SCOTTSDALE CITY COUNCIL
WORK STUDY SESSION MINUTES
TUESDAY, SEPTEMBER 22, 2020

CITY HALL KIVA
3939 N. DRINKWATER BOULEVARD
SCOTTSDALE, AZ 85251

CALL TO ORDER

Mayor W.J. "Jim" Lane called to order a Work Study Session of the Scottsdale City Council at 7:06 P.M. on Tuesday, September 22, 2020, in the City Hall Kiva.

ROLL CALL

Present: Mayor W.J. "Jim" Lane
Vice Mayor Solange Whitehead
Councilmembers Suzanne Klapp, Virginia Korte, Kathy Littlefield, Linda Milhaven, and Guy Phillips

Also Present: City Manager Jim Thompson, City Attorney Sherry Scott, City Treasurer Jeff Nichols, City Auditor Sharron Walker, and City Clerk Carolyn Jagger

1. Monthly Financial Update
Request: Receive, discuss, and provide possible direction on the City Treasurer's monthly financial presentation as of August 2020.
Presenter(s): Jeff Nichols, City Treasurer
Staff Contact(s): Judy Doyle, Budget Director, 480-312-2603, jdoyle@scottsdaleaz.gov

City Treasurer Jeff Nichols gave a PowerPoint presentation (attached) on the City's financial status as of August 2020.

2. Monthly Financial Study Session
Request: Presentation, discussion, and possible Council direction regarding the monitoring of FY 2020/21 revenues and expenditures.
Presenter(s): Jim Thompson, City Manager
Staff Contact(s): Judy Doyle, Budget Director, 480-312-2603, jdoyle@scottsdaleaz.gov

City Manager Jim Thompson gave a PowerPoint presentation (attached) on Fiscal Year 2020/21 revenues and expenditures.

3. 5G Wireless

Request: Presentation, discussion, and possible direction to staff regarding the implementation, process and framework for locating small wireless facilities within the City.
Presenter(s): Keith Niederer, Telecom Policy Coordinator
Staff Contact(s): Randy Grant, Planning and Development Services Director, 480-312-2664, rgrant@scottsdaleaz.gov

Telecom Policy Coordinator Keith Niederer gave a PowerPoint presentation (attached) on 5G wireless networks within the City.

ADJOURNMENT

The Work Study Session adjourned at 7:47 P.M.

SUBMITTED BY:

Carolyn Jagger

Carolyn Jagger, City Clerk

Officially approved by the City Council on October 20, 2020

CERTIFICATE

I hereby certify that the foregoing Minutes are a true and correct copy of the Minutes of the Work Study Session of the City Council of Scottsdale, Arizona held on the 22nd day of September 2020.

I further certify that the meeting was duly called and held, and that a quorum was present.

DATED the 20th day of October 2020.

Kathleen Buttaweg, Deputy
for **Carolyn Jagger, City Clerk**

Item WS01

Monthly Financial Update – August 31, 2020

City Council Meeting – September 22, 2020

1

General Fund Operating Sources
August 2020: Fiscal Year to Date

(in millions: rounding differences may occur)

	FY 2018/19 Actuals	FY 2019/20 Actuals	FY 2020/21 Actuals	FY 2020/21 Revised Budget	Actual vs. Budget Favorable / (Unfavorable) Amount	Actual vs. Budget Favorable / (Unfavorable) Percent
Taxes - Local	$22.8	$26.3	$24.0	$19.7	$4.3	22%
Property Tax	0.4	0.5	0.6	0.5	0.1	29%
State Shared Revenues	10.9	11.7	13.6	11.4	2.1	19%
Charges for Service/Other	1.8	2.2	2.7	1.7	1.0	62%
License Permits & Fees	1.5	1.4	0.9	0.7	0.2	23%
Fines Fees & Forfeitures	1.3	1.2	1.1	1.1	-	-
Interest Earnings	0.4	0.7	0.6	0.6	-	-
Building Permit Fees & Charges	3.2	4.0	3.1	2.7	0.4	13%
Indirect/Direct Cost Allocations	1.4	1.5	1.5	1.5	-	-
Transfers In	4.1	4.2	3.6	3.5	0.1	3%
Total Sources	$47.8	$53.6	$51.7	$43.4	$8.3	19%

2

General Fund Operating Sources: 1% Sales Tax
August 2020: Fiscal Year to Date
(in millions: rounding differences may occur)

	FY 2018/19 Actuals	FY 2019/20 Actuals	FY 2020/21 Actuals	FY 2020/21 Revised Budget	Actual vs. Budget Favorable / (Unfavorable) Amount	Actual vs. Budget Favorable / (Unfavorable) Percent
Automotive	$2.9	$3.1	$3.4	$2.4	$1.0	44%
Construction	1.7	1.9	2.1	1.2	0.9	77%
Dining/Entertnmnt	1.6	1.9	1.4	0.9	0.5	61%
Food Stores	1.2	1.3	1.9	1.5	0.5	31%
Hotel/Motel	0.7	0.7	0.4	0.2	0.2	97%
Major Dept Stores	1.5	1.7	1.4	1.3	0.1	6%
Misc Retail Stores	3.2	4.1	4.1	3.3	0.8	23%
Other Activity	1.9	2.2	1.9	1.5	0.5	34%
Rental	2.9	2.9	2.7	2.8	(0.1)	(5%)
Utilities	0.7	1.0	0.9	1.1	(0.2)	(19%)
Sales Tax Total	$18.4	$20.8	$20.2	$16.1	$4.1	26%

3

General Fund Operating Uses by Category
August 2020: Fiscal Year to Date
(in millions: rounding differences may occur)

	FY 2018/19 Actuals	FY 2019/20 Actuals	FY 2020/21 Actuals	FY 2020/21 Revised Budget	Actual vs. Budget Favorable / (Unfavorable) Amount	Actual vs. Budget Favorable / (Unfavorable) Percent
Personnel Services*	$31.0	$33.8	$22.9	$23.0	$ -	-
Contractual Services	12.6	12.3	12.6	14.6	2.0	13%
Commodities	0.9	0.8	0.7	0.8	-	-
Capital Outlays	0.1	-	0.3	-	(0.3)	nm
Contracts Payable & COPs	-	-	-	-	-	-
Direct/Indirect	-	-	-	-	-	-
Transfers Out	0.4	0.6	-	-	-	-
Total Uses	$44.8	$47.5	$36.6	$38.3	$1.7	4%
*Pay Periods thru August:	4	4	4			

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General Fund Operating Uses: Personnel Services
August 2020: Fiscal Year to Date
(in millions: rounding differences may occur)

	FY 2018/19 Actuals	FY 2019/20 Actuals	FY 2020/21 Actuals	FY 2020/21 Revised Budget	Actual vs. Budget Favorable / (Unfavorable) Amount	Percent
Salaries*	$21.0	$22.1	$13.6	$13.7	$0.2	1%
Overtime	$1.0	$1.2	$1.5	$1.3	($0.2)	(20%)
Health/Dental	$3.1	$3.3	$1.5	$1.5	$ -	-
Fringe Benefits	$1.4	$1.6	$1.4	$1.4	$ -	-
Retirement	$4.4	$5.5	$4.9	$5.0	$0.1	2%
Contract Workers	$0.1	$0.1	$ -	$ -	$ -	-
Personnel Services Total	$31.0	$33.8	$22.9	$23.0	$ -	-
*Pay Periods thru August:	4	4	4			

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General Fund Operating Division Expenditures
August 2020: Fiscal Year to Date
(in millions: rounding differences may occur)

	FY 2018/19 Actuals	FY 2019/20 Actuals	FY 2020/21 Actuals	FY 2020/21 Revised Budget	Actual vs. Budget Favorable / (Unfavorable) Amount	Percent
Mayor & Council and Charter Officers	$4.3	$4.4	$5.1	$5.3	$0.2	3%
Administrative Services	3.2	3.0	3.0	3.8	0.8	22%
Community and Economic Development	4.2	4.3	4.1	4.1	0.1	2%
Community Services	6.8	6.8	5.9	6.2	0.3	5%
Public Safety - Fire	6.6	7.7	4.0	3.8	(0.3)	(7%)
Public Safety - Police	16.4	17.6	11.8	12.1	0.3	3%
Public Works	3.0	3.2	2.8	3.0	0.3	9%
Total	$44.5	$46.9	$36.6	$38.3	$1.7	4%

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General Fund Results: Summary
August 2020: Fiscal Year to Date

(in millions: rounding differences may occur)

	FY 18/19 Actual	FY 19/20 Actual	FY 20/21 Actual	FY 20/21 Budget	Actual Vs. Budget	
					Fav/(Unf)	%
Sources	$47.8	$53.6	$51.7	$43.4	$8.3	19%
Uses	$44.8	$47.5	$36.6	$38.3	$1.7	4%
Change in Fund Balance	$3.0	$6.1	$15.1	$5.1	$10.0	

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Item WS02

FY 2020/21 Budget Monitoring

City Council Meeting – September 22, 2020

1

General Fund Results: Summary
August 2020: Fiscal Year to Date

(in millions: rounding differences may occur)

				Actual vs. Budget	
	FY 19/20 Actual	FY 20/21 Actual	FY 20/21 Budget	Fav/(Unf)	%
Sources	$53.6	$51.7	$43.4	$8.3	19%
Uses	$47.5	$36.6	$38.3	$1.7	4%
Fund Balance Change	$6.1	$15.1	$5.1	$10.0	

2

Cautious optimism

- Ended last year better than expected by an estimated $7.8 million
- This year's revenues are coming in better than budgeted by $8.3 million
- Expenditures are coming in lower than budgeted by $1.7 million
- Managing positions well, 145 vacant now (all funds) vs. 78 at tent. adoption
- Evaluating whether to start adding back some of the $27.5 million of cuts

3

Item WS03

Small Wireless Facilities and Planned 5G Rollout

September 22, 2020

Keith Niederer, Telecom Policy Coordinator

1

Wireless Update

- City Council voted at their August 24th meeting schedule a presentation, discussion and possible staff direction regarding the implementation of 5G
- City Council and staff have received correspondence over the past several months from residents with concerns about the quantity and locations of new wireless facilities and their perceived health effects and requesting that the City Council issue a moratorium.

2

What is 5G?

- 5G is a generic term for the next (or fifth) generation technology standard for wireless cellular networks.

3

How is it different from 4G?

- 4G operates in the MHz frequency range. 5G will operate in the GHz range.
  - Advantage: GHz has a greater bandwidth, giving higher data download speeds
  - Disadvantages: GHz has a shorter range, requiring a higher density of antenna locations.
  - Use of higher frequencies are creating health concerns for some individuals.
  - FCC issued RF standards in 1996 that all carriers must abide by. An inquiry was opened in 2013, but FCC declined to make any updates

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Wireless Communication Facilities in Scottsdale

- 2003: Current WCF Ordinance takes effect

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Scottsdale regulation: 2008-2012

- Crown Castle Distributed Antenna System (DAS) Project
- 270 sites total (170 in public ROW)

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State Legislature approved HB 2365 in 2017

Arizona State Legislature approved House Bill 2365 effective August 9, 2017

- Grants wireless carriers the ability to collocate small wireless facilities and other related equipment in all Arizona City or County Rights-of-Ways (ROW) and public utility easements. (Including local residential streets)

NEWS RELEASE

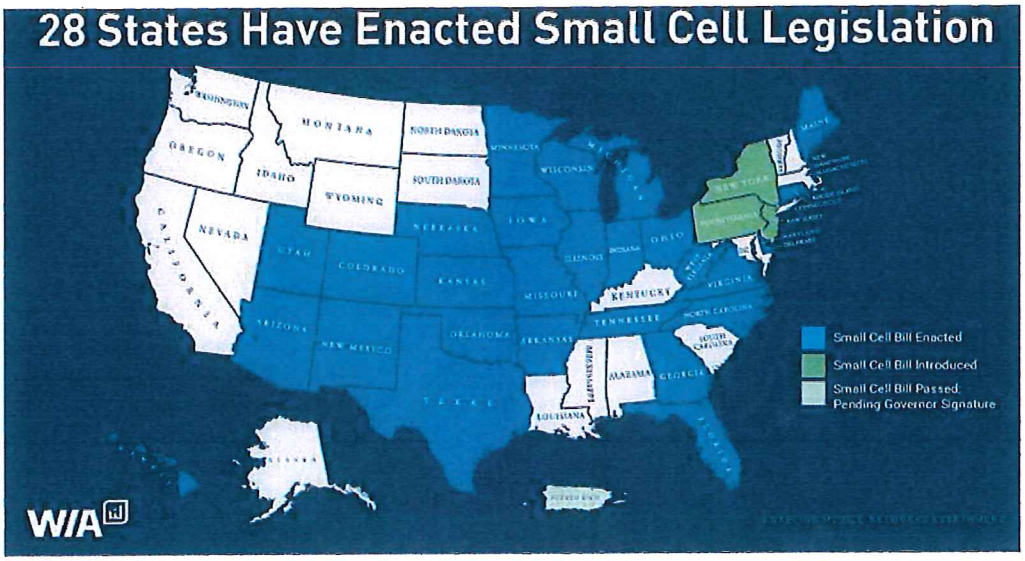
Arizona House of Representatives
Representative Jeff Weninger (R-17)
1700 West Washington • Phoenix, Arizona • 85007-2844

Friday, March 31, 2017
FOR IMMEDIATE RELEASE

Arizona Legislature Passes Bill Making Arizona Pioneer for 5G Technology Deployment

Rep. Jeff Weninger Champions First-of-Its-Kind Legislation

7



8

Additional elements of HB 2365 / ARS 9-591

- Exempts Small wireless facilities from zoning process/hearings.
- Introduced a Shot Clock.
  - 20 days for City Staff to determine and notify is application is complete.
  - 75 days for City Staff to approve or deny the application, or application is automatically deemed approved.
- Requires ROW and City owned poles (such as streetlights and signal poles) to be made available.
- Prohibits cities or counties from issuing moratoriums.
- Does not allow for a "significant gap" test.
- Limits annual use fees to $50 per site, with an additional $50 if attached to a City owned pole.
- Limits plan review and permitting fee to $750.

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Additional elements of HB 2365 / ARS 9-591

- Preserves ROW management functions for public safety.
- Allows for reasonable aesthetic and screening requirements.
- Zoning Ordinance requirements continue to apply to non-SWF sites, and sites located outside of the ROW.
- Each SWF shall follow the Standard Terms and Conditions for wireless sites in the ROW, which was approved by City Council in January 2018 with Resolution 11005.
- Standard terms include insurance and indemnification requirements and requires compliance with FCC rules.

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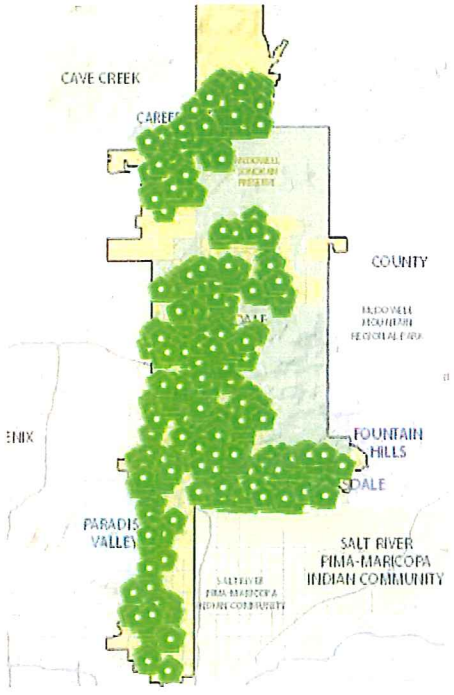
Examples of Built Small Wireless Facilities in Right-of-Way

11

Current facilities

- As of September 2020, there are 273 Small Wireless Facilities in Scottsdale



12

Federal – Telecommunications Act of 1996

There are also Federal laws and FCC Regulations/Orders. These laws/regulations do not directly address 5G but address wireless communication facilities in general.

Telecommunications Act of 1996

- 47 U.S.C. Sec. 332 addresses mobile (wireless) services and preserves state/local authority over wireless tower siting.
  - Local govt. shall not unreasonably discriminate among providers of functionally equivalent services.
  - Local govt. shall not prohibit or have the effect of prohibiting the provision of personal wireless services.
  - **Expressly prohibits Radiofrequency regulation by state or local government. Sec. 332(c)(7)(B)(iv)**
    - **No State or Local government may regulate the placement, construction, and modification of personal wireless service facilities on the basis of environmental effects of radio frequency emissions to the extent that such facilities comply with the FCC's regulations concerning such emissions. This would include any alleged health impacts from environmental exposure to radio frequency emissions.**

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Federal – FCC Small Cell Orders 2018

FCC "Small Cell Orders" 2018

- Designed to facilitate 5G implementation nationwide
  - Carriers can choose which regulations to follow, in states that already had a small wireless facility bill approved, as there are some differences in equipment sizes and fees.
- Challenges to FCC Orders
  - Provision mostly upheld in courts
- NEPA regulations. FCC created categorical exclusions for 5G small cells needing an Environmental Assessment.
  - This includes most SWF installed in Scottsdale, except potentially historical districts.

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Federal – National Environmental Policy Act

- Wireless Facilities are categorically exempt from NEPA, unless:
  - Located in a wilderness area
  - May affect threatened and endangered species
  - May affect properties included in or eligible for inclusion in the National Register of Historic Places (NRHP), or cultural sites
  - Located within a floodpain where equipment will not be placed at least one-foot above base flood elevation

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Federal – National Environmental Policy Act

- Wireless Facilities are categorically exempt from NEPA, unless:
  - May affect migratory birds if the towers are over 450-feet; or that involve high intensity lighting in a residential area; or cause RF emissions in excess of FCC-established limits.
  - FCC delegates initial NEPA determination to the wireless carriers.
  - There is no requirement for State and Local authorities to require a NEPA approval prior to permit issuance.

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Small Wireless Facilities and Planned 5G Rollout

September 22, 2020

Keith Niederer, Telecom Policy Coordinator

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