



**City of Scottsdale  
Budget Review Commission  
Regular Meeting Minutes**

Friday, March 21, 2025  
City Hall Kiva Forum  
3939 N. Drinkwater Boulevard  
Scottsdale, AZ 85251

**PRESENT:** David Smith, Chair  
Daniel Schweiker, Vice-Chair  
Carla, Commissioner  
Brad Newman, Commissioner (arrived at 1:03 p.m.)  
Jim Ransco, Commissioner  
Sharyn Seitz, Commissioner  
Mark Stephens, Commissioner (arrived at 1:04 p.m.)

**STAFF:** Sonia Andrews, City Treasurer / Chief Financial Officer  
Greg Caton, Interim City Manager  
Luis Santaella, Deputy City Attorney  
Scott Selin, Budget Department Director

**Call to Order**

Chair Smith called the meeting to order at 1:00 p.m.

**Roll Call**

Members present as listed above.

**Public Comment**

Mr. Steve Coluccio, Chair of the McDowell Sonoran Preserve Commission, provided a history of the Preserve and its mission, and he discussed the threat of manmade structures like roads to wildlife populations. He noted there has been 30 years of support for the construction of a wildlife overpass and thanked Commissioners Carla and Newman for their engagement regarding this item.

Mr. John Zikias of the McDowell Sonoran Conservancy representing over 600 preserve stewards as introduced by the Chair, spoke about the safety and economic value of a wildlife overpass, as well as

the importance of connectedness and biodiversity of fauna in the Preserve. Expansion of Rio Verde Drive, he said, will become a major barrier to hikers, bikers, and equestrian users. He discussed the movement of the deer population and the benefits of a wildlife bridge.

### **Chair's Report**

Chair Smith noted a prior discussion about gathering Commissioner thoughts before the Commission's shared session with the City Council on April 22<sup>nd</sup>, and recommended the Commissioners submit their ideas in writing to City Attorney Sherry Scott. He sought guidance on how to put together a work session to formalize the Commission's message to the Council.

Chair Smith requested that each speaker conclude their presentation before the Commissioners ask any questions.

### **1. Water and Water Reclamation Capital Projects**

Interim Water Resources Executive Director Kevin Rose conducted a slideshow presentation and reviewed slides with the following titles: Water and Water Reclamation Capital Projects; WH 21; WL02; WI04; WH20; WC03; TEMP3212; VF04; VJ01; VH08; VF02; VL03; and VL01.

Mr. Rose noted the City is moving from a one-year capital improvement program (CIP) to a five-year cash flow system, which accounts for the reduction in the proposed capital budget. He reviewed the numbers of fire hydrants, valves, and miles of pipe in Scottsdale, noting the water distribution infrastructure is around 50 years old. He explained the reason for increases in the advanced purified recycled water system budget. He expected the window for approval of the Bartlett Dam project to be pushed back as this was a ten-year project. Booster station costs have increased due to inflation on the electrical side, he noted. The cost of the Frank Lloyd Wright Booster Station project was also impacted not only by inflation, but also by COVID-19 delays.

Mr. Rose mentioned that the City Council will need to approve the Infrastructure Improvement Plan. He noted the City owns 9.9 percent of the 91st Avenue Wastewater Treatment Plan, and they must ensure that capital funds are available for any projects approved by all participating cities. He pointed out that wastewater infrastructure tends to deteriorate more quickly given the aggressive materials involved. The purpose of the Jomax Road Sewer Improvements is to get residents off their septic systems and onto the sewer system.

In response to Commissioner Seitz's queries, Mr. Rose explained that the Greenway Hayden Loop project is a multiphase project that will be completed in October 2025. Optima installed the sewer line, so the City will reimburse them for it. Conversely, the Water Campus Electrical Substation Replacement project will take longer than its projected June 2026 completion date because of delays in receiving the electrical equipment.

Commissioner Stephens expressed concern about the anticipated \$140 million in cost increases for the WL02 and VF04 projects. Mr. Rose indicated the increases were due in part to new regulations imposed by the Arizona Department of Environmental Quality as well as a new treatment chain for WL02. These changes will be presented to the Council for approval. He explained that the dramatic increase in VF04 is due to calculating the City's contribution each year until 2046. Chair Smith asked about the costs for the FY26 to FY30 projections, and Mr. Rose said he was informed by Director of Planning and Engineering Scott Mars that nothing beyond the five-year CIP is contemplated in the totals on slide 2. Chair Smith believed that meant the Council, in approving the CIP, will be approving projects that will require funding

beyond what is shown in the projections.

Mr. Rose explained the rationale for staff's \$158.6 million proposed budget for the SROG Regional Wastewater Facilities project and how those projections are presented in the CIP budget book. Failure to include the expected out-year costs on the Reclamation Plant Expansion may have been an oversight, he commented.

Chair Smith thought it might be valuable if staff provided a history of cost increases for projects to put into perspective the expected cost increases for a given year. Interim City Manager Greg Caton recognized differences in one and five-year CIP planning and wondered whether that should be reconsidered in the future. He opined a one-year plan may result in more cost certainty from the time of a project's adoption.

In response to the Chair's additional query, Mr. Rose said the total cost of the Bartlett Dam project is estimated at \$1 to \$3 billion, though he would need to verify what the City's approved budget of \$48.4 million was based on.

Commissioner Stephens wondered whether VF04 should be categorized in the capital plan as he felt it could be separated from that plan. City Treasurer / Chief Financial Officer Sonia Andrews agreed, saying this is a joint venture with a regional group. It has always been considered a capital project because it uses capital funds. Commissioner Stephens thought the constraints regarding the approval necessary to move funds could stand in the way of staff's ability to move projects forward. Mr. Rose concurred that having ongoing approval would be more efficient.

Vice-Chair Schweiker brought up the history of using cities' expected seven-year needs to design the SROG wastewater facilities. He was not surprised to see as large of an increase as was expected there.

In response to the Chair's additional questions, Mr. Rose stated certain costs like overhead are not recalculated based on increases to costs such as materials or labors. He noted water projects never come in under budget and are often between double and five times the original estimates. Many suppliers only hold materials quotes for two to ten days, occasionally as long as 30 days. He said developers are also noting significant increases, even from 2023 projections.

Commissioner Stephens asked about how source-specific funds are determined for these projects. Mr. Rose said funds for the SROG project are purely capital funds because it is replacement of buildings and equipment. Regarding an earlier query from Chair Smith, Budget Director Scott Selin said that any money allocated for a project that is not spent reverts to the fund of origin that funded the project.

Commissioner Ransco inquired about the percentage of projects that are denied. Mr. Caton said project requests fell into two categories: expansion projects to keep up with growth and rehabilitation projects. He indicated projects are not so much denied as deferred based on priority. Some projects become options for future consideration by elected officials. Project priority, he continued, is based on several factors: contemplation of other plans, community feedback, safety concerns, and consideration of maintenance as a cost-saving measure. He discussed balancing operating cost increases within the General Fund and funding project needs.

Chair Smith pointed out that water and water reclamation projects are funded largely through rates and fees, not taxes.

## **2. Drainage/Flood Control Capital Project**

Drainage/Flood Control Manager Hasan Mushtaq conducted a slideshow presentation and reviewed

slides with the following titles: Drainage/Flood Control Capital Projects; FB55 Reata Wash Flood Control; and FJ01 Granite Reef Wash Phase 2B.

Mr. Mushtaq stated the purpose of FB55 was to enhance existing channels built by developers, construct several roadway crossings, and certify two levees. The project purports to contain a 100-year flood and eventually eliminate the Reata Wash floodplain altogether, removing 4,600 structures from the floodplain. This will eliminate the need for flood insurance. He said FJ01 will build storm drains, open channels, enhance a detention basin, and address several road crossings. When completed, this project will shrink the Granite Reef wash floodplain to just the storm drain and street rights-of-way, removing 600 structures from the existing floodplain and the need to maintain flood insurance.

In response to the Chair's questions, the first step to prioritization is drainage and flooding complaints from citizens. At that point, funding opportunities are identified through discussions with City partners like the Flood Control District of Maricopa County (FCDMC). He did not believe the MCFCD has a hard cap on funding limits, but they prioritize projects among all partners.

Commissioner Stephens inquired about the sudden cost increases to FB55. Mr. Mushtaq replied that project was not a priority project, noting that estimates are provided at certain milestones throughout the design process. Scope increases and inflation are two factors that impact these projections. Ms. Andrews added that stormwater projects are funded by fees, so projects are often scheduled based on the amount of stormwater revenues available. She was not certain what portion of the cost estimate was due to scope increase and what portion was due to inflation.

Citing the -31.8 million difference between the FY25 - FY29 adopted CIP budget and the proposed FY26 - FY30 budget, Mr. Selin said it reflected changes in when certain projects would be funded; FB55, for instance, was originally expected to be funded entirely in one year but was later changed to be funded in the five-year CIP plan.

Mr. Mushtaq confirmed the Granite Reef Wash project was prioritized because of each of the factors listed by Commissioner Ransco. He noted areas which currently have no storm drains, resulting in flooding complaints.

### **3. McDowell Sonoran Preserve Capital Projects and the 2004 0.15% Preserve Tax**

Senior Director of Parks and Recreation and Preserve, Nick Molinari conducted a slideshow presentation and reviewed slides with the following titles: McDowell Sonoran Preserve Capital Projects; TEMP3190 - Gateway Trailhead Improvements; TEMP3195 - Tom's Thumb Trailhead Improvements; and TEMP3196 - Rio Verde Wildlife Overpass.

Mr. Molinari explained TEMP3195 will improve safety conditions, increase shade, and improve storage and restrooms, as well as update trailhead conditions, parking lots, and trails. TEMP3195 includes implementation of a permanent wastewater solution for the trailhead, conversion to flushing toilets in the restrooms, refining of drainage, updates to signage, and resurfacing of the equestrian lot. He described the intent and benefits of the Rio Verde Wildlife Overpass for wildlife, hikers, bikers, horseback riders, and pedestrians. Adding that fencing will be installed to guide animals toward the crossing to reduce roadway hazards.

Chair Smith brought up the 2018 measure approved by voters which limited spending of the Preserve Tax to certain improvements and maintenance of the trails. He wondered how this project fell within those limitations. Given that these are existing trails, Mr. Molinari believed this project would be considered maintenance or improvements to those assets, but he will review the 2018 language and return to the

Commission with an explanation as to how the project complies.

Commissioner Newman remarked there was a dramatic increase in the expected cost of the Rio Verde widening project. Mr. Caton mentioned the challenge of discussing the widening and land bridge projects, which are both future projects, and recognized the advantages of combining them together in some fashion. He added that the out-year schedule in 2027-2028 allows for alignment with future transportation projects.

Commissioner Carla stated that Prop 420, the 2018 measure authors have publicly explained that they included a section specifically to allow for things like the land bridge. She agreed it made sense to combine the two projects, but the widening project apparently is not a high priority for the Transportation Department. She pointed out deer have stopped traveling in the 20 years since the overpass project was first approved, impacting gene diversity amongst deer. She noted the Arizona Game and Fish Department is willing to provide a presentation on the need to preserve the deer population.

Commissioner Carla felt the Commission should schedule an item for that presentation and to allow for a recommendation to Council for immediate action on this project, because citizens have repeatedly voted to protect wildlife. Mr. Caton cautioned against having such a presentation, noting the project is being presented for the FY2025/26 budget. However, should the Commission be interested, it is within their purview to make recommendations to the Council. Chair Smith felt it is beyond the Commission's purview to weigh the merits of specific projects.

Regarding the Tom's Thumb Trailhead improvements, Vice-Chair Schweiker stressed that the City considers future needs when approving projects.

Further discussion ensued regarding the purview of the Commission regarding projects, how it relates to budgeting policy decisions, and the content of the Commission's recommendation to the City Council. Commissioner Carla emphasized the importance of keeping the overpass project in the budget and distributed handouts regarding it, which she then discussed in greater detail. Discussion continued about the Commissioners' responsibility regarding projects, both in general and specific to the overpass project, and the scope of this Commissioner's budget recommendations.

#### **4. Parks and Recreation Capital Projects**

Mr. Molinari conducted a slideshow presentation and reviewed slides with the following titles: Parks and Recreation Capital Projects; TEMP3275 - Agua Linda Park Improvements; Summary of Park and Recreation Projects; BK06 - Build New Swimming Pools...; DG04 - Replace Existing Infrastructure...; PG04 - Aquatics Lifecycle Replacement; PG09 - Build Multi-Use Fields...; and PH03 - Repair Lakes and Irrigation...

Mr. Molinari reviewed the improvements anticipated for Agua Linda Park and noted the Civic Center Plaza infrastructure project was primarily completed. He said the Aquatics Lifecycle project is the only new General Fund request. He discussed the neighborhoods in which multi-use fields would be constructed as part of that project, for which the proposed FY2025/26 budget will be used to complete punch-list items. He noted the lake and irrigation repair project has only seen one small increase in scope regarding lateral lines; the cost increases are due to cost escalation.

Chair Smith inquired about other projects that will be funded by the 0.15 percent Park and Preserve Tax. Mr. Molinari said a similar project at Pima Park is slated for FY2025/26, and other projects are anticipated within the five-year CIP. Additionally, master planning will take place in FY2025/26 for other projects, including the design for Vista Del Camino and El Dorado. Chair Smith recommended the public and the Commission be informed about projects that will be funded from that tax. Mr. Molinari responded that

several smaller projects are continuations of older projects.

Commissioner Stephens asked about BK06, to which Mr. Molinari said they are very early in the design process, and the project will be very complex. He said additional information needs to be gathered about the level of programming needed for that pool. Commissioner Stephens further added that this project sounds like one that could be problematic in the future and encouraged the staff to do what they believed is needed in developing estimates for the costs and timing of the project. Vice-Chair Schweiker assured everyone there is a great need for these projects, adding that some of them need replacement because maintenance has been deferred for so long.

Commissioner Carla echoed the request for better cost projections. She felt staff could disseminate information each year about where tax money has gone regarding Parks and Preserve projects.

## **5. Bond Program and General Fund Capital Projects**

Interim Police Chief Joe LeDuc conducted a slideshow presentation and reviewed slides with the following titles: Police; TEMP2994 - Radio Communications Platform Transition; Radio Communications Platform Transition; BH03 - Replace Deteriorating Training Track; and Police Vehicle Tracking.

In response to Chair Smith's comment, Chief LeDuc admitted the Civic Center project, which included the jail, is significant, and he discussed the reasons why the project has been prioritized. He expected that project to be spread over several fiscal years before construction can begin.

Commissioner Newman asked about the availability of other training tracks. Chief LeDuc said they use several tracks, though there are numerous challenges with each of them. He estimated the department conducts trainings once every month for emergency driving, and a little less frequently for defensive driving. Commissioner Newman wondered whether the City having a dedicated track might present a revenue opportunity.

Commissioner Stephens suggested having a knowledgeable advocate who can ensure that the jail renovations contain everything that is needed as a way of reducing unexpected costs.

Fire Chief Tom Shannon conducted a slideshow presentation and reviewed slides with the following titles: Fire; BI01 - Remodel/Rebuild Fire Station 606; and BH01 - Build a new Fire Department Training Facility. He also displayed a series of photos and documents showing the need for a new building. Relocation to the Neighborhood Outreach Access to Health site will facilitate the rebuild of two fire stations, and he remarked that the project's significant cost increase is related to the need to relocate during the rebuild. He hoped to learn more about programming needs for projects to be able to provide better cost estimates.

Chief Shannon pointed out there was a large scope increase with BH01, but the total cost should likely come in around \$3 million less than the modified projected amount, even with the addition of extra shower facilities.

Senior Director of Enterprise Operations Judy Doyle conducted a slideshow presentation and reviewed slides with the following titles or descriptions: Enterprise Operations Department; Summary of Enterprise Operations Capital Projects; two photos; (TEMP3252) WestWorld Core Facility Interior Drainage; map and photos; and (DE03) Downtown Main Street Streetscape...

Ms. Doyle explained the flooding issues experienced at WestWorld result in damaged infrastructure, contribute to increases in long-term maintenance, and disrupt revenue-generating events. The drainage projects would take place in phases to minimize disruptions during heavy events seasons with the largest project taking place over four summers. Debt will be issued for these projects through the Water

Infrastructure Finance Authority of Arizona (WIFA), which she noted was contemplated in Prop 490. She explained the reason for the significant delay in the Downtown Main Street project was due to concerns with the original design, though the construction of a couple of parking structures in the Old Town area should reduce parking concerns. She laid out the next steps for this project.

Chair Smith asked for more details about the WIFA loans and why WIFA loans are contemplated. Ms. Andrews said the WIFA program, which was not available to cities the size of Scottsdale until recently, offers principal forgiveness of up to 20 percent, resulting in significant savings.

Commissioner Stephens wondered whether the WestWorld projections factored in rising costs. Ms. Doyle said staff feels comfortable with the \$14.9 million projection, though they may reallocate the individual spending years' totals as the project progresses. Commissioner Stephens suggested not calculating using current dollar values when making projections.

Senior Director of Library and Human Services Kira Peters conducted a slideshow presentation and reviewed slides with the following titles: Community Facilities; BK01-21 - Expand Via Linda Senior Center...; BK05-13 - Expand Granite Reef Senior Center...; and DK08-25 - Replace Aging Buildings...

Ms. Peters indicated the two senior centers in Scottsdale see between 3,500 and 4,000 individuals, so there is a need to expand both centers. She expected the \$3 million proposal for the Granite Reef Senior Center expansion to likely increase. She noted staff is considering the programming needs of the community regarding the Paiute Community Center to put together a plan, at which point they will reevaluate the \$11.2 million estimate. In response to Commissioner Newman's question, she clarified staff tries to stay within the budget they are given on a project.

Chair Smith asked about the proposed adult daycare. Ms. Peters responded there is a need for places where seniors can get support, social interaction, and moderate medical care, and it would be provided here for a fee. She believed the \$3 million budget only covered the construction of the facility, and staff is still researching how other adult daycares operate.

Commissioner Newman wondered whether the City should take on the role of senior care. Ms. Peters reiterated staff is only in an exploratory phase. Commissioner Newman felt that needed to be determined before \$3 million is approved for the project. Mr. Caton said that is what is being done, and it will be up to the Council as to whether it should spend the capital to fill the gap in services that has been identified. He cited Phoenix as a municipality that provides similar services, and many Scottsdale residents need to travel far to get to that facility.

Ms. Andrews mentioned the expansion of the senior center was part of the 2019 bond measure approved by voters. Mr. Caton opined the City is not meeting the needs of this portion of the population, and it is appropriate to discuss the government's role in that. Chair Smith felt the program needed to be carefully vetted with the City Council. Commissioner Carla hoped this can be further explored.

Chief Information Officer Bianca Lochner conducted a slideshow presentation and reviewed slides with the following titles: Summary of Information Technology Capital Projects; JG02-09 - Install Fiber Optic Infrastructure; YL08 - Server Infrastructure; and TEMP3152 - Cloud Architecture Project.

Ms. Lochner identified infrastructure upgrades, connectivity, cybersecurity, and cloud readiness as current emerging needs. The fiber optic network, she continued, will connect all City-owned facilities as well as signalized intersections, water facilities, and public safety stations. Moving away from leased lines will provide the additional benefit of cost efficiencies. She noted more than 60 miles of cable have

been laid with 100 still to be completed.

Ms. Lochner stated each of the City's 500 servers are replaced every five years, and doing so increases reliability, security, and performance, while supporting disaster recovery capabilities. She indicated 25 percent of the City's applications operate in the cloud, and the cloud architecture project will ensure applications are secure, integrated with newer systems, and allow the City to leverage cloud-native analytics capabilities.

Replying to Commissioner queries, Ms. Lochner said the long completion date of the cloud project is conservative and due to a strategic approach. Discussion ensued about the possibility of the City outsourcing some of its information technology needs. Ms. Lochner pointed out the City's decision to own the fiber optic cable system was made in 2020, and staff is moving to a cloud-first strategy for new applications and systems. Mr. Caton said it is common for municipalities to have their own fiber optic infrastructure. Ms. Lochner added that, because the City owns the hardware and systems for traffic lights and cameras, they can be used to make better real-time decisions in the community.

Regarding fiber optic cable, Ms. Lochner stated costs are not significant once new infrastructure is in place. 80 percent of that is paid for by the bond with the rest coming from some departments, such as Transportation and Water.

## **6. Identification and Approval of Possible Future Agenda Items**

Commissioner Stephens suggested making a formal motion directing staff to include information regarding full-time equivalent (FTE) positions in its next presentation to the Commission. He distributed a copy of his proposed motion. The presentations should include how much the FTE positions were considered when creating their proposed budget requests. Should there be an issue with a presentation, he continued, separate one-on-one meetings could then be conducted.

Deputy City Attorney Luis Santaella reminded the Commission that boards and commissions cannot direct staff, though a motion could be made requesting an agenda item to talk about the relevant items. Discussion ensued about Commissioner Stephens' proposed motion language. Mr. Caton believed there would be complexities in generating the requested data, though he thought the request was straightforward.

Commissioner Seitz said she believed this type of information should already be included in the presentations. Ms. Andrews responded that each department has been asked to provide high-level data on FTEs, personnel costs, and overtime costs as part of their presentations, and if approved staff can use the language in Commissioner Stephens' motion to provide additional direction.

COMMISSIONER STEPHENS MOVED THAT THE BUDGET REVIEW COMMISSION REQUEST THE TREASURER'S OFFICE AND CITY MANAGER'S OFFICE TO INCLUDE IN THEIR UPCOMING PRESENTATIONS TO THE BUDGET COMMISSION OF THE OPERATING FUND AND THE ENTERPRISE FUND BUDGETED EXPENDITURES, AN OPEN FTE SCHEDULE SHOWING, BY DEPARTMENT, ALL UNFILLED FTE POSITIONS THROUGH A RECENT FY25 DATE SHOWING POSITIONS UNFILLED ALL OF THE FISCAL YEAR, AS WELL AS UNFILLED OVER HALF OF THE FISCAL YEAR TO DATE. HE FURTHER MOVED THAT THE TREASURER'S OFFICE AND CITY MANAGER'S OFFICE CONSIDER HAVING THEIR BUDGET PRESENTATIONS INCLUDE THE RESPECTIVE UNFILLED FTE POSITIONS SHOWN IN THEIR SCHEDULE AND DISCUSS HOW THIS INFORMATION WAS CONSIDERED IN THEIR FY25/26 OPERATING BUDGET, AND ANY SUBSTANTIVE CHANGES THEY MADE TO THEIR FTE BUDGETED POSITIONS FROM THIS

REVIEW. VICE-CHAIR SCHWEIKER SECONDED THE MOTION, WHICH CARRIED FIVE (5) TO TWO (2). VICE-CHAIR SCHWEIKER AND COMMISSIONERS CARLA, NEWMAN, RANSCO, AND STEPHENS VOTED IN THE AFFIRMATIVE. CHAIR SMITH AND COMMISSIONER SEITZ DISSENTED.

Commissioner Stephens mentioned a prior discussion regarding overtime for police and fire employees and proposed a motion requesting staff to prepare information regarding overtime. Discussion ensued regarding Commissioner Stephens' motion with Commissioner Carla proposing an amendment to include all departments that consistently have a high level of overtime.

COMMISSIONER STEPHENS MOVED TO AGENDIZE A REPORT ON OVERTIME. COMMISSIONER NEWMAN SECONDED THE MOTION, WHICH CARRIED SEVEN (7) TO ZERO (0). CHAIR SMITH, VICE-CHAIR SCHWEIKER, COMMISSIONERS CARLA, NEWMAN, RANSCO, SEITZ AND STEPHENS VOTED IN THE AFFIRMATIVE. THERE WERE NO DISSENTING VOTES.

Commissioner Newman requested an agenda item addressing the budget policy perspective around the use of the Rio Verde Drive project funds in order to make a recommendation to City Council. Discussion ensued regarding this request. Mr. Santaella pointed out this agenda item does not permit discussion, only requests for future agenda items. Commissioner Newman withdrew his request and said he will return with a clarified request.

### **Adjournment**

COMMISSIONER SEITZ MOVED TO ADJOURN THE MEETING. VICE-CHAIR SCHWEIKER SECONDED THE MOTION, WHICH CARRIED SEVEN (7) TO ZERO (0). CHAIR SMITH, VICE-CHAIR SCHWEIKER, AND COMMISSIONERS CARLA, NEWMAN, RANSCO, SEITZ, AND STEPHENS VOTED IN THE AFFIRMATIVE. THERE WERE NO DISSENTING VOTES.

With no further business to discuss, being duly moved and seconded, the meeting adjourned at 4:36 p.m.

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