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CALL TO ORDER

[Time: 00:00:01]

Mayor Ortega: I call the August 21st, 2023 City Council Regular meeting and Work Study session to order.

City Clerk Ben Lane, please conduct the roll call.

ROLL CALL

[Time: 00:00:13]

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

Mayor Ortega: Present.

City Clerk Lane: Vice Mayor Kathy Littlefield.

Vice Mayor Littlefield: Present.

City Clerk Lane: Councilmembers Tammy Caputi.

Councilwoman Caputi: Here.

City Clerk Lane: Tom Durham.

Councilmember Durham: Here.

City Clerk Lane: Barry Graham.

Councilmember Graham: Here.

City Clerk Lane: Betty Janik.

Councilwoman Janik: Here.

City Clerk Lane: Solange Whitehead.

Councilwoman Whitehead: Here.

City Clerk Lane: City Manager Jim Thompson.

City Manager Thompson: Here.

City Clerk Lane: City Attorney Sherry Scott.

City Attorney Scott: Here.

City Clerk Lane: City Treasurer Sonia Andrews.

City Treasurer Andrews: Here.

City Clerk Lane: And the Clerk is present. Thank you, Mayor.

[Time: 00:00:36]

Mayor Ortega: Excellent, well, we have returned after a five-and-a-half-week break. Our city Council meetings include the security. We have Scottsdale Police Detective Dustin Patrick, as well as Sergeant Sean Ryan. And also Firefighter Brandon Rawling if anyone needs assistance. Let's begin with the pledge. I will call on Solange Whitehead.

Councilwoman Whitehead: I pledge allegiance to the flag of the United States of America, and to the Republic for which it stands: One nation under God, indivisible, with liberty and justice for all.

MAYOR'S REPORT

[Time: 00:01:34]

Mayor Ortega: So we hope everyone had a wonderful summer and we did get some rain today. So that does put our minds at ease. And children are back in school, which is also an exciting time of the year. I will remind everyone that August is Drowning Prevention Month. And although the month is ending soon, it's important to focus on the pool safety. This August, over 200 people participated in our free learn to swim lessons at Scottsdale aquatics, thanks in part to the U.S.A. Swimming Youth Learn and Swim grant.

At this time, I want to call our attention to the deepening sorrow and due to the loss of the city of Lahaina and the grieving families in Maui for their deepest pain and loss of life. Scottsdale and Lahaina have several things in common. The family of Hartley Ruth Barker were original settlers there in Maui. And you may know them as well Hartley -- I'm sorry, the Baker Boys and Girls Club here in Scottsdale. They also sponsor the Boys and Girls Club there in Lahaina, which was destroyed. So let's take -- take time and pause in silence.

[Moment of silence]

Thank you. Next, I will call on the city manager, Jim Thompson to provide the City Manager's report.

CITY MANAGER'S REPORT

[Time: 00:04:08]

City Manager Thompson: Thank you, Mr. Mayor and members of Council. It's already started. So we've got the Fast Five video this evening for you all. Thank you.

Audio from Video: Hi, I'm Public Affairs Specialist Stephanie Hirata with Five Fast things happening around the city you need to know. Starting us off at number five, learn about upcoming development projects by subscribing to the P&Z link enewsletter. Scottsdale's Planning and Development Services department produces this weekly publication to keep residents and merchants informed about upcoming projects that may affect their neighborhoods. Subscribe at [Scottsdaleaz.gov search P&Z link](https://scottsdaleaz.gov/search/P&Z).

Coming in at number four, honor those in uniform by nominating them for the Scottsdale Salutes Program. In November, the city will publicly thank veterans and military service members in the community by featuring them on light pole banners in Old Town. Veterans, active-duty service members, and members of the National Guard and reserves who live in Scottsdale or are from Scottsdale are eligible for recognition. Submit nominations at

Scottsdaleaz.gov. Search Scottsdale Salutes by Friday, September 22nd.

Next up at number three, Scottsdale extends hours at day relief centers. With the valley experiencing one of the hottest summers in history, Scottsdale's human services and police departments have partnered up to extend hours at day relief centers to provide those who need respite with a cool place to rest, meals and water, showers and navigation for additional services. Extended hours will run through the end of September. Learn more at Scottsdaleaz.gov and search day relief centers.

At number two, we're asking you to speak up, Scottsdale. Residents are invited to be part of a new online community designed to foster continuous, meaningful conversation among residents, businesses, and the city. Part of Scottsdale's implementation of the collaboration and engagement chapter of the voter-approved Scottsdale General Plan 2035. The city partnered with Scottsdale-based research and design firm Atom Innovation to create speak up Scottsdale, a hosted online platform that allows participants to contribute their insights, opinions and feedback about city initiatives, local issues, civic matters and services. To join this new community of civic contribution, visit speakupScottsdale.com.

Wrapping things up at number one, Scottsdale residents reduced water use during the hottest month on record. While temperatures soared in July, water use dropped by 7% compared to July 2022, saving nearly 180 million gallons of water. The city's popular grass removal rebate saw a 450% increase in program execution leading up to July. Customers removed 400,000 square feet of grass in one year. Equivalent to seven football fields. You can learn more about our water saving rebates at Scottsdaleaz.gov, search rebates. And that's Scottsdale's Fast Five for August. Thanks for watching.

[Time: 00:07:11]

Mayor Ortega: Thank you, Mr. Thompson. During tonight's meeting, there's a possibility that the Council may make a motion to reset into executive session to obtain legal advice on any item on the agenda. The executive session will be held immediately and will not be open to the public. The public meeting would resume following the executive session. Secondly, per our Council rules of procedure, citizens attending city Council meetings shall observe the same rules of order and decorum applicable to members of Council and city staff. Unauthorized remarks or demonstrations from the audience such as applause, stamping of feet, whistles, boos, yells, and/or other demonstrations shall not be permitted. Violations of these rules could result in removal from the meeting by security staff. This allows our meetings to move swiftly and to stay on city business from a timely manner.

PUBLIC COMMENT

Next item on our agenda is public comment. Public comment is reserved for Scottsdale citizens, Scottsdale business owners, and/or Scottsdale property owners to comment on non-agendized

items that are within the Council's jurisdiction. Advocacy for or against a candidate for ballot measure during a Council meeting is not allowed pursuant to state law and is therefore not deemed to be within the Council's jurisdiction. No official Council action can be taken on these items, and speakers are limited to three minutes to address the Council. If you wish to speak, on a non-agendized item, please see the city clerk. I'm referring to the clerk. I see none. Therefore, I open and close the public comment portion of our meeting.

MINUTES

[Time: 00:09:22]

Mayor Ortega: Next, we move on to review of the minutes. I would ask a motion to approve the special meeting minutes of June 20th, 2023; the executive session meeting minutes of June 20th, 2023; special meeting minutes of June 27th, 2023; executive session minutes of June 27th, 2023; and regular meeting minutes of June 27th, 2023. Do I have a motion?

Vice Mayor Littlefield: So moved.

Mayor Ortega: And a second from Councilwoman Whitehead. Please record your vote. Thank you, we are unanimous.

CONSENT AGENDA

[Time: 00:10:09]

Mayor Ortega: Next, we have consent agenda items 1 through 8, as shown. We have the backup file information and we are also open to having any public comment on consent agenda items. Again, looking for any cards from the public. I see none. Therefore, I would close public comment on consent agenda items 1 through 8.

However, as we move forward, I do want to speak positively regarding item number 4, which is the new Thompson Peak dog park. We are proceeding with a -- this item. It is agendized to move forward with a designated consultant, professional to see that that job tracks well and we can get this done in a timely manner. Very important project and it's part of the Bond 2019.

The other item that I would also speak favorably for has to do with the conservation of a water resources and an agreement with the city of Tucson, and certainly our city of Scottsdale. As you know, we're upstream from Tucson. And Tucson relies entirely on C.A.P. water, through central Arizona project. So this program essentially would be an interjurisdictional agreement, whereby we could store water in Tucson -- for Tucson's use and then at a time be able to draw out C.A.P. upstream water. That water that would have gone to Tucson. But it's like a water bank but having two ATMs. One at the end of the bank, the water bank, where they put it in an aquifer. So this is very favorable and it's an important agreement among jurisdictions. I see Vice Mayor Littlefield and Councilwoman Whitehead.

Vice Mayor Littlefield: Yes, thank you, Mayor. I would like to pull consent agenda item 1 and move it to the regular agenda, please.

Mayor Ortega: And in particular, just for anybody's information, this is the open space construction services item for the Scottsdale Stadium. Anyone else want to pull an item? Okay. Or have a question regarding any of the consent agenda items. At this point we have items 2 through 8 that remain on the consent agenda.

Councilmember Graham: No, Mayor. I had a couple of questions on item 2 as well.

Mayor Ortega: Okay. So would you like an answer right now?

Councilmember Graham: I guess we can pull it.

Mayor Ortega: Okay. Item 1 and 2 could be brought forward with a full -- as a regular presentation. Accordingly, I see Councilwoman Whitehead.

Councilwoman Whitehead: Thank you, Mayor. I want to kind of bring up to everybody's attention item number 5, and I see our human services staff here. I just want to thank the city for recognizing this need and finding a funding source. So I remember in March 2020, when we were hit with COVID, we knew that our disabled populations and some of those who have the least amount of mobility would be hit the hardest by this, and the city has been trying really hard to make sure that those people are not isolated, and so item 5 is yet another resource to reach and help those people. And as -- you know, as a volunteer at the granite reef senior center. Even when we had one month off of the brown bag program, I heard from so many people that said they had not left their house the entire month of July.

[Time: 00:14:34]

It was heart breaking. So this is such a need. I'm so pleased. And I'm just always pleased with our human services staff, recognizing where the needs are and finding the funding and getting the job done. So thank you.

Mayor Ortega: So at this point, I would move for approval of consent agenda items 3 through 8.

Councilmember Graham: Mr. Mayor, why don't we pull item 5.

Mayor Ortega: She didn't ask to pull.

Councilmember Graham: I was offering that.

Mayor Ortega: We have a motion to approve consent agenda items 3 through 8. Do I have a

second.

Vice Mayor Littlefield: Second.

Mayor Ortega: We have a motion and a second, Vice Mayor. Please record your vote. Unanimous. So thank you very much.

ITEM 01 – SCOTTSDALE STADIUM PHASE TWO IMPROVEMENTS AND BOND 2019 – PROJECT 15 BUILD 200 PARKING LOT OFF 75TH STREET PROJECT CONSTRUCTION PHASE SERVICES CONTRACT

[Time: 00:15:26]

Mayor Ortega: We will now go to a regular agenda. In particular, items 1 and 2. Presenting is our city engineer, Ms. Tymkiw.

Alison Tymkiw: Hi. Hello. Is this working? Okay. Hi, good evening, Alison Tymkiw, city engineer. The item before you is the construction manager at risk construction phase services for the Scottsdale stadium phase two improvements and bond project 15 build 200 space parking lot off 75th street.

So this is awarding the contract in the amount of \$2.2 million between the City and Okland Construction and this is for phase one of the improvements to the stadium. So I think there was some question regarding the title of the contract. So we are delivering two project with this contract, with the overall contract, but we will be doing it phased with several GMPs.

So this is GMP-1. So although the contract title does say build 200-space parking lot off 75th Street, the bond project, that's actually coming up in phase two or it will be a future GMP-2. So GMP-1 shows on this exhibit this is the work that's scheduled for this Council authorization, and we will be constructing the work in the first base plaza, as well as doing some improvements and to the third base concession area.

This is scheduled to be constructed prior to spring training of 2024. And then next year, we'll be bringing GMP-2 to you, which will include the 70 -- the 75th street parking lot, which is the bond 2019 project. And it will also include the left field berm and the third base plaza improvements. And with that, I can answer any questions.

Mayor Ortega: I will call on Vice Mayor Littlefield and then Councilwoman Janik.

Vice Mayor Littlefield: Thank you very much for your presentation. I was just concerned because there were two separate locations, two separate bond questions, that were being combined into this project. And when I read the options and staff recommendations for the recommended approach, it did not mention 75th Street on that. And so I just wanted to ensure that money that has been voted on by our citizens for that 75th Street parking lot is not going to

be used for anything other than that parking lot.

Alison Tymkiw: Vice Mayor Littlefield, that's correct. The bond project funds will only go towards the bond project which is the 75th street project.

Vice Mayor Littlefield: Thank you very much.

Councilwoman Janik: Just for clarification, the phase one project was not a bond project.

Alison Tymkiw: The stadium project, Councilwoman Janik, the stadium portion of the project is not a bond project.

Councilwoman Janik: Okay. Thank you.

Alison Tymkiw: Just the parking lot.

Councilwoman Janik: Okay. Thanks.

Mayor Ortega: Councilmember Durham and then Councilmember Graham.

Councilmember Durham: Thank you, Mayor. The parking lot, is it -- I think you showed it, it was like behind center field, the stadium? That sort of brownish area. The map doesn't identify 75th Street. So I'm just trying to figure out where it is. Is it up there?

Alison Tymkiw: That's correct. 75th Street runs north-south there and it dead ends in that area.

[Time: 00:19:27]

Councilmember Durham: All right, thank you.

Mayor Ortega: Thank you. Councilmember Graham.

Councilmember Graham: Alison, thank you for the presentation. That lot right now, it is used. What's the purpose of it right now?

Alison Tymkiw: Councilmember, Graham, it is an existing parking area.

Councilmember Graham: Would uses it?

Alison Tymkiw: I believe it's used probably by the court and the police.

Councilmember Graham: Are they expecting -- they're going to continue using it after this, I'm sure.

Alison Tymkiw: Correct.

Councilmember Graham: Okay. When do you expect to come back and to do that parking lot? I guess phase two of this project?

Alison Tymkiw: Councilmember Graham, that portion, GMP-2, we expect to bring that to you next year, early in the year. We anticipate to start construction on phase two, which includes, again, the third base berm, as well as this parking lot after spring training.

Councilmember Graham: We will do it after spring training. Early next year? Calendar, right?

Alison Tymkiw: Yep, early next calendar year so we can start sometime after spring training is complete. So it's done prior to spring training of 2025.

Councilmember Graham: Okay. Is there going to be interconnectivity to the stadium, I guess walkways? I guess there already is kind of a path back there, right?

Alison Tymkiw: Yes, there is already an entrance back there.

Councilmember Graham: Thank you, Alison, and thank you, Mayor.

Mayor Ortega: Sure. Just for clarification, so GMP, guaranteed maximum price is really the way we work in the ever-changing market to get -- rather than the old school way was just a lump sum bid.

[Time: 00:21:13]

A lump sum bid meant the owner had certain specs, drawings were produced eight or ten months later, you open a bid and then you get surprised or not, and this allows the design, as well as -- going through the process, as well as engineering to all be compatible as they move forward.

Also projects can be bid in sub -- sorry, individuals of work. So you are not bidding all the landscaping at the beginning of a job. You are able to do it in the order of construction. I think it's a very efficient way. That's also the way we did -- authorized -- just authorized the dog park to proceed that way as well. So with that, I -- do I have a motion to approve this item number one?

Councilmember Durham: So moved.

Mayor Ortega: What we will do is read out the -- the -- the full title, which will be construction manager at risk. Will you do that?

Councilwoman Janik: Adopt Resolution 12897 authorizing construction manager at risk contract number 2023-125-COS with Okland Construction Company Incorporated in an amount not to exceed \$2,248,522 to provide phase two construction services for the Scottsdale stadium phase two improvements and bond 2019 project 15, build 200 space parking lot off 75th street project.

Councilwoman Whitehead: Second.

Mayor Ortega: Thank you very much. Okay. Any other comments? Seeing none, please record your vote. It is unanimous. Thank you very much.

ITEM 02 – CITYWIDE POOL CONSTRUCTION JOB ORDER CONTRACTS

[Time: 00:23:06]

Mayor Ortega: Next, we will move on to the second agenda item, which was item number two, job order contracts for the citywide pool construction and the resolution regarding our numerous pools and citywide contracts. Will you make the presentation Ms. Tymkiw.

Alison Tymkiw: Yes, Alison Tymkiw, city engineer. Thank you. Okay. Item 2 is job order contracts for citywide pool construction. This is authorizing contract 2023-121-COS with Shasta and 2023-122-COS with Sun Eagle Corporation for an initial two-year term in an amount not to exceed \$15 million per contract for the citywide pool construction projects.

So this is -- we had an existing job order contract. That is expiring, actually, I think in two years. We awarded it in 2018, and it's a five-year contract. It's set up the way all JOC contracts are set up. We come forward initially with a two-year term and the option to renew for three additional years. That contract is currently expiring.

It was with one contractor. It was with Shasta. Because it's expiring, we went out and solicited -- we had to resolicit for a new job order contract. We do the qualification-based selection process, what is required of us of Title 34 of the Arizona Revised Statutes and we selected two contractors this time. We selected Shasta and Sun Eagle Construction.

And with that, we have two contractors that we're able to negotiate individual job orders for, for our pool-related construction. The initial term, again, will be for two years and then at the end of two years, we come back to you every year for the renewal of up to three additional one-year terms. And if you have any questions, please let me know.

Mayor Ortega: Thank you, Councilwoman Janik, Graham and Whitehead.

Councilwoman Janik: Thank you, for the presentation. My question is, it's per job order. Do we have an estimate -- unless I'm misinterpreting, what do we think if there's two job orders and

there's five job orders? Or is that pretty much locked into the time period?

Alison Tymkiw: So the way it works, each contract is for two years. The one with Shasta is for two years and the one with Sun Eagle is for two years and then we would come back to you for renewals. Within that two years, we identify projects that are needed at our pools and when we identify a project, we have a scope of work. We negotiate with the job order contractor. We negotiate with one or the other on a price, and then once we have negotiated the price, we agreed upon the scope and the price. We issue an individual work order or a job order for them to do that work. So the contract limits come into play where one individual job order cannot exceed \$3 million and then the aggregate of the two years can exceed \$15 million.

For example, Shasta has been under contract with us for the last five years, and last year, their annual amount that we contracted with them was 2-point -- I think it was \$2.3 million, and the year before was \$1.2 million.

[Time: 00:26:54]

Councilwoman Janik: Okay. Thank you. Very good explanation. Thanks.

Mayor Ortega: Councilmember Graham, Councilwoman Whitehead.

Councilmember Graham: Thank you, Mayor. Alison, thank you for the presentation. So I sent my questions to you email late and you got 'em back to me. I really appreciate that. I will just go through them, just to kind of talk about them for the public. But yeah, I was curious about -- this is a job order contract. So I kind of think of that as, like, we're going to authorize this for projects that we don't know we'll need but you are saying, no, we know the scope and the work that we will need; is that right.

Alison Tymkiw: Councilmember Graham, that's correct. So I don't know specifically know what contracts we will use this for. But our aquatics maintenance supervisor has a list of projects and we bring them to us and we negotiate each individual job order. So we know a few coming up and then this will be some over the years that pop up that we don't know about.

Councilmember Graham: So it covers the planned and unplanned, right?

Alison Tymkiw: That's correct.

Councilmember Graham: If you are doing good routine repairs and maintenance, you are minimizing catastrophic capital costs, right?

Alison Tymkiw: That's correct.

Councilmember Graham: What kind of projects, you said some are going to be capitalized. Do

you know what type of projects will be subject to capitalization?

Alison Tymkiw: So a lot of projects we do are subject to capitalization, but some of the -- if we are doing more repair work, then that's when we are using operate -- operating for that.

Councilmember Graham: I understand. Do you have some examples in this work?

Alison Tymkiw: For example, the Chaparral pool expansion that we just did. We expand bed. We added eight lanes to that project. We put in some Olympic-style diving blocks and some covered bleachers for viewing so that type of a project would be capitalized.

Councilmember Graham: But that was completed, right?

Alison Tymkiw: That was completed, yes. And I will show you that in my update.

Councilmember Graham: I have some questions. The pictures look great by the way. Why are we authorizing spending for a pool that we just finished updating?

Alison Tymkiw: Councilmember Graham, we are not authorizing -- this was a project that we just completed. I was giving you an example.

Councilmember Graham: Oh, of one in the past. I was asking for examples -- you said that you already looked at --

Alison Tymkiw: Examples of projects, we do replacements of filters and replacement of pumps. We replaced our gas chlorine, and replaced them with on-site chlorine. We have done diving board replacements, things of that nature.

[Time: 00:29:52]

Councilmember Graham: Yeah, I was just -- because you mentioned, it was \$15 million. I wondered what inflation was doing to our pool costs and I asked you how much we spent on this type of thing in the last two years and you said that we spent about 1 to \$2 million each year and this is \$15 million for two years. Are you expecting a big backlog of projects?

Alison Tymkiw: Councilmember Graham, not in particular that we are expecting a backlog, but yes, obviously inflation has played a part in that and many of our JOC contracts, we have been coming back to you for increase in the limits because of situations that arise.

Councilmember Graham: You can't name, though, any reason why it would go from \$1 million to \$2 million, to \$15 million over two years.

Alison Tymkiw: No, that would be \$7.5 million a year and that's pretty typical with our other job

order contracts.

Councilmember Graham: Okay. How many bids -- you got two bids. Are there any more vendors out there that can do this?

Alison Tymkiw: Councilmember Graham, we can't receive bids because it's a qualifications-based selection. We go out and the contractors don't give us prices. They give us their qualifications. We received submittals from two contractors, the two that we selected and incidentally back in 2018, when we solicited this project, we also had two contractors, and they are also Shasta and Sun Eagle and at that time, we were not sure how much this contract was going to be needed. So we only went with one contractor back then and this time we chose no select both contractor.

Councilmember Graham: Was there a problem only having one contractor?

Alison Tymkiw: No, there wasn't a problem last time, but we do find it's better when we have -- most of our job order contracts have more than one contractor on it. It gives us flexibility if one contractor is too busy, and although we're not allowed to price shop between our two contractors. I think when contractors know that another contractor has the same contract, they sharpen their pencils a little bit more with their bids.

[Time: 00:32:11]

Councilmember Graham: I was going to say, what do you do if they both are -- you kind of answered this in the question. I haven't had a chance to absorb it, but if they can both do the project, how do you decide at that moment which one you grant it to?

Alison Tymkiw: Councilmember Graham, it would really kind of depend on the scope of work. Shasta is a pool contractor and Sun Eagle is actually a general contractor and they have experience in pool construction as well. They bring to the table maybe being able to do some more ancillary site work; whereas Shasta doesn't have that capability in-house and they would have to subcontract it. We would make the decision based on that criteria.

Councilmember Graham: You said you can't price shop. You said I can do it for \$1 million, I can do it for 1.2 you have to ignore that?

Alison Tymkiw: Yes, we have to go to one JOC and negotiate the price with them.

Councilmember Graham: And so in that case, would you look at other factors.

Alison Tymkiw: Councilmember Graham, yes, if we can't negotiate with them, we can move on to the next JOC. And we would have to accept that price or else we would have to go out to bid.

Councilmember Graham: Thank you, Alison.

Mayor Ortega: Councilwoman Whitehead.

Councilwoman Whitehead: I was wondering about the price shopping. Having two, there's a sense of competition, and it probably does help. I wanted do comment on pools. I'm a proud owner of a pool, and I would say one night a month is date night redoing the pool vac. We rebuild it all the time.

The other thing is that my pool service which I have, no longer will charge me a set rate per month because chlorine has doubled in the last year. So that is an issue. That has nothing to do with my questions. These are just thoughts that came to my mind. I had a question about the installation of the on-site chlorine generation systems. Where are we -- I think there were plans to do that for cactus. Do we have those and maybe that's a Nick question. Do we have those at all the pools?

Alison Tymkiw: Yes, we did complete the conversion of all of our pools under the last contract.

[Time: 00:34:45]

Councilwoman Whitehead: I want to point out, that's huge because it's a cost savings and it's also a public safety issue. Not only that, also my kid was a lifeguard. I think Councilwoman Caputi's kid is a lifeguard. It's a safety issue for those lifeguards having them not have to deal with that very toxic substance. I'm glad that's done. That's it for me.

Mayor Ortega: Councilmember Durham.

Councilmember Durham: Thank you, Mayor. I'm a little bit confused by the wording of this because it says that there are going to be two contracts, one with Shasta and one with Sun Eagle with a maximum contract price -- these read different from what is in the contract. What you have on the screen, it says \$15 million per contract and we have two contracts. So that would read like it's a total of 30, but I'm looking at the actual resolution and it does not have the per contract language in there. But it does say that there's a maximum contract price and when you have two contracts, someone could read that to mean it's \$30 million.

Alison Tymkiw: So Councilmember Durham, it is each contract has the initial not to exceed limit of \$15 million. Each contract. For two years.

Councilmember Durham: So we are talking potentially \$30 million.

Alison Tymkiw: Yes.

Councilmember Durham: But obviously that's not going to be comment unless the needs are

there?

Alison Tymkiw: Correct.

Councilmember Durham: Okay. I wanted to clarify that that's -- we have been talking about \$15 million which I think it's really 30.

Alison Tymkiw: And Councilmember Durham, just a note as well, each visit job order is limited to \$3 million.

Councilmember Durham: Right. Right. All right. Thank you for that clarification.

Mayor Ortega: Our city uses standard J.O.C. contracts for electrical, asphalt, mechanical and plumbing and they are considerable. And also the advantages they tend to be more will-call basis which is very good for our urgent needs. With that I would move to adopt, Resolution 12887, authorizing the job order contract, 2023-121-COS with Shasta Industries Inc. And contract 2023-122- city of Scottsdale with Sun Eagle Corporation for an initial two-year term in an amount not to exceed \$15 million per contract for citywide pool construction projects.

Councilwoman Whitehead: Second.

Councilwoman Janik: Second.

Mayor Ortega: I have a motion and a second by Councilwoman Janik. Please record your vote. Unanimous. Thank you very much. With that, we have concluded our consent and regular agenda items.

We have a second opportunity for public comment. This is an opportunity to comment on non-agendized items that are within the Council's jurisdiction. There's no request from the public for public comment. I will open and close public comment.

ITEM 09 – RECEIPT OF CITIZEN PETITIONS

[Time: 00:38:30]

Mayor Ortega: We will move on to item number 9, which is citizen petitions, per our charter, any citizen may petition and register it with the clerk, an item to be committed or considered. But I see that there is none. Therefore, I will close the item number 9, which is the citizen petition.

WORK STUDY PUBLIC COMMENT

[Time: 00:38:57]

Mayor Ortega: At this point, we will move on to the work study session. The work study session is an opportunity for us to have a less formal setting for the Mayor and Council to discuss specific topics with each other and city staff, and provide staff an opportunity to receive direction from the Council.

It is also an opportunity for the public to provide input on the agenda work study item. And by doing so, they would have to come forward and register with the clerk. We would allow five speakers and they would have three minutes each specifically on the subject. Seeing none, no one has registered to speak on the public comment for the work study. Therefore, I will close the work study item.

**WORK STUDY ITEM 01 – FINANCIAL AND CAPITAL IMPROVEMENT PLAN (CIP) UPDATE –
PRELIMINARY FISCAL YEAR (FY) 2023**

[Time: 00:39:52]

Mayor Ortega: Next, we will go to the actual work study topic, which is the financial and capital improvement plan, that is the CIP, an update, as well as a preliminary fiscal year FY-2023. Our presenters will be Sonia Andrews, our City Treasurer, and Alison Tymkiw, the City Engineer. Please proceed, Treasurer Andrews.

City Treasurer Andrews: Thank you, Mayor and Council. Tonight's presentation is a report on our preliminary year-end results for fiscal year '23. Next slide. Our fiscal year end is June 30th. We are still in the process of adjusting year-end -- our year-end books and preparing for our audit, and our audit is expected to go on through the end of October and we hope to present to the audit committee our audited financials in November, and then in December, we will present the final audited financials to Council. Next slide.

For the preliminary results that I'm presenting tonight, we will focus on the general fund as the general fund is our primary operating fund. So for fiscal year '23, we continued to see very strong revenue growth. Our general fund operating revenues increased 9.6% from the prior year and was 10.4% over what we budgeted.

Sales tax revenues is driven pretty much by our sales tax revenues which was 9.7% increase from the prior year and 17.2% over budget. And I will get into more why we were that much over budget and what these increases mean. Fees and charges were 3.6% increase from prior year and 13.2% over budget. The reason for the strong numbers is there's three things. One is the Super Bowl and our successful events season.

Next is the pandemic spending that continued through fiscal year '23, coupled with inflation driving up prices. Our budget did not anticipate that the pandemic's spending spree would continue the entire year, but it did. And the third thing is we had quite a few one-time revenues, which I will go over in more detail as well. So as a result, our sales tax revenue and our general

fund revenues were quite a bit higher than last year and also quite a bit over our budget. On the spend side, we saw increases in our expenditure because of our labor costs and also inflation, however, we had quite a bit of vacancy savings to absorb those cost increases. Next slide.

So this slide full of numbers is our general fund total revenues, preliminary for fiscal year '23. As you can see first line is our local sales tax. That is the largest source of revenues in our general fund and as you can see, the budget was only \$170.1 million compared to the preliminary actual for fiscal year '23 of 199.4.

And, again, our budget anticipated a slowdown in consumer spending in fiscal year '23. We didn't see that, and rather, we had more pent-up demand for travel, entertainment, and consumer spending. We also had quite a bit of one-time payment that spiked the sales tax revenues. Namely we had some audit recovers.

We had one-time payments like speculative sales and one-time large payments. The next line, state shared revenues was also quite a bit higher because of the higher sales tax at the state level and also higher income tax collections because of the timing of income tax payments to the state and also the income taxes generated from the pandemic stimulus. The state shared numbers you see here do not yet reflect the reductions to come with the state flat tax.

[Time: 00:44:13]

So it is important to keep in mind that the revenues that you see here is a spike in our revenues due to the factors that we just discussed and we do not expect these revenue numbers in the future years for charges for services which is the third line down, we also had a favorable variance because primarily WestWorld, the event fees there. Next slide.

So diving into our sales tax revenues –

Mayor Ortega: Excuse me. I think we will go back one slide because we were running ahead.

City Treasurer Andrews: Can we go back one slide?

Mayor Ortega: So we jumped to that one when you were still discussing the general fund revenues.

City Treasurer Andrews: Can we go back one slide?

Mayor Ortega: Yeah.

City Treasurer Andrews: One more.

Mayor Ortega: So she's concluding this part of her and now we're going to the more actuals or

local. Correct? At this point, you are going to go to the next slide?

City Treasurer Andrews: Yes, this is the slide that shows our total general fund revenues and I wanted to dive further into the sales tax revenues with the next slide. Okay?

Mayor Ortega: And there's two slides. It was jumping ahead two. We will be fine going ahead one. Show the next slide and we are caught up. They had advanced this slide to the next one when you just started. That's why it did not relate. So we are okay. We are on the correct slide.

City Treasurer Andrews: I thought you had a question on the last slide. Okay. So this slide shows the major categories of our sales tax. These four categories are the largest category of sales tax, retail being the largest one and as you can see the gray bars is prior year numbers, the blue. Is current year numbers and the orange bars is what we budgeted as you can see last year we still had a spending spree and this year we had the continued spending spree, plus the inflation and it was exceeding the prior year.

Other taxables are also quite a bit higher. Rental, we had a few one-time taxable speculative sales of apartment complexes and also the increase from rental rates. Because of the one-time taxable speculative sales our rental revenues was quite above budget. Automotive is pretty flat. Next slide.

This is the next four categories of our sales tax revenue. Dining and entertainment was significantly more favorable based on the super season that we had and the continued pent up travel and consumer spending. Construction was significantly higher than last year, and budget due to a specialty -- payment from specialty contractors, knew projects and also one-time audit payments from speculative sales.

And hotel/motels were also quite a bit higher due to one-time audit payments and hotels doing better than expected. Food stores were relatively flat. So kind of summarizing our sales tax, as I mentioned, retail, dining, entertainment, construction, those kind of drove the sales tax numbers and it is really important to keep in mind that it was also driven not only by increase in consumer spending, inflation, but a lot of one-time payments that we received.

[Time: 00:48:24]

So I wanted to, you know, make sure we are aware of those one-time payments and also several cat Gores that we continue -- categories that we continue to monitor that are relatively flat are the major department stores, automotive sales and food stores. Next slide.

On the expenditure side, for our general fund expenditures, personnel services came in under budget, primarily because of the vacancy savings that we have. Commodities, we also did an extra \$10 million in PSPRS which is the public safety pension plan contributions. And then for commodities and contracts, with the new contract renewals and the increase in commodity

prices, we were just a little bit over our budget which was absorbed by savings from the personnel budget. Next slide.

And to share with you the Super Bowl expenses, we budgeted \$7.5 million in Super Bowl expenses, and we came in at \$5.4 million, primarily because we had savings in police overtime and other expenditures like the entertainment district lighting or things that we researched for that, we had savings from that. Next slide.

And for WestWorld, we had budgeted our revenues -- we had budgeted \$5.8 million, because we didn't budget the parking revenues. When the parking revenues came in, we were at \$7.6 million in terms of operating revenues. We budgeted \$8.5 million in operating expenses for WestWorld, and came in right at \$8.5 million.

So our net/net after debt service is a net negative income of \$4.5 million. And last slide, on the bond 2019 projects, we issued \$132.7 million of \$319 million to date, and we have spent \$42.5 million at the end of June on the bond 2019 projects. And with that, I can answer any questions before we turn it over to Alison.

[Time: 00:50:57]

Mayor Ortega: Councilwoman Caputi and Councilmember Graham.

Councilwoman Caputi: The one-time audit, you went back and audited the sales tax?

City Treasurer Andrews: Yes, our tax department performs audits of businesses, contractors, and different vendors for compliance with remitting and collecting sales tax. And this year our sales tax audit recoveries were significantly higher than previous years.

Councilwoman Caputi: Okay. Thank you.

Mayor Ortega: Councilmember Graham.

Councilmember Graham: Thank you, Mayor. That makes me curious. Can you share with me how many people are in the sales tax audit department? How many auditors do you have?

City Treasurer Andrews: We have four or five auditors and they focus on different areas for tax audit. We also have the State Department of revenue also have auditors.

Councilmember Graham: Right.

City Treasurer Andrews: But they audit statewide, businesses that cover multiple cities.

Councilmember Graham: When I was looking at this I was struck -- it didn't hit me as much as

we were going through the budget. Our budget slide 5, page 5, not that we have to go page by page, but –

City Treasurer Andrews: Page 5.

Councilmember Graham: Just the retail sales, the decrease from the prelim to the final budget, can you say a little bit more about that, the drop from the blue to the orange bar?

City Treasurer Andrews: Do you have a specific category or all categories.

Councilmember Graham: The big one? The retail.

City Treasurer Andrews: What do you mean the drop.

Councilmember Graham: The revision, the downward revision.

City Treasurer Andrews: It's actually not a downward revision. The orange bar is what we had budgeted as what we anticipate collecting in sales tax revenue, the blue bar is what we actually selected.

Councilmember Graham: Okay.

City Treasurer Andrews: So when we put the budget together. So the gray bar is what we collected last year, in fiscal 2022. And when we put together the budget in May, we had anticipated a slowdown in consumer spending, there was a lot of prediction of a recession coming. And also a slow down in spending, as in fiscal year '22, there was a spike in revenues due to pent up demand and a lot of consumer spending. So we budgeted -- we anticipated lower sales tax revenues than last year.

Councilmember Graham: So when it says prelim, that means actual but not audited. I think of preliminary budget, but that's an actual preaudit.

[Time: 00:54:16]

City Treasurer Andrews: Correct. It's preliminary actual.

Councilmember Graham: Okay. Thank you very much. And then -- and then can we go to WestWorld, slide 10? Okay that also answers my question on that up with. So thank you. Thank you, Mayor.

Mayor Ortega: Thank you. Next, we go to Councilmember Durham and then Councilwoman Janik.

Councilmember Durham: Thank you, Mayor. We are going to lose this rental income. And when is that going to be?

City Treasurer Andrews: The residential rental tax?

Councilmember Durham: Yes. Do we have a breakdown of how much, it's on page 5. There's the bars for the rental tax. Do we have a breakdown of how much that we're going to lose?

City Treasurer Andrews: Yes. Mayor, Councilmember Durham, starting in January of 2025, with the passing of our -- the governor signing the senate bill, the residential rental tax will no longer be selected. We will in total for the city, we will lose about \$14 million. For the general fund, we will lose about \$10 million of this 20, 25 million. The rental category includes commercial rentals, as well as residential rentals.

So this \$25 million is a combination of commercial rentals and residential rentals. The residential rental portion is about \$10 million. And what we are doing right now, it's still very preliminary. We are working with the AZ League, the League of Cities to see if there's any proposal to the state to provide some replacement revenues. We are also working with the city manager's office and our own departments to figure out what we can do to make budget adjustments to accommodate for the loss in revenues. So there is going to be more to come.

Councilmember Durham: Okay. I thought you said something about losing \$14 million or is it \$10 million?

[Time: 00:56:39]

City Treasurer Andrews: It is \$14 million in total citywide because we also collect transportation sales tax that we will lose revenues there as well. The transportation sales tax is in our transportation fund. We also select preserve sales tax and we will lose some money from the residential rental tax loss in that area as well. So \$14 million in total for the whole city, of which \$10 million is coming out of the general fund. It will be a revenue loss from the general fund.

Councilmember Durham: Okay. Thank you. Thank you, Mayor.

Mayor Ortega: Councilwoman Janik and then Whitehead.

Councilwoman Janik: Just attention on page 10, and I just wanted to make sure that I called attention to the fact that you estimated a loss of \$6.4 million in WestWorld, and it was \$4.5 million. And you attributed that to collection of parking fees?

City Treasurer Andrews: That is correct. When we put a budget together, we can't include fees for the parking contracts. We negotiated higher parking fees. I don't think we included anything

there, and we now have better parking contracts in place. That's why the budget was \$5.8 million and the actual was 7.6.

Councilwoman Janik: Okay. And then I wanted to point out that our city manager was very instrumental to increase the parking fees and it was a tough negotiation but he hung in there. So thank you. Appreciate that. Thanks. Thank you, Mayor.

Councilwoman Whitehead: Thank you. We were all very supportive of new revenue sources. So basically, I want to talk about that rental sales tax loss. When we collect sales tax, it's broken up into preserve, transportation and general fund and so the \$4 million will be a loss to our preserve dollar revenue and transportation. So we have less money to pave roads. Does -- do the short-term rental operators, they currently pay a rental tax too.

Councilmember Graham: Yes.

Councilwoman Whitehead: So this tax cut is benefiting our short-term rental operators as well?

City Treasurer Andrews: Mayor, Councilmember Whitehead, the rental tax reduction is on long-term 30-day or more rentals. So the short-term rentals will still have to pay the tax.

Councilwoman Whitehead: Okay. I'm glad to have that spelled out for me. Thank you.

[Time: 00:59:48]

Mayor Ortega: Well, two things are happening. So our own auditor and auditing was able to recover \$8 million. Well, they also probably caught them for not paying state sales tax or county sales tax. And that's three times what ours is. So that would mean a recovery that the state is receiving, and maybe \$24 million. Under other -- normal situations, we recover about \$2 million through the auditing process. A lot of things were falling through the cracks. The other thing I will call our attention to is slide number four, once again, we are looking at a prediction of our local sales tax of almost \$200 million, 199. By the time we add another year to this, when the depletion or the stripping away of the rental tax occurs, that's 5% of our budget. That's very considerable.

That cuts deep into our -- even if I want to say, you know, our bond rating and our ability to pay for basic services. The \$10 million equates to 100 employees. And that would cover the full range of different services that we provide. It's not acceptable for -- and we'll be at the League of Cities and Towns and we'll be representing some resolutions which I believe the -- all the cities and towns will accept that will call on our state legislature to restore the state revenue -- the funds through state revenue share.

Now if you look at state revenue share on that same line -- on that same slide, it's very predictable. They will -- the variance was .2 of a percent. And they are digging into us for

\$10 million or 14 total on sales tax and we need to get a restoration of that. That's hurting Mesa, \$20 million and city of Phoenix \$70 million. And, you know, that's a lot of employees that would be impacted as well as our ability to pay down our public service debts on pension fund. With that, we will then conclude and move on to the CIP portion or the update with our city engineer, Alison Tymkiw.

Now, you know, the Romans built a lot of things in the old days, right? The Romans built aqueducts, bridges and streets. Do you think they had a similar process of estimating it? Did they just conquer as they went? We really are -- we really are systems driven here. So you are giving us an update on where we are at. And I appreciate that.

[Time: 01:03:04]

Alison Tymkiw: Thank you, Mayor, members of Council, Alison Tymkiw. This is the CIP update for the fourth quarter of '22/23. This update is meant to be just a real high-level snapshot of where we are on some of our projects. For context, capital project management, we manage 175 projects. We are making a lot of progress on our projects but that is sometimes kind of hard to show in this snapshot. Can you advance it? I'm not able to advance it. Okay. Thanks.

The way I formatted this presentation is first, I will talk a little bit about the bond 2019 projects and then I will cover the project CIP, not in design and CIP nonbond projects that are under construction. Next slide, please. Next slide. Okay.

So again, this is the fourth quarter fiscal year '22/23, it's a little confuses because we are in '23/24. And this is fourth quarter update and this shows the fiscal year '22/23 projects. And this is a summary of these projects. Since your last update, we have completed an additional project that's shown in yellow. It will be listed with other completed projects later in the presentation.

I will highlight the splash pad, as well as the 55 build a 17-acre park at Ashler Hills Drive. This shows add splash pad and this is a bond project that is intended to improve McCormick Stillman Railroad Park to implement the park's master plan and boost attendance in the summer with a splash pad this is constructed with the new roundhouse, which was formerly referred to as the bunk house project.

We have plans at 90% and we are updating pricing for the project. We plan to bring a GMP later this year. GMP-1, we are planning to do more than one GMP. We plan to do an early material procurement, including masonry and some electrical items and then we are planning to start construction this winter with a 12-month construction period. Next slide, please.

This is an aerial view of what the design is intended to look like. Next slide. And then this specifically shows the bond portion of the project, which is the splash pad. And 55, this is the open turf play areas at Ashler Hills and basketball and pickleball and walking paths and trails and currently we are planning to start the native plant salvage later this summer. The design is at

100%.

We did some minor modifications to the design. The bridge, we had to upgrade for utility trucks to be able to drive over it for maintenance of the park. We did eliminate some of the underground storage and converted it to detention basin for cost savings and we looked at the roof structure that I know we talked -- I know we talked about with Council previously. And the proposed roof structure will have the same look but we're looking at using more inexpensive materials to construct that. And then we anticipate our construction GMP later this winter and 12-month construction schedule. Next slide, please. Again, that's the view of the site plan with the parking lot, and to the south, and then the open walking trails to the north. Next slide. And then this is an aerial view, and you can see the sport courts and the rest room and the play area with the roof structure. Next slide.

[Time: 01:08:03]

This is the roof structure that we had previously talked about and then that's the bridge we had to modify the design for trucks to be able to access for maintenance to the park. Next slide. This is question two. These are the projects that are active within '22/23 for question two. The first project one replace aging infrastructure and improve public event spaces on the civic center plaza. That project is complete. Our contractor is working on punch list items.

It's open and a grand reopening is scheduled to be held in October. We touched on project number 15, which is build. 200 space parking lot off 75th Street. We talked about that. That will be built with the stadium phase two project. And then I'm going to highlight the project number 23, repair lakes and irrigation at Vista Del Camino Park in the Indian Bend Wash. Next slide.

This is repairing the failing lakes and irrigation from McKellips to Thomas Road. We are currently under construction at the Eldorado Park area. We are working on landscape conversion and many of the trees have already been planted and the D.G. is being installed. Next slide.

This shows -- that was when the contractor was dredging the lake. This is the lake behind the Eldorado pool and the boys and girls club area. Next slide. And then this shows the overall project. So this project is going to come with several GMPs. We brought one in to you so far, and that's basically on the left side, the purplish color, and then the red and the green, that's the area that we are currently working in. And then the brown area would be a future phase as well as the yellow hear to the enter and then the final would be the blue area which is labeled 6 on here.

Next slide, 57 is install solar systems at the North Corp Campus and then this project was delivered with a nonbond CIP project which was our North Corp yard garage. That is complete and in use. All the solar panels are up and the wiring is being completed. We will not be able to activate it until November, because the electrical equipment was a long lead item, but once we get it, we will be activating it and bringing it into our system in December of 2023. Next slide. So

this just shows the up ramp to the upper level of the garage that was constructed with the solar panels on top of the shade structures. Next slide.

Another bird's eye view of all the solar panels installed. Question three, again, 2022/2023 in question three. A lot of these projects are I.T. related and a few in yellow have been completed since last update and several are on their way to be completed. And we have number 28, that's currently in design. Next slide.

We have the two training facility projects at our Tom Hontz facility, the police training facility and the fire training facility, which are both currently under construction, with targeted completion at the end of next year. And next slide.

And I will highlight 40 which is renovate and expand the civic center jail to meet demand. This project is going to be improving facilities that were built in 1971, and are no longer appropriate to provide the needs of the facilities down there. Our schematic design is complete. We're proceeding with design development for phase one. This project will be also delivered in a couple of phases. So more than one GMP. The first phase is going to address the jail remodel and then the two-story addition and then the second phase will address the relocation of the prosecutor to the former District 2 station space. So they're doing some trading of space and adding space and renovating space down there. Next slide, please.

As I mentioned, this is a list of the completed bond 2019 projects to date. And in question one, we've completed a lot of court surfacing and sports lighting, and question two, several projects at WestWorld and then question three again a lot of I.T.-related projects including the WiFi that was delivered with the civic center project.

[Time: 01:13:09]

Mayor Ortega: One quick question, just because you are on this slide. What would you say -- you mentioned question two WestWorld, and what would they ballpark out to as far as cost?

Alison Tymkiw: I'm not sure. Mayor, I will have to get back to you on that. I don't have a good idea of what those projects cost. We did have some savings in a few of those projects that we will be bringing to the bond oversight committee to be able to transfer to other projects and then we'll be bringing that again to City Council, following direction from the bond oversight committee.

Mayor Ortega: And that's fine of course, following up. I wanted to point out that the cost and approvals from all citizens is pretty broad.

Alison Tymkiw: Oh, correct.

Mayor Ortega: Thank you.

Alison Tymkiw: Okay. Thanks. Next slide. So this next slide will cover a nonbond CIP project that's currently in design. Next slide. And this is the Granite Reef Wash phase 2b. This project just started. It will eventually construct detention basin in Pima park, as well as storm drain channel and culvert improvements along the granite reef wash from Thomas to McKellips and the primary purpose is to eliminate the FEMA floodplain, and so again we just kicked off design with the engineering services contract. It was awarded at the Council meeting on July 10th and we held our design kickoff meeting this month. And construction is anticipated to begin in 2025. Next slide.

And then capital improvement projects under construction and this is where I get to show you some pictures of projects that are active. Next slide, please. This is the Pima Road, Pinnacle Peak to Happy Valley Road project. This is designed -- the six lane major arterial cross section with landscape median, bike lane, sidewalks and curb from Pinnacle Peak to Happy Valley Road. The work is continuing with the insulation. Sound wall. If you have driven up on Pima Road, I'm sure have you noticed. This is an aerial view of that sound wall. And during this construction operation, there are two lanes of traffic open in each direction on Pima Road. Project again is expected to be complete in summer of 2024. Next slide, please.

[Time: 01:15:51]

This shows the construction of some of that sound wall and then progress of the sound wall on the west side. Next slide. This project Miller Road, Pinnacle Peak to Happy Valley Road project, this is the bridge project that's going over the Rawhide Wash. This construction bid award was authorized by City Council back in June. The notice to proceed was issued in July. The contractor has started native tree salvage and removals, which I know you are aware of and the target completion is summer of 2024. So this shows, again just the rendering of what the bridge is intended to look like when it's complete. Next slide.

And then this, again, shows the extent from Pinnacle Peak Road north to just south of Happy Valley Road, and that area crossing the rawhide wash is where the bridge is. So as construction progresses on this project, I will provide more updates and bring you more photos. Next slide.

Okay, this is actually a waterline that's under construction at Scottsdale Road waterline, and gold dust to Shea boulevard. I thought I would show this one since it's at a busy intersection at Scottsdale and Shea, and replacing 6-inch asbestos cement water pipe to prevent future failures of that line. And we just began work on this project using one of our JOC contractors. It began July 31st and it's scheduled to be completed in late October and the majority of this construction work is being done at night to provide minimal disruption to the businesses and the traveling public because as you know, that's a really busy intersection. So if you drive by that's what we are doing at that location.

[Time: 01:17:47]

Mayor Ortega: Thank you. Let's ask a quick question. Councilwoman Whitehead.

Councilwoman Whitehead: I was just asked about what's going on on Scottsdale Road. Is it -- so Gold Dust to Shea is not that long.

Alison Tymkiw: It's primary between Gold Dust to Shea but we have a lot of service meters to replace as well.

Councilwoman Whitehead: Service meters.

Alison Tymkiw: The meters to the businesses, the service lines it's also the main.

Councilwoman Whitehead: I haven't driven it. Is there a limited travel lanes from where to where on Scottsdale Road?

Alison Tymkiw: From just south of Gold Dust to just north of Shea, and then there are some minor restrictions as well east-west on Scottsdale Road to accommodate the construction high-ins.

Councilwoman Whitehead: Okay. And I'm sorry you said October?

Alison Tymkiw: Yes.

Councilwoman Whitehead: Okay. Thanks.

Alison Tymkiw: Okay. Next slide, please. That shows another picture of the traffic control set up for that project next slide. And then this project we talked about earlier as well. This is complete, the Chaparral pool renovation project. We renovated the existing main pool to increase the swim area and lanes and the pool has been reopened. It was expanded to a 16-lap pool, including the U.S.A. swimming competition lanes and the Olympic-grade starting blocks. We added the shaded area for viewing of swim competitions, and then also commercial aeration system to cool the pool during the high summer temperatures.
Next slide.

And this shows the completed configuration of the pool, with swimmers enjoying it. Next slide and, again, this is a picture at night showing the completed pool. With that, any questions or comments?

Mayor Ortega: At this point, Councilwoman Janik and then Vice Mayor Littlefield.

[Time: 01:19:47]

Councilwoman Janik: Thank you, Mayor. Thank you, Alison, very comprehensive. Appreciate it. A couple of comments. I appreciate the fact that with Ashler Hills you were able to decrease some of the expenses. So thank you for that. I was at the dedication of Chaparral pools, it is beautiful. A million thank yous. And hopefully the citizens and the kids will use it and we are happy to have that for the community use. Thanks a bunch on that.

Alison Tymkiw: Thank you.

Mayor Ortega: Vice Mayor Littlefield.

Vice Mayor Littlefield: Thank you. I wanted to say will thank you also very much for the Chaparral pool completion. That's been wanted very much as our swimming competitions continue to grow in Scottsdale and throughout the valley. I think you have done a wonderful job with that. It looks wonderful. Thank you.

Mayor Ortega: Councilmember Graham.

Councilmember Graham: Thank you, Mayor. Alison, good presentation. Just a few very brief questions. I guess we can go back to slide 20. Or, I'm sorry, 22. Okay. I changed my mind again. 21. The community -- I mean, this is not -- you know, normally, north would be up, but north is to the right here. There's a community right there. I don't even know the name of the community but you take 74th way to get there. And they were -- I heard some concerns about this park becoming a pickleball mecca and regional park. They are concerned it will become too popular. Any comment on that?

Alison Tymkiw: Councilmember Graham, I would have to defer to somebody in parks for the actual program of the park itself.

Councilmember Graham: I don't know if it's on topic to bring Nick up and say something real quick about it. Sorry, Nick. You probably didn't expect to go to the podium tonight.

Nick Molinari. Ashler Hills Neighborhood Park is a neighborhood park and we will not be programming any activities at that park. So there won't be any tournaments. There won't be any leagues. Anything scheduled at that park in terms of the pickleball or any of the other areas and we don't program activities at any of our neighborhood parks. As we went through a group, Los Pedros was concerned with several things, light and noise.

Councilmember Graham: And parking.

Nick Molinari: Parking? We have standard parking on this site. We probably over parked this site to ensure this was not any overflow parking that came on to 74th Way. We are not concerned at all with any parking that might disturb –

Councilmember Graham: If I can interrupt. Their concern with the parking, if it became the pickleball Mecca, that the 70 spots fill up, and then 74th would congest and squeeze. It sounds like you feel pretty comfortable with the status.

Nick Molinari: Yes, we feel pretty good about it. We took substantial amount of time to go through parking and work with the -- that community to address any concerns they had.

Councilmember Graham: I would say this was a good example of community outreach and dialogue and incorporating feedback. You moved the parking lot away from where it was -- some previous iteration and I was very pleased with the accommodations that the city made for the residents' concerns. Thank you, Nick for coming up.

Nick Molinari: You're welcome.

Councilmember Graham: Slide 36. Oh, before we get into 36. Sorry whoever is in charge of slide changing, if we can go to 28, whoever is in charge of that, they're fast. They have a fast draw up there. The solar panels, they are activated in October?

Alison Tymkiw: Councilmember Graham, in December.

Councilmember Graham: December. What is the pay back for solar panels like that, as far as what we pay for them and how many years do you expect the energy saving to go pay for themselves?

[Time: 01:24:28]

Alison Tymkiw: Councilmember Graham, we believe the project will qualify for a rebate. And we think that we can see a rebate of up to 30% of the cost. And it could be approximately \$1 million. We are working on applying for that rebate it the I.R.S.

Councilmember Graham: Oh, it's a federal rebate?

Alison Tymkiw: Mm-hmm.

Councilmember Graham: That would reduce our investment by 30%. With the reduction in our investment of 30%, how long do you think the payback is?

Alison Tymkiw: I'm not sure what the payback is on the solar. I can get back to you.

Councilmember Graham: I don't know if we can look it up. Okay. Thank you. And then we'll go to, if I may ask us to go to slide 36. There's some really tiny text boxes.

Alison Tymkiw: Sorry about that.

Councilmember Graham: I couldn't read them and I guess I could zoom in but then it would only be -- is there any way that we can talk real quick what the tiny text boxes say?

Alison Tymkiw: So it's really just kind of giving the overall intent of the project which like I said at Pima road, we will be structuring a detention basin there and there's a series of storm drains and culvert improvements along Granite Reef Wash from Thomas and McKellips Road to tie into that detention basin. It's an area water shed improvement to get the area out of the FEMA floodplain.

[Time: 01:24:28]

Councilmember Graham: Is the new drainage route going to be the red?

Alison Tymkiw: The new route -- so the blue area that we are looking at there. Do you see the blue on the right?

Councilmember Graham: There's multiple blues. There's a turquoise blue --

Alison Tymkiw: So the dark blue on the right of the slide it says Thomas Road storm drain basin, Pima Park detention basin. So that's basically showing this storm drain area down to the Pima Park detention basin.

Councilmember Graham: And then the water, after that, where does it go?

Alison Tymkiw: Water will be retained in the basin.

Councilmember Graham: So what does the red area mean?

Alison Tymkiw: The red area, that says -- it's really hard to read but it says Pima Road, McKellips Road storm drain. So that's a storm drain in that area. And then the light blue, again is another storm drain. And then the green -- my eyes aren't that good. That as well is a storm drain. So a lot of the things that are on the map are storm drains and I can absolutely send you a very clear picture of this. I apologize. I didn't realize it wouldn't show up well.

Councilmember Graham: No, I wanted to understand what the colorization ask.

Alison Tymkiw: We just started design on this. So I can provide further update as we progress with the design and show you where we are.

Councilmember Graham: Thank you, Alison.

Alison Tymkiw: Sure.

Councilmember Graham: Slide 42. I'm moving quickly. I'm become done, I promise. Whoever is up there is fast! How are we on -- it looks like it will be a really nice project. I guess the slide before that shows the artwork. The public art will be a part of that and it will probably look nice. Do you have more feedback with the residents concerned about the bridge looking over into their backyards?

[Time: 01:28:28]

Alison Tymkiw: Councilmember Graham, that's some of the feedback we have been receiving from the residents throughout the project. I think it's difficult to communicate what it will look like. I think it's hard to visualize that it's not going up high in the air, that it's just bridging across the existing wash. So that's been some of the concern from some of the residents.

Councilmember Graham: So the bridge will bridge. What -- you don't think it's going to be as bad as they fear is what you are saying?

Alison Tymkiw: I don't. It's following the grade of the existing road. It will be up above the wash, but it won't be climbing up above the existing road which I think some of the people are envisioning.

Councilmember Graham: Okay. And my last question for the time being. Thank you for allowing me to ask these questions. This particular project, I guess it was at risk of failing and needs to be replaced. How old is it? How often do we replace these types of waterlines.

Alison Tymkiw: I don't know the age of this waterline, but it's an existing ACP pipe, asbestos cement pipe, and we have a lot that we routinely have breaks in that type of pipe.

Councilmember Graham: Do you know anyone on staff who might know the answer?

Alison Tymkiw: Yes, Brian Biesemeyer.

Brian Biesemeyer: Mayor, Council, Brian Biesemeyer, Scottsdale water. Yes, Councilman Graham, we go through an active program to analyze our pipelines and replace them. This one had several failures in the last few years. It's a major intersection. It was a difficult project because of the service lines that had to be done and trying to keep businesses in place. But we thought it was necessary to -- actually we accelerated this one in our program to get in there and get it done. Most pipelines last 50 plus years but we have an active program and you will see them on our CIPs to continue to come in and replace these.

Councilmember Graham: Now you said you accelerated. Was there a particular concern of yours? What was the judgment behind that?

Brian Biesemeyer: We shut down the traffic on Scottsdale Road and Shea. We would rather go in and make it an inconvenience of one lane now versus many lanes with a lot of water on them.

Councilmember Graham: Can you explain a little bit more. You wanted to just do one lane? Is what you want?

Brian Biesemeyer: We accelerated the timing of this particular one to bring it into this current year. When we went through last year's CIP. We accelerated this one compared to other projects to ensure that we can get this done in a time frame that we would not -- we would minimize impact to our customers and the traffic in the area.

[Time: 01:31:45]

Councilmember Graham: I guess what would doing it now versus in a year or two, how would it affect customers in the future any differently?

Brian Biesemeyer: Only in the fact that we thought we were at risk for some more breaks in the area, and putting some of our customers out of water.

Councilmember Graham: Okay. So you have done an assessment and decided it was at risk and you accelerated it.

Brian Biesemeyer: We did a residential rental assessment of that, and yes, sir, we did.

Councilmember Graham: And these pipes, they are supposed to last 50 years.

Brian Biesemeyer: Yes, most pipelines are designed to last 50 years.

Councilmember Graham: And do you know how long this one has lasted?

Brian Biesemeyer: Based on the area, those pipes were put in in the '70s and '80s so 40 or 50 years old.

Councilmember Graham: We're at the expected useful life.

Brian Biesemeyer: It has, yes.

Councilmember Graham: Very good. Thank you. Nice haircut and thanks for coming to talk to us. Mr. Mayor, thank you for those questions and Alison, thank you for your presentation.

Alison Tymkiw: Thank you.

Mayor Ortega: Councilwoman Whitehead and Caputi.

[Time: 01:32:46]

Councilwoman Whitehead: Thank be you, Mayor and thank you Alison. I'm enthusiastic about two splash pads, the one that opened in the Civic Center and I want to echo how pleased I am about Chaparral pool. That's located in an area with a tremendous amount of single-family houses and apartments and it's just a super big residential area. So I'm excited about that.

I was going to mention that usually the city photos amaze me how good they are, but the photos of the solar panels were not as good as how it looks at the North Corp yard and so since Councilmember Graham brought that up, I want to confirm that the -- that those panels will generate 50% of the power for the fire station, police station, North Corp yard I think is what I was told.

Alison Tymkiw: Councilwoman Whitehead, yes, I believe that's correct.

Councilwoman Whitehead: And I want to point out because I remember and maybe nobody else up here remembers that the solar panels were one of our -- were highlighted at our retreat because of all the inflation we've dealt with, there was deflation with solar panels. So they came in far less expensive than was budgeted.

So that was one of the success stories but, sure, I would like to have what Councilmember Graham mentioned. Miller Road, some of us have been dealing with Miller Road for like three years and I just want to compliment the staff. I mean, it is heartbreaking to have no road, and then a road when you live there. There's just no way to make that good. I mean, no road is always better when it's your back yard.

But I just want to point out how much staff did including adding more trees, adding bigger trees. I spent time out there with you, Alison and having the residents choose the tree types they would see and the changing sides on paths and changing the wall heights to reduce the noise there was a tremendous amount to lessen the impact and every time this project comes up, I think of that. And then recently we had the neighbors to the south worrying about trees. I worry about trees all the time.

And so I appreciated your answers that did help clarify things to me that sometimes it's hard to anticipate which trees are going to be move and in the case of grade being very steep. You made it very clear that those would be replaced with like-sized trees. So I will be glad when that project was done. Most importantly, we lowered the speed limit. That was a big deal for that road. I have some in-depth questions on the work being done at the Eldorado Park but I think I will do those offline.

The beautiful little streams, I want to make sure and there's a lot of habitat and residents were very worried and you had, I think a conservation biologist on the team to make sure that the

habitat around those lakes would still be either replanted or remain. So I will talk to you offline on those. I think that's all I had. So just, again, pretty much what a lot of people said up here, I agree. Thank you, Alison.

Alison Tymkiw: Thank you.

Mayor Ortega: Councilwoman Caputi.

Councilwoman Caputi: Thank you, Alison, I really want to thank you for keeping us updated. There are so many projects and it's great to have a remember update of where we are on all of the different projects. And then I just want to make a comment that as you stated, there are hundreds of projects going on in the city. And they are all really large!

[Time: 01:36:55]

So having hundreds of really large, multiple millions of dollars of projects take time. They don't happen overnight, and we sometimes hear noise about people getting anxious that things are not happening and looking for their pet projects. I want to say to the people who are listening, we can't issue debt all at the same time, nor can we possibly construct all of the projects that we promised to our residents in two seconds.

So because they're not happening right this minute does not mean they are not going to happen. We promise that we will deliver all of the projects that have been prioritized by our residents we promised. So thank, everyone, for your patience and thank you for continuing to keep us updated. We've made great progress so far.

Alison Tymkiw: Thank you.

Mayor Ortega: Well, thank you. I think we are concluded with questions. I also want to point out when bond 2000 was passed by the voters, I believe it was about \$360 million and this was in the year 2000 when I was in office. Think about that, with inflation, occurring now, what would those costs be. What would our city be without the McDowell Aquatics Center. Think about that. The gym over there at Eldorado, Appaloosa library, the Arabian library. All of these things were executed. They were approved by the voters and, you know, what would we do without them today so I'm a firm believer in, you know, looking forward at depreciation as we just had an example with the pipe that's over 50 years old.

[Time: 01:38:58]

We can predict it will break. We know it's breaking. I got into the basement of this building and this building will celebrate 55 years. So it opened in 1968, in October, and we'll be celebrating a reopening and re-introduction to our city hall. But if you go down to the basement, you will see equipment that's certainly all been replaced and it has a green tag on when it went into service.

The refrigeration units and other panels and so forth are all there. And, you know, 20 years, they will be really old and older. It is important using the JOC methods, it makes for reliable contractors stay hungry and suppliers, they remain available when we have a breakage as well.

I really enjoyed those questions because this showed how we are able to react quickly, as well as manage the long-term construction projects along the way. Well, with that, we are concluded with our work study. I would want a motion to adjourn.

Councilmember Graham: Motion.

Mayor Ortega: And a second? Please record your vote. Unanimous. Have a good evening, and we'll be back tomorrow.