, is that enough -- councilwoman Littlefield?

Councilmember Littlefield: I'd just like to make one comment and echo what Councilwoman Caputi said. Give us a half-year review of what's going well and what needs working out and how are we functioning and what the results of all this is, because sometimes we get these overviews, then we never hear what actually happens. And that, I think, would be the fun part.

Karen Churchard: Thank you for that. We'll make sure to do that. Thank you.

Councilmember Littlefield: Yes. Thank you. I appreciate it.

Mayor Ortega: Good. Councilwoman Whitehead?

Councilmember Whitehead: I think the question was whether or not this goes to TDC and then comes to us on consent. I'm fine with that path versus having a second presentation to council. But, you know, as long as you send it our way ahead of time.

Karen Churchard: Thank you.

Mayor Ortega: Okay. Then thank you very much. We're concluded on this item. The draft tourism and events strategic plan.

WORK STUDY #2 ITEM 02 – EXPANDING SERVICE-LEARNING INTERNSHIP OPPORTUNITIES FOR SCOTTSDALE YOUTH

[Time: 02:57:06]

Mayor Ortega: Moving on to item number 2, which is expanding service learning internship opportunities for Scottsdale youth. Our presenter is Stephanie Zamora, a Management Associate to the City Manager. Welcome. Hi. Hi, Caitlyn.

Stephanie Zamora: Good evening, Mayor Ortega, Durham and members. My name is Stephanie Zamora. I am a management associate to the city manager. Previous I was management intern as I completed the service learning portion of the Marvin Andrews fellowship in urban management at ASU. I'm really excited to be able to continue my projects here at the City in my new role. My co-presenter, for formality's sake, Caitlyn, please go ahead.

Katelyn Cai: Hello, everyone. My name is Caitlyn.

Stephanie Zamora: The mic.

Katelyn Cai: Closer?

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Mayor Ortega: Is your light on?

Katelyn Cai: Hello? There we go. Technology, it never escapes me. But hello, everyone. My name is Katelyn Cai. I'm formerly of the city manager's office. But I'm currently with parks and recreation. Outside of the work I do with the City, I'm interning for Senator Kirsten Sinema and this fall I'll be heading off to Duke University.

Stephanie Zamora: Over the last few months, Caitlyn and I have conducted research, participated in conversations with key departments, and developed our understanding of public service internships and what they mean for our profession as a whole. We both share in the experience of being invited to contribute to this world-class organization as young Women of Color in public service. And tonight we will be discussing the importance of connecting youth to civil service performance at the City of Scottsdale, what this means for our community, and how we can implement our learning for future opportunities.

[Time: 02:58:52]

Katelyn Cai: During the three months I was with the City Manager's office alongside Stephanie, we essentially did an internal audit of the City of Scottsdale's extensive and successful history with volunteers. So at first we started off with independent research looking at jobs that could be split using a job share for internship opportunities.

But after some conversations with city staff, we decided to pivot to directly talking to department leadership in places like HR and communications and essentially ask them what they needed and what their history with interns was so that we could build upon what already existed for infrastructure inside the City of Scottsdale.

So during those conversations we would ask them questions like, what do you need from an intern? What kinds of tasks would they be completing, and how could we best fund this program? Alongside the work we were doing inside the City, we also made sure to reach out to community organizations and educational institutions.

So we had conversations with PVCC and SCC to make sure we were getting community college students in the conversation, and we also presented to the education subcommittee and communicated with local, private and charter schools to make sure that high school students like myself at the time also had the opportunity to get involved.

Stephanie Zamora: So we are seeking to evolve our model to meet outcomes and increase impact while pursuing the current opportunities as Katelyn mentioned. So our current model of hiring interns is based on the immediate needs of departments, and sometimes based on one-time projects. And specifically geared towards undergraduate and graduate students. We are seeking to expand these opportunities to high school students, community college students, and possibly the nontraditional student that might want to make a career move into public service.

We, like Katelyn mentioned, we will continue to seek out these opportunities to interact with the various institutions already present in our community, and we really consider this background work as phase 1 for our future outcome, which is a centralized and continuous internship program that

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contributes to the professional development of our Scottsdale youth through experiential learning, while also fulfilling our staffing needs.

Now we're sort of moving into phase 2, and this involves the construction of a core team that will identify the overall mission of this work and also identify the entry points we can utilize to accomplish that mission. After conducting some of the work that Caitlyn discussed here tonight and also after giving a presentation to leadership forum, the following team that you see on the screen began to organically form.

[Time: 03:01:36]

This team consists of Cindy Eberhart who has coordinated volunteer and intern hiring for many years and has been pivotal to our understanding of where interns have been successful and identifying the departments that might be interested and willing to participate, which we have identified as about five of them.

Additionally, we have Sheila Williams on our team who oversees the Scottsdale teen employment program which is an educational program for teens to learn job-seeking skills and gain employment with local job opportunities, pivoting that in words and see how we can bring them to the City. So she really provides that practical arm of our team.

We also have Lisa McNeilly who has worked on creating equitable internship programs at previous organizations, and her focus was on competitive advertising of these opportunities, which we can definitely benefit from here, establishing funding for interns, and leading employees in identifying meaningful work for interns. All the bread and butter of the skills that we need to build this team and build this program.

We also are leaning on Jennifer Harold who has worked with ASU, Havasu criminal justice majors in a collaborative program that sort of brought them into other professions in criminal justice through service in the courts. I've also worked with Anna Henthorn who is continuing to work with PVCC on elevating government finance through our local degrees, and that's an ongoing process.

So this team fully understands the importance of providing young professionals with experiences to explore potential new careers that they may not have considered before. And this is what the ultimate outcome of attracting young people to the government profession. And we know that inviting the next generation into public service allows us at the City to build long-term workforce health as well.

Some of the actions this team has taken besides what Caitlyn discussed previously is really getting down to what we're trying to tackle here, which is connecting young professionals to civil service performance at the City of Scottsdale. And this is part of a larger effort across the public sector to attract young talent, but we think that the actions we can take moving forward will really make Scottsdale that shining model for our municipalities to follow and possibly nationwide.

We have worked on identifying key entry points to potential solutions to tackle this issue, and these include active and personal recruitment and retention strategies, fortifying relationships with the organizations already connected to the target demographic, also clarifying the perception of who works in government, and increasing access to knowledge about the broad range of work conducted at the

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City.

These entry points will help the team continue to build these partnerships and an overall programmatic framework and ultimately a stable infrastructure for a future program. But how do we get to this end goal of establishing a centralized internship program for the City a year from today? In entering phase 3, we will begin to participate in small iterations of that larger goal. And we're already exploring two entry points.

We're fortifying connections and demonstrating the diversity of talents needed at the organization. This summer we are hosting about ten interns throughout the city in various departments. And as part of our continuous learning about the experiences of our interns, we will be gathering this cohort to understand what's worked, what needs improvement, and to hear about their contributions to the City. All of this is to facilitate the entry point regarding active and personal retention strategies, building a sense of unity and a commitment to this organization and building that long-term loyalty.

[Time: 03:05:17]

Which is something Caitlyn can speak to in a minute. One iterative adaptation I'm most excited to share with you all is we are welcoming a high school junior this summer that has been placed with the City through the Phoenix Indian Center's youth to work program. This is a program that compensates its participants up to 40 hours per week. So over the next three weeks, this intern will work on a number of projects in sustainability and communications but also participate in professional development.

And this is really exciting for our learning given the student's age, her current place in her career. She's fairly young, and her various diverse backgrounds, and we're already learning about our need to be flexible with this demographic which I think will add to the way we can build out this program in the future and be as inclusive as we can be. So now we discuss what we're doing, how we plan to do it, but I think it's really also really important to cover why we're doing it.

Katelyn Cai: The City itself needs and is responsible to its citizens. And one of the ways that the City has always done that is through the general plan. This year's general plan had a huge component that focused on education and expanding internship opportunities provides the City an opportunity to live up to the expectations it set for itself by providing all different kinds of quality education, especially experiential learning, which is the way of the future for young people.

But from a government perspective, we're inviting the next generation towards public service. And I think my own journey with the City of Scottsdale is just a small microcosm of the potential that lies in this program. So I first became involved with the City five years ago. Serving at the Arabian Library's teen advisory board.

I loved that experience so much that I decided to join the Scottsdale youth council. And from there after meeting multiple elected officials, I decided to get more involved and interned at the City. After taking a short break to be a normal teenager, I really couldn't get enough and came back again this summer to intern with Parks and Recreation.

Being a part of a larger community in the City of Scottsdale built a sense of loyalty towards my hometown and allowed me to realize that the government serves that town and its people and has

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inspired me to pick up public service as my future career. So if internships could do that for me, imagine what it could do for all the citizens of Scottsdale.

Stephanie Zamora: All of this will help propel us forward towards a formalized service learning work program that establishes a centralized fund to hire interns and cohorts throughout the year and deploy them to the participating departments that commit to providing meaningful projects in line with students' learning, mentorship, and professional development.

So we are taking iterative steps to implement a larger program a year from now, like I mentioned. So this summer we will continue to connect with the current interns we have, continue to build -- to identify connections with our community colleges, with the team that I mentioned earlier. And this fall with the help of a fellow or an intern, we will start -- with the learning that we established throughout the summer -- start to create the program's structure itself and possibly draft a budget package.

[Time: 03:08:39]

And by fiscal year '23/'24, we hope to be ready to launch a recruitment with the learning that we will gain throughout the rest of this year. And some other actions or additional ideas might include bringing the City to the students through career fairs or presentations at schools with employees, interns, or fellows that students can really see themselves in. And all of this is with the end goal of making the City of Scottsdale a known and attractive employer of talented young professionals who want to utilize their skills, knowledge, and ambitions to create public value. Thank you. Any questions, we are open to answering.

Mayor Ortega: Any comments?

Councilmember Whitehead: I just want to thank you for doing this because certainly it's going to have long-lasting impact, so thank you.

Stephanie Zamora: Thank you very much.

Mayor Ortega: Councilwoman Caputi, then Janik.

Councilmember Caputi: I just think this is an excellent idea. We spent the last year in an education subcommittee trying to come up with ways in which the City and the schools could do things of mutual benefit. And I can't think of a better example than this particular program. So I've seen the presentation before, and I like it even more now. Thank you so much. That was really well done.

And then I also just want to take two seconds to say a special congratulations to our own Caitlyn Kay who, as she mentioned, not just served on our Mayor's Youth council and been an intern as well as parks and rec and library and youth services, about up she just recently won the distinguished young woman of America award for 2022 which is an incredible accomplishment. And as she mentioned, she's off to Duke this fall. So we want to wish you the best of luck. Thanks for all that you've done for our city, and congratulations.

Katelyn Cai: Thank you so much.

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[Applause]

Mayor Ortega: Thank you. Councilwoman Janik?

Councilmember Janik: I wanted to congratulate you for your award as well and thank you for all that both of you have done. I think this is a really great program that's going to help with future people that want to serve the community. So thanks a bunch. Appreciate it.

Stephanie Zamora: Thank you so much.

Mayor Ortega: Good. Then in conclusion, I would just add that, of course, Scottsdale depends on volunteerism and reaching to the youth group is very essential. Many times there's large pools of senior volunteers. But I think -- I want to encourage you to keep going and certainly report back to us as it comes together. Okay. So that will conclude our item number 2, expanding service learning internship.

WORK STUDY #2 ITEM 03 – CROSS-BOUNDARY COLLABORATION ON HOMELESSNESS

[Time: 03:11:27]

Mayor Ortega: We will move now to item number 3, posted as cross-boundary collaboration on homelessness. Presenter Shane Stone, Senior Management Associate to the City Manager. Hello, team.

Shane Stone: There we go. Good evening, Mayor Ortega, and members of the city council. As you show, I'm Shane Stone, management associate to the city manager. Myself and several others will be walking through our cross-boundary collaboration on homelessness this evening. So the City has been engaged in a Bloomberg Harvard city leadership initiative and part of that initiative has been the collaboration track which is designed to help equip us with the tools to approach complex challenges across jurisdictions, across disciplines, and across sectors, which you'll see with the team that we have represented this evening.

It's fitting that we were approaching a complex problem because we decided to approach the problem of homelessness services. On the bottom of this slide on the screen, you'll see a brief time line of where we've been. Back in February we had 40-plus regional experts on the subject of homelessness and homelessness services together to further explore our challenge before us. And then we had a team of eight people that was selected that participated in virtual sessions and team exercises over the next several weeks. And then we had a week of intensive programming with Bloomberg Harvard.

All together the team put in a little over 600 hours just through that point. And then two weeks ago we brought all of those regional experts back to take some of the solutions we had ideates or steps forward and fleshed those out a little bit further. But more on that soon in the presentation. So this is the team of eight on the screen. And for the sake of brevity, I'll introduce them to you, and you'll see some faces here tonight as well. On the left of the picture is Sue Oh, Scottsdale's homeless outreach coordinator, and you'll hear from her shortly.

Next to her is Nikki Stevens, and she is the regional homeless program manager for MAG. Then in the blue sweater, assistant City Manager Brent Stockwell, myself, and then to the right of me is Darlene Newsom, consultant for health foundation who you'll also hear from. And then to her right is Ash Us with the joy us smile, executive director from the ground up, and then to the right of her is Justin

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Stewart who is joining us this evening, CEO of Synergy Inc. And Greg Bestian, our director of human services.

So to provide some very brief theoretical context, a 30,000-foot view of the strategic triangle of public value theory. Steps forward to make progress on complex programs, you need these three elements. Public value, so something the public will see benefit in, in a place to imagine what success looks like. Then on the top left, legitimacy and support.

So the stakeholders that you need to engage to make progress. And then on the bottom left, operational capacity. So what your organization or your initiative needs in order to capitalize on the legitimacy and support and deliver that public value. And then at the center, a coalition who ensures that all three elements are there and can push progress forward. And in best practice, this is a balanced equilateral triangle, but that's not always necessarily the case.

[Time: 03:15:00]

Darlene Newsome: Good evening, Mayor Ortega, and city council members. I'm Darlene Newsome, I'm a consultant with Vitalist Health Foundation, and I'm the former CEO of Uman Uday center. I tried to retire but I really didn't. I spent 44 years in nonprofit work mostly dealing with homeless populations.

Now, let's talk about those experiencing homelessness in Scottsdale. We have figures on the scope and the size of the problem that we can relay. Our most recent point in time count was 114. In Scottsdale unified school district, 200 students experienced homelessness in the last year. Over the last two years, 1,006 unique individuals sought homelessness support services in Scottsdale. All of those numbers have been growing.

More important than the whole of these numbers is to understand behind each digit is an individual. Based on our point-in-time exercise, which does not really paint the entire picture. It's just a snapshot of homelessness. We also know some trends exist among those individuals. More than one in three are over the age of 55. Representing an older population than those experiencing homelessness in most communities. And I have to say, I have experience, when I was at UMOM, we had an outreach team with a woman who was 83 living behind the AJ's at Scottsdale and Shea. One in four are Persons of Color. This is more diverse than our general population.

It is widely shared reality across the country that homelessness impacts Communities of Color more drastically. Nearly half of those experiencing homelessness self-report an issue with mental illness or substance abuse. While those traumas are prevalent for those experiencing homelessness, they are not universal, and we are not working with a diverse set of experience -- and are working with a diverse set of experiences and needs.

One of our first steps was to construct a problem statement. This has been revised several times and will continue to be revised as our understanding of the challenge evolves. As of now it reads: There is a lack of community and political will in Scottsdale to address the growing number of people that call Scottsdale home and need a safe and supportive place to live.

As an example, as we plan to -- as our plan continues to evolve, it was pointed out to us that saying there is a lack of community and political will will potentially be self-defeating. Tonight with the buy-in

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from the city council, we want to say there has been a lack of community and political will. This may seem daunting, but it actually is a fishbone diagram that outlines the problem. And most of the time when you think of a problem, you want to go right to the solution. So it was really different for us as a group to really approach it from a problem standpoint and dig into the problem.

And so after constructing the problem, we got to work on a deconstructing the problem to examine root causes to further enhance our understanding. This fishbone diagram is not presented in a way to be read on the screen but to illustrate the philosophical approach. There are five bones coming off the spine of the fish, which represent root causes of our problem statement. Each with many more subcauses listed.

[Time: 03:18:56]

These listed causes are the result of us asking ourselves and others, why does this happen, and why does that happen? Over and over again. The main categories are unresolved trauma, lack of government support, lack of affordable housing, lack of services, lack of education, awareness, and understanding. We cannot, as an organization or community, tackle all of the list of causes at once, but we do not have the capacity. Even if we did, it would not be efficient or effective exercise. Instead we have highlighted two entry points to begin working on the larger challenge. The need for Scottsdale service locations and the prevalence of misconception and mis around homelessness.

Shane Stone: And if I could momentarily, thinking back to the strategic triangle, we know the importance of delivering a public value. And so the exercise that you'll see on the screen is intended to show how our work can benefit the public as a whole through service to those experiencing homelessness. The words in red were the framework that were given to us during that intensive programming that I mentioned. And the words in black are what we filled. And our proposition was this.

We will tackle the rising number of people experiencing homelessness, because our community is healthier and stronger when all people have a safe and supportive place to live. We will do so by dispelling myths, addressing root causes, including racial inequities, and focus on prevention with the expectation that homelessness is rare, brief, and one-time. We will know that we have succeeded when data shows a reduction in the prevalence, duration, and occurrence of homelessness in Scottsdale. Making our community healthier and stronger will be done by the work ahead. And for that, I will turn to Sue.

Sue Oh: Good evening, Mayor Ortega, and members of the city council. I am Sue Oh, the homeless outreach coordinator for the City of Scottsdale. Here are a high-level view of our steps forward in this process to deliver that public value. We want to stress that these are entry points, and they themselves are open to iteration as we continue.

But they will help us grasp a part of this very complex issue before we are ready to tackle larger portions of the challenge. At the top you will see recognition that three inputs will be needed. Not all right now, but at some point to complete the work. Those are leadership buy-in, additional resources, and the voices of people directly affected. On the right you will find the public value we are striving towards. Ensure all people have a safe and supportive place to live so Scottsdale is healthy and strong. The three contours or steps forward generally are data, housing planning, and the development of communication plan. Each of these include an activity, output, and outcome.

The activity of reviewing and analyzing data will create a profile of homelessness in Scottsdale to provide a better technical understanding. With that data, we can understand how to best craft and target our prevention efforts. Development of a plan to increase safe housing options and supportive services will provide more availability to those things, to reduce the number of people without housing and increase access to services.

Finally, the creation of Scottsdale-specific communication plan will have the output to more effective communication on the issue leading to increased empathy, support, and understanding through education. Since our intensive programming with Bloomberg Harvard, we have kept pushing forward. Two weeks ago we invited back our regional experts from our kickoff. We've shared progress updates with them.

[Time: 03:22:55]

Then broke out into three groups to work out details on the contours you just saw. For each of those areas of work, we identified the need to be done. Who needs to be involved and the obstacles we anticipate, resources needed, what success will look like, how to measure it, and we talked about when it would be appropriate to revisit our efforts to make sure they're working. On this slide you will see the 100-day plan that we left Bloomberg Harvard with. You will see a couple of completed items up top.

We have briefed the Mayor and council on the effort in the last few weeks and hosted the second day of collaboration. Currently we are assembling datasets from homelessness services to take stock of the information we have and very currently we are getting feedback from the committee council work study session. In the coming months we will meet with our internal data team to understand the strengths of our data and the gaps.

We will conduct local outreach, brief the executive and leadership teams, and present to the human service commission for more feedback and engagement.

Shane Stone: And as we wrap this up, we definitely want to say thank you to your time and attention to our work. We know we are at the tail end of what's been a longer evening. We also want to share with the public that this is one project that we're working on homelessness services. And if you want a more comprehensive view of all of the resources and services available, please go to ScottsdaleAZ.gov and search homelessness, and you'll find much more there.

But we want to make sure, Mayor Ortega, and members of council, to keep you updated, to hear your feedback, and to ask for your continued support throughout this process. And with that, thank you, and we yield to any questions you may have.

Mayor Ortega: Great. Well, we have Councilwoman Whitehead and Councilwoman Janik.

Councilmember Janik: Thank you, Mayor. First of all, thank you for participating. I'm sure it was draining. We appreciate all the data you've collected. And I'm going to reiterate what was said with the last presentation.

Please come back and tell us what you've seen, the improvement that you've generated, et cetera,

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because we really want these programs to be successful. So we need the feedback maybe every six months or so. So thank you.

Mayor Ortega: You know, just some more background information. So a year ago I was selected by Bloomberg and Harvard to participate in a program which included 38 mayors from around the world, four continents, and it was an amazing experience to be there, and it was hosted at Bloomberg headquarters.

And in order to look at a methodical way of analyzing any program at the municipal level. In some cases there were cities that had infrastructure problems and transportation and other -- certainly hunger and employment or gang violence. So there was a whole range of obstacles and things to discuss. The Harvard group uses the CASE method and walked us through several actual cases where we all participated and, you know, people came in from Germany, South Africa, et cetera.

[Time: 03:26:44]

From that experience, which was -- I was asked if we could apply for a collaborative additional resources. And we were accepted for four cities and the collaboration track had to do with homelessness. So I chose that as -- and we were selected. Then we hand-picked -- I hand-picked eight members, four staff in government and four in nonprofit and let's just say private sector.

And certainly they went in and participated wholeheartedly, as I mentioned. And then as a result of that, all the moderators then came to Scottsdale and spent, you know, a day here with a session. And then we returned with more reporting as well as community outreach. Over 40 people participated in the Scottsdale community on this important issue. Then we are also selected again for a data-driven discussion.

I'll be going next week to continue with the Harvard program and look at how, you know, our best decisions can have feedback and results and be empirical, and criticism is good. That is where there's weaknesses, then we need to work on our weaknesses, and in particular there are good pathways that we can explore.

Greatly appreciate the team of eight that participated. Brent and Shane led that group. And now we have another group looking at systems design both in IT. And the one case study that maybe pertains to our fire department. So there again, I named the fire chief to go back and participate. That's an interesting area of study. So that's how we came to this moment. And certainly appreciate the hard work in terms of continuing with the conversation or any questions. We have Councilwoman Whitehead, Councilwoman Caputi.

Councilmember Whitehead: Thank you, Mayor, and thank you all for this. So I do have some specific, and I did mention some of this. I think what we need is some specific data pertaining to us but also at a regional level. And so circling back to our first agenda -- first work study, it seems like a few days ago, but it was tonight -- we talked about this idea of keeping people housed.

We know that besides the incredible humanitarian benefit, there's a financial benefit, too, and so that's an area that I'm greatly interested in. I don't know if I forwarded two articles on the subject, but I believe that the City of Chandler in one of my committee -- my Arizona League of Cities and Towns meeting, City

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of Chandler has some sort of program to keep people housed, because we know we don't have enough Section 8 properties.

So that's an area I'm really interested in. Dealing with our aging population being homeless, I guess what I would like to see are what are our resources for that demographic group. I can tell you, I experienced this firsthand at the Granite Reef Senior Center. I'm seeing my clients there experiencing extreme rent hikes. And these are seniors that come for food assistance. So that's an area.

And then also just from the regional -- the data from the regional standpoint, and obviously we are working -- there was someone in the photo from MAG, but what are the regional resources available today as well as coming online? So have a regional picture.

And I'm sure you're going to provide it, but it's not just where you live. It's about the transportation -- job opportunities, transportation. So just kind of a big picture. And what I'm hearing from residents is they also just -- they want to know what the City's top-level approach is. You see a homeless person. What are the next steps? How does the -- how does the City process that?

But it's always nice -- I'll add, and Greg's got a lot of these -- it's always nice to have those success stories handy with data. We're never going to get rid of all of homelessness, but I appreciate everything you guys are doing, and this is so important. So thank you.

Mayor Ortega: Councilwoman Caputi and then Littlefield.

[Time: 03:32:52]

Councilmember Caputi: Just a two-second comment. I like the way you've stated the problem as a lack of community and political will. And so just doubling down on the comment I made on the last item, which I agree, I can't even remember what we talked about now tonight. But just the idea that it's -- I'm really glad that we're addressing this. It does take political will. That's how we solve these problems.

We make them a priority, and then we actually do it. So I would just say I'm so glad that we've started the conversation that we've said as a council, as city leaders, that this is a problem and that we are determined to fix it. And so, you know, let's keep moving forward. Definitely need the political will. Thank you.

Mayor Ortega: Thank you. Councilmember Littlefield.

Councilmember Littlefield: Thank you, Mayor. And once again, I agree with Councilwoman Caputi.

[Laughter]

I want to thank all of you very much for what you've been doing. I do notice you're on a very tight time line here. And not a day goes by that you have to waste here. I would ask that since we are leaving going on break over the summer, if you keep us posted on the email, if something of an emergency comes up, you have our phone numbers, our personal cells, and do keep us up to date on what's going on because I think it's very, very vital part of our city and what we do as a city and how we are seen as a city. And I think that if we can help folks, that's very, very vitally important. So thank you very much for all you do.

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Mayor Ortega: Councilmember Milhaven.

Councilmember Milhaven: Thank you. And I'm going to disagree with the prior two speakers. In your problem statement where you say we don't have community political will, well, yes, I agree, we need political will to get things done. I think to me that says that we don't care. And I disagree. You know, as the homelessness problem seems to get worse and worse, police and social services work hand in hand. We go out and meet people where they are. We try to connect them to services to help them out.

But folks have a right to refuse services, and they have a right to be there. And so, you know, is it on the one hand that I'm told it takes 15 contacts to build enough of a relationship with folks that they begin to trust and may be willing to take advantage of services. And so if we need to do more or we need to do better, I don't think it was because of a lack of political will. It was sort of the -- we thought we were working on it.

So I would take a little bit of exception. I appreciate your suggestion to modify it to say has been a lack of, but it still doesn't -- I think we care and I think -- and I've been to numerous neighborhood meetings where they want to talk about the homeless, and it's how can we help these people? It might sound like get these people out of my neighborhood, but then the next conversation is what are you doing to help these people? So I do think there's political and community will.

The second comment I would make is when we say part of the problem is no Scottsdale service locations, it feels to me like we're presupposing a solution, right? So it's under the header of not enough services and we're presupposing services, so I don't think we should presuppose that. I also want to suggest that while 114 homeless people and an increasing number is concerning, the problem in Scottsdale isn't nearly as bad as it is in other communities. And so I would, in my opinion, and I know we have significant financial resources in the budget to address this issue.

And so as you move forward, I would encourage you to look at creating partnerships, whether it's -- I know Phoenix Rescue Mission does amazing work in providing services and not just a safe place to live. I know that other cities are looking at building stuff. And I think that if we try to reinvent the wheel ourselves, I don't think -- I think we can do better by leveraging the expertise and resources of other communities.

And so I would suggest that rather than build it ourselves, we look for partnerships either with other cities where we can bring financial resources to bear and do a better job collaboratively or collaborating with other service providers. So thank you.

[Time: 03:36:25]

Mayor Ortega: Good. And the title of this subject is cross-boundary collaboration. So we have discussions with adjoining cities. The needs are growing. They're not just from neighborhoods. They're also from businesses who do appeal to us for some solutions. It's a very business-oriented need. And the other point I will make is that last year we were the first council to put affordable housing into our budget.

It had never been in the budget before, and it can take several forms. It did spur some activity from

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nonprofits and other interested parties that said, geez, Scottsdale never did that before. In the current budget, which is approved, we also increased that amount to \$15 million. Now, whether or not that may translate to some transitional housing, some temporary housing, some other partnership with a nonprofit is yet to be seen. But it does begin with political will.

It does begin with putting money where our mouth is, and it will take this kind of dedication, which I see here, we also have a very capable builder, developer or contractor of affordable housing. I think that's important to be at the table. And after all, we are looking at the entire pyramid of housing from the ultra-elite to the other subject that we had with -- on multifamily and the needs resulting in more homelessness.

[Time: 03:38:06]

So we -- I don't take criticism as a detriment. I believe that's been defined and explored very well. I look forward to more information as we move forward. And thank you very much. We're concluded with that work study subject. At this point we are concluded with our work study, both items -- all three items. And accordingly, I would ask for a motion to adjourn and a second.

Councilmember Janik: So moved.

Mayor Ortega: Thank you. We have a motion and a second. Please record your vote. Thank you. Unanimous. Good evening. Good to see you again.