



**CITY OF SCOTTSDALE
MCDOWELL SONORAN PRESERVE COMMISSION
REGULAR MEETING MINUTES
Wednesday, November 3, 2021**
Community Development Conference Rooms 1, 2, and 3
7447 E. Indian School Road
Scottsdale, AZ 85251

PRESENT: Chairperson Cynthia Wenstrom, Vice-Chair Laurie LaPat-Polasko, Commissioners Steve Coluccio, Mark Hackbarth, Marsha Lipps, and Kerry Olsson, and Jeffrey Smith

STAFF: Kroy Ekblaw, Preserve Director; Scott Hamilton, Preserve Manager; Bill Murphy, Assistant City Manager; Sonia Andrews, City Treasurer; Gina Kirklin, Enterprise and Finance Director

GUESTS: Jace McKeighan, Former Chair, McDowell Sonoran Preserve Commission Mayor David Ortega, Justin Owen, Executive Director, McDowell Sonoran Conservancy

1. CALL TO ORDER

Chair Wenstrom called the meeting to order at 5:00 p.m.

2. ROLL CALL

Members present as noted above.

3. PUBLIC COMMENT

Mayor David Ortega spoke about the importance of the Preserve as a legacy to Scottsdale. He thanked the McDowell Sonoran Preserve Commission, the Conservancy, and Conservancy stewards for their efforts in the development of the General Plan, which was recently approved by voters. He looks forward to the opening of Pima Dynamite trailhead and plans to continue to be engaged in efforts of the Commission moving forward.

4. APPROVAL OF MINUTES

Approval of the Regular Meeting minutes of October 14, 2021 and Special Meeting minutes of October 21, 2021

Commissioner Olsson offered corrections and additions to the October 14th minutes, including:

- Item six, paragraph one, the number should be 100,000
- 6a, paragraph four, he requested that a statement be added indicating that there is no backlog and no additional funding is needed this year

- 6b, he requested that a statement be included indicating that Mr. Owen said that there are more educational programs the Conservancy would like to have and that he will return with more detail on those
- 6b, paragraph 16, add Mr. Hamilton's response to a question, stating that the updated ERP would continue key indicator species that would be monitored to monitor the health of the Preserve

COMMISSIONER SMITH MOVED TO APPROVE THE OCTOBER 14, 2021 MCDOWELL SONORAN PRESERVE COMMISSION REGULAR MEETING MINUTES AS AMENDED. COMMISSIONER LIPPS SECONDED THE MOTION, WHICH CARRIED SEVEN (7) TO ZERO (0) BY ROLL CALL VOTE. CHAIR WENSTROM, VICE-CHAIR LAPAT-POLASKO, COMMISSIONERS COLUCCIO, HACKBARTH, LIPPS, OLSSON, AND SMITH VOTED IN THE AFFIRMATIVE. THERE WERE NO DISSENTING VOTES.

Commissioner Olsson offered corrections and additions to the October 21st minutes, including:

- 5a, paragraph two, change to say that they are not finding agencies that do what we do
- 5a, paragraph two, change to say that Mr. Owen indicated that the Conservancy has not found municipalities with similar models, but have found federal resources and he will bring forth information on those at a future meeting
- 5a, paragraph two add that Commissioner Hackbarth suggested that Pima County be contacted regarding their experiences

Chair Wenstrom reminded everyone that the Commission meeting minutes are audio recorded and written minutes are intended to be a summary of the discussion. Audio recordings are available on the City's website.

COMMISSIONER COLUCCIO MOVED TO APPROVE THE OCTOBER 21, 2021 MCDOWELL SONORAN PRESERVE COMMISSION SPECIAL MEETING MINUTES AS AMENDED. COMMISSIONER LIPPS SECONDED THE MOTION, WHICH CARRIED SIX (6) TO ZERO (0) BY ROLL CALL VOTE. CHAIR WENSTROM, VICE-CHAIR LAPAT-POLASKO, COMMISSIONERS COLUCCIO, HACKBARTH, LIPPS, AND OLSSON VOTED IN THE AFFIRMATIVE. COMMISSIONER SMITH ABSTAINED. THERE WERE NO DISSENTING VOTES.

5. MCDOWELL SONORAN CONSERVANCY UPDATE

Conservancy updates included as part of the Item 7 discussion.

6. PRESERVE TAX STATUS

Gina Kirklin, Enterprise and Finance Director, introduced the City's new City Treasurer, Sonia Andrews.

Ms. Kirklin provided an update on the Preserve Tax status. She explained that with the change in management there is an opportunity to re-evaluate past practices and consider new opinions. The financial update has been revised to move away from a 15-year financial forecast to a well-vetted five-year financial plan. As part of her presentation, she reviewed the FY 2022 Preserve Fund financial update, which was adopted by Council in May of 2021. She noted that changes implement best practices and anticipate the sunseting of the existing sales tax authorities.

Ms. Kirklin explained that the City Treasurer's Office is no longer forecasting the ability to issue additional long-term debt, ensuring the ability to make service payments with a comfortable safety margin for a delay in sales tax collections or a downturn in the economy. As part of her presentation she outlined the reduction in the reserve for expenditures and the debt service coverage ratio. The City currently has an outstanding bond covenant that requires a 2.0 times debt service coverage ratio, which does not consider the fund balance, only the stability of ongoing revenue collections. Using the 2.0 times debt service coverage ratio for the Preserve, the actual is 1.4 times and falls to 1.0 times during the five-year funding period. Because of the metric to the debt service coverage ratio, it is forecast that the Preserve does not have the ability to pursue additional long-term debt. If a model forecasting growth were to be used, sales tax collections would have to grow an additional 35 percent in order to meet the 2.0 times debt service ratio. At the end of the five years of forecasting, the ending fund balance of \$95.5 million can be reduced by the reserves, leaving approximately \$70.4 million.

Mr. Ekblaw added that there is an opportunity to spend the money, just not to go into debt on the revenues. Undesignated funds could be available, subject to recommendation of the Commission and approval of Council.

Ms. Kirklin reviewed the options to use the ending fund balance for PAYGO one-time expenditures for land improvements and to reevaluate opportunities for new revenue sources or other options as they come available. She explained that in an effort to implement best practices, some of the ability to spend 100 percent of the fund balance has been removed.

She explained that as the fund balance grows, ebbs and flows, PAYGO, one-time expenditures for land improvements is an option. Working through CIP programs, improvements can be made one time. Land purchases can be financed for up to the point that the second sales tax terms out, which at this time is approximately 13 years. The shortened time period will affect the debt service payments. As the end of the term gets closer, some of the fund balance could be used to pay down debt early, which would save on interest costs. It was noted that the undesignated available balance to start FY 2022 is \$22.7 million.

Ms. Kirklin reviewed the debt service schedules, which will be paid off in 2034, when the last tax terms out. The forecast assumes no refunding opportunities, early case defeasances, or new issuances. Nothing has been present-valued at this point. She noted that a number of bonds were refinanced in December of 2020/January 2021.

Commissioners asked clarifying questions throughout the presentation.

7. POLICY PROCESS UPDATE

Staff will provide an update of the following Policy process items:

- A. Policy Item #1 and 2. Follow-up to Commission questions from October 14 and 21 regarding items 1 and 2.A-2.F.

Kroy Ekblaw, Preserve Director, reviewed the 2016 Preserve progress update. The presentation included an outline of City Council requests from 2013, 2014, and 2015, regarding information on land acquisitions, potential early payoff, and possible impacts if the food sales tax portion of the sales tax collection were to be eliminated. He also reviewed key recommendations from the Commission at that time, striving to ensure long-term resources for Preserve maintenance and operation needs. The concern at that time was limited uncommitted cash and the high value of

remaining lands. Council did not move forward with recommendations but gave direction to continue looking at the proposed concepts. The 2017 projection considered new trailheads and the potential of full-time staffing at trailheads. In 2019, there were perpetual care, financial and legal considerations.

Jace McKeighan said that the intent has always been to focus on the needs of the Preserve at a minimum level, with the idea that anything that is not specifically authorized under the Preserve tax will be subject to the City's General Fund process. He briefly talked about options that were previously considered by the Commission and staff in their efforts to find a perpetual care funding source. It was discovered that a potential new tax could accomplish the goals. Immediate focus needs to be presenting Council with the options and getting their direction.

Mr. Ekblaw reiterated that in July City Council requested the Commission to prioritize potential additions to the Preserve, to determine acquisition options with available projected funds, and to define future Preserve maintenance needs, evaluate the perpetual maintenance fund, and explore funding options, including the extension of the sales tax that is set to expire in 2025. Depending on what kind of direction is given by Council during the upcoming work study session, a final recommendation could be ready by summer of 2022 or could be extended to summer of 2024.

Mr. McKeighan said the Commission should be prepared to address Council if they indicate that they are willing to consider additional funding options for land in the future and should be prepared to consider additional funding options.

Commissioner Olsson expressed disagreement with the \$2 million predisposed number. Mr. McKeighan said that the origination of the estimated \$2 million was determining a minimum funding level, not funding for everything. Consideration should be given to what is really necessary to maintain a level of maintenance in the Preserve in the event of a bad period. He noted that although the General Fund revenue is available to the Preserve, those funds could be cut during a bad economic period.

Mr. Ekblaw reiterated that it was never the intention to include everything. The community began with the idea that citizens would help take care of the land and minimize the cost of a long-term investment in staffing. He anticipates presenting Council with undesignated available funds, and to let them know that some additional acquisition can be made with the available number, but if the community is interested in supporting an additional revenue source, acquisitions can be expanded.

Commissioner Coluccio recalled that Mr. Owen had indicated that the Conservancy was happy with the numbers that appear on the spreadsheet at this point in time but could do so much more. Mr. Owen said that he is prepared to talk about the Conservancy's research goals tonight and will be prepared to discuss education goals during the next meeting.

Mr. Ekblaw presented a summary of daily Preserve operations and maintenance costs and the summary of Sonoran Desert research and education goals. The estimated range is approximately \$125,000 to \$150,000. The goal is to expand learning programs for all residents, visitors, and Preserve users and maximize opportunities to coordinate with the Conservancy, partners, and other agencies. Part of the goal is to update the ERP, adding long-term priorities and monitoring of target species, urban edge impacts, and recreational impacts to help provide early warnings of potential threats to the Preserve diversity and sustainability.

Mr. Owen gave a presentation, outlining the efforts being made by the Conservancy in the area of scientific research. One of the areas is vital signs monitoring and ecological health, which is a comprehensive monitoring and analysis of plants, wildlife and natural resources, to maintain and restore the biological diversity and long-term sustainability of the areas, as well as the dichotomy between use and preservation. With over 1,000 types of plants and animals, the Sonoran Desert is one of the most biodiverse ecosystems in the region. The scientific research goal is to detect challenges within the ecosystem and protect resources within it while committing to provide quality passive recreation. He talked about ecological restoration, in which the Conservancy is assisting the recovery of an ecosystem that has been degraded, damaged, or destroyed. He noted that arid environments are “under study” because they are one of the least studied environments in the world. He highlighted the work being done to address non-native plants, which are a primary threat to biodiversity.

Mr. Owen’s presentation included an overview of areas of focus including protecting biodiversity, habitat connectivity, vital signs monitoring, and ecological health. Because systems are not static, these items need to be prioritized in a long-term care plan and causes need to be identified to determine if management action is needed.

Mr. Owen talked about selecting indicators, noting that much of the research has been through the National Park Service, because they are the only ones with a comprehensive Sonoran Desert analysis. In 2005, the National Park Service launched a Sonoran Desert network vital signs monitoring plan that can serve as a model. The primary goal of the plan is to facilitate effective research management by assessing the long-term ecological condition of the ecosystem and evaluate resource response to the management action. This is a sample solution for the Preserve and has been considered in identifying 50 indicators, 14 of which were deemed not applicable to the Preserve. Indicators include habitat connectivity, water quality and quantity, soil and plant communities and biodiversity. Project costs based on this model are estimated at approximately \$2.5 million annually with an estimated reduction in cost for steward hours of \$1,367, 050. He said that updating the ERP should be a priority and he commended staff for taking a proactive approach.

Commissioners expressed an interest in identifying a cost range, noting that these figures are the minimum to maintain today’s efforts, not the minimum of what could be done. Mr. Ekblaw reviewed the progress of addressing invasive plants, wildland fire, and restoration projects. He noted that the cultural master plan identifies future projects, anticipated costs and funding options as well as completion of surveys on the remaining approximately 25 percent of Preserve lands. He noted that much of the remaining land is located at the Brown’s Ranch site.

B. Policy Item #2.E. Present range of projected costs for future Access Areas and trails improvements

Mr. Ekblaw reviewed trailhead and trail master plans, including the recommended improvements at Gateway and Lost Dog trailhead locations; possible restrooms at Sunrise; improvements at 104th and Bell and Ringtail, which currently have no access control; interior trails; possible elimination of old legacy trails; and area 7. He also mentioned boundary control issues, including approximately 20 miles of existing barbed wire fencing that is not in good shape.

8. STAFF REPORTS

Scott Hamilton, Preserve Manager, said that the Camino Campana dedication held last Sunday went well. He thanked staff and stewards for their efforts in preparing for the event.

Mr. Hamilton presented photographs of the event and of improvements at the trailhead, noting that the new bench was built using bricks provided by the Brick-by-Brick program. He highlighted the new selfie station and the new signage that depicts wildlife that might be seen in the area.

Mr. Hamilton mentioned that the Pima Dynamite Trailhead dedication is scheduled for November 13, 2021, at 9:00 a.m. Dr. Art DeCabooter will be honored during the event.

9. UPCOMING MEETING DATES, LOCATIONS, AND AGENDA ITEMS

All dates listed are tentative and subject to amendment:

2021 meetings thru November:

Special meeting

November 18th – Policy Process, 128th Street, Wildland Fire prep update

Mr. Ekblaw said that the first meeting of 2022 will likely be in February.

10. COMMISSIONER COMMENTS

Commissioner Smith mentioned that there is new technology available for coating streets that supposedly reduces the ground temperature up to six feet above the surface. He wondered if it would be a good solution for the trailhead parking areas. He noted that the City of Phoenix is currently conducting a pilot program on their streets. He requested that the topic be agendized for a future meeting.

Mr. Ekblaw mentioned that field services might be already conducting testing on the product. The item will be agendized sometime after the first of the year.

Commissioner Hackbarth requested that Maricopa County Flood Control be invited to give a presentation about metering stations in the Preserve.

11. ADJOURNMENT

COMMISSIONER SMITH MOVED TO ADJOURN THE MEETING. COMMISSIONER LIPPS SECONDED THE MOTION, WHICH CARRIED SEVEN (7) TO ZERO (0) BY ROLL CALL VOTE. CHAIR WENSTROM, VICE-CHAIR LAPAT-POLASKO, COMMISSIONERS COLUCCIO, HACKBARTH, LIPPS, OLSSON, AND SMITH VOTED IN THE AFFIRMATIVE. THERE WERE NO DISSENTING VOTES.

With no further business to discuss, being duly moved and seconded, the meeting adjourned at 7:57 p.m.

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