

---

This document was created from the closed caption transcript of the February 2, 2021, 2021 City Council Regular Meeting and has not been checked for completeness or accuracy of content.

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

<https://www.scottsdaleaz.gov/Assets/ScottsdaleAZ/Council/current-agendas-minutes/2021-agendas/02-02-21-regular-agenda.pdf>

An unedited digital video recording of the meeting, which can be used in conjunction with the transcript, is available online at:

<https://www.scottsdaleaz.gov/scottsdale-video-network/council-video-archives/2021-archives>

For ease of reference, included throughout the transcript are bracketed “time stamps” [Time: 00:00:00] that correspond to digital video recording time.

For more information about this transcript, please contact the City Clerk’s Office at 480-312-2411.

---

#### **CALL TO ORDER**

[Time: 00:00:02]

Mayor Ortega: I call the February 22<sup>nd</sup>, 2021, city council regular meeting to order. City Clerk Carolyn Jagger, please conduct the roll call.

#### **ROLL CALL**

[Time: 00:00:13]

City Clerk Carolyn Jagger: Thank you, Mayor. Mayor David Ortega.

Mayor Ortega: Present.

City Clerk Carolyn Jagger: Vice Mayor Betty Janik.

Vice Mayor Janik: Present.

City Clerk Carolyn Jagger: Councilmembers Tammy Caputi.

Councilwoman Caputi: Here.

City Clerk Carolyn Jagger: Tom Durham.

Councilmember Durham: Here.

City Clerk Carolyn Jagger: Kathy Littlefield.

Councilwoman Littlefield: Here.

City Clerk Carolyn Jagger: Linda Milhaven.

Councilmember Milhaven: Here.

City Clerk Carolyn Jagger: And Solange Whitehead.

Councilwoman Whitehead: Here.

City Clerk Carolyn Jagger: City Manager Jim Thompson.

City Manager Jim Thompson: Here.

City Clerk Carolyn Jagger: City Attorney Sherry Scott.

City Attorney Sherry Scott: Here.

City Clerk Carolyn Jagger: Acting City Treasurer Judy Doyle.

Acting City Treasurer Judy Doyle: Here.

City Clerk Carolyn Jagger: City Auditor Sharron Walker.

City Auditor Sharron Walker: Here.

City Clerk Carolyn Jagger: And the Clerk is present.

**MAYOR'S REPORT**

[Time: 00:01:02]

Mayor Ortega: I am pleased to announce that as of yesterday, we have a new Vice Mayor. Please join me in welcoming Vice Mayor Janik into her role. I would also like to thank Councilwoman Whitehead for her service over the last several months.

I have a few reminders for our virtual meeting this evening. Make sure you are in a quiet space. Each time you speak, announce your time to identify yourself to listeners, and say thank you to denote that you are done speaking. Please mute yourself when you are not speaking and unmute when you begin speaking. If you have additional questions, please raise your hand. And Shane Stone will notify me so I

can call on you. Also note that at the next council meeting, that is a work study on February 9<sup>th</sup>, we will be in person attending in the Kiva. So I will move on.

**CITY MANAGER'S REPORT – ECONOMIC DEVELOPMENT REACCREDITATION**

[Time: 00:02:27]

Mayor Ortega: We will hear the Economic Development Director Rob Millar give the city manager's report on economic development reaccreditation.

Economic Development Director Rob Millar: Thank you. I'm pleased to announce that the International Economic Development Council, IEDC, has made us an accredited organization. We are one of 68 economic development organizations in the world accredited with this designation. The AEDO program is a comprehensive review that measures economic development organizations across commonly held standards in the profession. It consists of two phases a thorough departmental review and on-site visit. Each phase is designed to evaluate about the organization, structure, funding and staff of the candidate economic development organization. We were first accredited in 2017, and our current comprehensive reaccreditation process began actually in May of 2020.

To provide you with a quick sense of the depth the measures that were taken, the evaluation included a 1,000 pages of documentation, demonstrating our department's work over the past three years. Then the IDEC evaluation team conducted a virtual site visit over the course of five days meeting with city leaders and community stakeholders and business owners. And the final report to the IDEC was extremely comprehensive.

Few economic development organizations in the world have been bestowed this designation. I couldn't be more proud of our small but impactful team. In recertification recognizes the professional excellence of our team and confirms that our department is the leading organization on economic-related issues. Economic development is definitely a collaborative effort and we couldn't do what we do each and every day without the ongoing support and leadership of the city council, city manager, Thompson and each and every city department that we consistently interface with. Thank you for allowing me to provide this update.

Mayor Ortega: Thank you, Rob. Tremendous. We did not rev any public comment requests. So we can move on to the added items.

**ADDED ITEMS**

[Time: 00:05:06]

Mayor Ortega: Number -- item number 15A, and 15B, which were added to the agenda on January 28<sup>th</sup>, 2021, and require a separate vote to remain on the agenda. Accordingly, I request a motion and a second to accept the agenda as presented or continue the added items to the next scheduled council meeting which is February 16<sup>th</sup>, 2021.

Councilwoman Whitehead: Mayor, I move to accept the agenda as is. This is Councilwoman Whitehead.

Councilwoman Caputi: I second this. This is Councilwoman Caputi.

Mayor Ortega: I will ask the clerk to call the roll.

City Clerk Carolyn Jagger: Thank you Mayor. Mayor Ortega.

Mayor Ortega: Yes.

City Clerk Carolyn Jagger: Vice Mayor Janik.

Vice Mayor Janik: Yes.

City Clerk Carolyn Jagger: Councilwoman Caputi.

Councilwoman Caputi: Yes.

City Clerk Carolyn Jagger: Councilman Durham.

Councilmember Durham: Yes.

City Clerk Carolyn Jagger: Councilwoman Littlefield.

Councilwoman Littlefield: Yes.

City Clerk Carolyn Jagger: Councilwoman Milhaven.

Councilmember Milhaven: Yes.

City Clerk Carolyn Jagger: And Councilwoman Whitehead.

Councilwoman Whitehead: Yes.

City Clerk Carolyn Jagger: The motion passes unanimously. Thank you.

## **MINUTES**

[Time: 00:06:40]

Mayor Ortega: Next, I would like to request a motion to approve the regular meeting minutes of January 12<sup>th</sup>, 2021. I will now ask the city clerk -- oh, sorry. Excuse me. I need a motion and a second.

Councilwoman Littlefield: Mayor, never mind.

Vice Mayor Janik: Betty Janik. I make a motion to accept the minutes.

Councilwoman Littlefield: Councilwoman Kathy Littlefield, I second that motion.

Mayor Ortega: Wonderful. We have a motion and a second. I will now ask the city clerk to conduct the roll call vote and announce the results.

City Clerk Carolyn Jagger: Thank you. Mayor Ortega.

Mayor Ortega: Yes.

City Clerk Carolyn Jagger: Vice Mayor Janik.

Vice Mayor Janik: Yes.

City Clerk Carolyn Jagger: Councilwoman Caputi.

Councilwoman Caputi: Yes.

City Clerk Carolyn Jagger: Councilmember Durham.

Councilmember Durham: Yes.

City Clerk Carolyn Jagger: Councilwoman Littlefield.

Councilwoman Littlefield: Yes.

City Clerk Carolyn Jagger: Councilmember Milhaven.

Councilmember Milhaven: Yes.

City Clerk Carolyn Jagger: Councilwoman Whitehead.

Councilwoman Whitehead: Yes.

City Clerk Carolyn Jagger: The motion passes unanimously. Thank you.

**CONSENT AGENDA**

[Time: 00:07:47]

Mayor Ortega: The next item of business is the consent agenda items, items 1 through 15b and we have received eight requests for public comment on item 13, the Rio Verde Foothills domestic water improvement district. So I will turn it over to staff.

Management Assistant Shane Stone: Thank you, Mayor Ortega. I do see a hand raised by Councilwoman Littlefield.

Mayor Ortega: Councilwoman Littlefield.

Councilwoman Littlefield: Yes, Mayor thank you. I would like to continue item 13 to our regular agenda to be heard separately.

Mayor Ortega: I hear a motion to move item 13 from the consent agenda to the regular agenda and we will do that. Accordingly, we have remaining consent agenda items 1 through 12 and 14 through 15b. I will ask, do we have a motion or any other comments -- excuse me, do we have any other comments on any of the items? Other than 13? Okay. Accordingly, I will -- I have not heard of anyone or seen anyone raise their hands among the council. So do we have a motion for the consent agenda?

Councilwoman Whitehead: Go ahead. Had okay. So this is Councilwoman Whitehead and I will make a motion to approve all items on the consent agenda with the exception of item 13.

Councilwoman Caputi: Councilwoman Caputi, second, please.

Mayor Ortega: Thank you. We have a motion and a second. I will now ask the clerk to conduct the roll call vote and announce the results.

City Clerk Carolyn Jagger: Thank you, Your Honor. Mayor Ortega.

Mayor Ortega: Yes.

City Clerk Carolyn Jagger: Vice Mayor Janik.

Vice Mayor Janik: Yes.

City Clerk Carolyn Jagger: Councilwoman Caputi.

Councilwoman Caputi: Yes.

City Clerk Carolyn Jagger: Councilmember Durham.

Councilmember Durham: Yes.

City Clerk Carolyn Jagger: Councilwoman Littlefield.

Councilwoman Littlefield: Yes.

City Clerk Carolyn Jagger: Councilmember Milhaven.

Councilmember Milhaven: Yes.

City Clerk Carolyn Jagger: Councilwoman Whitehead.

Councilwoman Whitehead: Yes.

City Clerk Carolyn Jagger: It passes unanimously.

Mayor Ortega: I will take note that we have a new city clerk by that action.

**ITEM NO. 13 – RIO VERDE FOOTHILLS DOMESTIC WATER IMPROVEMENT DISTRICT**

[Time: 00:10:51]

Mayor Ortega: Now we will move on to the regular agenda item. And we begin with a presentation of item 13. So we may need a presentation by the staff. There we go. Thank you.

Water Services Director Brian Biesemeyer: Thank you, Mayor Ortega and city council. This is Brian Biesemeyer, the executive director of Scottsdale water and I have a short PowerPoint presentation to go with my short presentation, if I could ask staff to put that on the screen.

Digital Media Manager Brian Hancock: Brian, this is Brian. It is up can you see it?

Water Services Director Brian Biesemeyer: I cannot see it. But let me change my view here. There we go. Thank you. So the proposed domestic water improvement district for Rio Verde Foothills. Next slide, please.

So background, Rio Verde Foothills is not in Scottsdale or in the Scottsdale water service area. It's marked on the slide in front of you, as RVF. So it's to the east of Scottsdale. Many homes in this area rely partially or completely on hauled water. Despite the lack of water, there's continued growth in the area, and many of the same residents get their water from the Scottsdale filling station on Pima road north of Jomax. Since 2016, Scottsdale water has been actively encouraging the Rio Verde Foothills community to find a solution for their water. And putting out the point that the long-term water solution for Rio Verde Foothills is not Scottsdale water. Next slide.

We're committed to ensuring our customers and residents have a secure, sustainable water supply for the prosperity of Scottsdale. We try to be a good neighbor, but, again, we cannot be the indefinitely long-term water supply for the Rio Verde Foothills or any area that's not Scottsdale. With the shortage declaration on Carlisle river, we will be limited in our central Arizona project water and at that point, we will limit water hauling to only Scottsdale residents. Next slide.

So the Rio Verde Foothills, domestic water improvement district is members of the Rio Verde Foothills community are seeking to form a domestic water improvement district to be able to secure their own water future. Maricopa County supervisors approves that formation, however, state law requires that municipalities within 6 miles of the proposed district do not oppose the formation. Staff recommends approval of that resolution, and one more slide, I think is pertinent to the situation.

So I mentioned possible drought levels on the Colorado River, which are measured at lake Mead and

this is a rather confusing graph, but it's -- the lake Mead elevations on a particular notice as elevation 1075 because that's when tier one shortages would be declared on the -- on the river. So you can see the blue line is in December 2020, and at that time, the Bureau of Reclamations projections for the Colorado River are shown on the right part of the graph and you can see there's the -- there's three projections, the top or dark blue is the most optimistic projection, meaning a wet winter. The orange or bottom line is the least optimistic projection and the green is the most probable. So if you track the green line and you can see that in December, or January of 2022, is when the Bureau of Reclamation makes its declaration of a shortage. They will actually make that declaration in August, based on their projections for that point in time. Right now, the best forecasts are we will be in a tier one shortage in 2022. And really I use that as background.

It's very likely that in the year 2022, we will be in a tier one shortage and Scottsdale will experience a cutback to our Colorado River allocation by between 2 to 3,000-acre feet of water. We'll still have sufficient water for our residents but as a consequence of this, we will stop allowing water hauling to anyone would who -- who is not in the city of Scottsdale. And Mayor, that concludes my presentation. We also have representatives from the Rio Verde Foothills group that is trying to form this DWID should council have questions of them and they are represented by Karen Nability.

Mayor Ortega: Well, thank you. We have -- we have received eight requests for public comment on tunnel 13. The Rio Verde Foothills domestic water improvement district. So we will hear -- we will listen to the public comments first and then after that, we can turn to questions or comments from council, ourselves before we entertain a motion. So at this point, we will -- I will open public comment and I will turn it over to staff.

Management Associate Shane Stone: Thank you, Mayor and members of council. This is Shane. We do -- Shane Stone, for the city manager. We have several of those other commentaries not call in today, but we will -- we will continue with those that have called in, and the first of those is Jennifer Simpson. Ms. Simpson, you should be able to hit star six to unmute and begin your public comment. Ms. Simpson, should be able to hit star six to begin your public comment. And she did mention before -- before the meeting today that she may not be able to speak and to continue without her if that is the case, and so we will put her back on mute and move on to the next person. Mr. Miller. Please hit star six and begin your comments.

[Time: 00:19:19]

John Hornewer: Hello, ladies and gentlemen, can you hear me?

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

John Hornewer: My name is John Hornewer, and first I want to thank the city of Scottsdale for being an absolutely incredible neighbor for the past 21 years that I have lived out here. I understand, as I have been watching the drought conditions throughout the state and the southwest basin the United States, that our situation is becoming critical. And it is imperative -- my first and main focus is to be able to supply water to our community. And the city of Scottsdale has done everything they can thus far to ensure that we have quality water supply, and I completely understand that when drought contingencies are enacted, that we should have our own water source in effect. It is for that reason



that I fully support the DWID to secure an external source of water that in my understanding would be processed through the city of Scottsdale, so that we can continue delivering water to our community, because quite frankly, without you guys, even in the processing of our external water source, our community would crumble. We would have thousands of homes literally left dry without your support.

So, again, I want to let you no he after -- know after 21 years of business in this community, I fully support the DWID, I fully support the creation of DWID and I want to thank every member of the city of Scottsdale council, the Mayor, Brian Biesemeyer, everybody else, that you guys have been absolutely outstanding neighbors. We couldn't do this without you and your support in the formation of the DWID would be greatly appreciated. Thank you.

Management Associate Shane Stone: Thank you. And with that, we'll move on to the next public commenter, please hit star six and begin your public comment. Camilla, if you can hear me, you should be able to hit star six and unmute yourself at this time. Okay. We will move on. We do have one more commenter. Karen Nabity who is also the applicant but listed under public comment as well. You should be able to hit star six and begin your public comment.

[Time: 00:22:13]

Karen Nabity: Hi. Can you hear me now?

Management Associate Shane Stone: Yes, I can. Thank you very much.

Karen Nabity: Hi. We just want to say that we -- I back what John says. We appreciate everything that you guys have done for us over the last 20 years, and we understand the situation with lake Mead, and really appreciate Brian nailed it with this presentation of what's coming -- of what we're expecting with lake Mead and unfortunately those lines look worse and worse, getting to '24, '25 and the year '26. So with that being said, we do need consent so we can secure our own source of water for our community. But I also want to whisper to you guys, please keep this in mind that we are trying to move forward to create a district to create a source of water.

If you consent and we get approval of the Board of Supervisors in March, we will go and start a contract negotiations. It is possible that we will not get our first drop of water until 2024. We are securing an outside source that will work with an I.G.A. agreement with the city of Scottsdale and have city of Scottsdale process that water and we'll eventually have our own stand wipe out here. But, again, our first drop of water may not be until 2024. So as you can see here, you guys will have the option to cut off water hauling to over 700 homes in January 2022, and, again, we may not have our first drop of water until 2024. So at that point, we will probably be asking you to consider still supplying us water until we get our official supply of water. With that, I ask that you please consent to this so we can move forward with our community. Thank you. Any questions?

Management Associate Shane Stone: Thank you. Mayor Ortega, and city council that does conclude our public comments.

Mayor Ortega: Thank you very much. I will close the public comment and I will ask the city councilmembers, one by one, if they have any additional comments or questions on this item 13. If you

have no comment, just say no comment. Let's begin with Vice Mayor Janik.

[Time: 00:24:52]

Vice Mayor Janik: Well, this is Vice Mayor Janik. I do have a comment and my comment would be that it's advantageous that before we get to tier one water shortage, that the process begin. You certainly don't want to be in an emergency situation, and it seems like it would be for a couple of years because it takes so long to secure this type of an agreement. So I would highly recommend that we begin the process now -- that you begin the process now so that you will eventually have an adequate water supply. Thank you.

Mayor Ortega: Thank you. Councilwoman Caputi.

[Time: 00:25:11]

Councilwoman Caputi: Thank you. I just want to reiterate to everyone on the call that we are just consenting that Rio Verde can move forward with this DWID and this is really the only way they have to move forward with water because as Brian Biesemeyer pointed out, they really don't have any other options. So again, we're just consenting.

The council got an awful lot of comments from Rio Verde begging us not to approve this particular DWID and I just would -- my recommendations to the folks of Rio Verde is make sure your residents understand. There seems to be a lot of misinformation out there. They need to understand what is at stake here and what is happening. Again, the comments we got was please don't approve this and that really wasn't the issue. We are trying to help and we are simply consenting that the residents can move forward with having a water source. So that's my only comment. Thank you.

Mayor Ortega: Thank you. Councilmember Durham.

Councilmember Durham: I agree with what councilmember Janik said. It's important for the residents to secure the water for themselves. In terms of misinformation, I think some of the comments that we received from the people opposed to the district claimed that if the district is formed, Scottsdale is immediately going to shut off their water supply. So I would like to ask Mr. Biesemeyer if he could clarify that, whether that's the case or not.

Water Services Director Brian Biesemeyer: Mayor and Councilmember Durham, Brian Biesemeyer here. No, that's not the case. Ultimately when there's a secure water supply for Rio Verde, there's no need for this. When Rio Verde Foothills gets their own supply, there's no need for us to continue to provide water hauling, but the formation of the DWID is not the mark of when we would stop providing water.

Councilmember Durham: That's what I thought. I just wanted to be sure. Thank you.

Mayor Ortega: Thank you. Councilwoman Littlefield.

Councilwoman Littlefield: Yes, thank you, Mayor. The reason I have pulled was to make these points, which my fellow councilmembers have already done. Done what we are doing is forming their ability to

form a district. We are not saying anything about the water district with this motion. I think frankly the proposed water district formation is coming rather late to Rio Verde. I think it should have been done earlier and I'm definitely in favor of allowing the vote of the Rio Verde citizens to form this district. I think they need to.

The only thing that I was concerned about is that we work with them, however we can, to ensure that they do have a water supply until their district is up and running. And I don't want to cut off people from water. I'm too much of a native Arizonan to agree to that. So I do want to make sure that they have the district forms and they can continue doing it. That's what we are voting on tonight, but my opinion is that we don't leave them hanging. That would be my option. Thank you.

Mayor Ortega: Councilmember Milhaven.

Councilmember Milhaven: I have no additional comments, Mayor. Thank you.

Mayor Ortega: Councilwoman Whitehead.

Councilwoman Whitehead: I have no additional comments, thank you.

Mayor Ortega: I have no additional comments and with that, I would ask for a motion and a second concerning item 13, Rio Verde Foothills domestic water improvement district.

Councilwoman Littlefield: Mayor, I move that we approve item 13, the Rio Verde water district formation.

Councilwoman Caputi: Second. Councilwoman Caputi.

Mayor Ortega: We have a motion by Councilwoman Littlefield, and second by Councilwoman Caputi. I will now ask to approve, excuse me, the item 13. I will now ask the city clerk to conduct the roll call vote and announce the results.

City Clerk Carolyn Jagger: Thank you, Mayor. Mayor Ortega?

Mayor Ortega: Yes.

City Clerk Carolyn Jagger: Vice Mayor Janik.

Vice Mayor Janik: Yes.

City Clerk Carolyn Jagger: Councilwoman Caputi.

Councilwoman Caputi: Yes.

City Clerk Carolyn Jagger: Councilmember Durham.

Councilmember Durham: Yes.

City Clerk Carolyn Jagger: Councilwoman Littlefield.

Councilwoman Littlefield: Yes.

City Clerk Carolyn Jagger: Councilwoman Milhaven.

Councilmember Milhaven: Yes.

City Clerk Carolyn Jagger: And Councilwoman Whitehead.

Councilwoman Whitehead: Yes.

City Clerk Carolyn Jagger: The motion passes unanimously. Thank you.

**ITEM NO. 16 – COMPREHENSIVE FINANCIAL POLICIES AND GOVERNING GUIDANCE**

[Time: 00:30:47]

Mayor Ortega: Thank you. We now move on to item number 16, the comprehensive financial policies and governing guidance. The presenter is Judy Doyle, acting city treasurer.

Acting City Treasurer Judy Doyle: Good evening Mayor and councilmembers. As mentioned, tonight I'm presenting the fiscal year '21/22 comprehensive financial policies. A little background on the financial policies, we first adopted them in fiscal year '94/95 to promote sound financial planning and management of public funds and assist in making decisions. We use this as the basic tenets and for guidelines for the city manager's budget this demonstrates to our citizens, the credit rating industry and prospective investors, those that buy our bonds, the city's ongoing commitment to sound financial management and preserving the city's fiscal integrity. As I mentioned, the financial policies set the foundation for sound financial management, which then contributes to our high city bond ratings, and therefore, lower borrowing costs for capital projects. Next slide, please.

We have 46 financial policies. They grouped this debt management, reserve management and finally financial reporting. Next slide, please. A key part of a establishing and maintaining policies is an annual review of those policies to make sure that they are current. It results in the following two requested administrative changes. I say administrative changes because we are not proposing any new policies but we are recommending language changes to two policies. One to align with previous direction given by council and two to clarify the intent of a policy. And I will explain these further. Next slide, please.

First, we are recommending updating operating management policy number 17, to align with city council's direction to phase out the transfer from the general fund to the CIP. 1.1% sales tax collected on food for home consumption. Thereby leaving the food tax and the general fund operating budget. To be clear, this is not phasing out the food tax in anyway. This is merely phasing out the transfer of the food tax to the CIP.

So backing up to look at this policy as a whole, and please bear with me, as this policy does contain a lot

of information, the policy states that any general fund year-end surpluses that remain, after we do three specific transfers to the CIP, which I will go over, but after we restore contingency reserves and after we cover any budget shortfalls, those remaining surpluses will be transferred to the CIP unless otherwise directed by council. Those three specific transfers to the CIP include: 25% of the construction sales tax revenue, any interest income collected over \$1 million, and then the 1.1% tax collected on food for home consumption. We're only proposing a change to the food tax language again to align with city council's direction to phase out the transfer from the general fund to the CIP, thereby leaving the food tax and the general fund operating budget.

And to give some additional context for the reason for the language change, the currently adopted 2021 financial policies which were adopted last February followed council's direction to phase out the transfer of the food tax to the CIP, by fiscal year '24/25 and to keep that food tax in the operating budget. However, at the tenet budget in May, council eliminated that transfer to the CIP for fiscal year 2021 and moved them to contingency so council would have maximum flexibility to pivot to other priorities if needed during the fiscal year, which was desired during budget development with so much uncertainty surrounding the pandemic.

So tonight's recommended change simply puts us back on track to council's original direction to phase out transferring the CIP to the food tax by '24/25 and keeping the food tax in the operating budget. I will mention that transferring that food tax to the CIP was implemented initially because we did not have sufficient funding in our CIP to cover critical infrastructure costs. Thankfully, the citizens approved the bond 2019 program and we are now able to fund 58 capital projects at \$319 million.

As mentioned last year during the financial policies discussion, we will have operating impacts associated with some of those capital projects, thereby preferring to keep that 1.1% food tax in the operating budget. For example, one of the bond 2019 projects is to build a new fire station near Hayden road, and the loop 101 to improve response times and we will need firefighters to staff this new station. Therefore phasing out the 1.1% food tax transfer to the CIP will allow for this funding in the operating budget to cover these additional operating impacts.

Additionally, something I thought that was worth noting, potentially impacting our budget is something that Governor Ducey unveiled. The governor has allocated \$200 million in income tax cuts. \$400 million in 2022, '23 and \$600 million in 23/24 for a cumulative total of \$1.2 billion in income tax cuts in that three-year period. Now please bear in mind that this is not a specific income tax proposal. This is nearly a demonstration from the governor of what we would like to see and is will -- would like to see and is willing to accept. They will originate with the legislature.

It should be noted that because of the two-year delay from the time that income tax is collected, to the time it's distributed to cities and towns, the impact will be felt in future budgets. Cities and towns receive 15% of all income tax collections so each \$200 million loss and income tax revenues equates to a \$30 million loss for cities and towns. So how would that impact Scottsdale in the league of Arizona cities and towns has forecasted our state shared revenue loss in '23/24 at about 1.3 million, 2.7 million in '24/25 and about \$4 million in '25/26. It's unclear at this time if it would be ongoing or just impact cities and towns for the three fiscal years. This is simply a proposal at this time and things could change, but I thought it was worth noting as it could impact the operating budget. Next slide, please.

Again our rationale to modifying the language in this policy is to put us back on track to council's original direction to phase out the transferring the food tax to the CIP by '24/25 and instead keep the food tax in the operating budget. Next slide, please.

Second, we are recommending updating reserve management policy 36 to clarify the intent of the policy. Reserve management policy 36 speaks to three stabilization reserves that will be maintained for unforeseen emergencies or catastrophic impacts. First a general fund reserve of 10% of the operating expenditures. Second, we maintain a similar reserve and then an excise tax stabilization reserve of no less than \$5 million in the debt service fund and we wanted to clarify that the intent of this reserve is for debt service in the event there's an unforeseen emergency or catastrophic event. Our rationale to modifying the policy is really to clarify that intent of the reserve and, again, it should only be used for debt service. I'm sorry. Next slide. Great. All right. Next slide.

As I mentioned, adherence to the adopted financial policies promote sound financial planning, and management of public funds. Annually the policies are annualized to ensure compliance. It revealed that all financial policies under compliance with the exception of when the city council determined it was best to waive the bed tax funding available to a single capital project. City council had intentionally waived city policy 21a which relates to the tourism development fund and stated that one-time commitments or multi year annual commitments such as annual debt service will not exceed \$600,000 per commitment unless otherwise approved by city council and this limitation was waived when approving the Tony Nelssen equestrian center are or TNEC, and Museum of the West, and tournament players club renovations and Scottsdale stadium renovation. Nonvoter approved debt will be used only when a dedicated revenue source can be identified to pay or reimburse the city for paying debt service expenses. Council also had intentionally waived that policy when approving TNEC.

And that concludes my presentation. I'm happy to answer any questions. I will just note that the action tonight is to adopt resolution number 12047, relating to the financial policies as the formal guidelines for the city of Scottsdale's '21/22 financial planning and management.

Mayor Ortega: Thank you very much. Actually, I will turn it over for public comment first if there is any public comment on agenda item 16.

Management Associate Shane Stone: Mayor Ortega, this is Shane. We do not have any public comment on this item. Thank you.

Mayor Ortega: Thank you. In turn, I will close the public comment. I will ask the city councilmembers one by one, if they have a comment or a question beginning with Vice Mayor Janik.

Vice Mayor Janik: No comment.

Mayor Ortega: Councilwoman Littlefield?

Councilwoman Littlefield: No comment. Thank you, Mayor.

Mayor Ortega: Councilmember Milhaven.

Councilmember Milhaven: Ms. Doyle, nice job as usual. Thank you.

Mayor Ortega: Councilwoman Caputi.

Councilwoman Caputi: No comment. Great job, Ms. Doyle.

Mayor Ortega: Councilmember Durham.

[Time: 00:42:35]

Councilmember Durham: Thank you, Mayor Ortega. Do we need to take any action on those last two points you mentioned regarding the waivers with respect to the TPC and the TNEC and those other items?

Mayor Ortega: I will call on Ms. Doyle.

Acting City Treasurer Judy Doyle: Mayor and councilmembers, no, you do not need to take item -- or excuse me, action on those two previous policies that were waived. Those were done at the time of those agreements with TNEC and Museum of the West, et cetera. Those policies were waived at that time.

Councilmember Durham: Thank you.

Mayor Ortega: Councilwoman Whitehead.

Councilwoman Whitehead: Nice job. No comments.

Mayor Ortega: Thank you. My comment is that as you said, the entire policy is geared to meet the needs of -- of our citizens, businesses, residences and also related to the desirability of our bonds and our status in the financial community. So I believe Ms. Doyle, that you reported some pretty favorable results when there were some refi that occurred on our bonds recently. Perhaps Ms. Doyle is there, but that -- I did -- when we have a sound policy in favorable refinancing and continuation of our bond stature, I think that speaks well. So do we have pay motion for the regular -- do we have a motion for the regular agenda item number 16?

Vice Mayor Janik: I Mike a motion to accept regular agenda item number 16.

Councilwoman Whitehead: I will second that. This is Councilwoman Whitehead.

Mayor Ortega: Good. I hear the motion by Vice Mayor Janik, and a second by Councilwoman Whitehead. I will now call for -- ask the city clerk to conduct the roll call vote and announce the results.

City Clerk Carolyn Jagger: Thank you, Your Honor. Mayor Ortega.

Mayor Ortega: Yes.

City Clerk Carolyn Jagger: Vice Mayor Janik.

Vice Mayor Janik: Yes.

City Clerk Carolyn Jagger: Councilwoman Caputi.

Councilwoman Caputi: Yes.

City Clerk Carolyn Jagger: Councilmember Durham.

Councilmember Durham: Yes.

City Clerk Carolyn Jagger: Councilwoman Littlefield.

Councilwoman Littlefield: Yes.

City Clerk Carolyn Jagger: Councilwoman Milhaven.

Councilwoman Littlefield: Yes.

City Clerk Carolyn Jagger: And Councilwoman Whitehead.

Councilwoman Whitehead: Yes.

City Clerk Carolyn Jagger: The motion positions unanimously. Thank you.

#### **MAYOR AND COUNCIL ITEMS**

[Time: 00:45:46]

Mayor Ortega: Thank you. We will continue with the Mayor and the council items and I will call on Councilwoman Littlefield.

Councilwoman Littlefield: Thank you, Mayor. I would like to make a motion to agendaize as soon as possible, but before the current session ends in July, a presentation, a discussion, and possible direction to staff regarding the downtown parking code, including how it relates to multifamily and multi-occupant structures. Thank you.

Mayor Ortega: I will second that motion. And also mention that last year, I believe it was February 11<sup>th</sup>, 2020, the city council did have a work study and I believe that we can continue that discussion as recommended. Accordingly, we have a motion and a second. I will ask the clerk to do the roll call, conduct the roll call and announce the results.

City Clerk Carolyn Jagger: Thank you, Mayor. Mayor Ortega.

Mayor Ortega: Yes.



City Clerk Carolyn Jagger: Vice Mayor Janik.

Vice Mayor Janik: Yes.

City Clerk Carolyn Jagger: Councilwoman Caputi.

Councilwoman Caputi: Yes.

City Clerk Carolyn Jagger: Councilmember Durham.

Councilmember Durham: Yes.

City Clerk Carolyn Jagger: Councilwoman Littlefield.

Councilwoman Littlefield: Yes.

City Clerk Carolyn Jagger: Councilmember Milhaven.

Councilwoman Littlefield: Yes.

City Clerk Carolyn Jagger: And Councilwoman Whitehead.

Councilwoman Whitehead: Yes.

City Clerk Carolyn Jagger: Motion passes unanimously. Thank you.

Mayor Ortega: Thank you. We now be looking at dominations for board -- nominations for boards, commissions and actually task force nominations. This point, I will turn the meeting over to Vice Mayor Janik for the boards, commissions and task force nominations.

[Time: 00:47:50]

Vice Mayor Janik: Thank you, Mayor. This evening, the City Council will be nominating Scottsdale residents interested in serving on citizen advisory boards, commissions, and committees. The Scottsdale City Council is responsible for establishing City policies and enacting laws in support of those policies. The Council relies on volunteer, citizen-based boards and commissions to research issues and make recommendations in support of the Council's mission and goals. The information and recommendations provided by Council-appointed advisory boards is a valuable tool in helping Councilmembers in their deliberations. Nominations this evening will be made for positions on the following boards and commissions: Airport Advisory Commission, Board of Adjustment, Environmental Advisory Commission, Historic Preservation Commission, Industrial Development Authority, Judicial Appointments Advisory Board, McDowell Sonoran Preserve Commission, Parks and Recreation Commission, Tourism Development Commission, and the Veterans Advisory Commission. Appointments for these positions will be made at the City Council Meeting on Tuesday, March 2nd. Let's get started. Airport advisory commission, one opening.

**AIRPORT ADVISORY COMMISSION**

Vice Mayor Janik: The Airport Advisory Commission advises the City Council on policy matters relating to the operation of the airport, proposals for development, airport area land use, fees, and safety concerns. Elizabeth Kaplan's term expires in February. She is eligible for reappointment; however, she did not submit an application for consideration.

There is one vacancy and two applicants. The applicants are: Ken Casey and Thomas Noon. I will now entertain nominations for the Airport Advisory Commission. Each Councilmember can vote for one applicant. I will start with Councilwoman Caputi.

Councilwoman Caputi: Thomas Noon.

Vice Mayor Janik: Councilwoman Whitehead.

Councilwoman Whitehead: Ken Casey.

**BOARD OF ADJUSTMENT**

Vice Mayor Janik: Thank you. We can now move on to the Board of Adjustments with two openings. The Board of Adjustment is a quasi-judicial body that hears variance requests, appeals of the Zoning Administrator's interpretation/decisions, and decides on administrative decisions or zoning requirements, which create unnecessary hardships in the development of property because of exceptional or extraordinary conditions. Gary Donahoe's term expires in February and is ineligible for reappointment. Joseph Dawson's term expires in March. He is eligible for reappointment; however, he did not submit an application for consideration.

There are two vacancies and four applicants. The applicants are: Conan Deady, Gary Steinback, Timothy Stratton, and Ryan Wagner. I will now entertain nominations for the Board of Adjustment. Each Councilmember can nominate two applicants. I will start with Councilwoman Whitehead.

Councilwoman Whitehead: Conan Deady and Timothy Stratton.

Vice Mayor Janik: Councilwoman Milhaven.

Councilmember Milhaven: No additional.

Vice Mayor Janik: Mayor.

Mayor Ortega: No additional.

Vice Mayor Janik: Councilwoman Littlefield.

Councilwoman Littlefield: Gary Steinback.

Vice Mayor Janik: Myself is Conan Deady and Timothy Stratton. Councilmember Durham.

Councilmember Durham: Conan Deady and Timothy Stratton.

**BUILDING ADVISORY BOARD OF APPEALS**

[Time: 00:52:05]

Vice Mayor Janik: Thank you. The Building Advisory Board of Appeals has three openings. The Building Advisory Board of Appeals has three openings; however, no applications have been received at this time. As such, we will move on to the next board.

**ENVIRONMENTAL ADVISORY COMMISSION**

Vice Mayor Janik: The Environmental Advisory Commission has one opening. The Environmental Advisory Commission provides guidance on the prioritization of future environmental activities and recommends environmental policies to the City Council. SPECIAL QUALIFICATIONS: As specified in the Scottsdale City Code, the membership of the Board shall reflect both scientific and non-scientific interests. Anthony Coletta's term expires in February. He is eligible for reappointment and has submitted an application for consideration.

There is one vacancy and seven applicants. The applicants are: Heather Abrahami, Anthony Coletta, Brian Hall, Donna Hartz, Victoria Kauzlarich, Larry Marchman, Andrew Scheck. I will now entertain nominations for the Environmental Advisory Commission. Each Councilmember can nominate one applicant. I will start with Councilperson Milhaven.

Councilmember Milhaven: Thank you. Mr. Coletta.

Vice Mayor Janik: Mayor?

Mayor Ortega: Heather Abrahami.

Vice Mayor Janik: Councilwoman Littlefield.

Councilwoman Littlefield: No additional.

Vice Mayor Janik: This is Betty Janik. I will nominate Andrew Scheck. Councilmember Durham.

Councilmember Durham: No additional.

Vice Mayor Janik: Thank you. The historic --

City Clerk Supervisor Rommel Cordova: Vice Mayor Janik.

Vice Mayor Janik: My mistake.

City Clerk Supervisor Rommel Cordova: I'm so sorry to interrupt, Vice Mayor. I just want to give an opportunity to Councilwoman Caputi, if she had any nominations for the Environmental Advisory

Commission.

Councilwoman Caputi: No additional. Thank you.

Vice Mayor Janik: Thank you. And Councilwoman Whitehead.

Councilwoman Whitehead: No additional.

Vice Mayor Janik: Thank you. Sorry about that.

City Clerk Supervisor Rommel Cordova: Just one more. So sorry to interrupt you. Councilwoman Caputi, did you have any nominations for Board of Adjustment?

Councilwoman Caputi: Actually, I did want to add Ryan Wagner to that list.

City Clerk Supervisor Rommel Cordova: Okay. Duly noted.

Councilwoman Caputi: I was wondering. I was thinking I wasn't following the procedure. So thank you.

Vice Mayor Janik: I'm very sorry.

Councilwoman Caputi: It's okay. Nothing personal.

City Clerk Supervisor Rommel Cordova: It's recorded, Vice Mayor. Thank you.

#### **HISTORIC PRESERVATION COMMISSION**

[Time: 00:55:11]

Vice Mayor Janik: Okay. So we have completed the Environmental Advisory Commission nominations. Next, we'll move on to Historic Preservation Commission with one opening. The Historic Preservation Commission oversees the development and management of Scottsdale's Historic Preservation Program. SPECIAL QUALIFICATIONS: As outlined in the Scottsdale City Code, each member shall have demonstrated special interest, knowledge, or experience in at least one of the following: Building construction, history, architectural history, real estate, historic preservation law or other historic preservation related field. Ben Brosseau's term expires in February. He is eligible for reappointment and has submitted an application for consideration.

There is one vacancy and two applicants. The applicants are: Ben Brosseau and Rose Smith. I will now entertain nominations for the Historic Preservation Commission. Each councilmember can nominate one applicant. And I will start with the Mayor.

Mayor Ortega: Rose Smith.

Vice Mayor Janik: Councilwoman Littlefield.

Councilwoman Littlefield: Ben Brosseau.

**INDUSTRIAL DEVELOPMENT AUTHORITY**

Vice Mayor Janik: Thanks. Moving on then to the Industrial Development Authority, which has three openings. The Industrial Development Authority's main function is to issue tax-exempt bonds for certain types of private developments for the purpose of attracting new economic activity to the community. SPECIAL QUALIFICATIONS: There are no formal requirements but given the nature of the work that the IDA conducts, it is suggested members be comfortable working with detailed financial pro forma, feasibility studies and financial projections. Timothy Stratton's term expired in November. The other two openings on the board are openings that resulted from previous resignations.

There are three vacancies and four applicants. The applicants are: Joseph Davis, Mary Grier, Daniel Stewart, Thomas Williams. I will now entertain nominations for the Industrial Development Authority. Each councilmember can nominate three applicants. I will start with Councilwoman Littlefield.

Councilwoman Littlefield: Thank you. I suggest Mary Grier, Daniel Stewart and Thomas Williams.

Vice Mayor Janik: I will also nominate Mary Grier, Daniel Stewart and Thomas Williams.  
Councilmember Durham?

Councilmember Durham: No additional nominations.

Vice Mayor Janik: Councilwoman Caputi.

Councilwoman Caputi: No additional.

Vice Mayor Janik: Councilwoman Whitehead.

Councilwoman Whitehead: No additional.

Vice Mayor Janik: Councilwoman Milhaven.

Councilmember Milhaven: No additional.

Vice Mayor Janik: And Mayor Ortega?

Mayor Ortega: No additional.

**JUDICIAL APPOINTMENTS ADVISORY BOARD**

Vice Mayor Janik: The Judicial Appointments Advisory Board, one opening. Citizen representative position. The Judicial Appointments Advisory Board (JAAB) makes advisory recommendations to the City Council regarding the appointment and reappointment of full-time city judges. SPECIAL QUALIFICATIONS: The seven-member JAAB will consist of two active judges, one representative from both the State Bar and the Scottsdale Bar Associations, and three citizens appointed by the City Council,

who are not judges in any official capacity, nor retired judges, nor members of the State Bar of Arizona. Stanley Morganstern's term expires in February, and he is ineligible for reappointment. He served as Citizen member.

There is one vacancy and one applicant. The applicant is: Laura Ingegneri. I will now entertain a nomination for the Judicial Appointments Advisory Board. I will start with myself, and I will nominate Laura Ingegneri. Thank you.

**MCDOWELL SONORAN PRESERVE COMMISSION**

[Time: 00:59:35]

Vice Mayor Janik: The McDowell Sonoran Preserve Commission has two openings. The McDowell Sonoran Preserve Commission provides citizen oversight for acquisition, preservation, management and stewardship of the McDowell Mountain and related Sonoran Desert for the benefit of this and future generations. Terms for Laurie LaPat-Polasko and Marsha Lipps expire in March. Both are eligible for reappointment and have submitted applications for consideration.

There are two vacancies and seven applicants. The applicants are: Mark Ashley, Robert Borsch, Robert Fishman, Laurie LaPat-Polasko, Marsha Lipps, Kerry Olsson, Todd Shaffer. I will now entertain nominations for the McDowell Sonoran Preserve Commission. Each Councilmember can nominate two applicants. I will start with Councilmember Durham.

Councilmember Durham: I nominate Laurie LaPat-Polasko and Marsha Lipps.

Vice Mayor Janik: Councilwoman Caputi.

Councilwoman Caputi: No additional.

Councilwoman Whitehead: No additional.

Vice Mayor Janik: Councilmember Milhaven.

Councilmember Milhaven: No additional.

Vice Mayor Janik: Mayor Ortega.

Mayor Ortega: No additional.

Vice Mayor Janik: Councilwoman Littlefield.

Councilwoman Littlefield: Sorry. No additional.

**PARKS AND RECREATION COMMISSION**

Vice Mayor Janik: Thank you. Parks and Recreation Commission. One opening. The Parks and

Recreation Commission advises the City Council on the acquisitions of lands and facilities for use as parks or recreation centers and on the operation, use, care and maintenance of these parks and recreation areas. Todd Davis' term expires in March and is ineligible for reappointment. There is one vacancy and three applicants.

The applicants are: Eric Kurland, Jonathan Miller, Teresa Kim Quale. I will now entertain a nomination for the Parks and Recreation Commission. Each councilmember can nominate one applicant. And I will start with Councilwoman Caputi.

Councilwoman Caputi: Eric Kurland.

Vice Mayor Janik: Councilwoman Whitehead.

Councilwoman Whitehead: No additional.

Vice Mayor Janik: Councilwoman Milhaven.

Councilmember Milhaven: Teresa Quale.

Vice Mayor Janik: Mayor Ortega.

Mayor Ortega: No additional.

Vice Mayor Janik: Councilwoman Littlefield.

Councilwoman Littlefield: No additional.

Vice Mayor Janik: Councilwoman Janik, no additional. And Councilmember Durham.

Councilmember Durham: No additional.

#### **TOURISM DEVELOPMENT COMMISSION**

Vice Mayor Janik: Thank you. Tourism Development Commission, one Scottsdale hotelier opening. The Tourism Development Commission advises the City Council on matters concerning the expenditure of revenues from the Transaction Privilege Tax on transient lodging (bed tax) designated for tourism development. Special Qualifications: As specified in the Scottsdale City Code, the Tourism Development Commission shall consist of representatives of the tourism industry in Scottsdale, including a minimum of four Scottsdale hoteliers, one member of the Scottsdale Convention and Visitors Bureau, and a balance from elements of the tourism industry. Sherry Henry's term expires in March. She is eligible for reappointment and has submitted an application for consideration.

There is one Scottsdale hotelier position vacancy and one Scottsdale Hotelier applicant. The applicant is: Sherry Henry. I will now entertain a nomination for the Tourism Development Commission. Councilwoman Whitehead.

Councilwoman Whitehead: Sorry, Sherry Henry.

**VETERANS ADVISORY COMMISSION**

Vice Mayor Janik: Thank you. The Veterans Advisory Commission, one opening. The Veterans Advisory Commission advises the City Council on veteran programs, policies and practices and serve as a community connection point for veterans and the community where they live. Council appointed an individual at the October 6th Council Meeting; however, the candidate has moved outside the city limits and is now ineligible to serve on the Commission.

There is one vacancy and four applicants. The applicants are: Sean Asmus, Deborah Dominick, Steven Jackson, Raymond Sillari. I will now entertain nominations for the Veterans Advisory Commission. Each councilmember can now nominate one applicant. I will start with Councilmember Milhaven.

Councilmember Milhaven: Ms. Dominick and Mr. Jackson.

Vice Mayor Janik: I think -- I think you are only eligible to nominate one person.

Councilmember Milhaven: Okay. I'm sorry. Ms. Dominick.

Vice Mayor Janik: Okay. Thank you, Mayor Ortega.

Mayor Ortega: No additional.

Vice Mayor Janik: Councilwoman Littlefield.

Councilwoman Littlefield: No additional.

Vice Mayor Janik: Myself would be Steven Jackson. Councilmember Durham.

Councilmember Durham: No additional.

Vice Mayor Janik: Councilwoman Caputi.

Councilwoman Caputi: No additional.

Vice Mayor Janik: Councilwoman Whitehead.

Councilwoman Whitehead: No additional.

Vice Mayor Janik: Thank you. This concludes our nomination process this evening. Individuals nominated will be contacted by city staff with additional information. I would like to take this opportunity to sincerely thank all who applied to serve on a citizen advisory board or commission. Even if you were not nominated, your application will remain on file for one year for consideration at a future date if there are additional vacancies. I now turn the meeting back to Mayor Ortega. Thank you.



**ADJOURNMENT**

[Time: 01:06:17]

Mayor Ortega: Thank you very, very much. We have concluded the Mayor and council items. So I now request a motion to adjourn.

Councilwoman Whitehead: So moved.

Councilwoman Littlefield: Second.

Mayor Ortega: I heard a motion and a second. I'm not sure who made those, but --

Councilwoman Littlefield: Kathy Littlefield said second.

Councilwoman Whitehead: Whitehead made the motion.

Mayor Ortega: I don't believe we will need a roll call. All in favor say yes. Any opposed? Okay. We are adjourned. Thank you, very much.

Thank you, Mayor.