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CALL TO ORDER

[Time: 00:00:07]

Mayor Ortega: 2023 City Council regular meeting to order. City Clerk Ben Lane, please conduct the roll call.

ROLL CALL

[Time: 00:00:16]

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: Councilmembers Tammy Caputi?

Councilwoman Caputi: Here.

City Clerk Lane: Barry Graham?

Councilmember Graham: Here.

**CITY OF SCOTTSDALE
JANUARY 10, 2023 REGULAR COUNCIL MEETING
CLOSED CAPTION TRANSCRIPT**

PAGE 2 OF 19

City Clerk Lane: Betty Janik?

Councilwoman Janik: Here.

City Clerk Lane: Kathy Littlefield?

Councilwoman Littlefield: Here.

City Clerk Lane: Solange Whitehead?

Councilwoman 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: Acting City Auditor Lai Cluff

Acting City Auditor Cluff: Here

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

Mayor Ortega: Thank you very much. We have Scottsdale police officer, actually Sergeant Ryan and Detective Dustin Patrick. We also have fire fighter Ellay Deadman here should anyone need assistance. Let's begin with the Pledge of Allegiance, I will call on Councilwoman Kathy Littlefield.

[Time: 00:01:15]

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.

Mayor Ortega: Let's begin and happy new year to everyone. Friday, there was an incident which involves our elite police officers serving an arrest warrant. It occurred in joining jurisdiction, and they were very valiant in carrying out their duty. We want to commend the police force we have already said our thanks to the other agencies that were involved as the incident came to conclusion.

We do not often hear of the valor exhibited by our Scottsdale police, but when we do, be assured that we will recognize it and we thank you for your service. I would also like to take a moment in recognition

of the former City Councilman, Renée Wendell. He passed away on December 24. Renée was very active in her community. He served as a City Councilman, was a very generous businessman, and he is greatly remembered among us. He will be missed. I was so years ago, when I took rides, I remember Renée very well. We were galloping along and my hat flew off. How to make a turn and I came back and Renée was there, I figured I had to dismount. Without this nothing stiffly, pull that hat right off the ground. He said you go. That the gentleman cowboy that Renée Wendell is.

With that, we also keep the people of Ukraine in the forefront of our thoughts as they fight for democracy and for their freedom. At this point, I will ask that we pause in silence. Thank you very much.

CITY MANAGERS REPORT

[Time: 00:04:28]

Mayor Ortega: Next, we will move on to the managers report. I will call on city manager Jim Thompson to provide the city manager's report did.

City Manager Thompson: That evening. Thank you Mr. Mayor, members of Council. We have a short video for you this evening.

Audio from Video: I am public affairs specialist - - with five fast things happening around the city that you need to know. Starting is often number five, 'tis the season to recycle your Christmas tree. Recycle your Christmas tree at these drop-off locations through January 16. Yellow collection bins will be available at the following city parks. Untreated Christmas trees or unwired wreath will be made into compost and save landfill space. We do not accept artificial trees, stands, ornaments, or storage bags. Single-family home residents can place Christmas trees in the green waste pile separated from bulk trash. You can find your brush schedule at [Scottsdale AZ.gov](http://Scottsdale.AZ.gov) and search solid waste.

Coming in at number four, Scottsdale adopts the mandatory green building requirements. The Scottsdale city Council recently adopted a 2021 edition of the International energy conservation code and the international green construction as mandatory code. It is an innovative step toward the long-term's inability. Scottsdale is the first city in the state and one of only a few nationwide template such guidelines. The change help Scottsdale clarify code provisions, but at natural resources and accounting technologies. It is expected to cut 20% of each new buildings water use and reduce greenhouse gas emissions by at least 10%. New Scottsdale commercial developments will be required to follow the cities green building code standards set to ensure environmental practices in the building industry.

Next up at number three, Scottsdale's biannual community surveys underway. Randomly selected Scottsdale household grasshoppers but in a survey - - city programs and services. The city will use the feedback to prioritize initiatives, services and programs in the future. Selecting a group of Scottsdale household Aranda will ensure that they are representative of the community in a known margin of error. Once the feedback there for the 5500 - - online version of the survey will be open for all city residents to provide their feedback. Survey results will be available in the spring of 2023. More information and pass survey results are available at [Scottsdale AZ.gov](http://Scottsdale.AZ.gov) and search community survey.

At number two, Scottsdale utility team boosted the water conservation efforts in 2022. From February to November, they save nearly 900,000 gallons of water. The goal is to reduce water usage and quickly

identify mechanical failures where controls are installed. One more insulation will be completed leading to a water savings forecast of roughly 1.3 million gallons in 2023. To see how you can help save water, visit Scottsdale AZ.gov and search water.

Wrapping things up at number one, get the scoop on Scottsdale super season. The city is partner with experience Scottsdale to promote Scottsdale super season signature events that take place in Scottsdale through March including - - Super Bowl associated activities and spring training. That is Scottsdale fast five for January, thank you for watching.

City Manager Thompson: Thank you Mr. Mayor.

Mayor Ortega: Thank you. Proceeding with our posted agenda. During tonight meeting, the Council may make a motion to recess into executive session to obtain legal advice and the applicable item on the agenda. The executive session will be held immediately and not be open to the public. The public meeting will resume following the executive session. That is information a case that is requested.

Per our Council rules or procedures, citizens attending city Council meetings shall observe the same rules of order and decorum applicable to members of the Council and city staff. Unauthorized remarks or demonstrations from the audience, such as applause, stamping of feet, whistles, booze, yells or other demonstrations shall not be permitted. Violations of these rules could result in removal in the meeting by security staff. Maintaining these rules allow the meeting to run smoothly.

PUBLIC COMMENT

[Time: 00:09:36]

Next, we will go to public comment. But, it is an opportunity which is posted. The public, is reserved for our Scottsdale residence, Scottsdale business owners or Scottsville property owners to comment on non-agenda items that are within the Council jurisdiction. Advocating for or against - - not allowed pursuant to state law and is therefore not deemed to be within the Councils jurisdiction. No official action can be taken on public comment items. Speakers are limited to three minutes to address the Council. We have four speakers who have filled that information. I will call two at a time we will begin with Linda Milhaven and Cody Ream.

Linda Milhaven: Good evening, my name is Linda Milhaven and - - you Councilmember Graham, congratulations. On November 21, up petitioner was presented to the city Council signed by 135 residents requesting the city negotiate an agreement with one of the largest water providers in Arizona to provide water to our neighbors and their real Verde foothills area of the county. The city manager responded and his response is clarification. The proposal is a short-term solution in which EPCOR would provide all of the water and reimburse Scottsdale with some profit for all expenses related to treating and transporting the water appeared no Scottsdale water will be used and there would be no cost to Scottsville residents.

The proposal was for an interim solution while trying to build the infrastructure to serve the foothills. City manager's response combined the discussion of the short and long-term discussions and failed to mention that EPCOR presented the Arizona Corporation commission with four potential long-term solutions, two of which did not involve Scottsdale. The response suggests that entering a short-term

agreement may obligate Scottsdale to a long-term commitment when it is not. Scottsdale's role, if any in the short and long-term solutions are separate decisions.

It has been a positive Scottsdale assist the foothills, it would support unfettered, unlimited future developments. - - Limit service the jobs bill before 2024 so an agreement would not support future development in the county. The response compares the current proposal of the situation in the river were Phoenix discontinue service to the new River area of the county. - - Enter an agreement with EPCOR as and them did.

Within a month or two, they will have reliable source of water and that taps will run Drive. It is not too late to the right thing. I know the residents of Scottsdale are good people and would want to help their neighbors. Especially when they learned that we can help without using any of her own water and without costing them any money. Please do the right thing and negotiate with EPCOR to protect the residents of Scottsdale and our neighbors in the real Verde foothills, thank you.

Mayor Ortega: Thank you. Next we have Cody Reim and Louise, followed by - -. Please state your address of residence. Thank you.

[Time: 00:13:50]

Cody Reim: Thank you for your time. My address is outside the city of Scottsdale, but my family operates a business in Scottsdale of which I'm a member. Again, my name is Cody Ream. For the past 10 years, my families owned and operated a small business located here in the city of Scottsdale. It is a sheet metal business and we put metal roofs on homes as well.

We do all of our daily spending and shopping here in Scottsdale. My wife and I send their kids to school here. We bought our first new car, we chose to buy it in Scottsdale so the taxes and money spent would remain in our local economy. When we lived in Scottsdale in November 2020, my wife and I cast our votes for Mayor Ortega. We are committed to Scottsdale. We feel like we are a part of the special community, we just happen to live in their real Verde foothills.

I come to you the Council of estimating city and bake for your help. Your neighbors need your help. Within a matter of days, our water tanks in our homes will be dry. This is avoidable, completely avoidable. We have water in the CAP. We just need Scottsdale to process this water this Council has the power to allow that to happen. Any water that is currently available is almost 6 times higher than it was two weeks ago. Making it very unattainable financially for my family of six. To get running water in the taps of our home.

My ask is simple. For the rules of this Council, I asked that the issues, replacing the agenda of the next Council meeting. I asked that an emergency meeting schedule because time is not on our side and the health and well-being of nearly 1000 household is on the line. This is not weeks or months, this is days. We need your help and we are begging for your help, we are here. This is an amazing feat for my community to do. Close to 50 or 60 people here, we are asking for your help with everything in us. You guys are the only power that can help us. Thank you for your time and I really appreciate you serving this community, thank you.

Mayor Ortega: Thank you. Next we have Louise Lamb and Shawn Ream.

Louise Lamb: Mayor and city Councilmembers, I am Louise Lamb. [States name and address]. On November 8 of last year, a petition of 702 signatures is presented to the city Council to reinstate the downtown trolley during the winter months, especially Super Bowl week. Not only as a Scottsdale resident, but as a Scottsville ambassador, I would appreciate being told the status of that petition, thank you.

Mayor Ortega: Thank you. Next, we have Shon Reim.

[Time: 00:17:48]

Shon Reim: Good afternoon, thank you for your service. I'm not really good at this. As Cody said, I am Cody's dad. I own a small metal roofing company here in Scottsdale Arizona at 7360 E. Tacoma. We have a small fabrication shop by the airport. We do multiple homes in Paradise Valley in the Scottsdale area. My grandkids all go to school year, we shall.

Scottsdale is the town that we use. I just want to come in today to make it clear on what is going on. There is a lot of back-and-forth and confusion and scare tactics that happened a while back. Most of it has been resolved. EPCOR has stepped up and is going to dump water into your pipes, into the city of Scottsdale's pipes to transport it to a feasible location that we've already been using for years and years people will run out of water and it will be some chaos. We are asking you guys to do what is right and please help us help your neighbor, thank you.

Mayor Ortega: Thank you. That is the end of public comment. Accordingly, I will close public comment. Next, we will move on to the agenda items for the minutes.

I would like to have a motion to approve the regular meeting and work study session minutes of November 14, 2022 special meeting minutes of November 21 2022 executive session minutes of November 21, 2022, regular meeting and work study session of November 21, 2022, special meetings of November 28, 2022. Do I have a motion?

Councilwoman Janik: I make a motion - - special meeting minutes of November 21 2022, executive special minutes of November 21 2022, regular meeting and work study session minutes of November 21 2022, special meeting minutes of November 28, 2022.

Councilwoman Whitehead: I will second that motion.

Mayor Ortega: We have a motion and a second.

Councilmember Graham: Mayor, may I make a point of order? I would like to abstain from voting on that because I was not there, thank you.

Mayor Ortega: He did not attend those meetings and others have.

Councilmember Graham: Is that okay?

Mayor Ortega: That is. Please record your vote. Thank you, it is six – zero.

CONSENT AGENDA

[Time: 00:21:03]

Mayor Ortega: Next, we will move on to our consent agenda items. They are items one through 23. I had a request to pull item number 21 relating to a threshold for expenses procurement within the city. At this point, I will explain the consent agenda involves items Julie posted in all the information is available. Generally, they have approvals and complete information. I don't see any request except for item 21. We will be putting item 21 on the regular agenda. At this point, if there are no other questions from Council, I would entertain a motion on the consent agenda items one through 23.

Councilwoman Whitehead: Mayor, I will make a motion to approve consent agenda items one through 23 with the exception of item 21.

Vice Mayor Durham: Second.

Mayor Ortega: Thank you, we've a motion in the second. Any further discussion? Seeing none, please record your vote. Thank you, that is unanimous.

ITEM 21 – PROCURMENT CODE AMENDMENT

[Time: 00:22:40]

Mayor Ortega: With that, we will move on to item number 21 and request a full presentation. This relates to the procurement solicitation threshold. Our treasurer will make the presentation.

City Treasurer Andrews: Thank you and thank you Council. This is what this proposal is about. This proposal is not changing any purchasing controls. That means all the requirements and approvals needed for purchasing items, budget requirements and Council approval requirements does not change. I will go into each of these a little bit more. Next slide please.

So, the reason we are proposing this is because of the benefits that we believe the city will gain from increasing the threshold for formal solicitation. We will eliminate delays for smaller items that do not warrant a formal solicitation process, and I will go over that little bit more, and provide better customer service. He will also increase vendor participation and be able to receive more bids and proposals on these items. Next slide.

Currently, this chart I will walk you through it, currently we have four different types of solicitation for purchasing commodities, services. The first one is a direct select option. Currently, that limit is under 10,000. Direct select means the department, if it is under 10,000 for a commodity service, they can select whichever vendor they prefer and directly purchase the item. The next level is what we call quick quotes. They are for small one-time purchases of commodities and services. Right now, the threshold is 10,000 to 25,000. But that requires is the least three quotes from three different vendors. The next level as we consider an informal proposal.

These are for renewable term contracts, commodities and services. They are not one-time items. Right now, the threshold is again 10,000 25,000. The informal proposal is publicly posted usually for about 14 days, as an informal invitation for vendors, any vendor, to bid and provide a proposal. The proposal is informal, it can be 1 to 12 pages for a vendor to submit. The final level is called a formal solicitation. Right now, the level is over 25,000. That is what we are proposing to change to over 100,000.

That formal solicitation process requires a public posting request for up to 30 days. The formal invitation typically requires a vendor to put together upwards of 50 pages to respond to the proposal, it is a lengthy process. I say right now we need a 40,000 generator because something is not working at one of our community facilities. It is a 40,000 generator, but it requires a formal solicitation process. Just posting a request for proposal for 30 days, we are waiting for 30 days just on that, let alone waiting for the proposals to come in, evaluating the proposals.

It could be an extended period of time before we can replace the equipment in order to get it up and running for our customers. The other reason is also, vendors are hesitant to submit and spend so much time putting a 50 page document together for some of the smaller items. Our proposal is to increase the formal solicitation limit from 25,000 to 100,000, because there are a lot of smaller items we need for our facilities, services for operations that do not really warrant a full, formal solicitation. They will still be required under the new threshold to provide informal proposals. They will still be required to provide quick quotes. This proposal in front of the Council is related to the formal solicitation.

The other types of purchasing solicitation, the direct select option, the quick quotes and informal, we can increase those limits through administrative regulation process. Hopefully, that explains what this request is about. Next slide.

[Time: 00:27:45]

The other thing I wanted to make sure that we understand is this proposal does not change our purchasing controls. We have purchasing controls contained in our procurement code in our administrative regulations. Those requirements of what is required in order to buy something, whether it is a commodity or service, do not change. For example, our approval levels are purchasing controls. Right now, anything up to \$5000 requires a supervisor or manager approval. That is not change. Anything from 5000 to 50,000 requires a manager or director approval. Anything 50,000 or over requires a director or higher level approval in order to procure. That does not change.

Currently, our procurement code also requires Council to approve any formal contracts over 100,000 for construction and professional services. That also does not change. I just wanted to make it clear, this is purely changing the limit for the formal solicitation process from 25,000 to 100,000 to allow for smaller items that do not warrant a long process but still requires all of these purchasing controls and approvals in place already. Hopefully by doing so, we eliminate delays, improve customer service, and also allow more vendors to propose for some of the smaller items.

Mayor Ortega: Thank you very much. Let me call on Councilman Graham if you have any comments.

Councilmember Graham: Mayor, were there any public comment requests?

Mayor Ortega: Let's see, there is. I believe Mr. Washington, if he is here. There he is, good. Please come forward, state your place of residence and you know the drill.

[Time: 00:29:54]

John Washington: It has been so long, I may have forgotten. I am John Washington and I live in the first - I see this agenda item is an opportunity. An opportunity to review the procurement code in its entirety. I've said for years that I do not think it was working very well. On that note, I would also like to say that I see your role primarily as stewards of sustainable management of taxpayer money and quality of life.

They are interrelated. This agenda item goes right to that. As I read the agenda item, I'm concerned that there is not a lot here. No offense to staff, but to me it is a lot of word salad. Establish threshold are no longer compatible with contemporary market conditions. Market conditions is used three times in this one page. Thresholds competing with neighboring municipalities. I think we should be better than our neighboring municipalities. I do not think we should try to match them in terms of our stewardship with taxpayer dollars. Industry standards, I have no idea what that means, unless it means developer standards, because it is not pretty standards.

I'm not going to comment on the agenda item other than to say this \$100,000 threshold, there is an item on your agenda that you just approved that No discussion whatsoever for \$98,500. It is underneath the threshold and will not have been on the consent agenda if this policy is allowed to change. I think that is a mistake, and it is a mistake for transparency. That is an important part of the residents and taxpayers confidence in you and in staff that are loosely information is put out there and we can see it.

It's bad enough the tract on the information looking for it on an agenda item. It is not on the Council agenda, you will not find on the website. I had probably been on the website looking for stuff more than any person who works for the city. It is become practically impossible. I would ask you to reconsider this agenda item and use it as an opportunity to review the entire procurement code, thank you.

Mayor Ortega: Thank you Mr. Washington. Let me look to the city manager for the additional comment or information.

City Manager Thompson: Thank you Mr. Mayor and members of Council. I want to share perspective from my office, back in 2014, and December 2014, the city auditor recommended raising these thresholds. In that office, it was specific in going to raise the thresholds. It takes probably 3 to 5 months to draft the bid specs, waited 30 days, because of the selection process. This is back in 2014, it was recommended to be moved out. At that time, the item is a knockoff word. At that point it was recommended for a minimum of 53rd that's why we set with 100,000 accident for other cities of similar size.

Part of this as well, we are starting to see more, we were doing more with less small entities. So proprietors and have the resources to go through a bid process in a very large document. Most of our bids are quite substantial in nature in volume and responsiveness to bid on something of that volume. We have seen less and less of the smaller businesses, especially in the community and having the resources put forth to respond to bid specs.

That's another reason why and it was also noted back in 2014 that was a trend. It is become more with the apparent inflation and other things we are seeing in the marketplace. Also for me, it is responsiveness. Things come up on a regular basis in our operations. We may need to be a little more nimble to response. When you get that 25,000, you have to bid out. Right now, we will call and get three quotes. If we change this, we will still get three quotes. Our responsiveness is delayed by 3 to 5 months depending on the time it takes to draft it and respond to things of minor nature in today's world because the volume costs.

We have not addressed this policy in years and that is why we are here this evening. I thought I would share my perspective of the additional things that are important to the community. We enjoy having small businesses and it is getting to the point where it is challenging for them at their cost to deliver a service has now exceeded 25,000 for small things historically, we may been able to shop with them. We are trying to get up with the times with deflationary matters, but also be more responsive to our constituents when these issues present themselves and we have to go through a long, drawn out process to get to the end.

There are other things to note in this as well. We can look at other agencies that have bid matters out and use their bid specs when we are in a hurry, but that will not always be the same. A municipality of smaller size or otherwise might not be awarded the same amount as us, but to avoid waiting five months, we go out and use another bid followed through title 44 and other communities that I met the public requirements for the posting. We believe that is not in their best interest either at times.

That is why again, we are in the situation this evening. With that also, that is why for my office, we also support the changes so noted. We are here to answer any questions that Council may have as well, thank you.

[Time: 00:36:43]

Mayor Ortega: Thank you, Councilwoman Whitehead?

Councilwoman Whitehead: Thank you Mayor. I wanted thank the city manager and Councilman Graham for pulling this agenda item. A lot of times, we own Council and the public sees an agenda item like that, it could be reams of paper that described how we got to this agenda item that are not included. At the end of the day, I really appreciate the explanation.

What we are trying to do as a city government is the incredibly transparent, and we have done that, under the city manager and city treasurer. We have taken a lot of steps that increase the transparency, increase the recording and made sure Council and the public are more aware of costs and decisions that we are making.

I wanted to ask the city treasurer, I appreciate the exclamation, but on the change, will there be quarterly reports to Council that are available to the public on all of his awarded contracts and the bids?

City Treasurer Andrews: We can provide a quarterly report along with our quarterly financial that we provide to you.

Councilwoman Whitehead: Okay. That's a good thing, people are wary of this government, but what this change does, it does not impact transparency. It is not impact oversight. It does significantly reduce red tape. It keeps the city nimble and flexible and timely when we need a generator, we need a generator. It benefits are small, often local businesses. It enables those businesses to go after these smaller contracts, and it enables us to get the best price.

If a company has to put together a 50 page bid, we are not going to get the best price. With that, I fully support the recommendation for both the city treasurer and city manager. I motion to adopt item 21, the procurement code amendment and request that we adopt ordinance number 4582 amending Scottsdale revised code Chapter 2 article 4 division four, amending the purchasing threshold with existing regulation, rules and procedures and request quarterly reports.

Councilwoman Caputi: Second.

Mayor Ortega: We have a motion and a second an additional discussion. We have Councilwoman Janik and Councilmember Graham and Councilmember Littlefield. Councilmember Janik?

[Time: 00:39:52]

Councilwoman Janik: Thank you Mayor. While I agree we need to have less red tape in the application process and I agree need to be an expedient process, which it will be with less red tape, on the other hand, when I see an increase from over 25,000 to over 100,000, I question it. There is a very big job all at once and I am inclined not to approve it until we do a more thorough examination of the different aspects. I for one, will not be supporting this evening.

Mayor Ortega: Councilmember Graham and then Councilmember Littlefield?

Councilmember Graham: Thank you Mr. Mayor. My first meeting here my intention is not to pull something from the Council and make a splash. I saw an item and I felt like I deserved a little extra scrutiny. I want to remind this Council that our oversight and approval of spending is one of the most powerful controls we have to protect residents. I truly appreciate the presentation, I thought it was informative.

I tend to disagree when she says this does not change internal controls. The definition is - - something you do not want to happen. When items come before us on the consent agenda and their review by the city Council, that is a form of control. This is a change to that. I would respectfully disagree with that premise. I also especially disagree with the statement of what is warranted between increasing or decreasing

.
What is warranted is a very subjective term. We may all decide that different levels are warranted. It is subjective. The public speaker, we would not have a chance at reviewing something or scrutinizing something on the consent agenda tonight if these new standards had been established. I think this is about internal control. During the preparation for this meeting, I spoke about many public and municipal experts. This is not a step in the direction of transparency.

I asked for additional information from the treasurer's office, she probably provided that, and we saw in fiscal 22 alone, that over half of the contracts awarded will be between the size of 25,000 and 100,000. 62% approximately. Those are on the consent agenda. Are we pulling all these items and contracts, and award items off of the consent? Probably not, we will probably usher them through. Correct me if I'm wrong on that, but I counted 52%, Sonia. There is value, I think, and that existence see contracts. They will lose the ability to see them as easily.

I do think that it chips away a little bit at the spies oversight function in our ability to scrutinize projects that come before us. It will take an extra step to see what is going on there. We also asked for comparative cities. We know that Mesa, their threshold is \$25,000. Anything above that goes to city Council. They say that is a good number for them.

This to me, I agree with those who I spoke with, was in a step away from transparency. Like I said, one of the ways to protect residents is that we have oversight and approval of contracts. I would like to make an alternate motion if I may Mayor, I do think some modest increases probably okay. We have seen a lot of inflationary pressure on the monetary supply and reducing the price, you look to your grocery bill and you are in shock. We all know the prices are up. I would respectfully make an alternate motion to increase threshold to \$50,000, but not the full \$100,000. Thank you.

Councilwoman Janik: I second that.

[Time: 00:44:28]

Mayor Ortega: We have a request to speak for the city treasurer. Any additional information is appreciated.

City Treasurer Andrews: Mayor, Council members, Council member Graham, I wanted to clarify for you and the audience that this proposal does not change what goes to Council. I wanted to have Robert Schoepe purchasing director explain currently what goes to Council. That will remain the same with this proposal.

Purchasing Director Robert Schoepe: Mayor, Council, Councilmember Graham, I wanted to clarify - - is covered in the procurement code under section 2-201 and specifically states all contracts over the formal limit the professional services and construction related. So, the statistics that were provided earlier do not clearly represent what will end will not go to Council. They represent the Council over the dollar threshold that was recommended.

Mayor Ortega: Thank you. Are there any other questions of the staff? I am third in line here. Because there is an alternate motion, does someone want to speak to the alternate motion before we go on the alternate motion?

I see Councilman Littlefield and vice Mayor, their names came up before the alternate motion which is why am trying to clarify that. Councilman Littlefield, do you want to speak to the original or the alternate?

Councilwoman Littlefield: I would like to say a few things here, thank you Mayor. First of all, I do not

care what other cities are doing. This is Scottsdale, I am worried about Scottsdale and Scottsdale citizens. That is what I care about. What other cities are doing, if they are happy with it, then God blessed them, good luck and have fun. I am worried about Scottsdale.

That is what I want to see it. The money we spent on the small contracts, they add up to quite a bit of money. If you add them all together, you are talking a bunch, not 25,000, you're talking millions. This is citizen money, it does not belong to some pie-in-the-sky organization called the city of Scottsdale. It's a citizen taxpayer money and we need to be accountable for that money. Part of the way we are accountable is to make it public.

Look at our agenda and said we spending this much money on this contract, I did not add up, they have the right to see it. If you just put it on the website or in the treasurer's report, there want to see it. We are actually in effect denying them the right to see where we are spending all of this money. You said there are how many contracts of how much money is involved here? It is a lot and it is yours.

So I have a concern whenever we negate, reduce or not deliver information to our citizens where that money is going and how it is being spent and that they expect to see. I'll think we have ever had anyone come up here and say I don't like the \$25,000 contract that you are showing you will approve tonight on consent. Nobody does that, but at least they can look at it and see where the money is going. They can say okay, we're going to spend this much money on pool cleaning services. Fine, that is their right to see that. They have the right first of all to see it.

We are the stewards of their money. We owe it to our citizens to be open and honest about where that money goes. This gives the citizens the opportunity to know where it is going to be spent and on what and what is the benefit to them. Staff is often able, they call staff and say hey, what are you doing about the pool cleaning services, they will answer the questions. They can find out.

It's not as clear and easy to do when they can see the contracts and money that is going on. If the cost to deliver the services to the city that we owe to our citizens who provide the money. That is where we get our funding for all of this. Good for Mesa, but we are not Mesa, I am not sure I really want to do that. I want to keep all of these kinds of things as open as possible to the review and study other people put that money in the pot in the first place. I am not support the original agreement. I think it is way too small, or I am sorry, way too large a change.

I guess I could go along with 50,000, I am not really happy with that, but at least it was a limit. I want the contracts available for the citizens to review. That is kind of where I stand on this, I cannot agree with the original. I probably could go with the 50, but I was certainly not wanted any more than that.

[Time: 00:50:53]

Mayor Ortega: Thank you, vice Mayor Durham?

Vice Mayor Durham: Thank you Mayor. I thought I understood the purchasing director to say that there would be no change in recording and all these contracts will still come before us on the consent agenda, right? Okay, there would be no change in what is reported to the public. The second question I had was, can you give us a sort of ballpark estimate as to how many contracts would fall into this area between

50 and 100,000?

City Treasurer Andrews: Mayor and Council member Durham, currently there are 213 for the fiscal year 2022. We are 213 solicitations they used the formal process because they were over \$25,000. By the way, I wanted to make sure that you understand, the 2013 solicitations total \$74.6 million for fiscal year 2022. The value of those contracts but only drop by 2 million.

72 million, 72.1 million was to be under the formal solicitation requirement versus 74.6 million. I wanted to also reemphasize that Councilmember Durham is correct. This changes only changing the formal solicitation threshold required of the vendor. It does not change what is brought to Council, it does not change what is on the consent agenda. It is not change it cancel have to approve, it is not change all of the reporting we are required to do, and all the information and details available to the public. It does not change any of that. Thank you. I hope that answers your question.

[Time: 00:53:26]

Mayor Ortega: Okay, so everything involved the level of service. Whenever we get an email that says this incident occurred in this alley and requires quick action, we all received that email. If the power goes off at the senior center or wherever to what we expect results. Our answer to you is that it will go under procurement because it is \$30,000 and we will have to wait five or six months on something we will already get, we will get three bids. A quick response.

And we will be able to be agile and not stay with the federal government on procurement, and that is important. Every request that comes through, you saw what happens with the monsoons, right? Part of West Hills Road got washed out. Where a lot of bid items are landing as we said, over \$100,000 in the majority of them, we need that kind of an action. That is already the threshold and the practical expense that I can answer a constituent or business and say those major items are taking care of. The bulk of them are in those larger categories.

The other thing I would like to point out the store that for 50 years straight, Scottsdale, our financial services have received the award of excellence. That is not easy. You have had ups and downs in the economy and so forth. What that means is we were able to respond in a manner that certainly meets or exceeds any standards. There is no scandal going on or nondisclosure. We have been audited over and over again and perform at a high level.

I am concerned with contractors trying to respond in a volatile market for labor and so forth and projecting, well in five months my labor cost will be this, rather than being able to give a quick and responsive bid. It affects the cost to our taxpayers. It is not just slow pay, it's a slow deal to get that rolling.

Also in the market, there are certain contractors that are available that may not be available in three months. He is going to be a projection and so forth. As I see it, in order to be responsive Mayor and our Council, we want to be agile. There is always a file open on everything. I say that because there is a phone call, there is an email. Someone will say I am too busy. The results are that we still cannot provide the need to the problem and the constituents. If certain whites get knocked over by accident and we need to replace some things, we can respond quicker. That is the marketplace. That is the term that is

used. Speaking as an architect projecting two or three years ahead, or even six months ahead on labor cost, it is a big ask.

I think we are handicapping our procurement. The last thing I will point out is the procurement is separate from the city manager's office. In other words, there is an extra layer, there are two charters looking at the cost evaluation and so forth. That goes onto the treasurer's office. It is not just in one department.

For that reason, believing that we have and are accomplishing things and the expectation of our businesses and stakeholders and everyone else, I support the main motion. The problem is that we will create more of a drag on Scottsdale. I am saying that, not in 100% way, it is a handicap when we do not need one. Everything is transparent. When we do consent agenda items, there may be a \$2 million consent agenda item. Consent agenda items are not under a certain amount.

So, the comment about perhaps retooling procurement and those issues, frankly we have an excellent process proven and tested. I have to support the main motion. It still requires all the step-by-step. No one is cheating the public or keeping it, it is still available and half the time come out of \$74 million, 72 million are already in that full range that will be covered in this action.

It can typify things and I believe it will make our project managers more agile. Being in the business of procurement and architecture and all that kind of thing, I just feel that we also want to buy local. It is true that some smaller companies may not have the ability to throw six or seven grain into a bid. They will say wow, I cannot work in Scottsdale and I live here and work here. That threshold, if you have a 5000 or \$6000 cost to make a bid for \$30,000, it just blows you out of the water. Let's see, Councilmember Caputi, Councilwoman Whitehead and Councilmember Graham.

CONSENT AGENDA

[Time: 01:00:08]

Councilwoman Caputi: I had a whole lot of things to say, but the mayor said everything I wanted to say, I cannot agree more. That's exactly right, we are Scottsdale, we offer the best services and this is the way we do it at the lowest cost. As someone who works in the construction industry, it is very common for something to be 50, 75, \$100,000 and have a gigantic lead time. It's one of those situations where you can speed up the procurement process, that allows us to get better service to our citizens and that is that we are famous for.

As is pointed out here, we are mending the purchasing thresholds within existing regulations, rules and procedures. I don't want to repeat everything the mayor said, we are not doing anything to decrease transparency. Nothing is changing in terms of somebody wants to look at our contract, we are simply changing the threshold required which does make sense under current market conditions which happen to be changed. I do want to repeat everything the mayor said, he said perfectly and I do support the initial reaction, thank you.

Mayor Ortega: Councilmember Whitehead then Councilmember Graham.

Councilwoman Whitehead: This is a case where Councilmember sounds bad but when you dig deeper, is

not as bad. I agree with Councilmember Littlefield that these little contracts add up which is why it's imperative that we as a city Council and the city operate in a streamlined way in order to make sure none of these small contracts cost more than they should and take longer than they should and add to our taxpayer burden.

So if I understand correctly, I don't want to repeat what our treasurer said, she said it very effectively and that nothing changes other than the process. The process impacts, if I understand correctly, \$2 million? \$2 Million of contracts, and get create an opportunity for over 130 vendors to apply a really good estimate to bid on these contracts and this work. So, we opened the doors to many more bidders at a reduced cost at a time savings and removed red tape and absolutely not impacted any transparency.

Many of us initially looked at this item and it was a red flag. I really appreciate the additional discussion appear. I also want to comment on Mr. Washington's, his remarks. No kidding, we all hate when they are ill-defined and meaningless phrases. As a government, our staff has to use some generic terms. I do want to define market conditions as inflation. With that, again, I appreciate the additional discussion, and I certainly appreciate the additional input from our treasurer and purchasing staff, thank you.

Mayor Ortega: Okay, we're getting back to Councilmember Graham, but I want to clarify that we do have a motion, an alternate motion that we will be voting on first, then we will vote on the main motion if necessary. Councilmember Graham, then Councilwoman Janik.

[Time: 01:04:00]

Councilmember Graham: Thank you Mr. Mayor. May I ask the purchasing manager Sonia, if it's okay with you a couple of questions? I will keep this very brief. Part of the reflex of having this discussion, it says contracts exceeding the formal threshold will continue to require Council approval per the code. What would the new formal threshold under this be?

Robert Schoepe: According to the procurement code, it would not require to go to Council. Formal contracts - - required to go to Council. Other contracts can go before Council for approval, but that is the one aspect addressed by the procurement code.

Councilmember Graham: Who decides whether to come before Council?

Robert Schoepe: That would be the city manager as well as the city attorney.

Councilmember Graham: So there would be contracts under 100,000 that you have to come before Council now?

Robert Schoepe: Yes, sir.

Councilmember Graham: Okay, that seems to contradict a little bit of what we heard earlier. There will be contracts right now between 25 and 100,000 that must come before Council that after the change was no longer depending on the decision made?

Robert Schoepe: If there was a conflict under the current threshold, say \$45,000, and it was a professional service, we wanted some consulting from a physician, and that hypothetical situation, that would be required by the procurement code to go to Council. If under the new threshold, it was 100,000 which would be the threshold. In that particular case, it would not be required to go to Council.

I would like to clarify that the procurement code is not the final determination of what then goes to Council and what is not. For the contracts, when staff report to the purchasing department, we advised him according to the procurement code. If for example, that physician was of a political nature, the contract could go before approval.

Councilmember Graham: You understand why it seems there could be a contradiction right? Nothing was changing but now it is changing in such a way where - - between those two thresholds, correct? City attorney, please.

[Time: 01:07:05]

City Attorney Scott: If I may mayor and Councilmember Graham, you are correct in that the provision of the procurement code that the purchasing director was mentioned earlier provides, it is short so I will refer to the Council, provides that the city Council shall award all contracts for construction and professional services exceeding the formal procurement limit set forth in the section you are considering changing. So you are correct that if you change that and form a limit for construction and professional service contracts, that limited basket of contracts, the ones under 100,000 will likely not go to Council for approval unless the city manager, city treasurer or somebody decided that this is probably a contract that the city Council should look at.

So, the Council could decide to change the formal procurement limit to 100,000 for all the reasons city treasurer has discussed and the city manager has also discussed, and still ask those contracts between \$25,000 and \$100,000 that are construction or professional services contract still come to Council for approval. That would be another option that the Council had.

Councilmember Graham As I sit here, I am pretty convinced that there will likely be fewer contracts approved by city Council if we make this change, is that a fair statement?

City Attorney Scott: I wouldn't know how many contracts are coming under the \$100,000 limit. It is only the basket of construction and professional services contracts. Yes, there will be fewer that can the Council unless Council directs otherwise. I cannot tell you how many. I think the larger number of contracts that Council sees under these two baskets are over \$100,000, I will of the purchasing director comment on that.

Robert Schoepe: Statistically the number of contracts that go to Council should not change. You will not see an almost absent consent agenda moving forward. Statistically, we do not do a lot of professional services and construction under 100,000 between the dollar range of 25 to 100,000. What you are seeing today and your consent agendas are generally, with the exception of the \$98,000 one, I generally over \$100,000. That is the nature and condition of the work.

Councilmember Graham: We are belaboring this, Mr. purchasing director, I do not catch your name.

Robert Schoepe: My name is Robert Schoepe.

Councilmember Graham: I am new around here, thank you Robert very much. I maintain that we are relinquishing some of our oversight and protection of residents. The mayor spoke about agility which is important, but you can lose some oversight. Mr. Mayor, I appreciate the opportunity to speak. I will keep an alternate motion on the floor to be voted on, but I appreciate the opportunity for you allowing me to speak.

[Time: 01:10:39]

Mayor Ortega: Of course. Councilmember Janik, then Councilmember Whitehead, then we will vote. Proceed Councilmember Janik.

Councilwoman Janik: I will ask the treasurer. We have numbers for 25,000 and numbers for 100,000 come as to how many bids there would be on a certain number of projects in the daily is. What is the number 50,000? Is it available?

City Treasurer Andrews: Mayor and Councilmember Janik, yes. For items that are 50,000 200,000, currently if we make this switch, there will be 76 items between 50,000 and 100,000 that totals 1.7 million. 1.7 million of the 76.4 million will shift to the three informal quote requirements. That would be 76 such items if you are looking at fiscal year 22.

Councilwoman Janik: Is a valid certificate to get a 25,000, we had 213 solicitations, and if you go to 50,000 and out, we would be at 158 solicitations? I thought you said that was the difference between 25 and 100, rather than 50 to 100, 50 and up, does that make sense?

City Treasurer Andrews: Mayor and Council member Janik, their items currently between 25,000 and 50,000 that a small one-time purchases. Right now, under the threshold we have, we have 16 of those items at \$152,000. If we make the changes, it would go to 55 items for \$1.4 million. It was shipped items from the 213 up to 25 and up to 50, some might even drop into. That is what I would do. Overall, only about 2 million and purchases will be moved away from the formal solicitation process.

Councilwoman Janik: Can you say that one more time?

City Treasurer Andrews: Based on the fiscal 22 numbers, only about 2.4 million was shipped out of the formal solicitation process into either the informal proposal process with the quick quote process.

Councilwoman Janik: What is the number? Rather than 2.4 million, how many actual solicitations would that represent?

City Treasurer Andrews: 131.

Councilwoman Janik: I am very uncomfortable making a change without more information for to me to make the decision. I understand the reason you're asking, but maybe for me, I will be voting on something where I don't have all the data. Councilmember Graham brought up some very important

points. No offense to a city manager, I am very comfortable giving the power to one person. That power belongs to the Council as representative of the people. I still support what I seconded.

Mayor Ortega: I will go to Councilwoman Whitehead if there's any reconsideration or discussion?

Councilwoman Whitehead: Thank you Mayor, we have two different motions and we all have the same concerns. I would like to amend my motion to simply require that all of these contracts come from Council. We're talking about \$2 million worth of contracts. There is a valid concern that Councilman Graham brought up, there will be some contracts if we make this decision that no longer are on the consent agenda. Without any assistance from our executive team, I would like to amend my motion to add that all contracts will continue to appear on the consent agenda. City attorney?

[Time: 01:16:03]

City Attorney Scott: Mayor if I may, this is an ordinance the procurement code is an ordinance as we have already learned tonight, when you change one little section in the code, it has a domino effect and that change is exactly number of contracts that may be coming forward to Council. Not every contract and the procurement code under the informal limit comes to Council. What I'm hearing is that counsel for information if I about that.

When we start making too many complex amendments on the floor on how you may want your procurement code to look, we may end up with unintended consequences. If I had the support of the city manager and city treasurer, would recommend that we simply pull this item, get a little more information together and bring it forward to Council in a way that makes the Council hopefully more comfortable with what is being proposed.

Mayor Ortega: I moved to continue this item number 21, to have a second? Thank you. We have a motion in a second. The continuous takes precedence over all other motions, so let's vote for the continuance, or against the continuance. Please register your vote. Thank you, that is unanimous. At this point, and as you can see, our Council is very engaged in details. That is a good thing.

At this point, we will move on with our regular agenda. At this point, we are published to open up public comment again. We see that there is no comment from the public, so with that, I will close public comment. Next, we will move on to the opportunity for a citizen petition. We have seen none, none was posted at the Clerk's office, so that matter will be closed. At this point, I am open for a motion to adjourn.

Councilwoman Littlefield: So moved.

Councilmember Graham: Second.

Mayor Ortega: We have a motion and a second, I see no other discussion. Please record your vote. It is unanimous, thank you so much. Enjoy your evening.