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CALL TO ORDER

[Time: 00:00:00]

Mayor Ortega: I call the May 14, 2024, City Council Regular Meeting and Work Study Session to order. City Clerk, Ben Lane, please conduct the roll call.

ROLL CALL

[Time: 00:00:09]

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

Mayor Ortega: Present.

Ben Lane: Vice Mayor Solange Whitehead.

Vice Mayor Whitehead: Here.

Ben Lane: Councilmembers Tammy Caputi.

Councilwoman Caputi: Here.

Ben Lane: Tom Durham.

Councilmember Durham: Here.

Ben Lane: Barry Graham.

Councilmember Graham: Here.

Ben Lane: Betty Janik.

Councilwoman Janik: Here.

Ben Lane: And Kathy Littlefield. Councilwoman Littlefield, are you there?

Ben Lane: City Manager Jim Thompson.

Jim Thompson: Here.

Ben Lane: City Attorney Sherry Scott.

Sherry Scott: Here.

Ben Lane: City Treasurer Sonia Andrews.

Sonia Andrews: Here.

Ben Lane: Acting City Auditor Lai Cluff.

Lai Cluff: Here.

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

Mayor Ortega: Thank you very much. We have Scottsdale Police Sergeant Sean Ryan, as well as Detective Dustin Patrick, and Firefighter Jake Laurent, should anyone need assistance. Let's stand for the Pledge of Allegiance.

PLEDGE OF ALLEGIANCE

[Time: 00:01:04]

Mayor Ortega: 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'S REPORT

[Time: 00:01:27]

Mayor Ortega: Well, at this time, we draw attention to the ongoing wars in foreign countries as they fight to protect their democracy and freedom. I also ask that we think about the men and women in our military who are in danger at this time and for their duty. So, I ask us to join and pause in silent reflection for these war-torn countries.

PRESENTATIONS/INFORMATION UPDATES

[Time: 00:02:21]

Mayor Ortega: Thank you. At this time, we will have a presentation, pertaining to the class of 2024 Scottsdale 101 Citizens Academy. I will ask Christie Hill, the Citizen Liaison to come forward and give us a presentation on good news.

[Time: 00:02:47]

Christie Hill: Mayor Ortega, members of the Council, I'm Christie Hill and I'm responsible for implementing Scottsdale Government 101 Citizen Academy. The Scottsdale 101 Citizen Academy is designed to equip participants with the knowledge and the skills to actively participate in the democratic process, understand local governance, and make a positive impact on their community. Our carefully curated curriculum, say that three times fast, covers a wide range of topics from understanding the fundamentals of local government, to exploring the intricacies of public policy. The academy members learn from city leaders and department heads and engage with them in an intimate setting. In addition to the 24 classroom hours, experiential learning, and a networking breakfast, two service projects are required for graduation. The Love Scottsdale projects were a great success, including participating in an Earth Week adopt a road cleanup, collecting towels for a mom and pup rescue agency, coordinating an educational hike tour at Fraesfield Trail the Preserve, baking and cooking for public safety, attending open houses, Council Commission meetings, as well as volunteering for events, and just spreading the good word of our city's services. In short, they got out in our community and love Scottsdale.

Those experiences helped to motivate and prepare a few of our academy members who interviewed for boards and commission positions this evening. Before our graduates speak, please take a moment to recognize Winfield Scott who is sitting amongst us. He's the cofounder of Scottsdale and is sitting in the Kiva and he was part of our receiving line at graduation across the street in the Community Design Studio. Tonight, we have three academy members who will share their thoughts and experiences on Scottsdale 101 Citizen Academy and following their presentations, the Mayor will recognize them and pull them all up for a picture. So, with that, Sondra Barr would be first and if you will come up in this order. Neil Ciarfalia is number two and Tom Droze.

[Time: 00:5:15]

Sondra Barr: Good evening members of the Scottsdale City Council. My name is Sondra Barr and I'm honored to stand here with you today to share my experiences with the Scottsdale 101 Citizens Academy. As a native of Scottsdale, I grew up taking for granted the smooth operations of our city, the clean water from the tap, well-paved streets, and dynamic community events like the Parada Del Sol Parade and Mighty Mud Mania. These aspects of our city seemed almost magical, seamlessly perfect and I never paused to consider the effort, manpower and planning required in order to ensure that everything ran smoothly. Over the years in my role as an editor for various Valley publications, I've had the opportunity to interview local politicians and influential figures. It was through these interactions, that I realized how little I truly understood about the inner workings of our city. This revelation led me to the Scottsdale 101 Citizens Academy, which promised an in-depth exploration of our local government and a diverse elements that make Scottsdale a world-class destination. I knew I had to be part of it.

The Academy has been an eye-opening experience. Each session unveiled the intricate layers of city operations, from public works to community services, and emergency services. Engaging with key figures such as Mayor David Ortega, City Manager Jim Thompson, and Fire Chief Tom Shannon provided invaluable insight into the city's governance and strategic planning. These interactions underscored the dedication and the expertise that our city leaders and staff bring to their roles every day. One the most impactful aspects of the Academy for me, was the opportunity to witness firsthand the proactive steps our city is taking towards sustainability, particularly in water conservation. Understanding the meticulous planning behind our water management has given me a new appreciation for the city's efforts to secure a sustainable future for all residents.

As an active user of Scottsdale's many parks, equestrian facilities, and the McDowell Sonoran Preserve, I have seen firsthand the value these spaces bring to our community. My participation in the Academy has not only enriched my knowledge but also strengthened my commitment to contributing to our city's future in any way I can. The Academy has inspired me to become more involved and to support the continued growth and enhancement of these vital community services. In conclusion, the Academy has an extraordinary journey of discovery and empowerment. It has prepared my fellow classmates and me to take a more active role in our city's future and to engage with our community with vigor and insight. I'm excited about the opportunities to contribute and make a meaningful impact in our beloved city because of this Academy. Thank you for your time and I look forward to continuing my journey of civic involvement and supporting our amazing Scottsdale community and all the horse lovers in it. Thank you.

[Time: 00:08:25]

Neil Ciarfalia: Good afternoon. Good evening, Mayor Ortega, Vice Mayor Whitehead, and Councilmembers. My name is Neil Ciarfalia. First, let me thank you so much for offering this Citizens Academy to our residents. This, along with the police, the water services, and the fire

academy really demonstrates Scottsdale's commitment to educating it's citizens about the inner workings of the government. Gaining a deeper understanding of local governance, from City Councils to the various departments, enables all of us residents to actively contribute to shape a better future for our community. Over the past eight weeks, all the presenters exhibited great enthusiasm for their work, and were happy to discuss any and all questions that they were peppered with. They were peppered with quite a few. In my mind, they were almost the antithesis of the stereotypical civil servant. That made me pleased. We've learned so much.

Coming home every Thursday from lunch, my wife was there waiting for me, sometimes she came later because her golf game ran late, and the first words out of my mouth were, did you know that... As in, did you know that the U.S. city with the most overnight stays in Scottsdale is Phoenix? Did you know that the most important consideration in the installation and the design of a roundabout is not traffic flow, but safety and avoiding serious collisions? Did you know that the Princess Hotel complex contributes 2% of its gross revenues to Scottsdale in the form of rents? I didn't know those things then, but I do now, and I know a lot more, and so on and so on.

We were immersed in the city's history. Notable personalities, art, and architecture programs and in the rich opportunities available. I'd like to highlight just one session in particular, not because it was better or worse or more interesting but the blue zones project, which is a relatively new project here in Scottsdale. Sarah Kerne, its Executive Director presented the program and described it in fairly great detail, and I think it really is an interesting program for Scottsdale. It it's a new concept but seems an ideal fit with the ethos of our city, with the partnership of the city and various institutions and companies around the city, to promote increased wellness, increased longevity, and increased quality of life. I thought that was just a terrific notion and I think it's something I will try to learn more about and participate more in as well.

I was also pleased to learn that Arcadia Farms has recently named our first certified blue zones restaurant. That was pleasing to hear as well. Parenthetically, it cheered me to see Sarah again because some years ago, she served with me in the Scottsdale Sister Cities Board. So, it was good to reacquaint myself with her. Let me close saying how heartening it was to witness the enthusiastic participation of all of our classmates. Their diverse questions and comments came from a wide array of interests and concerns. The fact that the Academy was oversubscribed, and I think is always oversubscribed is testament to the fact that Scottsdale is continuing to attract qualified citizens who want to do more for it. Finally, let me thank Christie who, in spite of all the peppered questions that dragged on and on, kept the trains running on time. Thank you.

[Time: 00:12:25]

Tom Droze: Good evening, my name is Tom Droze and I'm speaking to you as a graduate of the Scottsdale 101 Citizens Academy. As a docent with the Scottsdale Historical Society, I have the privilege of speaking with visitors from all of the world who come to Scottsdale for a wide variety of reasons. While the reasons may vary, it became apparent that some of our visitors are

here because they are looking at Scottsdale as their new home. I recognized that despite being a lifelong resident of Scottsdale, and a Scottsdale history buff, my knowledge of the Scottsdale left today was lacking. Viewing myself as an ambassador to our wonderful city, I felt an obligation to learn more about the wonderful city Scottsdale has become. As I sat and listened to our various speakers, I couldn't help but reflect upon our fledgling roots and the path of growth Scottsdale blazed to become the world-class community we are today.

The Scottsdale 101 Citizens Academy drove this point home. To put things in perspective, during July 1951, our five-member common Council established Scottsdale's first annual town budget. I suppose in 1951, \$19,022 seemed like a lot of money. But in all fairness, and despite all of them being accomplished businessmen, they had no experience in running a small town, which might explain why actual expenditures for the year ended up at \$29,420. Today Scottsdale has an annual budget in excess of \$2.5 billion. One of the primary reasons the citizens of Scottsdale voted in favor of incorporation in June of 1951, was the need for proper fire protection services. Beginning January 1, 1952, our annual cost for fire protection with one privately owned fire station, was set at \$4,260. Today the Scottsdale Fire Department has an annual budget in excess of \$66 million with 15 fire stations all equipped with state-of-the-art firefighting and lifesaving equipment.

Between August 1951 with the hiring of Hurley Pruett as Scottsdale's first town Marshall and March 1963 with the hiring of Walter C. Nemits, Scottsdale's first Chief of Police, the town Marshall's office grew from one member to 47 members. Today, the Scottsdale Police Department is approaching 700 members strong with four police stations. The Scottsdale 101 Citizens Academy hammered home for me the fact that a fledgling community who endured more than its fair share of growing pains can, indeed, grow into a world-class community. From the 2,032 residents who came before, and from the 243,000 plus residents we have today, we owe our thanks to past, present, and future leaders of the world-class community we call Scottsdale. And on a personal note, I would like to extend a warm thank you to both Christie Hill and Bruce Wall who made the Scottsdale 101 Citizens Academy, both an enjoyable and worthwhile learning expense, one I will not soon forget. Thank you.

Mayor Ortega: Congratulations, Scottsdale 101 graduates. Each one of us is shaped by Scottsdale and in turn, we shape Scottsdale. So why don't you all stand up and let's come and then come forward.

PUBLIC COMMENT

[Time: 00:17:40]

Mayor Ortega: Excellent. At this point, we will move on to the opportunity for public comment, public comment per our charter allows members of the public to come forward. There were no requests for public comment. Therefore, I will close public comment. Another public service announcement, the Council rules of procedure allow citizens attending Council to observe the

same rules of order and decorum that we apply to ourselves and certainly to city staff. So unauthorized remarks or demonstrations from the audience is not permitted. It would help us keep the meeting moving quickly. Next, I would mention that according to our rules, Councilmembers will not be sending or receiving any electronic communications during public meetings or executive sessions. Only electronic devices provided to us to aid in our consultation is permitted. Finally, we would move on to opportunity to go for our, excuse me, next, we will go to approval of the minutes.

MINUTES

[Time: 00:18:57]

Mayor Ortega: And at this point, especially since Councilwoman Kathy Littlefield is remote, so I will be calling on her. I request a motion to approve Special Meeting Minutes of April 2, 2024, Executive Session Meeting Minutes of April 2, 2024, and Regular Meeting Minutes of April 2, 2024.

Councilwoman Janik: So moved.

Vice Mayor Whitehead: Second.

Mayor Ortega: Thanks, we have a motion and a second. Please record your vote. And I will call on Councilwoman Littlefield.

Councilwoman Littlefield: Yes.

Mayor Ortega: Councilmember Durham? Thank you. So that is unanimous.

CONSENT AGENDA

[Time: 00:19:45]

Mayor Ortega: Next, we move on to Consent Agenda Items, they are Items 1 through 11. There's also an opportunity for the public to comment on Consent Agenda Items. And I will open that for public comment. Seeing none, I will close public comment. At this point, do Councilmembers have any questions regarding Consent Agenda Items 1 through 11?

Vice Mayor Whitehead: Mayor?

Mayor Ortega: Yes.

Vice Mayor Whitehead: I motion to approve items on Consent Agenda 1 through 11.

Councilmember Durham: Second.

Mayor Ortega: Thank you. We have a motion and a second. Further discussion? Seeing none, please record your vote. And I will call on Councilwoman Littlefield.

Councilwoman Littlefield: Yes.

Mayor Ortega: Thank you. So, we are unanimous. Next, we move to Item Number 12, which is the public hearing on adoption of the fiscal year rates and fees. We have our presenter coming forward, Ana Lia Johnson, she's the Acting Budget Director. How are you? Thank you.

REGULAR AGENDA – ITEM 12

[Time: 00:20:42]

Ana Lia Johnson: Good evening, Mayor and Council. As the Mayor stated, this is a public hearing and request to adopt the fiscal year '24/25 rates and fees. On March 5th, divisions presented in detail their proposed changes to rates and fees. Those proposed rates and fees were then posted to the city's website on March 11th. So, the public would have the opportunity to review at least 60 days prior to this evening's meeting. Tonight serves as a final public hearing. Instead of having each division come back for a second time to walk you through the 60 plus slides that were shown back in March, I will give you a brief recap. I will note the details of the proposed rates and fees that are included in your Council Report and the original March 5th presentation, it's part of tonight's packet. Additionally, divisions are available this evening for questions. This slide summarizes the forecasted revenue based on the rate and the fee proposals. Most proposals will take effect on July 1, 2024.

For the non-enterprise funds, rates and fees increases are proposed to address inflation, and improve customer experience and timeliness, as well as staffing costs. Planning and Development Services proposed increases to various permit fees and wireless communication facilities in right-of-way fees. Additionally, there is a proposed new rezoning application fee for each project incurring up to 20 acres that currently has no fee and requires significant staff time. Also, Planning and Development Services Department proposed a C.I.P. water fee increase of \$1 paid by water customers that would be dedicated to capital drainage and flood control projects. Community Services proposed change to the cost recovery formula for Adaptive Recreation Programs and the cost recovery of the stadium porter fee. Additionally, WestWorld proposed commercial use fees increases for the Tony Nelssen Equestrian Center at the north hall and south hall. On public safety, police, they proposed increase of off-duty rates and on-body camera video public request fees.

The City Court proposed various fees increases to address inflation align fees charged by other municipal courts. Finally, the City Attorney proposed an increase to service enhancement fee to provide defendants in City Court with enhanced services such as weekend and holiday jail court, diversion programs, probation, and home monitoring. For the enterprise funds, Water Resources and Public Works Solid Waste presented can charges changes to the rates and fees to

address the inflationary impacts from higher costs of materials, labor, equipment, disposal, landfill, and recycling. The total revenue impact for non-enterprise funds is \$3.5 million, and from enterprise funds is \$14.4 million dollars. In conclusion, we are recommending adopting the associated ordinances shown, and resolution, shown in this slide. If you have any questions, I would be happy to answer.

Mayor Ortega: Thank you. At this point, I do want to clarify, this is an open public hearing and I'm told there is no public comment. Therefore, on this matter, therefore I will close public comment. I see no questions. Councilmember Graham, you had your hand up.

Councilmember Graham: Thank you, Mayor. Ana Lia, is this your presentation? Do you have anything more to continue?

Ana Lia Johnson: No, this is the total presentation.

Councilmember Graham: Okay, well thank you for your presentation. So, we're hiking fees for a lot, pretty much everything, right, I mean across the board.

Ana Lia Johnson: Yeah.

Councilmember Graham: What do you know, I don't know if it's in the packet or not, but what is like we've got to have like an average fee increase for our water users. What is the, what can the average water user expect to be paying in increased fees? Do you have that information?

Ana Lia Johnson: I'm going to defer to Brian Biesemeyer to answer that question.

Councilmember Graham: Okay.

[Time: 00:25:29]

Brian Biesemeyer: Mayor, Councilmember Graham, the average revenue increase for the revenue for water is 6.3%. Does that answer your question or are you looking for the average cost? In the first.

Councilmember Graham: Yeah.

Brian Biesemeyer: We can go back and pull those slides up but in the first presentation we showed it for the average water user with a 5/8th inch, with a ¾, and a 1 inch and it really depended on each of those sizes and how much water each of those users did.

Councilmember Graham: So that is kind of helpful, but I mean, like what's the average residential water bill for a single family in Scottsdale? Do you know that answer?

Brian Biesemeyer: I don't because they vary by those different factors. We can get you that, but.

Councilmember Graham: Do you think about \$150 a month?

Brian Biesemeyer: You're talking about total bill. It's not \$150 for water because you have to think about the services. You are getting water service, wastewater service, solid waste services, all on a single bill.

Councilmember Graham: Right.

Brian Biesemeyer: What that bill is, I don't have the average on that.

Councilmember Graham: Maybe \$50 a month, would you say?

Brian Biesemeyer: I'm not in a position to answer that.

Councilmember Graham: Okay.

Brian Biesemeyer: I don't want to hazard it a response.

Mayor Ortega: Councilman, I think we're looking at the big picture here. So, if all of the supporting information was reviewed two meetings ago with with line-by-line, for instance restaurants.

Councilmember Graham: Mayor.

Mayor Ortega: And other areas, so.

Councilmember Graham: Mayor, thank you. This is about, this is about just distilling a bunch of information and dozens of pages of dense information just so the average resident can wrap their arms around it. I think it's important because when we are, when we sit up here and we talk about you're going to pay more, I think I think what we need to do is just sort of explain to the user what the reason we have to charge more, and I just think that they did deserve that to hear a better explanation for, you know, beyond our you know, beyond increased costs. Because we know the CPI went up according to the packet at 3.2%. We are hiking fees, 8, 10, 12% and so we see bigger hikes. Did we add more? Did we build more? So, there's a lot of questions. People want to know questions about are we, do we have repairs and maintenance that have spiked? Do we have capital expenditures that are unplanned or planned that need to be covered with increased revenue.

Mayor Ortega: Okay, Councilman. Councilman, I'll defer to the City Treasurer.

Councilmember Graham: Thank you, Mayor.

Mayor Ortega: These have been slides presented in the past. So either we're going to go over what had been presented, this is the third read out on these. So let me defer to the City Treasurer, and we'll pull up the slides that had been shown in the past and explain in the past. So, thank you.

Councilmember Graham: Thank you, Mayor.

[Time: 00:28:21]

Sonia Andrews: Thank you, Mayor and thank you Councilmembers. Councilmember Graham, thank you for that question. 50% of our water users have a 1-inch meter. So, for the 1-inch meter with the typical use of 16,000 gallons, we're looking at an increase of \$6.65. So, the current fees, the typical user with a 1-inch meter, 16,000 gallons of water used, 11,000 gallons of sewer usage, their bill is \$112.02, and it will go up to \$118.67. The other 50% of our water users are pretty much split between the 5/8-inch and a 3/4-inch, and for the 5/8 inch the increase is \$2.20 and for the 3/4-inch, the increase is about \$3.80. I hope that answers your question.

Councilmember Graham: Thank you, Sonia. What was the increase last year because we raised, we hiked fees and rates last year. Do you remember what the percentages were?

Sonia Andrews: I don't have that.

Brian Biesemeyer: It's on the presentation.

Councilmember Graham: Thank you. Thank you, Brian.

[Time: 00:29:29]

Brian Biesemeyer: Let me get to it. Sorry. So, it was 4.2% on the water and 5.8% on sewer for a 4.7% average.

Councilmember Graham: Okay so, what could we tell the average resident that the increase is getting sharper? Is it?

Brian Biesemeyer: I think they feel it in, I think everyone feels it as inflation hits us. The water department is no different. We have increased chemicals, increased power, all the same factors. Actually, I take that back. Chemicals we have actually stabilized but power, all additional costs, have been going up. And so, the water department, like everyone, feels those inflationary pressures.

Councilmember Graham: Thank you, Brian. Sonia what are the, how are the cash reserves for the enterprise fund. How much cash do they have on hand?

Sonia Andrews: Mayor, Council, Councilmember Graham, for the water and sewer fund, we have forecasted about \$89.5 million in ending fund balance, of which \$27.9 million are their operating reserves, \$5 million for drought reserves, and \$44 million for their asset capital reserves.

Councilmember Graham: What was the cash reserve at the end of fiscal '23?

Sonia Andrews: Hang on a sec. Sorry. Give me a moment to pull that up.

Councilmember Graham: Okay. We can, I guess I'm trying to get, I'm just trying to get, be able to explain to when I when I have to face the voters why we hike their fees and rates. Is it because you know percentage of our fees as a percentage of, I mean is repairs and maintenance as a percentage of revenues? Is it going up sharply? Are there capital expenditures that are going up sharply? How is? What is the allocation of cash? What is the trend line? How do I explain that to residents?

Sonia Andrews: So, a lot of our rate increase is due to the fact that we have significant capital infrastructure needs. A lot of our water, sewer, it's a generational infrastructure replacement and renewal in our water and sewer infrastructure. That's one of the reasons. I think Brian can also add to some of the other reasons that we have, some of the large capital projects that we have.

Brian Biesemeyer: Thank you, Sonia. This is the list of C.I.P. projects that are driving some of that. It's Bartlett Dam investments, it's drought for the A.S.R. wells. It's our automated meter reading program as well as booster station improvements.

Councilmember Graham: I'm sorry Brian to cut you off. While he's explaining that Sonia, can you look up can you tell us about debt service coverage ratio and how we are on debt service and as a percentage of revenues?

Brian Biesemeyer: I have that also.

[Time: 00:32:56]

Mayor Ortega: Yeah, I think let's answer one at a time. All of these are part of a responsible audited expenditures that we have to have money prepared for renovation, replacement and growth.

Councilmember Graham: I'm so sorry about that, Brian.

Mayor Ortega: So, one question at a time. At this point, go ahead, Brian.

Brian Biesemeyer: Mayor, Councilman Graham. I have that in one of the displays here. So you

see on the debt coverage for Scottsdale water is 2.95.

Councilmember Graham: And how has it been improving? Do you know the trend line?

Brian Biesemeyer: It's been about the same. We have been around the upper quartile for debt service.

Councilmember Graham: Sonia, that answers that question.

Sonia Andrews: So, Councilmember Graham, to answer your previous question, the water and sewer fund has \$193 million in cash and investments at the end of 2023.

Councilmember Graham: Okay. Very good. You seem like you were going to say something else, but maybe not.

Mayor Ortega: So generally speaking, these are all in a 50-page report that we have right now. We're not they're just referring to what's in your packet, and everyone's packet is public information. It was reviewed in detail. So.

Councilmember Graham: Thank you, Mayor. Yeah, thank you for that reminder. It is in the public packet and it's just a reminder that it is there, because we have gotten feedback, about why are you hiking our fees and I just want to be able to explain to those residents. And so, I appreciate answering the questions and that will, I will pause my questions for the time being. Thanks, Brian, Sonia.

Mayor Ortega: Okay. We have Councilmember Durham and then Vice Mayor Whitehead.

[Time: 00:35:01]

Councilmember Durham: Thank you, Mayor. It's very easy to explain to voters why we need to increase the fees. Voters experience inflation in their normal lives, they are paying more for gasoline. They are paying more for all the services that they buy, and, you know, at the end, we're the city is a service organization. People want water coming out of their faucets. And the cost of producing water to come out of a faucet is increasing, because as we know, there are problems of scarcity and so the cost of our water is going up. The cost of our construction projects to provide that water is going up. The price that we must pay employees to keep that running is going up. We've seen before that I think the construction is one of the items that has gone up the most over the last few years. I think I've seen figures of 20% or something like that. That's a very big important part of what we produce. Because we have to serve construction projects. And we can't eat those costs. When we when we have increased costs for police, one of the things we're doing here is increasing fees for off-duty officers. We're increasing fees to many of our services because that's part of the world we live in.

And I think our voters understand that. They are encountering these same pressures every single day. So, it's pretty easy to explain why we need to increase fees for those services. I think there was a reference to the increase in water was 6%, and, you know, if I could get away with 6% inflation, I'd be throwing a party. Because that's a pretty good number in the environment that we have today. So, it's, it's very easy to explain why we are increasing this, if you want these services, unfortunately, these are the costs that we have to endure as a city and we can't stay around for very long without passing those on. You know, somebody once said, you know, you can't make it up on volume. And if we're selling our services at rates that are below what it costs us, we can't make that up on volume. And it would be fiscally irresponsible to try to avoid carefully considering these costs of our services. So, thank you.

Mayor Ortega: Vice Mayor Whitehead, Councilwoman Janik.

[Time: 00:38:14]

Vice Mayor Whitehead: Thank you, Mayor. Just for the members of the public, can you, City Manager or Mr. Lane, City Clerk, tell me what date we reviewed all these fees in detail?

Ben Lane: Vice Mayor, I believe it was in April. Let me check the agenda.

Vice Mayor Whitehead: Yeah, so it's important for people who are watching this meeting or here, the people here know this already, that the City Council has gone through these fees and had discussion in detail, and the great thing, one the many great things about living in the city of Scottsdale is that any of us can watch past City Council meetings from years past. So, if reading these multipage documents isn't desirable, it's always easy to just put the past meetings on and listen to it while cooking or something else. So, we have reviewed all of these fees. I'm not going to repeat what Councilman Durham said, but and I hate to bring, Brian looks comfortable again, but perhaps you can even tell me we are feeling the pressures of changes. The only thing certain in life is change.

And whereas the city of Scottsdale and the rest of the Valley has had very cheap water for generations, we're now coming to the realization that we are charging less than what it costs us. We have to keep up. Unlike a publicly traded company or a for-profit company, a city operates fee the city charges fees only that which it costs to provide the service. So, the city will never charge a resident more money than it costs to provide whatever service it is that the resident is getting. Do you know offhand Brian, you had said this in one of the past presentations, the increased percentage, the increased cost of water and roughly the increased cost of delivery. I know that's the power you had mentioned.

[Time: 00:40:28]

Brian Biesemeyer: I don't have it.

Mayor Ortega: Let me ask City Manager to clarify the first question about how these fees have been reviewed to begin with.

Jim Thompson: Thank you, Mr. Mayor and if you could pull up slide 17 as well. And that should answer the second question. But the first question was March 5th was the first time.

Vice Mayor Whitehead: Thank you. So, anybody who wants to watch the earlier review, where we discussed all of these fees, please pull that up from the city website. Go ahead. So, it looks like so water costs are up 9% from CAP which is the majority of our water, 13% from SRP and then we have, just as we did 22 years ago or 24 years ago, we are investing in future water. You know, 20 something years ago, the city of Scottsdale made the decision to build the water treatment plant that we have, that has made, that is producing drinking water out of wastewater. So once again and those were some of the projects that Mr. Biesemeyer had up. The city is, again, investing in future water so that 5 years, 10 years, 20 years from now, you turn on the tap and you get that water. So, I do think it's impressive that the fees are going up roughly 6%, we're making all of these investments in infrastructure for future water, and our own costs. And this is just for the water, not the delivery, because power to deliver the water is going up. The CAP cost is going up 9% and SRP water costs are going up 13%. So, I think that's a good summary of, A, how a resident can learn more about these fees; B, how we decide, how we calculate fees. And just an example of how we're maintaining our fees very low despite the incredible pressures, price pressures that we the city of Scottsdale are facing.

With that, I will motion to adopt Resolution Number 13091 and Ordinance Number 4630, amending Scottsdale revised code, Chapter 49, water sewer and sewage disposal, sewer water reclamation rates, and miscellaneous rates effective July 1, 2024, and adjusting water rate volumetric and base charges effective November 1, 2024, and adopt Ordinance Number 4631 amending Scottsdale revised code 24 solid waste management by adjusting solid waste rates and charges effective July 1, 2024. Adopt Ordinance Number 4632 amending Scottsdale revised code Chapter 16, licenses, taxation, and miscellaneous business regulations by adjusting the private hauler fee effective July 1, 2024. Adopt Ordinance Number 4634 amending Scottsdale revised code, Chapter 9, relating to a service enhancement fee effective July 1, 2024. Adopt Ordinance Number 4635 amending Scottsdale revised code Chapter 9 relating to funds, costs, and fees of the city clerk effective July 1, 2024.

Adopt Resolution 13109 authorizing and approving adjustments to the planning and development services department's fees and charges. Adopt Resolution Number 13112 authorizing and approving adjustments to the community, services division, schedule of program charges, rental fees, and fines to be effective July 1, 2024, authorizing the City Manager or designee to execute Scottsdale Stadium and Indian School Park use agreements, negotiated fees or fees for areas not typically reserved, and to execute WestWorld agreements with negotiated fees. Adopt Resolution Number 13117, increasing police department hourly fees for off-duty officers and increasing on body camera request fees.

Councilmember Durham: Second.

Mayor Ortega: Okay. We have a motion and a second. Also, City Treasurer did you have something to add? Okay.

[Time: 00:45:02]

Sonia Andrews: Yes, sorry, Mayor, I wanted to correct what I said earlier in answer to Councilmember Graham's question on the cash in the water and sewer fund, I think I might have said it's \$193,000, it's \$193.8 million, however, there's \$74.2 million in current liabilities and \$276.4 million in long-term liabilities. So, you really have to look at that in combination with the liabilities. Thank you.

Mayor Ortega: Thank you. I have some comments and then we have Councilwoman Caputi and Janik. Okay, there's nothing more important than our own water security, managing waste, having the conservation plan built in to encouraging people to conserve the entire public relations effort is all bundled in in a comprehensive manner and these rates and fees are not just flimsy numbers. We have to support the replacement of pumps, pipes and most of all, to know that we have reliable people in the field. I was with the field operators last Thursday for their breakfast and they get up at 5:00 in the morning and they go out and look for and maintain our water system and they are paid, and they are very dedicated with what they do. Same thing with transportation. So, all of these add up to essentially our own financial security, underpinning the value of our properties and at one point, someone said, these are the voters we have to explain this to. These are water customers. Water customers are businesspeople, restaurants, hospitals, schools. They rely on our city service to be very reliable, and to be project forward all the anticipated costs so that they are assured that their schools and classrooms can be, can remain open and everything is done in an orderly way.

We also have backup systems and generators that allow the pumps to run if there's a failure of the electrical system. We could say well let's do without that, but we wouldn't have the reliable, redundant, and measurable results that we have. If you look at failures of cities, elsewhere, many of them have to do with the failures of infrastructure and there's several we can read about that neglected to look forward and project their own water costs as well as being responsible stewards of the public's trust, so all of this encompassed in it. There's 71 pages in this that we've had it for two weeks and it was actually sent we had it since March, April, May, and here we are, and we are answer these questions reliably. We rely on our staff to do so and we've asked some tough questions, I thought, as well. They've been asked and answered. I'm very confident that this that we are being good stewards and I'm not just referring to people as voters. I'm referring to them as water users. And they have meters with the expectations that we're going to fulfill that, you know, clean, pure water and reliable usage to them so they will have a profitable business or, you know, an education facility. Next, I will go to Councilwoman Caputi and then Councilwoman Janik.

[Time: 00:48:49]

Councilwoman Caputi: Sonia, these are enterprise funds, correct?

Sonia Andrews: Yes, that is correct.

Councilwoman Caputi: And so, what that means is they have to actually cover their costs. I think we've had a couple of comments up here already, in other words as their costs go up, they have to absorb them. If an enterprise fund was to run at a deficit, where would we get the money from? Like, if the water department, if our water folks didn't cover their costs, then where would the money come from if they were running at a deficit?

Sonia Andrews: We would have to increase their fees. And also, the fees are established by our consultant, who does the fee study for us, and it's based on industry practices in fee setting. So, a lot of detailed analysis and costs methodology, industry standard cost methodology goes into setting the fees. So, yes, there is no funding source to pay for.

Councilwoman Caputi: Right, they are self-supporting.

Sonia Andrews: Correct.

Councilwoman Caputi: Okay, so I guess I want to repeat what everyone else has already said on the dais. Simply better service for a world-class city. I think I've said that ten times now from the dais. That's actually our city motto, and our residents are used to paying for exceptional services and we need to cover our costs. So, we have the most sophisticated water treatment facility anywhere in the country and we are constantly making investments for the future and that's what our residents expect. So, I think that we have, you know, the best services and amenities, the lowest taxes, and fees, some of the lowest taxes and fees of any city in the Valley. So, I think we're doing an exceptional job for our customers. Thank you.

Mayor Ortega: Okay. I see Councilwoman Janik, and then I will call on Councilwoman Littlefield remotely.

Councilwoman Janik: Thank you, Mayor. First of all, I want everybody to know that all the departments are very judicious when they make decisions to increase cost, and to undertake new projects. Everything is totally transparent for all the people in our community to see what we're doing and to know why we're doing it, and all the departments are available to answer specific questions. So total transparency. And the other thing I think that sets Scottsdale way ahead of most other communities is that we are intelligent enough to look ahead, to see the technology that's on the horizon, to see the benefits for that, and to prepare for that in a very educated and systemic fashion. And, for example, the Bartlett Dam, we are working on it. We are studying it. Yes, there will be expenses, but we will be prepared to make sure that we continue to provide services and especially water in the future, and not just tomorrow or in a year or two, but 10, 20 years in the future. So, thank you.

Mayor Ortega: Okay. Councilwoman Littlefield, did you have a comment that would?

[Time: 00:51:53]

Councilwoman Littlefield: Yes, thank you Mayor. I basically agree with what our Council has been saying, but I would like to add one caveat. And that is the city water provides a vital service, life and death service to our citizens. They have to have water. And this is something that we need to think about as we move forward. I think what we are doing is good for tonight, but we need to be cognizant of the fact that many of our citizens are not enjoying the same increases in their income in order to cover these additional costs for water here in Scottsdale. And that we are asking them to do that, just for our services to them. I understand that's reasonable. I understand we need to do that, but I think it's something that we do need to think about going forward, is they may not be getting the same increases in income, and we may be pinching them in other areas. So that's a concern, because I don't believe that we any of us want to harm citizens in that manner. So, I do think that this has been done well. I approve it, but I, I think that that's just something we ought to keep in the back of our heads. Thank you, Mayor.

Mayor Ortega: So, we'll have a second round. Please be brief. Councilmember Graham, Councilmember Durham, Vice Mayor Whitehead.

Councilmember Graham: Thank you, Mayor, I will be brief. I appreciate staff answering my questions. This is, staff takes tough questions. And so, this is about explaining to voters, this is about explaining to water users and customers, why we are hiking their rates multiple years in a row. Because like Councilwoman Littlefield said, they are getting bitten by the inflationary bug. They their costs are going up and everything else around them, without commensurate revenue increases for most people. I think we have good I think we have strong debt service coverage ratio. I think we have good cash reserves. I do think residents are getting hit and pretty much every other aspect of their life, and so I think it's important that we don't just wave this through and that we talk about it. We ask tough questions about it. We debate it and I'm really pleased to see my colleagues up here and their spirited debate about this topic, because we all feel how this impact how we all know how this makes us feel and how our residents feel about this. So, with that, I want to make sure that we don't forget about the ratepayer. And I would like to keep an eye on these metrics and these ratios to make sure that our enterprise funds are with their comparators and their peers. Because like Councilwoman Littlefield said, we have an exceptional water department and it's extremely important for the quality of life. So, thank you, Mayor.

Mayor Ortega: Thank you. Thank you. Councilmember Durham and then Vice Mayor Whitehead.

[Time: 00:55:01]

Councilmember Durham: Thank you, Mayor. One way of explaining this is to say, hey, lucky you don't live in Mesa, because if you look at slide 31, on our package, as usual, our costs are among the lowest in the Valley I think we are right above Chandler, according to slide 31 and Tempe,

Phoenix, Gilbert, Glendale, Peoria, Mesa, are all charging more for water. In some cases, significantly more. So, I think this shows what we have been saying for many, many years that we have an incredible staff that keeps our prices low and keeps our cost of operations and taxes among the lowest in the valley. So, we should all be thankful for the fact that we live in Scottsdale and not Mesa. Thank you.

Mayor Ortega: Vice Mayor Whitehead and then we will have a vote.

[Time: 00:56:03]

Vice Mayor Whitehead: Thank you, Mayor. I do want to address what Councilwoman Littlefield said. So not all accounts are charged the same amount. So, it's by tier and so unlike the city of Phoenix, if we're comparing cities, the city of Scottsdale is not raising the fee on tier one; is that correct? So that means that the people that perhaps a fixed income senior that is using the amount of water needed, and no more, their rates aren't going up. So, I think that's particularly noteworthy how the city absolutely looks at these fee increases from a very personal standpoint. As the Mayor pointed out, these are water users. So, it's not just individuals. It's businesses that have decided to work in Scottsdale and they need water and they're willing to pay for it. So, I just want to, again, thank our staff for, in fact, thinking about those fixed income seniors and keeping those fees raising those fees zero. And with that, I'm done. Thank you.

Mayor Ortega: Thank you. And in conclusion, also there's a conservation formula that if you save water, your rates will go down. Our Council approved that. That's built into this as well. Please record your vote. Councilwoman Littlefield?

Councilwoman Littlefield: Yes.

Mayor Ortega: Thank you. We are approved. Next unanimous, excuse me, and we will next move to Item number 13.

REGULAR AGENDA - ITEM 13

[Time: 00:57:48]

Mayor Ortega: Item Number 13, also includes a public hearing, involves the adoption of proposed fiscal 2024-25 budget, a tentative budget. This is the adoption of a five-year capital improvement plan as well. This is one of many readouts that we've had in detail but please come forward with the presentation.

Sonia Andrews: Thank you, Mayor, thank you Council. Next slide, please. So, tonight's public hearing and tentative budget adoption is part of the required process for adopting our budget. We presented the proposed budget and capital improvement plan in April, and the detail proposed budget and capital improvement plan is available on our city website. The final budget adoption is scheduled for June 4th, and the property tax adoption is scheduled on June 25th. Next

slide. The tentative budget that we're asking Council to adopt tonight sets the maximum expenditure for next year. This is a really important point. Regardless of how much revenues we collect or don't collect, Council approves the maximum expenditures for the city each year through the budget. So once the tentative budget is adopted, the total expenditure budget cannot increase upon our final budget adoption. We can move things around, but we cannot increase it. So tentative budget proposed is \$2. next slide, sorry is \$2.2948 billion made up of \$760.6 million in operating budget. That includes our grants and our special programs, \$1.68 billion in capital improvements, and \$465.9 million in contingencies and reserves. Next slide.

[Time: 00:59:54]

There's \$2.1 million change from the proposed budget that was presented in April, and the \$2.1 million change is for these two items on the slide that was approved by Council in April. So, funding for the Indian Bend Wash underpass was approved. That increased our budget by 1.5 million and then also additional funding for the new fire station, which Council approved on April 16th, like about \$600,000. So, our tentative budget is \$2.294 billion, compared to the \$2.2927 billion that was in the proposed. Next slide. Our tentative budget is 9.4% lower than last year's adopted budget of \$2.53 billion, primarily because of our capital improvements. Our operating budget increased by 2.9%. Next slide. And as you know, by state law, we must adopt a budget that is within our expenditure limitation. The tentative budget proposed is at 97% of our expenditure limitation. Next slide. Our tentative budget provides for city services with the city's 1.75% tax rate, which is one of the lowest tax rates in the Valley. Next slide. The proposed property tax rate for fiscal year '24/25 is 0.9316 per \$100 of tax assessed value, and that is the 5% or the 5.1% decrease from the current year property tax rate. For the tentative budget, we are proposing 60.56 new full-time equivalents primarily for the fire ambulance program and the new fire station and training facility. And our total FTEs would be at 2700. Next slide. Oh, I'm sorry. I'm a slide off. So next slide.

So, the Capital Improvement Plan for the 24/25 fiscal year is \$1.091 billion consisting primarily of water and sewer infrastructure, transportation infrastructure, and so on, so forth as listed on this slide. Next slide. And the five-year Capital Improvement Plan is \$2.24 billion, and almost half of that is the water and sewer infrastructure and the other large category is the transportation. Now, keep in mind for transportation, we have the arterial life cycle program where it's a 70/30% match with the regional tax paying 70% yet because we're constructing it, the whole cost of it is in our Capital Improvement Program, where 70% of that money is funded from the regional sales tax. So next slide. As mentioned earlier, the Capital Improvement Program tentative budget increased by \$2.1 million from the proposed budget that was presented to you in April because of these two items that Council approved in April. The increase in grant funding available for the Indian Bend Wash underpass and also the additional funding for the new fire station. That's all I have, and I can answer any questions.

Mayor Ortega: I see Councilmember Graham wishes to speak.

[Time: 01:03:58]

Councilmember Graham: Thank you, Sonia. Are people's residents' property tax bills going to go up or down this year?

Sonia Andrews: I'm sorry, let's go back to slide number nine. So, the city's property tax rate is going to go down from 98.14 cents to 93.16 cents. The property values may be going up. So, the the actual property tax that's paid may be higher because the property values may be going up, but our rate is going down.

Councilmember Graham: The rate is going down because the value is going up, but, I mean, do you how much as far as collections receipts, how much what's the percentage you expect to?

Mayor Ortega: I don't think that's correct. The rate that we set is not based on whether or not it escalates or not.

Councilmember Graham: What did I say that was inaccurate?

Mayor Ortega: You said the rate is going down because the values are going up.

Councilmember Graham: Yes, that's correct.

Mayor Ortega: That's not.

Councilwoman Littlefield: Yes, that's right.

Councilmember Graham: Sonia, the rate's going down because the value is going up, is that correct?

Sonia Andrews: So, Mayor, Councilmember Graham, for the primary property tax, we're limited to a 2% levy.

Councilmember Graham: Right.

Sonia Andrews: So as the rates, plus new construction, plus tort judgments.

Councilmember Graham: So that is correct. That's a correct statement.

Mayor Ortega: The question is revenues is different than the rate.

Councilmember Graham: I know that. I'm just saying that what you said was incorrect, Mr. Mayor.

Mayor Ortega: The way you phrased it, I disagree with you.

Councilmember Graham: So, I guess my question, sorry for the back and forth, Sonia, I know the sighs. But are residents going to pay more? Is the city property tax bill going to go up?

Sonia Andrews: I think it would depend on the assessed value of the property.

Councilmember Graham: But generally, yes.

Mayor Ortega: Let me ask the City Manager to answer this.

Councilmember Graham: City Manager, thank you.

[Time: 01:06:11]

Jim Thompson: Thank you, Mr. Mayor, members of Council, Councilmember Graham, that's an "it depends" and let me go there.

Councilmember Graham: I knew you'd go there.

Jim Thompson: There are some values that have gone down. There's some values that have gone up. So, it depends on your value. Your rate goes down for which it applies to so you potentially could go down. There may be some that go down and there's maybe some that potentially may go up.

Councilmember Graham: Could you give an example of a property in Scottsdale that went down in value?

Jim Thompson: There are properties that go down in value.

Councilmember Graham: I guess maybe if properties that go down in value like if it's distressed or went through a catastrophe.

Jim Thompson: There's a lot of things that could cause it.

Councilmember Graham: But can you think of a neighborhood in Scottsdale that went down in value?

Jim Thompson: Yeah, and it may not have been gone up by 5.1% in value either so they could have had a decreased tax. The other thing they have consideration too is that it's not just residents. There's a large portion of the commercial and the new projects that have been built that have come on board that are paying a large sum of the property tax, much the same as when we talk about rates, we receive large sums from many of the businesses who consume a

large share of water. Likewise for the values of their properties. So, again, those vary. I will give you an example. Right now, commercial properties values have gone down in the marketplace than what they were. So, they would have a decrease potentially associated with that some, if not, depending on their location, depending on the type of tenants they have. So again, it's a very complex question. I think individual owners will, you know, be it's beneficial that you actually have a rate deduction, not many. The other portion of that, when you say property tax and I've had this question posed to me, many, many times out in the community. They look at their total property tax bill. Our total portion of the property tax bill on the primary is around 5% of your total tax bill, about 4% on the total secondary portion.

Councilmember Graham: Jim, I know. I understand.

[Time: 01:08:03]

Jim Thompson: So, when people look at it, they are looking at the total bill, and there are other agencies that could be increasing rates. I'm just trying to explain it in detail because the question was asked, and I apologize.

Councilmember Graham: I know, that's a great explanation and I appreciate it. I know that people care about I mean, the rate we feel good about that, but most values have sharply increased in their assessed value. And I get that there are other governmental agencies that are probably going to be increasing their bill too, but this bill from Scottsdale, I think for most Scottsdale residents is going to be going up. So, and I had one more question and then I will be done with my questions here. Sonia, can you say a little more about the reduction? So, I'm looking at slide six, capital improvements. What explains the reduction from 1.36 to 1.00. Is that just sort of the ebb and flow, the timing of borrowings and the cap ex, the capital expenditures?

Sonia Andrews: Correct.

Councilmember Graham: Okay. So, we had a big cap ex year in fiscal '23 and then this year, it's just down, right? Okay. Because there's you know, the whole budget is down 9%, but that's really just a timing thing, but it's not because, our operations our tax receipts are up. Our operating expenditures are up. Everything is up, and so I just want to make sure that's clear. Thank you.

Mayor Ortega: Well, some projects were completed during that year. So, they don't reoccur because they were completed, and we may have completed \$40 million worth of projects. So that subtracted from the next carryover. Okay. At this point, I think we have, I want to make sure that this is a hearing and therefore, I would call on the public if there is public comment, they would come forward. Seeing none, therefore, I will close public comment. The good news is the property tax rate is going down, and yes, if we look closely at whether it's a water bill or a bill from the city that also has garbage pickup and has recycling fees and all of these other things that we can study and look at closely and make some good on-the-ground decisions.

Councilwoman Caputi and then we'll take a vote.

[Time: 01:10:20]

Councilwoman Caputi: I just want to celebrate the fact that we have increased property tax property values in the city of Scottsdale. I think that's something to be excited and happy about. We have the highest property values and some of the lowest property taxes and the most amenities of any city in the Valley. So, again, this isn't a negative thing. This is a wonderful thing to celebrate. I mean, complaining about the overall dollars going up as your value goes up and your, your rate goes down, that just seems very strange to me. It's like it's a business owner, if I make more money this year and I have to pay a little bit more in taxes, that's a good thing. That's not necessarily a bad thing. So again, I just want to celebrate the fact that all of our property values have gone up, while our rate has gone down and that's something that we have done really, really well on this Council. Thank you.

Mayor Ortega: Councilwoman Janik and please go ahead.

[Time: 01:11:18]]

Councilwoman Janik: Thank you, Mayor. I just wanted to make a motion to adopt Ordinance Number 4637, as presented, or modified by Council, establishing the tentative budget for fiscal year 2024/25 and adopting by reference the state-required budget forms. Establishment of the tentative budget statutorily fixes the maximum expenditure limit. The maximum expenditure limit may still be lowered by the City Council before final budget adoption. Adoption of Ordinance Number 4637 also directs the City Clerk to meet obligations regarding publication and notices imposed by the Arizona Revised Statutes and City Charter. B, tentatively authorizes or approved as applicable certain salary adjustments included in the tentative budget for city employees and charter officers and sets the salaries of the presiding judge and associate judges. Number three, adopt Ordinance Number 4638 as presented or as modified by Council, tentatively adopting the five-year CIP for fiscal year 2024/25 to fiscal year 2028/29.

Vice Mayor Whitehead: Second.

Mayor Ortega: Thank you. We have a motion and a second. Please record your vote. Oh, and Councilwoman Littlefield.

Councilwoman Littlefield: Yes.

Mayor Ortega: Okay. We have the motion carries 6-1. Member Graham dissenting. Thank you. Next, we will go on to public comment.

PUBLIC COMMENT

[Time: 01:13:02]

Mayor Ortega: Public comment is the second opportunity for members of the public to come forward. Seeing none, I will close the public comment.

CITIZEN PETITIONS

Mayor Ortega: Next, we move on to the possibility of Citizen Petitions, that's Item Number 14. There were none delivered to the Clerk's Office. Therefore, I will close out item Number 14.

WORK STUDY

[Time: 01:14:04]

Mayor Ortega: Next, we have the Work Study Session. The Work Study Session is allows us to have a less formal setting for the Mayor and Council to discuss specific topics with each other and city staff and provide staff an opportunity to receive direction from the Council to provide an opportunity for the public. We also provide an opportunity for public comment and the Work Study. There were no requests from the public to speak. Therefore, I will close public comment. At this point, we will have the full presentation. The Quarterly Financial and Capital Improvement Plan, C.I.P. updates. The presenters are Sonia Andrews, our City Treasurer and Dan Worth our Public Works Director.

Sonia Andrews: Thank you, Mayor, thank you, Council. Next slide. So, the I repeat this every quarter, but I think it's important that the primary focus of the quarterly financial update is just to highlight the General Fund results for revenues and our budget to actuals. So next slide. So, our General Fund revenues are up, compared to budget primarily because of construction sales tax and, you know, I won't read everything here. And interest earnings that are higher than budget, and our year-to-date expenditures are within our budget, with a 3% positive variance, primarily due to salary and vacancy savings as we continue to have the labor market, tight labor market and difficulties in hiring. So, we have a lot of vacancy savings right now. And that's primarily causing some of that, and also some long lead times with respect to our purchases for vehicles, for example. So, we're not able to proceed with spending the money there. So that's why we have some expenditure savings. Next slide.

So, this just shows you the sales tax by category, and, you know, I won't go into details but basically, it's pretty much where we expect it to be. Next slide. And as you can see, this chart shows you the rolling 12-month average of the sales tax revenues, our local sales tax revenues and for this fiscal year, it's pretty much flattened out compared to last fiscal year, even though compared to budget, it's higher but compared to last year, it's pretty much flattened out. Next slide. And this is the total General Fund sources for, you know, not just sales tax but the other revenue sources as well. Next slide. And these are the General Fund uses. Again, the uses are where we expect it to be. Next slide. And this is the expenditures by division. So, I really don't have a whole lot more to comment on it, and I think that's all I have. If you have any questions, otherwise, I can I think this is my last slide. Yeah.

Mayor Ortega: Councilman Graham.

[Time: 01:17:02]

Councilmember Graham: Thank you, Sonia, do you have any, looking at slide four, any reason sort of anecdotally for the variance for retail? What do you think as far as, you know, economy-wide, macro issues, why you think retail may have been higher than budgeted?

Sonia Andrews: So for retail, we expected the consumers to slow down their spending because when we put the budget together, the inflation continued to be high and we understand that credit card debt is increasing and all those other factors that from the economic standpoint, the expectation was that the consumers would start pulling back and as we all read in the paper, the consumer spending continues to be strong, stronger than expected.

Councilmember Graham: Would you say construction activity is a leading indicator for the economy? Is that kind of a fair statement?

Sonia Andrews: No, because the construction sales tax, there's a delay. That could be up to an 18-month delay. So these.

Councilmember Graham: So that higher than expected for construction doesn't necessarily give you hope that that's a leading indicator.

Sonia Andrews: Correct.

Councilmember Graham: Okay. And then I was also pleased to see, you know, stronger than expected dining. It looks like visitors and everyone else is living it up, dining, retail.

Sonia Andrews: Correct.

Councilmember Graham: Is that the same thing for retail, the same explanation?

Sonia Andrews: Right. Correct.

Councilmember Graham: Thank you, Sonia. Dan, did you want to add anything to that?

Mayor Ortega: We have the C.I.P.

Councilmember Graham: Guess not. You are going up there now.

Mayor Ortega: He's going there.

Councilmember Graham: Sorry, Mayor.

[Time: 01:19:00]

Dan Worth: Good evening, Mayor, and Council. I just want to start off by apologizing for you having to put up with me instead of Alison this time around. She's actually with Brent Stockwell and with our Purchasing Director Jen Myers attending a Bloomberg City Symposium, on reforming government procurement processes and I'm sure they will come back with some great ideas to improve the way that we do things here. I am going to follow the same agenda that Alison normally usually uses. I will start with the update on the bond projects and highlight a couple of other nonbond C.I.P. projects. The first question, I will highlight a couple of things here. Project Number 2, excuse me, the splash pad at McCormick Stillman Railroad Park, I will highlight on the next slide with some details. Project Number 42, the dog park at Thompson Peak Park, I know we have gotten a lot of people getting excited because they have seen the construction fence up there at that site, at that site. It is not actual construction. The construction is still scheduled to start in the fall. We're still finalizing the design on that. What's happening now, though, is the native plant salvage that's required prior going in and doing the construction so there is some activity and people are rightfully excited.

Project Number 53 just below that on the chart, build multi sports fields in the area of Bell Road. I just want to highlight the parks department is doing a grand opening on Thursday I think at 6 p.m. to celebrate the it's nearing completion. From our perspective, there's still some things to do to close out the contract, but the fields are in service, the park is open, and it's a nice accomplishment. I choose to highlight the McCormick Stillman splash pad because it's always a good opportunity if I can get three smiling Councilmembers' faces on the screen. Thank you for coming out last month and supporting the groundbreaking for two projects. This was one of them. The other was the General Fund funded project to build a new roundhouse, and that project with its air-conditioned space and its indoor railroad theme play structure and this, with the splash pads on the outside is gonna make McCormick-Stillman Park the place to be for kids in the summertime, which is, I think, going to be a huge thing.

Councilwoman Littlefield: Awesome, awesome.

Councilmember Graham: There you go.

Mayor Ortega: Kathy, if you are Councilwoman Littlefield, I don't know if you had a comment, but you might need to turn your mic off, unless you are ready to speak. Thank you.

Councilwoman Littlefield: Okay.

[Time: 01:21:57]

Dan Worth: Question two, I will highlight the solar projects, three solar photovoltaic projects, Project Number 57 is the installation that we completed at the North Corporation Yard that will provide power to the municipal buildings in that area. The exciting thing on that one is that we are actually be able to put it into service. The panels have been up. They have been showing

them off for a year now. But we had to complete a new service entrance to meet APS requirements to connect it to the grid, so that we can fully implement that photovoltaic array that's going to go into service very shortly. And then the other two, 58 and 59, I will highlight. These are both solar photovoltaic projects in the Civic Center area. This first one was a project specifically for City Hall, for this building. It was originally envisioned you can see the graphic. It's from our original outreach. We calculated how much based on the square footage of the building, 250-kilowatts, it might or might not be that. APS. has limitations based on the demand of the building that we're supplying power to. But we're going to sort that out in the design process, which is now ongoing. We have our design build team with Ameresco as the lead developing what exactly this is going to look like.

And then the same team is working on the other bond project and provide solar photovoltaics in the Civic Center area. This was originally envisioned to put rooftop solar on several different buildings. We're not going to go with roof top, primarily because of maintenance considerations. We are looking at putting parking lot canopies up. Similar to what we did at North Corp Yard. That is going to be a change in the scope because the scope, the original scope of the project specified rooftop. We are going to take that through the CBOC, to the bond oversight committee and to you ultimately for approval of that change but we're going to get the same bang for the buck. We're going to get the solar photovoltaics generating power. The two locations that you see here on the left, that is the site of another bond project to build the parking, is beyond the centerfield fence of the stadium. The thought is that with the parking, we build the shade or the the canopy structure, with the photovoltaics and it creates shade, and they can host events in that parking area. It's a multiuse parking area. That's kind of vision we're looking at with that project. And then on the right is solar panels on the roof of the existing Civic Center Library parking garage.

Bond Question 3, I would like to point out Project Number 12, the 15 the update to the 15-year-old digital train model. We are entertaining a proposal to cancel this project. And the reason is because the I.T. Department has gotten the data that this project was going to get for us without having to pay for it. The county has collected digital terrain elevation data and it's available to us. It meets the same need that we were going to meet with this project. So I.T. is actually bringing a proposal to the Citizen Bond Oversight Committee next week so that they can consider making a recommendation to you to cancel this project because we don't need it and reallocate the funding to another I.T. project in Question 3, which is which is an allowable use. So just wanted to point that out. I'm going to highlight Project Number 29, the workstations at the 911 dispatch center. This is page 2 of the Bond Question 3 projects. This is Project 29, the workstations at the 911 center. This is the new real time crime center, the project involved actually building a floor over an open space and what used to be an atrium that was open to the above the second level. We filled in that floor space, equipped it and they are actually moved in as of a couple of weeks ago. This project is going to be on your completed project list very shortly.

[Time: 01:26:44]

And here's the completed project list. And just to highlight a couple of projects that are in construction, this is a very unexciting picture of the Miller Road Bridge project. This is starting from the south end, they are starting to do the flat work, the concrete curbs and gutter for the road, for the Miller Road extension that will cross the Rawhide Wash at this location. This is the very exciting picture for an engineer kind of guy. Maybe you are excited too, but five concrete pours to pour the deck of the bridge under the structure, the supporting structures is in place. We did the second of three pours last weekend for the southern half of the bridge. This is the picture from the first one of those. They do them at night, unfortunately, and that's when we can get the concrete delivered. That's when it's optimum temperatures and conditions to pour that amount of concrete. But we have been working with the neighbors and giving them advanced notice and warning as to what's going to happen. And we have another pour scheduled for Friday of this week, and then late June we're going to come back in and do northern half of the bridge.

Another very important project, TPC sewer, this is a sewer project. You approved a G&P for it a couple of the meetings ago and our contractor is off and running. Accelerated schedule. The goal is to do all this work alongside the northern edge of the champions course at the TPC during lower use period, during the summer and have minimal impact on the high season out at the golf course and you can see it's a big pipe. It's a deep trench. We have crews working from each end which is accelerating the schedule. And we are looking for the completion of the bulk of the work this fall. And this is just a picture. You know, it's a beautiful picture of people enjoying a wonderful afternoon playing golf in Scottsdale, at one of our beautiful courses but I see the backhoe in the background digging trench. That's exciting stuff.

But we're taking great pains to minimize the disruption to the people on the golf course. They can play golf while we are doing this project. And then this is a project that is in design. This is one of our aquifer storage and recovery wells. One of four that we have been engaged in over the last couple of years, drilling, and equipping. This one has been drilled. The location is at the southwest corner, the south end of the parking lot at the Scottsdale Sports Complex at Bell Road and Hayden, right next door to the TPC and then the pictures that you see, right now there's nothing there. You can't tell that we have done anything. There's a hole in the ground that's covered up, but we are going to come in and build the enclosure and all the equipment to fully outfit that well. That is likely going to start in the fall. It's going to be a little bid. We are going to be bringing a bid to you for approval most likely at one of the August meetings. And with that, I will entertain any questions.

[Time: 01:30:08]

Mayor Ortega: Sure. Two things, Dan, I want to point out the Via Linda police station is 35 years old. It opened in 1989. It was last project of Chief Michael Gannon. And then Chief Fred Collins took over as the third Police Chief of Scottsdale. So, it's interesting, you know, how you were able to fill in that loft space, right? Here we are 35 years later, doing that. The other thing that I will point out because there was some discussion, of course, on our expenses through for our

water security, and obviously, the storage wells that were and injection wells are sort of like they provide an A.T.M. for our stored water. We store it and then we have to withdraw it. In fact, we store clean water, but the point with that concept is that our advanced water treatment and our water system, of course, it's all the construction is under your purview, getting those things done, but the storage capacity that we have underground storage would be the equivalent of one square mile, and about 80 feet high. Of course, nobody is going to build that on the surface, right? That would be a monster project. Yet we have at least three or four aquifers that store water underground and preserve the caverns and that's really part of our infrastructure. And we can if we can get to it, and inject clean water, then extract it, why then that's a very useful thing. So those, that's also a sign of our sustainability for our full system. I see Councilmember Graham and then Councilwoman Janik with some comments at this Work Study.

Councilmember Graham: Thank you, Mayor. Dan, thank you for the presentation. As far as the solar panels or solar panels around the Civic Center, I really like the idea of not putting that on the roof and creating a shade space. When do you expect to make a decision about site selection?

Dan Worth: We have our design build team led by Ameresco analyzing that as we speak, and I think the locations are the locations that I showed you are likely to be the ones that we end up with.

Councilmember Graham: Oh, you will do both of them?

[Time: 01:32:45]

Dan Worth: I think so, and the question is just going to be what kind of capacity are we going to be able to build it to.

Councilmember Graham: Yeah, okay. Very good. I look at the Miller Bridge and I think that's you know, that's an essential part of our transportation network. I look at the slide 15, though, and, you know, it's a photo taken at night, and we have gotten some calls about is that kind of stuff are those concerns from residents?

Dan Worth: Mayor, Councilmember Graham, we have gotten concerns from residents that are located next door to that project.

Councilmember Graham: Yeah.

Dan Worth: And we have been in very close contact with several of those residents throughout the duration of the project. The unfortunate reality is that we pour concrete when we get the concrete, and for a large concrete pours, we are generally forced to do it early in the morning. 3:00, 4:00 in the morning.

Councilmember Graham: Oh.

Dan Worth: Sometimes. The good news is five times.

Councilmember Graham: Yeah.

Dan Worth: It's not recurring over the length of the project kind of thing.

Councilmember Graham: Well, our apologies to the residents if we had to wake anybody up or disturb anybody. And then the last thing, I was going to say, I really like the way you are presenting the budget-to-actual and source. It would be, I think, helpful if we can get that for most or all the projects instead of just a select few, because I think that kind of highlights and, just, bam, right there for everybody to see that. Thanks, Dan.

Dan Worth: Thank you.

Councilmember Graham: Thank you, Mayor.

Mayor Ortega: Okay, Councilwoman Janik.

[Time: 01:34:15]

Councilwoman Janik: Thank you, Mayor and Dan. Nice presentation Dan, nice pictures. Quick question and maybe it's premature but your Project Number 59, the Civic Center campus, do you have any idea how long it will take to for the payback on the solar panels? Are we looking at seven years, ten years, don't know yet?

Dan Worth: Mayor, Councilwoman Janik, the payback period on those generally ends up in the 15-to-20-year range. We have run numbers on that. I think that's about where it is.

Councilwoman Janik: Okay. Thank you. And I though there's other benefits as well, but I was just curious on the actual payback. Thank you.

Mayor Ortega: Okay. I see no other hands up from Council. And we will conclude the Work Study at this point. I see no other nods from any of our charters. So do we have a motion to adjourn?

ADJOURNMENT

[Time: 01:35:15]

Councilmember Graham: Motion.

Councilwoman Janik: Second.

Mayor Ortega: Please record your vote.

Councilwoman Littlefield: Yes.

Mayor Ortega: Thank you. Good night.