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CALL TO ORDER

[Time: 00:00:03]

Mayor Ortega: Good evening. I call to order the September 21st, 2021 city council work study session to order. City clerk, Ben Lane, would you please conduct the roll call.

ROLL CALL

[Time: 00:00:20]

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

Mayor Ortega: Present.

Clerk Ben Lane: Vice Mayor Betty Janik.

Vice Mayor Janik: Present.

Clerk Ben Lane: Councilmembers Tammy Caputi.

Councilmember Caputi: Here.

Clerk Ben Lane: Tom Durham.

Councilmember Durham: Present.

Clerk Ben Lane: Kathy Littlefield.

Councilmember Littlefield: Here.

Clerk Ben Lane: Linda Milhaven.

Councilmember Milhaven: Here.

Clerk Ben Lane: Solange Whitehead.

Councilmember Whitehead: Here.

Clerk Ben Lane: City Manager Jim Thompson.

Jim Thompson: Here.

Clerk Ben Lane: Acting City Attorney Joe Padilla.

Joe Padilla: Here.

Clerk Ben Lane: City Treasurer Sonia Andrews.

Sonia Andrews: Here.

Clerk Ben Lane: City Auditor Sharron Walker.

Sharron Walker: Here.

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

Mayor Ortega: We do have police officers and firefighters available should anyone need assistance. Our work study session is an informal meeting.

We will not be voting on the items that we will be discussing, but it is an opportunity to have just a forthright discussion as well as somewhat give direction to the staff and hear one another out on the topics.

We -- in order to allow public comment, public comment is received on the subjects that are posted, and we welcome individuals to come forward and speak on the two -- on the issues that

we have posted. We also are -- that is available telephonically or in person. And I have no -- my information shows that there are none on -- by phone, and there are none in person.

ITEM 1 – HOUSING AFFORDABILITY WORKING GROUP

[Time: 00:02:00]

Mayor Ortega: So we'll be able to close the public comment on the posted items, and the first topic has to do with the housing affordability.

This was taken up under the direction of the council and unanimously asked that we look at the affordability issue, and looking at a working group. We have a presenter, a staff presenter, Irma Hollamby, she's the community assistance manager. Thank you good. To see you again.

Irma Hollamby: Councilmembers, my name is Irma Hollamby and I'm with the community assistance office. Joining me this evening or Greg Bestgen and Randy grant and we are here on behalf of an interdepartmental team representing planning and development, real estate, economic development and tourism, police, human services, the mayor's office, both assistant city managers offices.

This team was convened as a result of Councilwoman Milhaven's July 1st motion that was unanimously supported by this council to explore housing affordability. We have been asked to update you on what we have been up to and how we are going to proceed in this effort. Please.

For the purposes of our work study this evening, it's important to note that when talking about housing affordability, there's an entire continuum. Mr. Bestgen spoke to council to the left side of this continuum a few short weeks ago. Today we will be focusing on the right side of this continuum, affordable and market. Thank you.

On the screen are listed benefits of a housing affordability that all of the literature identifies and that we intuitively know. Living in a city where there's a Valeri rye TV housing options and close to work and provides recreational outlets for eating and entertainment is for many Utopia. Wouldn't you agree?

And a person's housing is a huge social determinant of health, research shows correlations between housing and health, housing and healthcare, housing and healthier child development, healthier aging in place, overall improved health, and quality of life.

Maybe the most obvious benefit of having a good housing stock mix at various affordability points is economic, many spent in local communities due to having the discretionary income to spend, greater tax generation, creation of jobs, opportunities for economic development, and increased job retention. Please.

Conversely, when residents cannot afford rents or their mortgages and they are paying 35, 45,

55% of their income or more, on gross housing costs, it harms a community's social and economic well-being.

Housing affordability becomes an issue when there is a deficit of housing communities to accommodate a city's household at costs that are proportionate to their incomes. For example, here in Scottsdale the median household income is just over \$88,000 a year.

While the median rent is nearly \$1,400 a month, and the median home value is at \$475,000. Pre-pandemic, 37% of renters were reported cost burdened, and that means that they spend more than 30% of their income on housing alone.

[Time: 00:05:52]

While 24% of owner-occupied units in the city of Scottsdale were cost burdened and we know that these numbers are different now because those numbers are prepandemic. There are impacts to the city in not having a sufficient housing stock at multiple price points.

Perhaps the most dramatic manifestation of this is not being able to afford your housing and not being able to afford your housing is eviction and foreclosure. Another version that we are seeing a lot of these days is non-renewal of leases.

Essentially a landlord or owner will notify a tenant, many long-term Scottsdale residents with perfect rental histories and perhaps maybe small or no support systems, that they will not renew their leases, thereby forcing the tenant to find housing elsewhere. Well, we all read the paper and we know the state of the housing market in our region. It's hot. Demand is high and supply is low everywhere. And it has a domino effect.

The housing shortages force residents to compete for limited housing, which bids up home prices and rents. We here in Scottsdale have high land costs and excellent property values. Our city's current standards for open space and low density development, building setbacks, higher parking ratios, quality building materials specifications, all created to maintain Scottsdale's vibrancy and character, and all increased housing costs.

There is an expectation by our residents that nearby development will be of equal or greater value. And as you well know, controversial redevelopment or infill development can extend the public hearing and approval processes. And lastly, like much of our region and the nation, wages are not keeping up with the increases in housing costs. You might recognize this graphic from our most recent budget book.

Scottsdale has jobs and these numbers are from the census inflow, outflow analysis show that. Still Scottsdale has a massive inflow and people do generally speaking like to live near where they work.

Scottsdale's impressive economy only stands to increase the housing demand. Scottsdale has a

little over 240,000 residents and we report having 200,000 jobs. To fill our 200,000 jobs we have more than 165,000 workers entering our city to work while they live in other places. That's 83% of Scottsdale workforce living elsewhere. There are many factors at play here.

Including the fact that we have a long, narrow city, and in many places, you may be able to live a few miles from your Scottsdale workplace but live in a different municipality. But this also means that they are largely spending their income elsewhere, impacting the economy, the budget, and, of course, this has a growing impact.

These are the policies that Scottsdale has related to housing affordability our general plan, and our recently adopted updated in 2021, character area plans. Back in 1999, the city of Scottsdale did have a housing affordability strategy, called credit creation and preservation of high-quality safe and affordable housing.

[Time: 00:09:28]

Our zoning ordinances such as bonus options that have been used to incent affordability being built into developments as well as our consolidated community development action plan, which was just approved by council in 2020.

Scottsdale has long supported programs to engender the provision of housing units that are affordable to low-income residents. My office administered multiple types of housing assistance providing about 5.5 million a year in housing assistance, directly and to the local economy, by way of payments to private market landlords.

By the way, this program only has the capacity to assist approximately 3% of Scottsdale's residents. The city also receives roughly 1.5 million in CDBG which is used to fund housing rehabilitation programming. As well as several nonprofits in the provision of support services to the low-income to moderate income residents.

And finally, the city receives about \$300,000 a year in home investment partnership funding and that money has been largely used to fund a nonprofit in purchasing housing for the purposes of maintaining affordability of a handful of units. So what steps are being taken?

I'm happy to report that the landlord strategy that this council approved with the city's CDBG COVID funding allocations back in June of 2021 is underway. We will bring someone on board who will essentially pound the pavement and engage the landlord community in participating in hour housing subsidy programming as well as offering incentives such as sign-on bonuses and damage claim programming.

Our internal work team to include myself, Mr. Grant, Mr. Bestgen and all the other departments I mentioned today have met eight times over the past two months and our team anticipates making an update to development forecasts completing a housing inventory and affordability analysis.

All of this in preparation for the creation of a housing affordability community working group. So how does Scottsdale wish to proceed? Of course in order to know where you want to go or even what your options are, we need to understand where we are at. So we pulled to go the information needed to guide future decision-making on housing affordability for the city of Scottsdale's consideration. And to help inform any goals or objectives that we might establish in improving housing affordability, should we choose.

To that end, we have identified a consultant and funding to conduct a full affordability inventory and analysis for Scottsdale. It's our hope that that preparation and analysis will have laid out a path to provide the best environment for an eventual successful working group, made up of members of the Scottsdale community, to find Scottsdale was solutions.

[Time: 00:12:28]

I want to thank you, Mayor Ortega and members of the city council for allowing me to speak you to this evening. I'm happy to answer any questions that you might have.

Mayor Ortega: Thank you very much. Let's start with Councilmember Whitehead and then Vice Mayor Janik.

Councilmember Whitehead: Thank you for the wonderful presentation. I'm happy to embark on this. Obviously, we have a lot of apartment complexes coming forward and I think what you are citizens are really looking for is a big picture plan. So not just, you know, we want to have a plan, because I think there is an interest in having multiple family that will serve our workforce. But there's still a lot of questions and concerns and so this process, I think will address that.

A couple of things that I have questions about. Interesting, I was looking for that and you just provided it and I really appreciate it that 38% of -- 83% of our workforce comes from outside of the city.

Of course, that's where we have a lot of traffic, certainly on the 101 and then immediately east and west of the 101. A lot of people have asked me, why the apartments? We have a lot of apartments. We always had a lot of apartments in Scottsdale.

And the trends that I have seen, that have impacted it is that in basically around the early 2000s, many of those apartment complexes were converted to condominiums. In 2008, 2009, many of the purchasers of those condos were foreclosed upon. And then in the 2009, 2010 time frame, many of the condos were purchased by second homeowners. So I think that trend is one.

I'm curious to know how many second homeowners we have today, versus maybe 20 years ago and I wonder if that's -- so we have -- it would be good to know, 1985 and 1995 and today, where we are in apartments and different ZIP codes versus condos. I think, and then I don't know if it would be helpful, but this is up to the consultant, but to identify do we have a higher

percentage of second homeowners that are filling these multifamily units whether they are condos or apartments? I think that's a trend.

Of course, we know that -- well, the numbers I'm hearing are 4 to 5,000 S.T.R.s so what would be the impact? I don't want to get rid of S.T.R.s all together. If we had some way of incentivizing long-term rentals in those rentals instead of short-term rentals, would that be an impact? You know, how could we reduce the pressure, the rent pressure in that vain?

And then there's the desire and then where would we put multifamily in a way -- in a location that I think would serve our workforce, where they can work, go to school, shop, possibly by bike or very short drives in non-congested places. I think that's the kind of data that I'm looking for. I was trying to think if there's anything else.

[Time: 00:15:54]

There's another trend that Zillow has identified. I will just throw it out there, is that certain communities, in particular, from 2025 to 2035 will see a lot of boomers selling properties and maybe downsizing. And they listed -- they kind of graded different cities based on those impacts. I know that's a long distance out. We have to think that way. Scottsdale was pretty high in that category, as a city that will see a lot of transitions in that time frame.

So that's the big picture we are trying to look at, where do we need multifamily and what else can we do with our existing housing to -- to make sure that we have people living and working here?

One final thought I have too, if it's possible to show the housing prices versus the salary. So I had one resident would reached out and said 1972, she moved here and she could afford a house.

I think a teacher could afford a house in 1972. I think a teacher could afford a house in 1996 when I moved here. It would be interesting if there's some kind of data. Can a teacher afford a house here today and I would say that the average rent I have for a two-bedroom apartment in 85260 is \$2,100, not \$1,400. So that's other data. You know, this is a lot I'm throwing out. But any kind of big picture look so that our residents can understand where we are at today, versus the '90s, '80s and '70s where we need to be 2025 and beyond.

Irma Hollamby: Excellent. Thank you, Councilwoman Whitehead. So exactly. What we need is data and data over the long term to view what we have, where we are in all of this so that we can make decisions on how we are going to move forward. So thank you for all of those great ideas.

Mayor Ortega: Thank you. Moving on, Vice Mayor Janik, and then Councilmember Milhaven.

Vice Mayor Janik: Thank you. That was a very nice presentation. Appreciate it. My question is:

Are there any other communities innocent country that we can identify -- in the country that we can identify as models for what we are trying to accomplish? Or are we breaking new ground?

Irma Hollamby: So Vice Mayor Janik, there are several best practices that have been identified, all across the nation. Whether or not they fit our fine city is to be determined and that is one of the ginormous things that we hope to bring to the city, to bring a plethora of items that meet our city's needs.

Vice Mayor Janik: Okay. Another question or a comment, there's a movement that has just started with build-to-rent residential housing and it seems like -- it appears it will be successful and get a foothold in the economy.

And my thought on this would be if we could check this out and perhaps this would be a way that we could get more government support, if we could find a large area, make the build-to-rent single family residences, and make it more affordable because we are able to get government grants to support it. It's just a thought. Maybe it's something else that we could look into.

Irma Hollamby: Okay.

Vice Mayor Janik: Thank you.

Irma Hollamby: Thank you, Vice Mayor.

Mayor Ortega: Councilmember Milhaven and then Durham.

[Time: 00:19:32]

Councilmember Milhaven: Thank you for your presentation. It was really well done. And you remind me of an Einstein quote, if I had an hour to think about a problem, I would spend 55 minutes to think about the problem and 5 minutes on the solution. So we recognize and we can really hone down. It's such that continuum you showed us really is a good example of sort of the complexity of issue as we talk about housing affordable. I think getting more data and helping us hone in on what the problem is will help us identify the solution.

I also appreciate the comments you made about diversity in housing options driving economic vitality, and prosperity. Right, folks realize in the whole thing about importing talent, and we had a recent economic development subcommittee meeting, Rob Millar said he goes out and talks with existing businesses about what do you like about working in Scottsdale and what are your challenges.

We asked him, what are the themes you are hearing from Scottsdale businesses. It's being able to attract talent. Right? And a big part of that is having talent who have housing options here.

So I think, you know, as we look to the future, recognizing the impact on our economy, and the impact that the businesses have on our economy, one of the reasons our taxes are so low, is because we have got a vibrant business community and making sure that we have got housing consolidations for employees makes all the sense in the world. I think making that connection, I think is really important.

The other is we heard from a previous speaker at a previous meeting, a little bit about supply and demand. As we look at the continuum, there's low-income housing, which I know we all have an interest in, but I think we need to look even more broadly and you did a little bit of this too, but it would be good to hear more about, what are the broader market forces that are making housing so expensive in Scottsdale and what more can we do and get into the supply and the demand conversation that says where is the equilibrium? What is the right number?

I know that downtown 2.0 study said even if we were to build all of the apartments that have already been approved in downtown, there aren't enough to make downtown sustainable in the long term. So if we could get some sense of where is that equilibrium in the supply and demand. Again, I'm most interested in looking at what are the market forces and what can we do as a council to be sure that we have adequate supply, not just for low-income families but everyone across the spectrum. I look forward to seeing more.

[Time: 00:22:05]

Irma Hollamby: Thank you.

Mayor Ortega: Councilmember Durham and then Councilwoman Caputi.

Councilmember Durham: Thank you, mayor. You had this slide about housing continuum terminology. I heard a lot of data from the federal government that they have deadlines -- not deadlines but guidelines that people should spend so much of their money on housing, and when it gets up to 55%, I think that's too much.

I think one the things that would be very useful is to sort of take this housing continuum terminology and apply that to what we think Scottsdale salaries are. So using those guidelines and those spending x percentage of your salary on housing, it would be very useful to see, you know, how many people in Scottsdale can apply for the affordable rental income and affordable housing, and we should take those guidelines so we can figure out how many people in -- in Scottsdale can qualify for these various different categories. Thank you.

Irma Hollamby: Thank you, councilman Durham. F.Y.I., the city of -- not the city of Scottsdale, but the city of Tempe and their own housing affordable plan, which was published a few years ago has done exactly what it is that you are asking. So I would be happy to ensure that we bring that back to you.

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

Councilmember Caputi: Thank you, mayor. Thank you, Irma, that was a great presentation it's so good to have the data. That's the most important thing to come out of this conversation. We need a lot of data because there's a lot of misinformation in the community. You made the point that we need housing stock at multiple price points and I think that's the key that we need to focus on here. We don't have that in Scottsdale.

So we talk about wanting it in our general plan. We have an entire housing element in the general plan talking about housing in different pricing points and we talk about it in most of our documents in the downtown 2.0 study, it's all about having different housing at different price points and yet, we struggle with that in Scottsdale. The high cost of materials, it's difficult to have that housing at different price points. We will hire a consultant. I hate to sound trite. This is market forces, right? So what's the consultant going to tell us?

[Time: 00:25:12]

We have very small supply, and very large demand and that's what keeps driving prices up and up and up and I think people really need to understand the economics here. Oh, my God we have so many apartments. Why are you building more apartments? Not everybody can afford the multimillion dollars houses in north Scottsdale, that in order to have a healthy and diverse community, we need housing at different price points and that means increasing supply as much as people don't like to admit it. That's kind of what is going to have to happen.

And then the irony here is that people get excited about we're going to build more apartments and we are going -- build more apartments and cause more traffic, but as you clearly pointed out and I think it's, again, another important point for residents to realize, you have got over 100,000 people, right, driving in to go to work, imagine if you could work near -- you know, live near your work and not have to import hundreds of thousands of cars every day.

It's counterintuitive to folks but that decreases some of our traffic issues, and we really need to think about that more. So I think the most important thing that could come from this conversation is more data, and a better explanation to people of why we need those, you know, housing at all points, and how we actually get that. Again, you are hire all the expensive consultants in the world, we need more supply and then the prices will come down. Thank you.

Irma Hollamby: Thank you.

Mayor Ortega: Councilwoman Littlefield and then Councilwoman Whitehead.

Councilmember Littlefield: Thank you very much, mayor. Thank you very much for your presentation also. This is an area that's been very concerning to me for quite a while now, because as I watched this unfold in Scottsdale, it's not getting better. It's getting worse.

I have tried to educate myself on these issues on what can be done and what can't be done.

First of all, I would like to ask Mr. Padilla, Arizona law does not allow local governments to subsidize housing; is that correct?

Joe Padilla: There is -- mayor, members of the council, there are a few statutes in place that are going to affect housing. There's Arizona statute that prohibits cities from requiring a project to have a certain amount of housing in its affordable housing. The city can't say well, 20 have to be affordable housing. So there's a prohibition on that. There's regulations and prohibitions on rent controls. And so cities can't pass ordinances that's contrary to state statutes on how much rent can be charged.

[Time: 00:28:29]

As far as subsidies go, there are -- there's a charter provision about subsidies, prohibiting subsidies and so we would have to look at what the type of subsidy is being offered. There's a large analysis of this. The details of fact determine whether you can move forward with that. There's a lot of statutes in place, including our charter that may not allow subsidies to private enterprises, providing housing at a lower rate.

That doesn't mean that the city can't have a voluntary program. For that developer to participate in, and that may be available as a way to encourage affordable housing.

Councilmember Littlefield: That's something that I think the city could look into and get a better grasp what we can and cannot do and keep ourselves from getting into trouble. So also, I'm not sure how our citizens would think about doing a subsidy there. I would like to know what the rules are and what the laws say. And what our options under that respect.

And the progress this last Sunday -- this has been bothering me for quite a while. The head of the multifamily association stated that none of the projects in Scottsdale, none of them qualify for their definition of a subsidized housing or substandard -- yes, subsidized housing which is what we are talking about and we just don't build it, because what we have is too expensive and so when we don't have that coming down the pike, that's a problem.

Until this housing market cools off, we need to find a way to create it for ourselves. The millar volunteered five units of affordable housing. And it was kind of them to do it. They are taking all that cost themselves. There's no issue with it, but that's a drop in the bucket for what we need. And I was reading the Cromford report which correlated dating from August of 2021 Maricopa County.

From their data they came up with the following conclusions which I found quite interesting. Currently the institutional investors are on a buying spree and are the driving force behind the recent price surges in homes in the market. To quote, yes a surprising number investor purchases last summer is the main reason the market for single family housing in metro Phoenix is still so hot.

Without these investor purchases, supplies for houses for sale available to live in buyers would be much higher. And, of course, the prices would be lower without that driving force. The data says according to the same time frame, sales of homes intended to be primary residents are down 14%. And this is when people are flooding into the valley.

Sales of homes intended to be rented are up 97%, that's where our housing is going. Sales intended to be secondary residence is up 98%. So that tells us what is being built is not being built for our residents would want to live here in affordable housing and that's part of the problem is how do you get that kind of housing to be built in a free market economy. Prices leveled off and they expect to level off or stay flat.

[Time: 00:32:52]

The biggest worry is that the stock market -- if the stock market tanks or that inflation takes off and more investors shift their money to real estate, more live-in buyers could get priced out of the market. And more downside risk for all homeowners is those prices skyrocket with no underpinning.

Investors create a more unstable housing market when they come in in such mass and do this type of thing. So this is the mark we are living in right now, it's unstable. It's artificially inflated, and it doesn't allow for the kind of housing units and criteria we are looking to provide for people. Eventually it will burn itself out.

What are our options and what could the subcommittee do if we establish it? That's what I would like to make sure we have a very strong focus on where we want to go with this subcommittee and what we want them to look at and what our options are.

We cannot subsidize housing, nor can we build in competition with private enterprises. I have been wracking my brain to figure out a way to do something different, and have the quality of homes in Scottsdale for folks at a reasonable price and I have only come up with one that I have seen for myself and that's like the co-op apartments down on Roosevelt. Those are not expensive. They are nice. They are sturdy. They are built strong. They have park areas. They have swimming pools and laundry facilities. They are very nice and they have different sizes and the prices are reasonable but I don't know how to go about doing a co-op apartment if they are even still available with the federal government.

So if we go ahead and do this kind of a committee, I would really like to have that looked at, because the price of the apartment does not go up. The price of buying into the apartment goes up.

And last time I looked at this, I was looking at it for a friend of mine, they had a two bedroom apartment, ground floor \$60,000. Could you finance it and take a mortgage. The cost of the apartment per month was around \$236 a month. So even if you put those together, at today's low interest rates, you are still talking about a two-bedroom apartment which you own and

which may allow you to build in equity as you live there and still can afford. So those are the kinds of things I have been trying to look at, trying to find, trying to discover. They are very, very difficult to find in this day and age.

But I would like to know, you know, is the federal government still helping and building those kinds of co-op apartments? We have a lot of them in south Scottsdale, down -- I think it's off Hayden, is it not, Greg? Hayden and Roosevelt and continental and down -- there's a whole bunch of different enclaves of them and they all run the same way.

And so I was thinking can we look at possibly having that kind of thing built and how about looking at the Indian reservation. Can they help us? Are they willing to do something like that? So maybe open our minds to alternatives and see if there's anything else that we could do. The land between the cities, perhaps the cities is something that we could look at where the land costs are not too high.

[Time: 00:36:31]

So those are the only two things I managed to come up with. I wish I could wave a magic wand and solve all of these issues, but unfortunately, my magic wand is broken tonight. So those are the suggestions. So maybe the subcommittee could look into that.

Irma Hollamby: Thank you, we would be happy to.

Mayor Ortega: Councilwoman Whitehead and then myself.

Councilmember Whitehead: Thank you. I missed the Cromford report but it showed in stark numbers, in fact the things that concerned me are true, and that is that the housing we have, we are replacing full-time owners or full-time residents and Airbnbs, I guess a lot of that institutional investments, and the second homeowners.

We love our second homeowners but that's an interesting -- I will have to read that report. A lot of our residents are concerned that if we approve apartment complexes they are luxury apartment complexes and so they are not interested in approving more luxury apartment complexes because they feel that's not helping with the -- with our needs for our workforce, but I guess I would just mention the UCLA data that -- that shows that when there is new -- new multifamily, it actually puts down more pressure on pricing around it.

And there was a cute article in the Atlantic, that said luxury is a marketing term. And there's no builders out there saying they are building fair to adequate housing. I appreciate the Miller project. They are giving a hand out by reducing rent for our qualifies. I think our nurses and teachers, they are very qualified at what they do and very -- and serve all of us. I don't think they are looking for a handout. I think they are looking for affordable housing in -- near their jobs, right?

And so here it is, Joe, I have had -- we have developers coming forward with some pretty creative ideas because it's very desirable to build here in Scottsdale, and offering to do discounted rates and not -- and not having to do with if you are too poor, discounted rates for employees that live in the area.

Because what that is saying is that if you live here, you will drive less to get to work, and overall that benefits Maricopa County and the valley. And the question for the assistant city attorney is -- if that's a volunteer offer, they are saying, well, we will discount rent is that something that the city can put in a development agreement? Is it something that down the road if it's not done, do we have any grounds to challenge that?

Joe Padilla: Mayor, members of the council, contract terms are terms that are negotiated by two parties. If one party wants to voluntarily offer something, such as workforce housing, or set aside a certain number of units, the city can certainly work with that developer to put that into a development agreement. It's -- as long as it's a voluntary negotiation on the developer's part to do that. That is something that the city could work with the developers on.

[Time: 00:40:31]

Councilmember Whitehead: You have an apartment complex, a developer who wants to bill an apartment complex, and that developer agrees to discount forever, you know some perpetual discount for employees in a 2-mile radius, that can something that we could put in a development agreement and hold that -- it would stay with that community, even if the ownership changes?

Joe Padilla: That is subject to negotiation, mayor, and council. The length that the workforce housing is available would be a term in the agreement. Who qualifies for it, that would also be something that's negotiated.

There's a lot of things that go into creating a -- an agreement for workforce housing to make it for a certain length of time, or to make it run with the land or to make binding on the successors and the signs of that agreement.

We would work on all that language, as long as it's voluntary and the developer is willing to negotiate with the city, we can certainly work something like that into a development agreement.

Councilmember Whitehead: I did miss a meeting and I bet the mayor will talk about it, but there are -- there is a movement to have churches use some of their land, their parking lots to build housing. So the mayor had a meeting on that today, this last week and I'm interested in that too, using churches, there's been discussions of other entities that have land, that might want to lease that land for some sort of housing. Thank you.

Mayor Ortega: Thank you. Everyone has spoken. So inside of COVID and in spite of the V-

shaped recovery, Arizona and Scottsdale has been the object of what I call panic buying. So he would have been experiencing purchases sight unseen and it has come to pretty acute situation in Scottsdale.

On one hand, we are interested in having workers live here, however, there's a huge demand of new people moving into the area. So they would be competing with the 100,000 plus people that work here in Scottsdale. And it is very entangled when you look at the idea of probably new workers coming into the area competing with somebody who is situated in another city. We are not a terrarium.

[Time: 00:43:32]

We don't all live in one city and the borders are in common. We know that people -- school districts cross over city borders, and we all will get along and -- in a way that's compatible where people are employed and living and working in their neighborhoods. So several points that I wanted to make, where the pressures are coming, one in particular, was that we just got the results of the 2020 census.

And those results show that -- or indicate that the population is 15 to \$20,000 -- sorry. 20,000 -- 15 to 20,000 people -- people less than expected. Now, what happens? Normally, with the census, you look at rooftops. You estimate growth. You know what the lot subdivisions would yield and that's how those calculations were made.

With COVID, and of course they could be filled out online, but anyway, they found that nobody was home at about 6,000 homes in Scottsdale. Why? Because they are S.T.R.s, short-term rentals. Those short-term rentals have a huge effect on our census count and on our revenue share both city -- well, let's just say city revenues at the state level and at the federal level. Those of short-term rentals are not offset by the 10 or 12% overnight rate that they pay into our experience Scottsdale and our tourism budget.

Besides having a great impact on the fabric of our neighborhoods, there is by extension a shortage of our revenues probably between 3 and 5 million dollars a year. Now, that's certainly going to affect our ability to have police, fire protection and all the other needs that we have as a community. So that is eroding our picture as a balanced community.

Another area that you started to touch on was the eviction question and certainly they followed that month by month, as those extensions were given out. That's a short-term result, but two things are happening where property holders and owners are looking at the chance to sell out and they want to clean out, and their apartment building and certainly with COVID, that put people in arrears.

And then it causes a lot of disruption and there are investors saying, gee, I could pick up a hotel or apartment complex in Scottsdale if it has less complications. So -- we will need to look at the short-term effect of evictions and look at that.

Another area to look at is the typology of our housing types and I like that linear continuum terminology. For instance, social housing, I think that would mean people who maybe, perhaps, intergenerational, maybe seniors that have a house that's too big for them and somehow get into some sort of communal living. It might have some after-school care by elders.

There's some examples of that in Mesa, you know where there's a shifting out of the home that's too large for an elder and then an opportunity with some sort of a mixed type so maybe this' a typology that we could look at in terms of a different kind of what they call social housing that could be effective.

At one point, I think there was mortgage able for seniors to sell or finance to their offspring. And I believe that was a federal -- something that we looked at 20 years ago that there might have been an ability to do that. I don't know if that's still in play.

[Time: 00:48:25]

The other bigger -- well, they are all large questions. It will all boil down to whether or not we can provide the water transportation infrastructure to sustain bulk construction of specifically apartments and how far that will strain our system. We did have discussion of that at a meeting pass when someone suggested over 50,000 units coming to Scottsdale. And that would really overburden our entire system. Water is important and streets are important. None of that can be discounted as well. I think that that's quite a bit to review and discuss. I think Councilwoman Caputi wants another swing at it.

Councilmember Caputi: I think we will have the infrastructure question, and we will leave that alone until the next work study point. I think it's important that we are honest as a community about what we want. To me, it seems very, very basic. If we want attainable, affordable housing options and a diversity of housing options as we said we want to then we need to provide more housing.

I just don't understand why we need to get into a more complicated conversation. And if we don't want prices to come down, then we will continue to not build. Again, it's what the community wants, right? If we want more affordable housing, we will build more housing. And if we don't, then we won't. Again, I hate to distill this down.

We all just went to a league of towns and cities convention last week, and speaker after with speaker talked about just the most basic of economics. Supply goes up, and demand goes down. It's not even necessarily that you have to build less luxurious housing, just build more housing. That's how you get prices to come down because that brings the entire mark level of prices come down, obviously as you increase supply.

I think we need to have an honest reckoning about what we want as a community and then we need to have the real conversation about, you know, how we get there. So.

Irma Hollamby: Yes thank you.

Councilmember Caputi: That's my final comment.

Mayor Ortega: Vice Mayor Janik.

Vice Mayor Janik: Just a quick comment. I was looking at articles on how to control growth so you can handle the growth that's coming into your community. And I think the basic idea from a very learned writer who studied this is that if you want to control the growth of your city, it's not a city problem it's a whole region problem. And the region has to work together to figure out what they think they can handle what they want to see and then work together to accomplish it. He said one city that tries to eliminate people moving in, it does not work. It just backfires.

[Time: 00:51:42]

So while I know we need to work specifically on Scottsdale, I think we all need to be very aware that it is the whole region that needs to be involved in the solution to the problem. Thank you.

Irma Hollamby: Thank you.

Mayor Ortega: Well thank you. Well, in closing, I will mention that yes, I met over a period of years with different faith-based groups which may have surplus property or excess property and considering some multifamily housing on their premises, and we -- I had actually searched that through with several churches even four and five years ago. It does depend on limited land availability and infrastructure. Thank you. We will close and carry on to the next work study item.

Irma Hollamby: Thank you.

ITEM 2 – OLD TOWN CHARACTER INFRASTRUCTURE AND NAMING DISCUSSION

[Time: 00:52:57]

Mayor Ortega: Well, the next item is the old town character infrastructure and naming discussion with Randy Grant, please carry on.

Randy Grant: Thank you, mayor, members of the council, it's a pleasure to be here this evening to discuss this with you. As you recall last month, you initiated that staff begin the outreach process for an update to the 2018 old town Scottsdale old town character and update the downtown development -- the downtown overlay and other zoning regulations related.

You asked us to initiate an amendment to the downtown infill incentive district and see whether

that's still viable and you asked us to begin the process once we have what we are doing signing around to update the old town Scottsdale urban design to be consistent with whatever you choose to do with the previous three items. Thank you.

Those considerations that we will be talking to the community about are about a whole range of things and they include all of these and more, development type designations. Are they understandable? Are they logical?

[Time: 00:54:33]

How do we have transitions between development types within and on the edge of downtown? How much the development flexibility do we want to have? And incentivizing projects that perhaps are exceptional in the level of public amenities that they provide, how do we use the downtown land use district and development type designations to provide a more stronger development requirements in the zoning ordinance or perhaps maintaining -- eliminating or modifying how we use bonus provisions and how those bonus provisions are structured.

So this is -- this is pretty wide ranging and we are starting that process of reaching out to the community. Next, please. What we are here tonight to do is to talk to you at a 30,000-foot level about how we review water, wastewater, transportation, and utility infrastructure, as it is being proposed in the downtown.

And it's not unlike how it's being proposed outside of downtown, but because this is a constrained geographic area, it becomes even more important that we consider what those impacts are. The second thing that we are talking about this evening is the naming protocol for downtown or old town, as a means of providing consistency with other tourism vehicles and marketing materials that we have, and how does this affect the ability to market downtown or old town as a place to do business and visit? All right.

This is a number of questions that we have heard in our discussions with -- with you and with others as we start to talk about this topic. And these are some of the basic things that we think that you would want to have an answer to. Can streets accommodate what is already there and what is being proposed? Will multimodal opportunities such as biking and pedestrian and other forms of transportation help or hinder that capacity?

Will the city's water reserves be able to handle old town growth, as well as growth outside of the old town? Is the infrastructure in downtown capable of handling the new development and will it break down and need to be modified over time? How does new development pay for infrastructure improvements? What can the city do to promote the overall sustainability of old town and that includes both from an environmental standpoint, from an economic standpoint from a social standpoint.

How can the city help to mitigate the heat island effect in old town? And will new residential development in downtown help or hinder the city's ability to attract new economic

opportunities and attract new tourism opportunities?

So this shows the area bounded by the downtown boundary, within that are the development types and in yellow are the couplet systems that were initiated in the early 1980s to provide relief for transportation around downtown, particularly people that are driving through rather than going on Scottsdale Road.

They had an opportunity to utilize a couple of systems and bypass downtown business if they didn't have business there. We look at development review as a way of monitoring land use and infrastructure when someone comes in for rezoning or they come in for development review application, they are required to do analysis, to determine what the impact is going to be on infrastructure in all of those areas. Next.

So if we get to some of the specific questions, can streets accommodate the existing and future development? What we are seeing is that the couplet system is underutilized. People use it, but it's not anywhere near capacity. Will multimodal opportunities help alleviate traffic? They may.

[Time: 00:58:52]

There have been questions asked about if we take line -- lane width down to accommodate bicyclists, does that maintain the capacity of that roadway system or does it diminish it, and those are the kind of things that we are already looking at. Okay. Yeah. I thank you.

Yes, I think the next one, Kelly. Yeah, thank you. And water and wastewater area, there's been a lot of attention about the city's water future and this is not something that's just recent. Our water department has been engaged in analysis of this for decades, and it is -- the capacity and the opportunity for additional water resources is going to affect development in all parts of community.

In downtown, we have infrastructure that is going to need to be replaced, as with any infrastructure, over time needs to be maintains and replaced. We will always have the need to go in and replace aging water and sewer pipes and replace them or upsize them for additional capacity that is needed. Does new development pay for infrastructure improvements?

What happens when up someone comes in and makes a development proposal that can't be accommodated with the existing infrastructure and how we handle that. And the short answer is they are required to provide infrastructure improvements that make their project work.

If that means that they have to add capacity by outsizeing lines or replacing lines or adding parrel lines, they are required to do that as part of our development review process. The long-term drought, the Colorado River shortage is serious and should be considered. It's something that they have been looking at for decades in the past.

They are aggressive in pursuing analysis to demonstrate when aging infrastructure needs to be

replaced and when it needs to be maintained. Maintenance of infrastructure is not something that from the impact fee standpoint that they can spend money from new development from. It's snag is provided by the community at large, but people that come in and do development become ratepayers and become responsible for at least a portion of the additional infrastructure that is necessary to bring that development to fruition.

The impact of water and sewer impact fees is constantly going on. It will be up to the council in the near future to look at the latest revisions to the impact fees and to make a determination on whether or not you believe it adequately pays for new development. Thank you.

In terms of development proposals when someone comes in and makes a proposal for a rezoning or a reuse of land, the analysis is necessary on at least three levels. One is transportation. What does it do to the transportation system? What does it do to water and sewer capacity and future capacity? And stormwater, how does it affect stormwater runoff?

[Time: 01:02:27]

Our city's engineering staff analyzes these potential impacts and that is based on mitigation analysis that's provided by the applicant. Transportation mitigation analysis, water and sewer basis design reports, stormwater studies and -- and stormwater capacity analysis. And an assessment of future conditions and future demands.

We don't have a Ouija board. We don't have a magic eight board. We don't have a psychic. All of these things are done scientifically and analytically and we feel that that provides the best opportunity for mitigating impacts on the community at large.

If impacts are identified, they have to be addressed and they can be addressed in a number of ways, they can reduce the intensity of the project to meet existing capacity. They can enhance existing capacity to accommodate the additional impact of new development. Or they can supplement existing infrastructure to provide for a new level of service in that area with parallel lines for additional improvements that are required, sometimes off the property, and sometimes fairly significantly off the property in order to accommodate that development.

The water and wastewater analysis is the land use assumptions report. This looks at the general plan and existing zoning and looks at the future analysis of demand based on those documents. It projects ten years out in terms of land use and population changes. It looks for infrastructure and accommodate new growth and makes sure the private sector is paying a proportionate growth for new development. It anticipates the most growth north of the canal and in the area of the hospital as relative to the downtown area. It anticipates residential and employment growth in all areas of the downtown and it includes adjustment of fees to cover the proportionment fees.

New development is required to provide a report, a basis of design report that looks at existing conditions in the area and conditions based on the implementation of that development.

Electrical services is another component of infrastructure and there are two elective service areas. North of the canal is SRP and south of the canal is APS. You can see the substations located in this area, we asked for clarification from both of these utilities about capacity in downtown. Next, please.

SRP indicates that existing electric load is 30 megawatts and the substation of camelback is capable of serving 50 mega Watts and can accommodate future expansion if they place new bays in it, up to 80 megawatts. So it has circuitry to substations southwest and northeast and that would allow more load support if it becomes necessary. No additional substations are required in this area for SRP analysis.

APS, a lot of same conditions. Infrastructure is built on an interconnected grid and they can modify that grid, based on increases in density. Offside improvements will allow for future excess capacity in old town, for the next ten years and excess capacity is being forecasted for that time. And no additional substations are anticipated to be needed in this area as well. Next.

[Time: 01:06:34]

This gives you an idea of the projects that were founded in the downtown. You can see on the right the geographic distribution of those improvements and on the left is what those improvements are. And if you look through the list, you see a lot of streetscape improvements, pedestrian enhancements, water and sewer replacement.

So that is a part of our capital budgeting processes, looking at things after development has occurred and the city takes over the maintenance of those facilities. Next. There's a lot of interest and sustainability.

You have what most people consider to be sustainability and the environmental area you have economic sustainability and social sustainability, all in overlapping circles and the places that those overlap is where get the most benefit if you can achieve something in more than one of those categories.

As it relates to building a development in downtown, one the things that we have been very interested in is how do we mitigate the impact of heat? And when you have a lot of dark surfaces, if you don't have a lot of vegetation and it's hard to get vegetation over the streets. So the streets will be a natural eat sink. -- heat sink but where we are trying to accommodate pedestrian traffic.

We are interested in how to make them as inviting and comfortable as possible because that would allow the businesses to increase the shoulder season, and generate more business for more time out of the year.

Also, provide opportunities for people to walk in downtown from one area to another, and

these are opportunities that are often provided by shading. Whether it's an overhead canopy or tree shade.

Also in building design, where you see building overhangs and trellises and that type of thing that can provide shade for people on the ground level. Very, very, important. We are always looking at that. The city and the ASU signed an intergovernmental agreement in which we contracted for some assistance in heat mapping. And they are working on a sustainable Scottsdale plan, as well as strategies for cooler Scottsdale. And we're going to be seeing those recommendations in three -- the three growth areas, the airport, McDowell road and south Scottsdale Road corridors and in old town. Next.

On the right are some of the preliminary findings from that study, and as you can see, in the red areas, is where heat is most prevalent. So I always kid the airport director that we have a runway there that's obviously very hot and can we get some shade trees around it.

The airport and downtown are two of those areas where you have a lot of building surface, you have a lot of pavement, and you have a lot of sidewalk, and so it can be hard to -- to provide the cooling in those areas that you might be able to get in a residential area where you have a lot of turf, and you have water features and so forth.

So it's -- it is something that we're constantly taking a look at and we expect to have some recommendations on whether we need to change our ordinances to accommodate additional landscaping, whether we need to modify our design requirements to accommodate more pedestrian overhangs and shading structures, et cetera. Next?

[Time: 01:10:35]

One of the other links of sustainability is tourism and economic development in Scottsdale because tourism is a large part of what our economy is based on. The perception that we often here is that the erosion of commercial land by residential development, will have a negative impact on commercial properties in old town.

In 2016 and '17, the city contracted with CSL international to conduct research and outreach on a -- a downtown 2.0 product, which told us what we needed to focus on in terms of enhancing tourism in the downtown. And one of the things that it said was that we -- we need additional residents in downtown.

And that's not only to provide for more activity in the downtown, but it supports the businesses that are -- that are down there. Having additional residents in the downtown is something that's been in the city's policy document since the early 1980s, the first downtown plan included an aggressive policy to incorporate new residential into downtown and that's continued up through the implementation of the zoning ordinance and the bonus provisions and that type of thing. So it's very important to us.

It's -- it's not -- we hear a lot of people say that -- that we need more commercial and we don't need residential in downtown. And with the economy the way it is, with alternatives to retailing, with alternatives to the office market, we -- we consistently see that the more we can get residents walking in downtown, the more likely they are to support the businesses that are down there. Fairly fundamental economic principle. So the downtown 2.0 recommendations were in three areas. Next, please.

Growth initiatives, you know, shoulder season festivals, how do we extend the shoulder season, how do we increase the downtown resident population, class a office, new class a office, re-energizing arts and cultures.

A lot of recommendations that were made in these three areas. But were not -- you know, we're not hesitant to continue to see tourism as an extremely important element of the low economy. And so this continues to be something that we want to focus on and make sure that we are providing the best environment possible for people who come downtown to visit. Yeah.

The 2018 character area plan incorporated goals and policies on tourism, and growth and those are repeated in the 2035 general plan draft. So we're continuing to focus on that. The city council approved several months back, an update to the economic strategic plan, which talked about the need for attracting existing -- attracting new industry, supporting existing investment, strengthening the start-up ecosystem and so forth.

[Time: 01:14:13]

So it's a lot of the things that are good for the city at large, are good for downtown. The second question we had on the agenda this evening, was do we continue to refer to all the area in downtown area as old town or adopt some other nomenclature that reflects there's an historic old town and then there's downtown.

And I think that Karen Churchard is prepared to make a presentation to you on how that naming protocol was developed, what type of outreach was included, and some of what you see on the left is -- is from the reports that were provided by our consulting agency about that naming protocol. So next, please.

So in summary, we are really looking at old town growth area and targeted growth within that and collectively managing the coordinating the city staff with -- with engineering professionals and master planning efforts through the design review process to make sure that capacity is maintained and enhanced with new development.

And then the second relates to the second question about naming protocol. I don't think probably I need to say any more about that but Karen is available if you want to ask questions about that. And with that I would just say that we have Brian Biesemeyer and Dan Worth and their staffs available to answer questions on infrastructure. We can get as deep a dive into it as you want to have at this meeting, or other meetings as well. So thank you.

Mayor Ortega: I see Vice Mayor Janik.

Vice Mayor Janik: Thank you. That was a thorough picture of what is happening. Slide 11 and slide 20, these studies were 2018. How often do you update them?

Randy Grant: Well, the land use assumptions, how long –

Councilwoman Janik: Well, slide 11. Let's look at the slide 11. It looks like that was a 2018 evaluation.

Randy Grant: There was an update in 2017 that carried over into 2018, yeah.

Vice Mayor Janik: Okay. How often are they updated and how often do you think they need to be updated?

Brian Biesemeyer: Council just adopted a land use assumptions report. This is the prior one. Council just adopted that earlier this year. As part of the impact fee process. This was a '17/18, what council adopted was the 2021 version which is posted and it is a little dated. And I think Randy was talking about that, but council just adopted that one, 2021.

[Time: 01:17:27]

We typically go through that process. Legally, we have to adopt one of these every five years. We typically look at it every two to three years because we want to stay ahead of that process.

Vice Mayor Janik: Yeah, there's a whole lot of changing goes on in our environment. Thank you very much.

Brian Biesemeyer: Yes, ma'am.

Vice Mayor Janik: Good.

Mayor Ortega: Let me mention a couple of other things. Real quickly the point I want to make is that the success of the old town Scottsdale moniker is undisputed. And so the name for the marking brand and Experience Scottsdale, calling it old town Scottsdale, and to be clear, the moniker, what we are looking at is the old town Scottsdale area plan, which is a document that very few citizens are even aware of, and it's certainly not a part of the branding success.

That. It's previously known as the Scottsdale downtown. So the discussion in my mind is that although it's called old town, it actually encompasses past, present and future building which you know, present and future certainly isn't old, but it's encompasses in that whole perimeter. I'm not in favor of rebranding or saying that Scottsdale -- Experience Scottsdale, their marketing and so forth has been very successful with using the old town Scottsdale designation.

What we are looking at is the pressures of the areas that have been discussed, and frankly, if we were just to perhaps lead off with the different areas, it might be very useful to keep track of -- you first talked about transportation and -- and you discussed whether there was a lane elimination on the couplet.

We discussed that earlier today. When we have over capacity on the perimeter, and then mixed modalities. You ask the question whether or not that ends up reducing the overall capacity or not, and we'll be looking into that further. The other topic had to do with infrastructure, and I think that's a touchy subject in the time of drought and that's something that we are very well prepared for in terms of technology with our campus basically from Indian bend north.

But I do want to bring out the point that when it comes to impact fees we look at the checkbook and the checkbook indicates that for water alone, we have spent or laid out \$36.1 million in infrastructure, and the development community and the development impact fees have only contributed \$17 million. So that's less than 50%.

[Time: 01:21:21]

We are fronting those costs as a city and the businesses are doing so. The other part of the checkbook shows that for wastewater, and those numbers, we have put out \$36 million and again the development is lagging. They paid only \$10.9 million into that.

So what that means is that certainly the city short term is lags in terms of -- well, the developers are lacking in terms of paying their fair share in that window, the state SB, I think 1525 passed in 2011, shortened the window and we -- the projections were also reduced for residential fees and the cities were collecting less.

Those are some pressures that are actual pressure. On one hand, we will say development should pay for itself but the next question is when. And how that lag starts affecting, as well as infrastructure aging. So in terms of the outlet of the information, and it did open with the Galleria. It was 1990, '91 and a half.

And so here it is 32 years old, 31 years old, and underutilized, however, in my opinion, that is your tonight for the growth development on the outer edges of our so-called old town areas. That would be new build. As we look at this, I'm less concerned -- it's just again, past, present and future is certainly not all classified as old town in my opinion.

The other thing that I need to state is that we certainly in our general plan 3035, to understand the core areas of Scottsdale and our place, certainly a lot of businesses have come and gone and lulu Belle and trader Joe's have happened and there's a core that's acknowledged in our general plan.

Those areas cannot be, you know -- government cannot we cannot place an overlay on them

without those property holders permission. It's not -- in fact, it becomes a problem if you can think of what we just held today as we think about a house within the historic area of via Monterey.

To change a door or a window screen, whatever had to be along that line in the historical -- historic preservation. So there is a need for renewal in our core area that will always rebuild, even the past, the older buildings. I caution that as we look forward to where the boundaries of one, two, three, and through and a half are. And the other thing that I noticed, I did listen to the record of 2nd, 2018, and at that point, the old town character area plan was voted on. And the question came up, what is a population estimate for that whole area?

[Time: 01:25:17]

And again, that was three years ago, right, but the comment was made 10,000. So at one point, we have got to reevaluate where we are going and how much the stretch will be. In my mind, it becomes a very direct question of balance. Balance.

So, for instance, when we have a possibility of mixed use, which is generally desirable in all the guidelines and so forth, but if it becomes 100% residential then it becomes overweighted and when it becomes overweighted, certainly the water consumption, the drivability and all of these infrastructure questions become more key in the whole discussion.

I don't know how you can predict, it because I believe our general plan on Scottsdale Road would not have estimated that there would be 5,000 or 6,000 apartments right there on c1 and c2 property. So that's where we get into actual practice and kind of take a look at that. Wow!

You know, was it originally set up for that many apartments there in our general plan which was voted on in 2001 and how can it come to be and continue in a sustainable manner? So I will come back to one other thing after I hear from anyone else. I don't see any other lights. So please join in the conversation here. Council woman Whitehead.

Councilmember Whitehead: I will join in the conversation, mayor. Thank you. Thank you for the presentation and yeah, I agree. We -- a lot of us have been looking does development pay for itself and the answer is directly, no.

And we need to -- and our residents want development to pay for itself, certainly the initial infrastructure costs, that we do need a stronger partnership there, but we need that partnership at the legislature because the legislature is making it very difficult for city councils to develop strong partnerships with developers and get it paid for, because I think that that would certainly bring people together instead of this for and against development that we are seeing right now.

But I have a question and I don't want to put our city treasurer Andrews on the hot seat here, but in the flat tax are, I guess, our governor and the legislature gave our commercial properties another tax cut, property tax cut; is that correct?

City Treasurer Andrews: Yeah, that is under senate bill 1828 with respect to the flat tax. There's also a provision to phase in a reduction in the commercial property tax assessment ratio from 18% down to 16%. So it will be phased in over several years. And.

Councilmember Whitehead: And there was a previous tax cut that they benefited from a few years prior this.

City Treasurer Andrews: Yes, mayor and council. Previously the commercial property tax assessment ratio was at 20% and then reduced down to 18%. That was probably 5 or 6 years ago. I don't exactly remember when it was, but –

Councilmember Whitehead: Do you know offhand and you may not know, does this apply to commercial r-2 apartment complexes?

[Time: 01:29:06]

City Treasurer Andrews: Mayor, members of the council, I believe apartments are under class one commercial property, but I would have to confirm that.

Councilmember Whitehead: So under class one they would be getting this issue discount?

City Treasurer Andrews: I believe so.

Councilmember Whitehead: I think that this is -- this is the challenge we have as a council, is we don't have partners if we -- the residents are paying our taxes. We are not lobbying the legislature to put property tax cuts in budget bills, but that's happening for the commercial developers and the commercial property owners and that makes it harder for us to justify some of these developments.

Because not only are we not -- we are getting some money for some infrastructure improvements. We are not getting money for other infrastructure improvements. We are not able to -- we don't get funding -- correct me if I'm wrong, do we get funding for new parks, new libraries because all of a sudden we will have more residents using these services. I think not.

Randy Grant: We don't have impact fees specifically for those. That's correct.

Councilmember Whitehead: Yes. And I guess I already knew that. And if we have more people, we need more policemen, we need more trashmen. We need more people to service these. So we're not getting that -- we are not getting fees from the developers.

The idea is that the future residents will eventually chip in. We do need to build stronger partnerships and we need that partnership with the legislature. We need that partnership with the development community. So that when the residents pay their fair share, the development

community does too.

Because what we are seeing is we are picking up a lot of the costs and we are seeing less and less and less revenue, to pay for the services we need for all the new people. So I am, you know, a strong supporter of making sure that I have diversified housing and -- but we -- we, the city, have to make sure that the cost of that is not on the backs of our current residents and that's our challenge, I think right now. I think that's all of my questions. I appreciate the discussion.

Mayor Ortega: Thank you. Councilmember Milhaven.

Councilmember Milhaven: Thank you. I think Councilwoman Whitehead and I agree. I think what I heard here today was all the efforts that we do to quantify the impact of new development, and making sure they pay for it, in fact, we are reminded that we recently looked at the development impact fees for water and wastewater.

So we were making every effort to make sure that development does, in fact, pay for itself. So if any colleagues have suggestions about how we might do a better job quantifying what that is, I don't believe the legislature prevents us from doing that.

[Time: 01:32:14]

What the legislature prevents us electric doing is charging more than it actually costs us, to not take advantage of projects and so there is nothing that stops us from recouping the actual costs. So if folks think that -- disagree with me and that development does not pay for itself, I suggest that they recommend changes to the approval process that improves how we quantify that. And then I want to point out a point that Mr. Grant made, which is that job going the new residents and workers become taxpayers.

So, you know, once we put in infrastructure, just like when my house was built, however many years ago, right the developer puts in the streets and the sewers and embeds the price of the streets and the sewers in many I house and I pay property taxes and I spend my money in Scottsdale and pay for that infrastructure that supports my house and then I pay to maintain and replace it as I use it.

To say it's done on the backs of other citizens fails to recognize the fact that the new development will pay more in property taxes and bring more taxpayers to the table that will pay for the services that they use. So I think we disagree. I do agree that the development pays for itself and if you would like to charge them more, I have no problem with that.

Mayor Ortega: Thank you. Councilwoman Caputi.

Councilmember Caputi: I'm getting confused. I think the title, old town character infrastructure. In my opinion, development does pay for itself and I would like to actually have that conversation because I don't feel like we've had a deep enough conversation on that, and that's

what I was picturing happening tonight.

So we all get emails all day long about we don't have enough water. We don't have the grass to continue to develop -- infrastructure to continue to develop this city, we need to stop. I want to have that conversation.

So I don't know who on staff needs to educate us and staff that we do adjust for the future. Everything I read to prep for the meeting, talked about how we made decades worth of plans to make sure the city evolves and grows and was grow and that we adjust and take care of our infrastructure and we have looked at our water issues and we planned for the future.

And that is part of the planning process. Randy, could you maybe -- could we please have a more specific conversation about the fact that the city is looking how we grow forward into the future, that we are considering what we need for water and for infrastructure and pipes and wastewater and that, indeed, development does contribute to moving our city forward. Help.

Randy Grant: I'm sorry. I missed the question. I'm sorry.

Councilmember Caputi: That question, does development pay for itself? I think we need to explore that a little bit more, because there does seem to be question about that and I think it should be clearer.

[Time: 01:35:25]

Randy Grant: Well, I think the mayor and councilmembers, that is always a great question and to answer that we need to get down into the weeds, which we are more than willing to do. It's not just a comparison of the primary impacts, the secondary and tertiary impacts of people supporting the other businesses and general sales tax dollars and so on and so forth. A secondary product of that is if your neighbor invests \$100,000 in your house, your house value goes up.

If they let their house go into decline, your house value goes down. And so there is an interest -- there's always an interest in how do we attract that re-investment that's going to raise all the ships?

And so, you know, we would be happy to look at that. And, in fact, with rezonings that we get through, we do an economic analysis on them to determine what the next 20-year net present value and the 20-year future value is of that land use change and we probably need to highlight that a little bit more as we bring projects forward. But we would be happy to have that discussion in whatever form you would like to have it.

Councilmember Caputi: Are we going to run out of water if we bill another apartment complex in Scottsdale? These are questions that we actually get asked every day. Are we going to discuss that tonight?

Randy Grant: I'm sorry. I'm having trouble with this speaker.

Councilmember Caputi: The questions like we are going to run out of water if we build another apartment complex. We get that a lot. I feel like we should have that conversation about infrastructure in old town?

Brian Biesemeyer: Mayor and Councilwoman Caputi, the sing apartment complex will not have us run out of water. Sorry Brian Biesemeyer, water resources executive director. We look at, that and the drought situation is significant.

The old town area is in the Salt River project water supply area and that is not the water supply that's impacted by the shortages on the Colorado River. So in that area, we have the water supply and we looked at the land use assumption report and that goes out ten years. The ten years we looked at the downtown and on the projected growth according to the Maricopa County association of governments, and their projections we have looked at -- again we look at that every two to three years as you have seen.

[Time: 01:38:12]

The actual growth in water use for the downtown is only about 200,000 gallons a day. That sounds like a lot, but in our overall water supply, that's not very significant over the ten-year period. So we are confident we have a water supply for that area and the infrastructure is sound. We do replace the infrastructure on a steady basis all over the city. And we pride ourselves in doing so.

It doesn't mean that we aren't going to consider things and I can't predict the future. I can't predict what -- you know, the drought. The saltwater river system is a little more resilient. I don't want to mitigate the fact that this is a serious drought and we have to look at that. But in what we have seen for this ten-year planning period in the land use assumptions, particularly as it relates to the old town area, we have sufficient water supply for that.

Councilmember Caputi: Thank you. The other comment which is not necessarily water, but it was mentioned something about, you know, residents having to pay for so much. I just want to point out that, you know, property taxes in Scottsdale are one of the lowest in the valley. I know I just paid my property tax bill, which was -- it's going to be due on the 15th and it's pretty darn low.

I would just counter the discussion put out into the conversation that again I think we should be grateful for investors in our city that it is really not the property taxes that are paying for new infrastructure and all of these great things that we want, affordable housing and pocket parks and open spaces and preserve and, I mean, it certainly doesn't come from the teeny bit of property taxes that we pay.

I think that needs to be part of the conversation and then the last comment I want to make is that we all got to read, again, downtown 2.0 plan, which is really awesome. We spent a lot of time preparing that and a great amount of city resources and I hope that everyone read that again, and I challenge that everyone should read that, because it makes some very excellent points about the direction that we are taking in this the city and I just don't understand why we would have spent all of that time and money to decide what is needed to revitalize our downtown area and to make it thriving and successful and year round and then just go, oops, kidding.

Let's start all over again now because we got some horrible next door comments, right? I mean, these documents that we have produced as the city, that the future councils have directed our city to go in.

They were meaningful and valuable and we should take the time to read them and think about the suggestions that were made, because I personally thought they were, you know, again, worth the money and people should certainly read them and follow them otherwise, what's the point? So I will let other people talk now.

Mayor Ortega: Thank you. Vice Mayor Janik and then Whitehead.

Vice Mayor Janik: I have read quite a bit on the economic development pay for it itself? You can check all the literature and you can get six experts say it does and six equally expert people that says it doesn't. One the comments that Randy brought up was do you include the value of the homes going up when you talk about does development pay for itself? And that is a very controversial topic.

[Time: 01:42:14]

So I don't think that it's reasonable to expect our staff to be able to answer that question. Because there is a whole lot of variables. What I would like to see is there's quite a bit of discrepancy as far as what you reported as infrastructure, \$36.1 million and then what the mayor said is \$17 million. That's a big discrepancy.

If you could explain those different numbers and then with wastewater 36 versus 10 million, that's the type of information that I would like to see. Thank you.

Brian Biesemeyer: Mayor and council and Vice Mayor Janik, I will defer to the treasurer because we had a discussion with her and I will defer to her on this.

City Treasurer Andrews: Mayor Ortega, members of the council, the numbers that you are referring to is the amount we collected in the last five years for water and waste impact fees and the amount in the last five years we spent on growth-related infrastructure.

Now, the balance of what we collect versus what we spend is positive or negative at various

times during the growth and the capital expansion cycle. So at some point in time, capital expansion has to occur well in advance of us collecting the fees. So in a cycle like that where we have to spend the capital dollars for the infrastructure, we have to spend more than we collect and then over time as the development comes in, we then collect to reimburse ourselves.

It's real hard to match that timing because of the capital expansion and growth cycle. So it's really hard to say given the state restrictions on how we are allowed to calculate impact fees, the limitation of the ten years that the state imposes on the impact fees and, you know, the estimates and the projects we have to produce to calculate the impact fees. There's also a timing difference and it's never a proper match. Of the revenue and expenditure but the numbers you are looking at is looking at purely a five-year time frame. If we look at 10 year or 20 year time frame, that delta could be different also, I hope that explains it. Thank you.

[Time: 01:44:52]

Mayor Ortega: Thank you. And we had I ascension on that, and there's a tutorial prepared by our treasurer for the council to look at. Getting to Councilwoman Whitehead.

Councilmember Whitehead: Well, I think that's really important what you just said. So basically, \$17 million is what we collected, \$30 million is when we spent. So we basically have given the development community an interest-free loan.

And I would be very curious to see ten years, 20 years, when we catch up with that and that's -- that's the infrastructure that we actually asked the development community to pay for. You know, I think we need to have an honest discussion and I think what I said very clearly does development directly pay for the cost and the answer is no.

And I applaud Councilwoman Milhaven's desire to get more money out of the development community to pay for things such as additional parks but I think we're pretty limited on that. Is that something -- I don't want to dive too deep but I don't think that we can have an impact fee for new parks or new roads.

I think there are a lot of limitations and the impact fees themselves are -- the legislature has made those so difficult, that we could end up spending money on infrastructure and the developer could wait ten years and a day to start the project and we have to actually pay the developer back in -- for that. So it's not easy.

I just want to state and I don't need -- Randy, I don't need you to dive into it, but I will state very, very clearly that the impact fees are very limited and there are very tight control on those that don't favor the city and don't favor our residents and then as to the apartments, I'm frankly getting beat up a little bit, because I think there are some multi family projects that could benefit the city, but it's tough to sell when our residents don't want apartment complex and then on top of that the owners of these apartment complexes are getting discounts on their property taxes. That's a tough sell. And that's just what we are trying to deal with. And we just

have to be transparent and we have to be honest.

It may be that we care about our professional workforce but the reality is I didn't get a property tax discount, but we're seeing that that is not the case for the apartment complex owners. So thank you.

Mayor Ortega: Okay Councilmember Milhaven.

Councilmember Milhaven: I want to clarify what the treasurer explains. We will go -- we look at what we believe future demands will be based on future growth and development, and then we'll go in our normal process of building roads and laying sewer pipes and water lines in anticipation of what will eventually be developed.

So we are sort of -- we are putting it in ahead of the development. Then when the development occurs we charge the developer for their fair share of that road, sewer line, water line. So we are not giving anything to anybody.

We are building it in anticipation of something being built and when the thing gets built, we get paid back, is that correct?

[Time: 01:48:22]

City Treasurer Andrews: Yes, that is correct. There's a timing difference.

Councilmember Milhaven: We are not giving away anything to anybody. I wasn't suggesting there was an impact fee for parks but an improved property pays more in property tax and the people who live and work there will spend tax dollars that will generate money that will support additional parks.

It's not like the rest of us are paying more to maintain more parks and then we become ratepayers and taxpayers that support our infrastructure. I don't know how you do impact fees for parks unless you have things like -- I know some of the large housing developments donated land for schools and parks as part of their development agreement.

So maybe it wasn't an impact fee but a dedication of land. I think that's where we got the property at D.C. Ranch where we built the lake for the soccer fields. That was a gift -- a gift. It was dedicated to the city by the developer of D.C. Ranch to be a community amenity.

So development is in some cases is building parking and then the ratepayers and the taxpayers help to support that. I think we fundamentally agree that development should pay for itself. I think the question is if you think they need to pay more. Let's figure out how you figure out what that is.

And you are right, there are issues, right, and the treasurer alluded to this. If we collect an

impact fee, we have to spend it in ten years, right? That says we need to be smart about getting in front of it.

The plan to say we will build it and collect it in arrears, actually helps us avoid that challenge of that we will have to spend that impact fee in the next ten years. There may be ways to look at it differently and make sure it pays for itself. I'm certainly open to, that but sort of interesting philosophical discussion. So thank you.

Mayor Ortega: Thank you. Councilwoman Littlefield.

Councilmember Littlefield: Thank you, mayor. Well, I took a totally different tact on this. I figured needed to be something kind of general, not looking at, you know, sidewalk square by sidewalk square and just looking at overall, what did we want our downtown old town to be? What did we end up with?

[Time: 01:50:42]

If we take, I will start digging and then pound something over here and build something over here, you want to find out, where do you want to end up? What do you want it to look like when you are all done? And what do you want it to represent for the city of Scottsdale?

Just some ideas and I would guess that many of my colleagues up here will not agree with me, but if it's not broke, don't fix it. Who do we want to have there?

Are we looking to bring residents into old town, downtown and have them live there and come out or are we looking to bring tourists here to spend their money and stay in our hotels which we are building a lot of?

So, you know, where do we want to focus and that, I think is where you start, because if you don't start there, you will end up with what you didn't want, I know this. So just a couple of ideas that I had.

I agree with council woman Whitehead and Councilwoman Milhaven. I think we need to take a better look at the impact fees and have a better structure on how we analyze them and see whether or not we are getting paid back for them or not. And it should be a consistent structure so we are looking at the same thing each time so we know where we are standing if we are not keeping up.

If the fees are not going up and we are not staying there, then we need to adjust our numbers too. We need to be flexible on that, but I don't think that we owe the developers millions of dollars in impact fees just because they are nice people. They may be nice people but we don't owe them that. So that's where I stand on. I would like to have structure to that issue.

As I say, I was looking at this in a much more general level, as opposed to down in the weeds. If

it ain't broke, don't fix it. I don't want to see the streets close. Parking is a premium in old town. Every time you go down there, and if there's anything going on, any kind of activity event, whatever, you can't find a place to park. So it's -- it's a real problem.

You end up out in the Tewellies, underground climbing up and so it's an issue, and it's an issue that people remember if they want to go to old town, can I find a place to park? We don't want to have them stay away because they couldn't. I don't want to decrease the available parking, but I do -- any additional changed to enhance walkability and or bikeability, it should not be at the expense of parking but should be in addition to it.

I think that's always a premium when you are looking at how you want to divide that land, how you want to divide those kinds of alternative transportation modes. And I'm fine with that, but let's have it set so we know what we are doing before we begin. Land is a premium in old town. It will not get any more of it. And so I want to make sure that what we utilize, we use to best effective that we possibly can and get the most bang for the buck for every square foot.

[Time: 01:54:21]

I think we need to keep old town, and that's not all of downtown, but old town low and maximum allowable heights and density should not interfere with what people come to see. Why do we have a tourist attraction in old town? Because people want to see the old best west, the old town, so they need to have something to look at.

There is an experience, a look and a feel to the area that we don't want to lose. We need to preserve the existing charm and the ambience for people to come here. To see what we are, to see what we were. It's called marketing. And we need to make sure that marketing plays a part in our design of old town. Don't try to change it. Preserve the old town look but add to it. Freshen it. Make it more reactive to today's world if you would. But the old west did not have 150-foot tall buildings. Sorry.

I think most people that come here as tourists to old town, they also want to see the small local merchants, and the galleries that pepper along the streets. So we need to protect them and not undermine their ability to do business in old town and to connect with our visitors and preserve the existing charm of our old town, otherwise we lose all of it.

Protect the local merchants and the galleries and don't undermine them. That is what people want to see as they stroll along the buckboards. Thank you.

Mayor Ortega: So in just closing, I would echo Councilwoman Littlefield's comments and probably just distill it down to the common word mixed use. So mixed use would be we have talked about adding residential to downtown for the shoulder season and carrying people through the tough summer, but if it gets overpowering, where it replaces or displaces tourism, which is the expectation -- tourism is the gravy into our sales tax revenue.

It's part of our marketing and certainly makes us viable as a city, and that representation is phenomenal. So when it's overweighted, this is really where at my suggestion, and certainly for the parking criteria, citywide, we have passed the ordinance for a 20% -- ordinance for a 20% keeping at least commercial property at least 20%, as for commercial use. So if you have a five-story building, one story somewhere maybe, the corner of it or whatever, would have some viability to keep that cash flow going, so that it's not overweighted and overpowering in one sector or another.

So there's a good balance that I think that's my closing statement on it. With that, I would hope that we can call for adjournment. Do you have enough direction so far?

[Time: 01:57:51]

Randy Grant: I think so, mayor. I just do want to ask if we can get some closure on this naming thing. Is everyone okay with us sticking with the old town designation for the character area plan?

Mayor Ortega: I have no problem with that. I mean, again, it's not -- it was never intended to change the marking aspect.

Randy Grant: Okay. Thank you.

Mayor Ortega: And, I'm sorry, then we have Vice Mayor Janik and Councilwoman Caputi.

Vice Mayor Janik: Quickly could we have Karen's presentation. I have seen some of her data on the naming and it's very impressive data and I think it would help clarify in I discussion on this if we could see what she has to offer.

Randy Grant: Sure

Vice Mayor Janik: Thank you.

Karen Churchard: Good evening, mayor and council. I will give you a quick presentation that we did in 2018 about the rebranding of our downtown to old town. It was a process that we started in 2017. There's a lot of focus group. I'm not sure I know how to move -- oh, do you it. Please move it forward, Kelly. Thank you.

Basically, we were looking at doing more marketing and before we started on that venture, we wanted to make sure we knew how to promote our downtown area and we wanted to improve the residents knowing more top of mind to come to old town. It was more about letting people know the great downtown that we do have. Next, please.

So we did a lot of consumer research. We actually did four focus groups that were in person. People from -- mainly from Scottsdale, the metropolitan area that were in person, and then we

did about 750 online surveys with the same residents from throughout the metropolitan Phoenix area, as well as Tucson.

We also did two focus groups with our merchants and had 130 representatives in that regard as well. So the research told us a lot, you can go ahead forward. All the gray things that we have, that we know about, our restaurants, our galleries, shopping, they talked about us being safe and walkable and loved our western history and as far as describing us, they talked about us being sophisticated, charming, unique and upscale.

[Time: 02:00:25]

So we asked a lot of questions. We will go through these really quickly. Where is the appealing, blue represents Scottsdale residents specifically and all others are in the orange color. So definitely Scottsdale rose above -- and we were comparing Phoenix downtown as well as downtown Tempe to our downtown. Next, please.

Where residents feel most comfortable, again, Scottsdale residents much greater here than anywhere else. And even those throughout the valley wanted to be here, felt more comfortable when they came here. Next.

Where I feel the safest, again, downtown Phoenix was close in terms of the opinions from other residents throughout the valley, but definitely Scottsdale residents feel the safest here in our downtown, always something fun to do.

Again, Scottsdale was the leader, a little bit nod to downtown Phoenix and Tempe with those throughout the metropolitan area. So this is where it came into what do we call this area? So this was the map that we showed to all the people that were online and in the focus groups. Here's a map what do you call this area? Next, please.

So the consumers call us old town Scottsdale. That's our residents in Scottsdale saying, that as well as throughout the valley and I believe this includes Tucson as well. Next please. What do you hear others describe the area. We asked our merchants that because some merchants thought we should call it downtown and others felt it should be downtown.

When we asked them the question -- what do the people in injure store call it, overwhelmingly they said old town Scottsdale as did our residents. And when we did the research, back in 2017/18, we took a deep dive into the digital and you can see the numbers here, closest to 70,000 people use the #oldtownscottsdale to check in, I think 5,000 used it for downtown Scottsdale.

And Facebook check ins, again, overwhelmingly, 165,000 people checked in old town Scottsdale and just about -- a little bit more than 2,000 into downtown Scottsdale. And then Google searches, average monthly at the time was 18,000 average monthly searches, when there was about 2,000 -- almost 2,000 for downtown Scottsdale. So we really use the key differentiators

that we got from the focus groups that are shown there, to do our campaign. And next, please, Kelly.

We developed the logo and we created a new website and we had a market of comprehensive marketing campaign that we continued to do today. Next. Our target audiences was a range because of the amenities that we offer in our old town area. Next, please.

And this was the logo that we revealed back in 2018 is what we use today. Just real quick, I will really quickly talk about -- we had award winning campaign. We won six awards, for the campaign, in 2018, if you click three quickly, we won the judge's choice for the campaign. We won a gold and silver for our print ads.

[Time: 02:03:54]

And we won a gold and silver next for our outdoor billboards there, and then last was a gold for overall collateral materials that we put to go cohesively. Recently when I was talking about this from some of you, I just sat and did a Google research and went into Expedia first and typed in Scottsdale and indicated that I might want to come here hasn't this is what came up and then the next slide, which was interesting, over to the left, Kelly, I don't know if you can circle or anything, but the popular locations, I believe it is, first is old town, and interestingly, all the things below it are not in Scottsdale.

And then the next thing that is in Scottsdale is in fashion square. So definitely rises to the top as popular locations on Expedia. Next, please. And trip advisor, same thing, when you type in Scottsdale, of course our city came up number one. Old town Scottsdale comes up number two. Next, please.

And then top attractions Taliesin West and then third is old town Scottsdale and you will see there's a little green icon there. So I would like to go next on that. We just recently were awarded -- we just got a certificate and an award from tour advisors being one of the top 10% of all locations in trip advisor and think about that. This is worldwide.

So old town Scottsdale is recognized for the amenities and the positive reviews that we receive on worldwide basis. Next? And just real quick, this is just a snapshot of the maps that we do with Experience Scottsdale. While we do call the whole area old town, we are mindful of the fact that we have these districts and this is the historic old town. And that's how we mark it.

It's not real readable, I apologize but it shows the districts and we call them out and color code them, we need to talk about the signage that we have, the banners also tie the color to the area as well.

And just real quick, snapshot since today, or yesterday, actually, I pulled the numbers just to show how many people are using old town Scottsdale. We are close to 250,000 people. And, again, our monthly searches are way up from what they were in 2018 as well.

So thank you for the opportunity to provide that input and for those who are watching here are our hashtags and our Facebook and our website pages.

Mayor Ortega: Thank you very much. Councilwoman Caputi.

Councilmember Caputi: I'm not in love with that old town for all of downtown. I always have thought that old town should actually designate historical downtown, obviously if the marking shows otherwise, who am I to say.

You did point out that people love about our downtown area is that it's both sophisticated and has old world charm, right? I mean that's the goal. We can be a sophisticated destination for tourists and have old world charm.

[Time: 02:07:13]

The mayor likes to talk about balance, of course tourism is super important for our economy, but we do need to have a diverse economy, and again, we all read the downtown 2.0 study. Compared to other cities, we have far fewer downtown residents and retail follows rooftops. We have to have a certain critical mass of people living in our downtown area. We want to be year round, exciting thriving destination for tourists and for people who live here.

The downtown area is a very economically important part of our city, and it needs to be productive. We need people living so that they can be downtown walking, shopping, I tag advantage of our local parks and all the wonderful things about our downtown area. So the idea that, you know, in the old west we didn't have 150-foot buildings well, we didn't have cars and we didn't have bicycles and women couldn't vote and we didn't have a lot of things many years ago.

Again, we moved forward and there's a way to preserve to have a sophisticated city that feels old west and charming. I don't find those two things to be contradictory in any way and my vision of the city is one in which we do have a critical mass of people living there, because, again, retail follows rooftops. If we don't have enough people living in our downtown area, it is not going to be a year round destination.

So I read the downtown 2.0 study, I thought it was wonderful. I'm glad we spent all of that money and time resources putting it together and I think we should actually, you know, take a look at it and use some of those suggestions. I think it was very clear that there needs to be a critical mass of people living downtown to make everything work.

Karen Churchard: That's what the study did say, yes.

Councilmember Caputi: So again, I would think that the merchants of our businesses would like to have the foot traffic and the people and excitement and vibrancy and sophistication, and,

again, diversity to our economy as important as tourism is, we just spent two years with a completely crumbled tourist economy and realized how important it is to have other things to depend on.

I would like to see everything keep moving forward as we are moving into the future, preserving our past, and staying vibrant, and trying to increase traffic downtown. Again, I'm not in love with old town to describe our whole downtown area, because it does conjure sort of old. Old I don't necessarily think of as being a positive marketing term, but if that's what the studies show, then I guess we will be old town. I think we need to be an exciting old town and that's what I would advocate for. Thank you.

[Time: 02:10:15]

Mayor Ortega: Okay. Well, thank you very much. And I will say that many aspects of Scottsdale 2.0 were integrated into the document, the old town character area plan, including walkability, the shading elements, some things that were, you know, studied and approved in January of 2019, and then part of that -- that as well.

ADJOURNMENT

[Time: 02:10:47]

Mayor Ortega: So with that and no other hands up, I will look for a motion to adjourn.

Vice Mayor Janik: So moved.

Mayor Ortega: Thank you councilwoman and second? Second by councilwoman Solange Whitehead. Please indicate your vote. Hey. Unanimous. Thank you. Good evening to all.