



**CITY OF SCOTTSDALE
MCDOWELL SONORAN PRESERVE COMMISSION
REGULAR MEETING MINUTES**

Thursday, April 13, 2023
Granite Reef Senior Center Room 1
1700 N. Granite Reef Rd.
Scottsdale, AZ 85257

PRESENT: Chairperson Laurie LaPat-Polasko, Vice-chair Marsha Lipps, Commissioners Steve Coluccio, Mark Hackbarth, Jeffrey Smith, and Savannah Engelking

ABSENT: Commissioner Kerry Olsson

STAFF: Kroy Ekblaw, Preserve Director; Scott Hamilton, Senior Trails Planner; Gina Kirklin, Enterprise and Finance Director

1. CALL TO ORDER

Chair LaPat-Polasko called the meeting to order at 5:00 p.m.

2. ROLL CALL

Members present as noted above.

3. PUBLIC COMMENT

There were no members of the public who wished to speak.

4. APPROVAL OF MINUTES

Approval of the Regular Meeting minutes of April 6, 2023

Commissioner Engelking asked that staff confirm information discussed as part of Police Chief Walther's presentation on the Park Ranger program is accurate.

This item was moved to the next meeting for action.

5. FINANCE UPDATE

Gina Kirklin, Enterprise and Finance Director, gave an overview of the City of Scottsdale operating revenues portion of a presentation given to the Protect and Preserve Scottsdale Task Force by the City Treasurer during their March 15, 2023 meeting. She noted that to date the Task Force has studied the City Parks and Recreation Department and they will begin receiving

presentations from Preserve staff in April. As part of her presentation she explained the City's most significant revenue streams, which can be broken down into three buckets: Restricted Revenues, Enterprise Revenues, and General Funds. She broke down the total operating revenues which are estimated to be a total of \$800.5 million. She gave a detailed outline of the City's largest sources of operating revenues, which include local sales tax, state shared revenues, property taxes, and fees and charges. She noted that when considering operating revenues, it is important to consider the continued limitations on revenue growth: challenging forecasting scenario and limited assurance in long-term forecasting accuracy.

Ms. Kirklin presented the City Treasurer's Office McDowell Sonoran Preserve financial update, noting that the McDowell Sonoran Preserve financial plans are evaluated and updated to reflect the best available information, and presented to City Council annually. Her presentation included a detailed overview of the proposed FY 2024 five-year financial plan ranging from FY 2022/23 through FY 2027/28. She stressed the importance of remembering that \$271 million debt is outstanding, which will be paid down between FY 2023 and FY 2034. She noted that while the forecasted ending fund balance is large, it does not reflect any spending on capital improvements and is not sufficient to cover the remaining outstanding debt. The forecast suggests that there is room for improvements and land acquisition if the economy is good. Ms. Kirklin said that Treasurer's office opinion remains consistent in that it is not forecasting the ability to issue additional long-term debt, but focused on insuring there is ample ability to make the remaining debt service payments with a comfortable margin of safety to address the sudden loss of revenue collections and/or unexpected downturns. She reviewed the debt service coverage test, which is an adopted financial policy, noting that debt service coverage ratios do not consider fund balance, they only consider the stability of the revenue stream.

Commissioners were given an opportunity to ask questions. Ms. Kirklin explained the meaning of reserve for debt service and restricted for capital and gave examples. Mr. Ekblaw reviewed the Preserve fund proposed FY 2024-line items, noting that for purposes of the presentation the CIP line has been left at zero, because staff is currently updating those numbers and will update those lines once the updates have been completed. He said it is important to keep in mind that the forecast is based on the projection of a steady three percent sales tax increase, which could be affected by economic changes.

Ms. Kirklin reviewed Preserve Tax cash flow assumptions, clarifying that there is no opportunity to refund the debt and no opportunity for new issuances. Sales tax forecasts assume that the Legislature is not going to further reduce or restrict sales tax collections.

6. PROTECT PRESERVE COSTS

Staff provided an update on the process to review costs and programs to protect the McDowell Sonoran Preserve.

- Daily Preserve Activities and Operations - Forecast updates
 - Council and Task Force Process update

Kroy Ekblaw, Preserve Director, commented Ms. Kirklin's presentation emphasizes a lot of volatility, which highlights the need to provide the assurance of having funds for things such as fighting invasive plants and protecting cultural resources.

- Cost Updating Strategy and Descriptions

Mr. Ekblaw reviewed the Preserve Commission cost projection worksheet, noting that when presenting to the Task Force he will focus on yearly costs, because yearly costs fall under the General Fund and what a potential new tax could address. He anticipates that by the next meeting, staff will be prepared to merge the forecast charts, removing the one-time costs. He mentioned that at this point staff has not discussed with Council matching alternatives, opportunities for grant forecasting, or yearly costs for a possible new funding source.

Commissioners were given an opportunity to ask questions. Mr. Ekblaw said that most of the items listed on the chart as part of the \$27 million should be covered by the second tax in land improvements. Ms. Kirklin explained that the .20 percent tax results in approximately \$30 million in revenue annually and the .15 percent tax results in approximately \$25 million annually. The majority of the dollars are being put towards repaying bonds. Mr. Ekblaw said that the majority of land that that would be considered at this time is State Trust land. He explained the timeline and process of bidding on State Trust Land.

7. STAFF REPORTS

Mr. Ekblaw responded to questions posed during last month's meeting. He said he will have continuing conversations with Chief Walther regarding Park Rangers. He explained that the expectation is that Park Rangers will be an additional resource to work along with current partners to manage the Preserve and enforce things that are identified in the ordinance. He noted that stewards and staff typically address violations through education. Park Rangers will be an additional resource, in partnership with Scottsdale Police Department, Scottsdale Fire Department, Maricopa County Animal Control, and Arizona Game and Fish to provide more aggressive enforcement. Staff will also be working with the City's legal department to ensure the language in the ordinance is enforceable. He assured the Commissioners that additional opportunities for discussion about the Park Ranger program and enforcement in the Preserve will be agendized for future meetings.

8. UPCOMING MEETING DATES, LOCATIONS, AND AGENDA ITEMS

All dates listed are tentative and subject to amendment:

- April 27 – Protect Preserve Costs
 - May 4 –Protect Preserve Costs (tentatively a Scottsdale Fire Department update)
 - June 1 – Large Mammal Survey – Protect Preserve Costs
- Other topics to be scheduled include – Transit access to Preserve

Mr. Ekblaw told Commissioners there has been a request to start the meeting on April 27th early, possibly at 3:30 p.m. He will send an email to Commissioners surveying their availability.

9. COMMISSIONER COMMENTS

Commissioner Coluccio commented about the difficulty of understanding how the City finances operate. He suggested that an education program on City finances be made available to incoming commissioners. Ms. Kirklin indicated that she would look into what opportunities for a

commissioner education program might be available.

Commissioner Engelking asked that a review of the land bridge projects presentation be agendaized for a future meeting. She asked that further discussion regarding the Park Ranger position requirements and possible Commissioner recommendations be agendaized for a meeting before or during summer, before the Police Department hires for the positions.

10. ADJOURNMENT

COMMISSIONER COLUCCIO MOVED TO ADJOURN THE MEETING. COMMISSIONER HACKBARTH SECONDED THE MOTION, WHICH CARRIED FIVE (5) TO ZERO (0) BY ROLL CALL VOTE. VICE-CHAIR LIPPS, COMMISSIONERS COLUCCIO, HACKBARTH, SMITH, AND ENGELKING VOTED IN THE AFFIRMATIVE. CHAIR LAPAT-POLASKO WAS NOT PRESENT. THERE WERE NO DISSENTING VOTES.

With no further business to discuss, being duly moved and seconded, the meeting adjourned at 6:02 p.m.

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