



SUMMARIZED MINUTES

**CITY OF SCOTTSDALE
PROTECT AND PRESERVE SCOTTSDALE TASK FORCE
REGULAR MEETING**

**4:00 p.m. Monday, September 25, 2023
Florence Ely Nelson Park Room
8950 E. Pinnacle Peak Road
Scottsdale, Arizona 85255**

CALL TO ORDER

The regular meeting of the Scottsdale Protect and Preserve Task Force was called to order at 4:03 p.m.

ROLL CALL

PRESENT: Cynthia Wenstrom, Chair
Raoul Zubia, Vice Chair
Carla
James Eaneman
Nicholas Hartmann
Jace McKeighan (arrived at 4:57 p.m.)
Daniel Schweiker
Mark Winkleman
John Zikias

STAFF: Kelly Corsette, Communications and Public Affairs Director
Gina Kirklin, Enterprise and Finance Director
Sonia Andrews, City Treasurer/Chief Financial Officer
Sherry Scott, City Attorney
Nick Molinari, Parks and Recreation Director
Kroy Ekblaw, Executive Assistant Strategic Projects
Thomas Shannon, Fire Chief

PUBLIC COMMENT

There were no public comments.

1. APPROVAL OF MINUTES

Request approval of minutes of the September 13, 2023, Regular Task Force Meeting.

Task Force Action: Discussion and action

Chair Wenstrom called for corrections to the minutes. There were no corrections.

VICE CHAIR ZUBIA MOVED TO APPROVE THE MINUTES OF THE SEPTEMBER 13, 2023 MEETING AS PRESENTED. MEMBER ZIKIAS SECONDED THE MOTION, WHICH CARRIED 8-0 WITH CHAIR WENSTROM, VICE CHAIR ZUBIA AND MEMBERS CARLA, EANEMAN, HARTMANN, SCHWEIKER, WINKLEMAN AND ZIKIAS VOTING IN THE AFFIRMATIVE WITH NO DISSENTING VOTES. MEMBER MCKEIGHAN NOT PRESENT

Chair Wenstrom referred Members to the Task Force Bylaws, Item B, Communication by Task Force, “Requests for information on the activities of the Task Force will be forwarded to the Chair whenever possible,” in reference to public comments. The Bylaws also state, “Members who desire or are asked to speak or present information on behalf of the Task Force shall do so only if a majority of the Task Force has voted in agreement.”

2. UPDATE ON POSSIBLE CITIZEN SURVEY IDENTIFIED IN APPROVED WORK PLAN PROTECT AND PRESERVE SCOTTSDALE TASK FORCE

Kelly Corsette, Communications and Public Affairs Director, with the assistance of other city staff, will provide an update on the citizen survey identified in the City Council adopted work plan.

Task Force Action: Information, discussion, and action

Kelly Corsette, Communications and Public Affairs Director, stated that since receiving input from the Task Force on the survey process, staff has been meeting with EMC Research. A draft survey instrument is currently being reviewed, with a staff discussion scheduled this week. The process is on pace to launch the statistically valid survey the week of October 9th, to close October 20th. This would be followed by the launch of the open version of the survey (not statistically valid), to be available to the entire community and close the week of November 3rd. EMC will spend the month of November analyzing the results and preparing reports. A draft report to the Task Force would be expected during the first week of December. A presentation would be provided to the Task Force during the week of December 18th.

Member Carla noted that the Task Force does not have its next meeting until October 11th. It is her understanding that the Task Force and City Council were to review the questions prior to survey launch. Mr. Corsette clarified that there was no commitment to allow City Council to review the survey instrument. Working with EMC, there is a concern that should the survey instrument become public prior to conducting the survey in the community, there is a risk of influencing the sample. It is a random sample survey best practice to prevent a survey instrument from being public prior to conducting the survey. The plan is to continue taking input from the Task Force and working with EMC with an intent to maintain the integrity of the survey without providing the survey during a Task Force meeting or City Council meeting. Any Task Force member who would like a one on one briefing to discuss the survey instrument will be provided the opportunity. Member Carla expressed a desire to review the questions prior to survey launch.

Member Zikias expressed concern about the potential for a one on one meeting between staff and an individual Task Force member possibly resulting in a change in the survey questions without input from the rest of the Task Force. Chair Wenstrom noted the critical nature of the survey and the need to keep the process as pristine as possible. Mr. Corsette addressed Member Zikias’ concern, stating that should there be input so significant as to require a serious revision to

the survey, staff would bring the issue before the entire Task Force for input. Member Eaneman provided a brief background of his personal professional experience in the survey process as the Managing Director of SMG North America, which provided the survey work for the United States. He concurred with Mr. Corsette's comments regarding the importance of maintaining the integrity of the instrument as essential protocol for the survey process.

Chair Wenstrom read from the original Task Force document governing this process. "If voter approval is required for funding options, Task Force may consider conducting a community survey on voter support. If community survey is conducted, analyze survey results and findings." The Task Force document makes no mention of sharing the survey questions with the City Council or within the Task Force body itself.

Vice Chair Zubia asked about the process for moving forward, should several individual members of the Task Force raise substantial questions about any of the survey question processes. Mr. Corsette acknowledged that there is no established answer to this question and determinations on how to proceed will be made in the event of such circumstance. If requests for changes are substantial, there is the potential for the timetable to be delayed.

Member Winkleman inquired about the possibility of a Task Force executive session, which would allow discussion about the survey without public access. Sherry Scott, City Attorney, stated that there is an allowance for executive session for confidential documents, however, it would be a stretch to consider this a confidential document. The best option would likely be to proceed with one on one discussions and problem solving. Mr. Hartmann commented that the survey itself is more important than the Task Force opportunity to tinker with it at this point. He recommended letting EMC proceed to complete the work it was engaged to perform. Member Carla commented that during her experience with five such surveys in the past, she has always been afforded the opportunity to review the survey in advance of its distribution. Chair Wenstrom recommended leaving the review process to the experts. Gina Kirklin will reach out to Task Members to determine whether an individual conversation is appropriate.

3. FINANCIAL CONSIDERATIONS FOR UNFUNDED NEEDS

Sonia Andrews, City Treasurer, with the assistance of other city staff, will provide an overview of financial considerations and specific unfunded needs.

Task Force Action: Information, discussion, and possible recommendations to staff

Sonia Andrews, City Treasurer, provided the overview, which is intended to provide follow-up in response to requests made during the September 5th Work Study Session.

A review of specific details of the unfunded improvement needs and current estimated costs for five Indian Bend Wash Parks was provided:

- Vista Del Camino Park/El Dorado Park: \$110 million
- Indian School Park: \$110 million
- Camelback Park: \$3 million
- Chaparral Park: \$25 million
- Total: \$248 million

Staff provided answers to Task Force questions regarding specific park elements and governing master plans.

City Parks system-wide unfunded annual maintenance needs:

Staffing

- Estimated unfunded needs: \$1,656,000/year
- Proposed increase: 18 new FTEs for Citywide parks with new concentration in the south

Contractual services

- Estimated unfunded needs: \$1,150,000/year
- Proposed increases: Tree care and pruning; landscape contracts; turf improvements; painting; fleet services; master planning; architectural services; custodial; software, etc.

Member Carla noted that there is no mention of any parks aside from Indian Bend. She asked about a situation where more funding is received than projects and if so, whether those funds would be used for parks other than Indian Bend. If so, it could be communicated that the excess funding for other parks would be used per the Citywide master planning effort. Ms. Andrews stated that this would depend on the ballot question recommended by the Task Force. If the ballot question is specific to just Indian Bend Wash Park, the answer would be no. However, if the ballot question is more generic, then the excess funds could be applied to other parks identified in master planning.

Member Zikias stated that there needs to be more detail on the roles and responsibilities of the 18 full-time positions. Nick Molinari, Parks and Recreation Director, stated that while all of those specific details are not listed in the presentation, these classifications and job details have been completed. All positions have a specific purpose and are allocated to a specific area of the City. Ms. Andrews added there are line item details for the positions and these could be made available to the Task Force upon request.

McDowell Sonoran Preserve increase annual care and protection:

- Staffing needs
 - Current FY23/24 budget: \$568,000
 - Estimated total costs with proposed increase: \$945,000/year
 - Four new FTEs
- Contractual services
 - Current FY23/24 budget: \$246,000
 - Estimated total costs with proposed increase: \$1,889,000/year
 - Increase in preservation, education, invasive plant management, wildland fire mitigation, habitat protection and other care and preservation needs
- Commodities
 - Current FY23/24 budget: \$104,000
 - Estimated total costs with proposed increase: \$326,000/year
 - Increase in preservation, education, invasive plant management, wildland fire mitigation, habitat protection and other care and preservation needs
- Facilities
 - Current FY23/24 budget: \$147,000
 - Estimated total costs with proposed increase: \$382,000/year
 - Increase in preservation, education, invasive plant management, wildland fire mitigation, habitat protection and other care and preservation needs
- Total
 - Current FY23/24 budget: \$1,065,000

- Estimated total costs with proposed increase: \$3,542,000/year

Police Park Rangers: Expand Park Ranger Unit

- Staffing:
 - Current FY23/24 budget: \$386,000
 - Estimated total costs with proposed increase: \$1,013,000/year
 - Estimated total costs with proposed increase: \$143,000/one-time
 - Proposed increase: 3 New Rangers, 1 Sergeant, 1 Crime Tech
- Contractual Services
 - Estimated total costs with proposed increase: \$60,000/year
 - Proposed increase: Veterinary service
- Equipment/Other
 - Current FY23/24 budget: \$51,000
 - Estimated total costs with proposed increase: \$70,000/year
 - Estimated total costs with proposed increase: \$399,000/one-time
 - Proposed increase: Horse, Bicycle, Other equipment
- Total
 - Current FY23/24 budget: \$437,000
 - Estimated total costs with proposed increase: \$1,143,000/year
 - Estimated total costs with proposed increase: \$542,000/one-time

Member Zikias asked whether the funding in Prop 207 was specifically designated fire and safety. Ms. Andrews stated that Prop 207 (marijuana tax) began to be collected in 2020. The State charges a 16 percent tax on recreational marijuana and allocates a portion to all local government, specifically to police and fire. Scottsdale currently receives approximately \$1 million, split between Police and Fire, only to be used for personnel costs. The police have used their portion to fund a park ranger unit. The proposed tax to expand the park ranger unit to serve citywide parks and Preserve would include a total of six park rangers, one sergeant, one crime center tech and equipment.

Fire Mitigation: funding for 2nd Technical Rescue Team (TRT) and increase fuels management

- Staffing:
 - Current FY23/24 budget: \$507,000
 - Estimated total costs with proposed increase: \$1,307,000/year
 - Estimated total costs with proposed increase: \$215,000/one-time
 - Proposed increase: 1 Fuels Mitigation Manager, Brush patrol OT, Training

- Contractual Services
 - Estimated total costs with proposed increase: \$304,000/year
 - Proposed increase: Fuel abatement, Medical exams
- Equipment/Supplies
 - Estimated total costs with proposed increase: \$222,000/year
 - Estimated total costs with proposed increase: \$240,000/one-time
 - Proposed increase: Vehicles, Equipment
- Total
 - Current FY23/24 budget: \$507,000
 - Estimated total costs with proposed increase: \$1,833,000/year
 - Estimated total costs with proposed increase: \$455,000/one-time

Currently charged to the Fire Department's operating budget are three Community Risk Captains and one technical rescue team. Annual brush patrol is charged to overtime. Grant funds for fuel mitigation are only awarded once for a specified area. The City is responsible for ongoing fuels mitigation for that area.

Westworld Unfunded Needs: estimated at \$44 million and include

- Drainage improvements
- Parking lot improvements
- Paving of South Hall
- Paving of polo fields perimeter road
- Covers for Arenas 6 & 7

In summary, the current estimated costs for operating and improvement needs:

- Five Indian Bend Wash parks (improvement needs): \$248.0 million
- Park maintenance systemwide (annual operating needs): \$2.8 million
- McDowell Sonoran Preserve (annual operating needs): \$3.5 million
- Police expanded Park Ranger Unit (annual operating needs): \$1.7 million
- Fire fuels mitigation program (annual operating needs): \$2.3 million
- WestWorld improvements (improvement needs): \$44.2 million
- Total annual operating needs: \$10.3 million
- Total improvement needs: \$292.0 million

Ms. Andrews reviewed the preliminary funding allocation according to City location. At this time, the forecasted allocation is 50 percent to the southside of the City, 30 percent to the northside and 20 percent to central. There was discussion that if the ballot ends up having two questions and Preserve is pulled out of the totals for the replacement of the 0.2% tax, the north side percentage will drop significantly.

In response to a question from Member Zikias, Ms. Andrews clarified that the estimated cost numbers presented for each of the unfunded needs do not include debt service interest costs. Mr. Zikias said it would be helpful to have a comparison between the pay as you go approach and an approach that includes debt financing.

Ms. Andrews reviewed the City's General Fund revenues and expenditures. Unfunded needs with no dedicated funding source can only be funded when there are excess General Fund monies. The way the City currently funds prioritized capital projects without a dedicated funding

source is by utilizing interest earnings from the General Fund, half of construction sales tax and any other excess General Fund monies. The unfunded needs presented, represent only a fraction of the City's unfunded needs. General Fund revenue percentages and General Fund operating expenditure percentages for Fiscal Year 23/24 were reviewed. Tax revenue trends were reviewed, reflecting actual and potential decreases.

- The loss of residential rental tax revenues will be a significant impact to the City's budget especially the General Fund.
- State-shared revenue reductions also significantly impact the City's General Fund. The City's population is not growing at the same rate as surrounding cities, which causes us to receive less state shared allocation, as all state shared taxes are allocated based on population. In addition the implementation of the State flat tax will significantly reduce state shared revenues.
- Slower construction activity will result in less tax revenues.
- There are also significant limitations to the growth of property taxes. While property values have increased significantly, property assessed value can only increase by 5 percent per year. And the primary property tax levy can only increase by 2 percent, according to State law.
- Scottsdale sales tax rate at 1.75 percent, is one of the lowest local sales tax rates in the region. Of this 1.75 percent, 1 percent goes to the General Fund, 0.10 percent to public safety, 0.30 percent to transportation and 0.35 percent the Preserve (0.20 percent expires 6/30/25 and 0.15 percent expires 6/30/34).

Ms. Andrews discussed possible financial strategies to fund improvements and proposed needs. This includes replacement/renewal of the 0.2 percent tax in 2025 for another 20 to 30 years, which requires voter approval. The unfunded needs that have been presented can be fully funded with a sales tax at or below 0.2 percent, based on preliminary revenue projections. A chart of estimated allocation of revenue needs over 30 years was reviewed.

Member Winkleman commented that the costs identified for purposes of these projections are unlikely to remain static over time. In addition, new projects will be identified. For example, in the past, pickleball courts were not included among park projects, because they did not exist at the time. WestWorld may not have leaking roofs now, but they will in time. With this in mind, the target budget numbers will have to be increased. Ms. Andrews agreed that there needs to be a balance between anticipating additional costs and providing specific projections that citizens and City Council will support. Member Zikias added that the projects also do not include potential grants that may be obtained in the future. Member Carla suggested adding possible language that projects may change based upon the Master Plan or other changing needs.

Member Hartmann stated that it would be helpful to compute the average cost for a Scottsdale resident at a rate of 0.2 percent, for example. Member McKeighan recommended having figures for nonresidents as well.

Ms. Andrews gave a review of the accumulated balance from the 0.15 Preserve tax, how it is used and how it might be used. This includes the possibility of using it to fund the \$3.5 million in Preserve annual operating needs which would require voter approval. If the Task Force decides to recommend this strategy, it would result in lowering the proposed replacement tax for the 0.2% tax but would require 2 questions to be presented for voter approval. An overview of the 0.15 percent tax collections was provided, including reasons there are excess collections: 2008 Great Recession savings; significantly lower land acquisition prices; significantly lower debt service costs; less land acquired; pandemic spending boom that resulted in more sales tax collections.

Possible scenarios for the 0.15 percent tax were presented including early repayment of the existing Preserve debt and early sunseting of the 0.15% tax

In summary, there is no intent to increase the 0.15 percent and there is a desire to reduce the replacement tax below the 0.2 percent.

Financial strategy considerations include:

- Replace 0.2 percent expiring tax with a ___ tax for needs presented; or
- Replace 0.2 percent expiring tax with a _ tax for Parks, Police Rangers, Fire Fuel Mitigation and WestWorld needs presented and expand the use of the 0.15 percent tax for the Preserve needs presented (requires Preserve Commission approval)
- Continue to explore grant opportunities and other funding sources

Potential value for citizens that the Task Force may consider:

Ability to provide the following with no net increase to the City's total tax rate:

1. Improvements and enhancements to aged Indian Bend Wash Parks
2. Improve upkeep and maintenance of Citywide parks
3. Dedicated funding for McDowell Sonoran Preserve habitat protection, fuels mitigation, invasive plant management, education, conservation
4. Increase Park Rangers for all City parks and Preserve
5. Increase Fire Fuels Management Program inside and outside of Preserve
6. 2nd Technical Rescue Team to serve Preserve rescue and other open space technical rescues
7. WestWorld drainage and paving improvements

Member Carla suggested changing the WestWorld drainage and paving improvements language to infrastructure improvements.

Other possible Pros for Task Force consideration:

- Visitors pay a share of the costs
- Dedicated funding source for critical needs
- Contribute to long term financial stability of the City

Possible Cons for Task Force Consideration:

- Volatility of sales tax may reduce funding
- Not tied to specific projects like Bond 2019 program
- Multiple needs included may reduce voter support
- Multiple ballot questions may confuse and reduce voter support

Ms. Andrews provided an overview on the differences between G.O. bond funding and sales tax funding.

Task force direction is sought in the following areas:

1. Acceptance of proposed improvements and operating needs presented?

2. Acceptance of details and specifics on proposed needs? Are additional details or information needed?
3. Acceptance of allocations between south side, north side and central?
4. Consideration for use of 0.15 percent Preserve Tax for Preserve needs which would lower tax needed for other improvements and needs presented, but would require 2 ballot questions?
5. Other directions?

Member Winkleman commented that per Item 1, it is important to acknowledge that this is a snapshot at this time. The needs and issues will continue to change in the coming years. Chair Wenstrom summarized earlier conversation that the total rate should not be pared down so far as to tie the City's hands. Member Carla suggested adding ballot or ordinance language that needs will change in the future. She would like the language to also reflect that excess income goes to the parks per the Citywide Parks Master Plan. Member Carla stated that the Task Force will also have to address the scope of an accompanying ordinance. Mr. Zikias noted the importance of citing the General Fund savings, i.e., needs that would no longer be funded by the General fund but be funded by a replacement tax.

4. IDENTIFICATION OF POSSIBLE FUTURE AGENDA ITEMS

The Task Force may request proposed topics for future agendas, but the Task Force may not discuss, deliberate, or take legal action on any matter in the "Identification of Possible Future Agenda Items" unless the specific matter is properly noticed for legal action. Additionally, the following previously requested items may be placed on a future agenda:

- Review of draft ballot language proposed by Task Force Members
- Discussion on the differences between an ordinance and a financial policy

Task Force Action: Information and discussion, and possible recommendations to staff

The following items were identified:

- Provide an estimate of the overall cost of the tax to users (i.e., cost of a cup of coffee, et cetera)
- Possible presentation regarding impact of visitors on sales tax

5. ADJOURNMENT

With no further business to discuss, being duly moved by Vice Chair Zubia and seconded by Member Eaneman, the meeting adjourned at 6:20 p.m.

AYES: Chair Wenstrom, Vice Chair Zubia, Members Carla, Eaneman, Hartmann, McKeighan, Schweiker, Winkleman and Zikias

NAYS: None

SUBMITTED BY:

eScribers, LLC