

**SCOTTSDALE CITY COUNCIL
REGULAR MEETING AND WORK STUDY SESSION MINUTES
WEDNESDAY, DECEMBER 4, 2024**



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

CALL TO ORDER

Mayor David D. Ortega called to order a Regular Meeting and Work Study Session of the Scottsdale City Council at 5:00 P.M. on Wednesday, December 4, 2024 in the City Hall Kiva Forum.

ROLL CALL

Mayor Ortega asked City Clerk Ben Lane to conduct the roll call.

Present: Mayor David D. Ortega; Vice Mayor Barry Graham; and Councilmembers Tammy Caputi, Tom Durham, Betty Janik, Kathy Littlefield (participated electronically), and Solange Whitehead

Also Present: City Manager Jim Thompson, City Attorney Sherry Scott, City Treasurer Sonia Andrews, Acting City Auditor Lai Cluff, and City Clerk Ben Lane

PLEDGE OF ALLEGIANCE

The Pledge of Allegiance was led by Vice Mayor Graham.

MAYOR'S REPORT

Mayor Ortega called attention to the ongoing wars in foreign countries as they fight to protect their democracy and freedom and asked for a moment of silent reflection for these war-torn countries and for the safety of our military personnel.

PUBLIC COMMENT – Steve Sutton discussed Chaparral Dog Park's prohibited behavior signage and suggested ideas for new signs.

CONSENT AGENDA

1. Castro's Cigar Lounge Liquor License (72-LL-2024)

Request: Consider forwarding a recommendation of approval to the Arizona Department of Liquor Licenses and Control for a location/owner transfer of a Series 7 (beer and wine bar) State liquor license for a new location and owner.

Location: 10610 N. Scottsdale Road

NOTE: MINUTES OF CITY COUNCIL MEETINGS AND WORK STUDY SESSIONS ARE PREPARED IN ACCORDANCE WITH THE PROVISIONS OF ARIZONA REVISED STATUTES. THESE MINUTES ARE INTENDED TO BE AN ACCURATE REFLECTION OF ACTION TAKEN AND DIRECTION GIVEN BY THE CITY COUNCIL AND ARE NOT VERBATIM TRANSCRIPTS. DIGITAL RECORDINGS AND CLOSED CAPTION TRANSCRIPTS OF SCOTTSDALE CITY COUNCIL MEETINGS ARE AVAILABLE ONLINE AND ARE ON FILE IN THE CITY CLERK'S OFFICE.

Staff Contact(s): Tim Curtis, Current Planning Director, 480-312-4210,
tcurtis@scottsdaleaz.gov

2. Ni Hao Bao Dumpling House Liquor License (73-LL-2024)

Request: Consider forwarding a recommendation of approval to the Arizona Department of Liquor Licenses and Control for a Series 7 (beer and wine bar) State liquor license for a new location and owner.

Location: 9301 E. Shea Boulevard, Suite 105

Staff Contact(s): Tim Curtis, Current Planning Director, 480-312-4210,
tcurtis@scottsdaleaz.gov

3. Authentic Ethioafrican Kitchen & Bar Liquor License (75-LL-2024)

Request: Consider forwarding a recommendation of approval to the Arizona Department of Liquor Licenses and Control for a Series 12 (restaurant) State liquor license for an existing location with a new owner.

Location: 6989 N. Hayden Road, Suite A-12

Staff Contact(s): Tim Curtis, Current Planning Director, 480-312-4210,
tcurtis@scottsdaleaz.gov

4. Toscana Wood Fired Italian Liquor License (76-LL-2024)

Request: Consider forwarding a recommendation of approval to the Arizona Department of Liquor Licenses and Control for a Series 12 (restaurant) State liquor license for an existing location with a new owner.

Location: 16580 N. 92nd Street, Unit 100

Staff Contact(s): Tim Curtis, Current Planning Director, 480-312-4210,
tcurtis@scottsdaleaz.gov

5. Rooster Bus Liquor License (78-LL-2024)

Request: Consider forwarding a recommendation of approval to the Arizona Department of Liquor Licenses and Control for a Series 7 (beer and wine bar) State liquor license for a new location and owner.

Location: 7083 E. 5th Avenue

Staff Contact(s): Tim Curtis, Current Planning Director, 480-312-4210,
tcurtis@scottsdaleaz.gov

6. Clearwater Pinnacle Peak Liquor License (82-LL-2024)

Request: Consider forwarding a recommendation of approval to the Arizona Department of Liquor Licenses and Control for a Series 12 (restaurant) State liquor license for an existing location with a new owner.

Location: 23733 N. Scottsdale Road

Staff Contact(s): Tim Curtis, Current Planning Director, 480-312-4210,
tcurtis@scottsdaleaz.gov

7. Citywide General Landscape Services Job Order Contracts

Request: Adopt **Resolution No. 13268** authorizing the following contracts for a two-year term, in an amount not to exceed \$5,000,000 per contract, for citywide general landscape services:

1. Contract No. 2024-183-COS with CD Development, LLC
2. Contract No. 2024-184-COS with DBA Construction, Inc.
3. Contract No. 2024-185-COS with Valley Rain Construction Corporation

Staff Contact(s): Dan Worth, Public Works Director, 480-312-5555,
daworth@scottsdaleaz.gov

8. Preserve Metal Fixture Fabrication, Installation, Repair and Maintenance Job Order Contracts

Request: Adopt **Resolution No. 13279** authorizing the following one-year job order contract extensions, in an amount not to exceed \$2,000,000 per contract, for metal fixture fabrication, installation, repair and maintenance in and around the McDowell Sonoran Preserve as needed:

1. Contract No. 2022-207-COS-A1 with Caliente Ironworks, Inc.
2. Contract No. 2022-208-COS-A1 with E2 Innovations, Inc.

Staff Contact(s): Dan Worth, Public Works Director, 480-312-5555,
daworth@scottsdaleaz.gov

9. Preserve Sign Product Fabrication, Installation, Repair and Maintenance Job Order Contracts

Request: Adopt **Resolution No. 13280** authorizing the following one-year job order contract extensions, in an amount not to exceed \$2,000,000 per contract, for sign product fabrication, installation, repair and maintenance in and around the McDowell Sonoran Preserve as needed:

1. Contract No. 2022-205-COS-A1 with Cuddy Mountain Trail Company
2. Contract No. 2022-206-COS-A1 with E2 Innovations, Inc.

Staff Contact(s): Dan Worth, Public Works Director, 480-312-5555,
daworth@scottsdaleaz.gov

10. Preserve Construction, Renovation and Rehabilitation Job Order Contracts

Request: Adopt **Resolution No. 13281** authorizing the following one-year job order contract extensions, in an amount not to exceed \$2,000,000 per contract, for construction, renovation and rehabilitation projects in and around the McDowell Sonoran Preserve as needed:

1. Contract No. 2022-203-COS-A1 with Cuddy Mountain Trail Company
2. Contract No. 2022-204-COS-A1 with Okanogan Trail Construction, Inc.

Staff Contact(s): Dan Worth, Public Works Director, 480-312-5555,
daworth@scottsdaleaz.gov

11. Preserve Vegetation Management Job Order Contracts

Request: Adopt **Resolution No. 13282** authorizing the following one-year job order contract extensions, in an amount not to exceed \$2,000,000 per contract, for vegetation management in and around the McDowell Sonoran Preserve as needed:

1. Contract No. 2022-209-COS-A1 with EnviroSystems Management, Inc.
2. Contract No. 2022-210-COS-A1 with Siphon Draw Fire and Fuels, LLC

Staff Contact(s): Dan Worth, Public Works Director, 480-312-5555,
daworth@scottsdaleaz.gov

12. Groundwater Monitoring Revocable License Agreement Amendment

Request: Adopt **Resolution No. 13294** to authorize:

1. Revocable License Agreement No. 2024-199-COS with West Coasts Petroleum Newports, LLC, for the continued sampling of eight groundwater monitoring wells near the Granite Reef Senior Center.
2. The City Manager, or designee, to execute any other documents and to take any such other actions as may be necessary to carry out the intent of this Resolution and Agreement.

Location: 1700 Granite Reef Road

Staff Contact(s): Dan Worth, Public Works Director, 480-312-5555,
daworth@scottsdaleaz.gov

13. 75th Street and 2nd Street Parking Lot Engineering Services Contract

Request: Adopt **Resolution No. 13303** to authorize:

1. Contract No. 2024-202-COS with Matrix New World Engineering, Land Surveying and Landscape Architecture PC, doing business as Matrix New World Engineering, to provide site assessment, plan development, and construction oversight of a parking lot within an Environmental Protection Agency (EPA) Superfund site, as a result of the North Indian Bend Wash Area 7 (EPA) Superfund Site designation.
2. The City Manager, or designee, to execute any such documents and take any such other actions as necessary to carry out the intent of this Resolution.

Location: 75th Street, south of 2nd Street

Staff Contact(s): William B. Murphy, Assistant City Manager, 480-312-7954,
bmurphy@scottsdaleaz.gov

14. 2024 McDowell Sonoran Preserve Ecological Resource Plan

Request: Adopt **Resolution No. 13285** to authorize:

1. The 2024 McDowell Sonoran Preserve Ecological Resource Plan.
2. Declare the document entitled "*2024 McDowell Sonoran Preserve Ecological Plan*" to be a public record.

Staff Contact(s): William B. Murphy, Assistant City Manager, 480-312-7954,
bmurphy@scottsdaleaz.gov

15. Back-Up Ambulance Intergovernmental Agreement

Request: Adopt **Resolution No. 13304** to authorize:

1. Agreement No. 2024-203-COS with the Daisy Mountain Fire District for back-up ambulance services.
2. The City Manager, or designee, to execute any such documents and take any such other actions as necessary to carry out the intent of this Resolution.

Staff Contact(s): Tom Shannon, Fire Chief, 480-312-1821, tshannon@scottsdaleaz.gov

16. Forensic Laboratories and Services Grant

Request: Adopt **Resolution No. 13293** to authorize:

1. Agreement No. 2024-198-COS with the Arizona Criminal Justice Commission to accept a Paul Coverdell Forensic Science Improvement Grant, in the amount of up to \$26,162, for training and equipment related to forensic laboratories and related services.
2. The City Manager, or designee, to execute Agreement No. 2024-198-COS.
3. A Budget Transfer, of up to \$26,162, from the Fiscal Year 2024/25 Future Grants Budget and/or Grant Contingency Budget to a newly created cost center to record the related grant activity.

Staff Contact(s): Jeff Walther, Chief of Police, 480-312-1900, jwalther@scottsdaleaz.gov

17. Body Worn Camera Recordings Fee Amendment

Request: Adopt **Resolution No. 13298** amending the current Scottsdale Police

Department Fee Schedule related to Body Worn Camera recordings to include all video recordings maintained by the Scottsdale Police Department, effective December 6, 2024.

Staff Contact(s): Jeff Walther, Chief of Police, 480-312-1900, jwalther@scottsdaleaz.gov

18. Fiscal Year (FY) 2024/25 General Fund Capital Contingency Budget Appropriation Transfer for Tributary Wall Public Art Restoration

Request: Adopt **Resolution No. 13300** authorizing a FY 2024/25 General Fund Capital Contingency Budget Appropriation Transfer of up to \$300,000, to a newly created Capital Improvement Plan project to be titled "*Tributary Wall Public Art Restoration*", to be funded by the General Fund.

Staff Contact(s): Rachel Smetana, Tourism & Events Director, 480-312-2890, rsmetana@scottsdaleaz.gov

19. Fiscal Year (FY) 2024/25 Operating Budget Adjustment

Request: Adopt **Resolution No. 13306** authorizing a FY 2024/25 Operating Budget adjustment of up to \$300,000, from the General Fund Contingency to the Planning and Development Services Operating Budget.

Staff Contact(s): Erin Perreault, Planning and Development Services Director, 480-312-7093, eperreault@scottsdaleaz.gov

PUBLIC COMMENT – CONSENT AGENDA

There was no public comment on the Consent Agenda items.

MOTION AND VOTE – CONSENT AGENDA

Councilwoman Whitehead made a motion to approve Consent Agenda Items 1 through 19. Councilmember Durham seconded the motion, which carried 7/0, with Mayor Ortega; Vice Mayor Graham; and Councilmembers Caputi, Durham, Janik, Littlefield, and Whitehead voting in the affirmative.

REGULAR AGENDA

*****20. Mercado Village Minor General Plan Amendment and Rezoning (1-GP-2024 and 1-ZN-2024)**

Requests:

1. Adopt **Resolution No. 13243** approving a Minor General Plan Amendment to the Scottsdale General Plan 2035 Future Land Use Map from Commercial to Mixed-Use Neighborhoods on ±2-acres of a ±6.64-acre site.
2. Adopt **Ordinance No. 4648** approving a Zoning District Map Amendment from Commercial Office Planned Community District (C-O PCD) to Planned Unit Development, Planned Community District (PUD PCD) zoning on ±2-acres of the overall ±6.64-acre site with a Development Plan on the entire ±6.64-acres of the overall site for a mixed-use development, including 235 dwelling units (equivalent to 35.39 du/gross acre of the Development Plan) and ±13,142 square feet of co-work and live-work area.
3. Adopt **Resolution No. 13244** declaring the document titled "*Mercado Village Development Plan*" to be a public record.

Location: 10299 and 10301 N. 92nd Street

Presenter(s): Jeff Barnes, Principal Planner

Staff Contact(s): Erin Perreault, Planning and Development Services Director, 480-312-7093, eperreault@scottsdaleaz.gov

Principal Planner Jeff Barnes gave a PowerPoint presentation (attached) on the proposed Mercado Village Minor General Plan Amendment and Rezoning.

Applicant Representative Kurt Jones, with Tiffany & Bosco, P.A., gave a PowerPoint presentation (attached) on the proposed Mercado Village Minor General Plan Amendment and Rezoning.

PUBLIC COMMENT – ITEM 20

Mayor Ortega opened public comment on this item.

Lee Cooley, Scottsdale resident, spoke in support of the item.

Ryan Aweida, Scottsdale resident, spoke in support of the item.

Mayor Ortega closed public comment on this item.

MOTION AND VOTE – ITEM 20

Councilwoman Caputi made a motion to:

1. Adopt Resolution No. 13243 approving a Minor General Plan Amendment to the Scottsdale General Plan 2035 Future Land Use Map from Commercial to Mixed-Use Neighborhoods on ±2-acres of a ±6.64-acre site.
2. Adopt Ordinance No. 4648 approving a Zoning District Map Amendment from Commercial Office Planned Community District (C-O PCD) to Planned Unit Development, Planned Community District (PUD PCD) zoning on ±2-acres of the overall ±6.64-acre site with a Development Plan on the entire ±6.64-acres of the overall site for a mixed-use development, including 235 dwelling units (equivalent to 35.39 du/gross acre of the Development Plan) and ±13,142 square feet of co-work and live-work area.
3. Adopt Resolution No. 13244 declaring the document titled "*Mercado Village Development Plan*" to be a public record.

Councilmember Durham seconded the motion, which carried 6/1, with Mayor Ortega and Councilmembers Caputi, Durham, Janik, Littlefield, and Whitehead voting in the affirmative and Vice Mayor Graham dissenting.

21. Fairmont Scottsdale Princess Hotel Master Plan Update (5-ZN-2015#2)

Requests:

1. Adopt **Ordinance No. 4659** approving a Zoning District Map Amendment to amend the previously approved development plan, including amended development standards, an increase in the number of hotel guest rooms, and a parking reduction, for an ±66-acre property with Planned Community District (P-C) zoning with Central Business District (C-2) as the comparable zoning district.
2. Adopt **Resolution No. 13305** declaring the document titled "*Fairmont Scottsdale Princess Development Plan*" to be a public record.

Location: 7501, 7505, and 7575 E. Princess Boulevard

Presenter(s): Meredith Tessier, Senior Planner

Staff Contact(s): Erin Perreault, Planning and Development Services Director, 480-312-7093, eperreault@scottsdaleaz.gov

NOTE: Items 21 and 22 were presented together.

Senior Planner Meredith Tessier gave a PowerPoint presentation (attached) on the proposed Fairmont Scottsdale Princess Hotel Master Plan Update.

Applicant Representative Jordan Rose, with the Rose Law Group, P.C., gave a PowerPoint presentation (attached) on the proposed Fairmont Scottsdale Princess Hotel Master Plan Update.

PUBLIC COMMENT – ITEM 21

There was no public comment on this item.

MOTION AND VOTE – ITEM 21

Councilwoman Caputi made a motion to:

1. Adopt Ordinance No. 4659 approving a Zoning District Map Amendment to amend the previously approved development plan, including amended development standards, an increase in the number of hotel guest rooms, and a parking reduction, for an ±66-acre property with Planned Community District (P-C) zoning with Central Business District (C-2) as the comparable zoning district.
2. Adopt Resolution No. 13305 declaring the document titled "*Fairmont Scottsdale Princess Development Plan*" to be a public record.

Councilwoman Whitehead seconded the motion, which carried 7/0, with Mayor Ortega; Vice Mayor Graham; and Councilmembers Caputi, Durham, Janik, Littlefield, and Whitehead voting in the affirmative.

22. Fairmont Scottsdale Princess Hotel Ground Lease Agreement Amendment

Request: Adopt **Resolution No. 13297** to authorize:

1. Agreement No. 1986-225-COS-E1-A5, the fifth amendment with FMT Scottsdale Owner, LLC, for property known as the Fairmont Scottsdale Princess, allowing for increased hotel keys and commercial space.
2. The City Manager, or designee, to execute any such documents and take any such other actions as necessary to carry out the intent of this Resolution and Amendment.

Location: 7575 E. Princess Drive

Presenter(s): Alison Tymkiw, City Engineer

Staff Contact(s): Dan Worth, Public Works Director, 480-312-5555,
daworth@scottsdaleaz.gov

NOTE: Items 21 and 22 were presented together.

City Engineer Alison Tymkiw gave a PowerPoint presentation (attached) on the proposed Fairmont Scottsdale Princess Hotel Ground Lease Agreement Amendment.

PUBLIC COMMENT – ITEM 22

There was no public comment on this item.

MOTION AND VOTE – ITEM 22

Mayor Ortega made a motion to: Adopt Resolution No. 13297 to authorize:

1. Agreement No. 1986-225-COS-E1-A5, the fifth amendment with FMT Scottsdale Owner, LLC, for property known as the Fairmont Scottsdale Princess, allowing for increased hotel keys and commercial space.
2. The City Manager, or designee, to execute any such documents and take any such other actions as necessary to carry out the intent of this Resolution and Amendment.

Councilwoman Whitehead seconded the motion, which carried 7/0, with Mayor Ortega; Vice Mayor Graham; and Councilmembers Caputi, Durham, Janik, Littlefield, and Whitehead voting in the affirmative.

23. Fiscal Year (FY) 2023/24 Annual Financial Audit

Request: Accept the FY 2023/24 annual financial audit reports submitted by the City's external auditors, Heinfeld, Meech & Co., P.C., and accept the staff report of compliance with Arizona Revised Statutes §41-1494.

Presenter(s): Lai Cluff, and Brittney Williams, Heinfeld, Meech & Co., P.C.

Staff Contact(s): Lai Cluff, Acting City Auditor, 480-312-7851, lcluff@scottsdaleaz.gov

Acting City Auditor Lai Cluff and Brittney Williams with Heinfeld, Meech & Co., P.C. gave a PowerPoint presentation (attached) on the proposed Fiscal Year (FY) 2023/24 Annual Financial Audit.

PUBLIC COMMENT – ITEM 23

There was no public comment on this item.

MOTION AND VOTE – ITEM 23

Vice Mayor Graham made a motion to accept the Fiscal Year 2023/24 annual financial audit reports submitted by the City's external auditors, Heinfeld, Meech & Co., P.C., and accept the staff report of compliance with Arizona Revised Statutes §41-1494. Councilwoman Janik seconded the motion, which carried 7/0, with Mayor Ortega; Vice Mayor Graham; and Councilmembers Caputi, Durham, Janik, Littlefield, and Whitehead voting in the affirmative.

PUBLIC COMMENT

No public comments were received.

CITIZEN PETITIONS

5. Receipt of Citizen Petitions

Request: Accept and acknowledge receipt of citizen petitions. Any member of the Council may make a motion, to be voted on by the Council, to: (1) Direct the City Manager to agendize the petition for further discussion; (2) direct the City Manager to investigate the matter and prepare a written response to the Council, with a copy to the petitioner; or (3) take no action.

Staff Contact(s): Ben Lane, City Clerk, 480-312-2411, blane@scottsdaleaz.gov

No citizen petitions were received.

WORK STUDY SESSION

PUBLIC COMMENT – WORK STUDY SESSION

There was no public comment on the Work Study Session.

1. Fiscal Year End 2023/24 Financial Report

Request: Presentation, discussion, and possible direction to staff regarding the Fiscal Year End 2023/24 Financial Report.

Presenter(s): Sonia Andrews, City Treasurer

Staff Contact(s): Anna Henthorn, Assistant City Treasurer, 480-312-7805,
ahenthorn@scottsdaleaz.gov

City Treasurer Sonia Andrews gave a PowerPoint presentation (attached) on the Fiscal Year End 2023/24 Financial Report.

There was Council consensus on the following items:

- The City is in excellent financial health.

Councilmembers made the following observations and suggestions:

- Federal, State, and County funding assisted with City capital project costs.
- Paying down the Public Safety Personnel Retirement System debt is saving money on interest charges.
- The Federal stimulus funding is slowing down.
- The City's AAA Bond rating is strong.
- Appreciate the approach to fiscal prudence taken by City staff.
- The City took in additional revenue due to inflation.
- Residents receive excellent customer service.

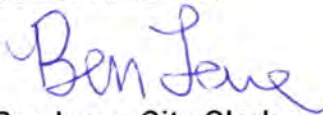
MOTION AND VOTE – ADJOURNMENT

Mayor Ortega made a motion to adjourn the Regular Meeting and Work Study Session. Councilwoman Janik seconded the motion, which carried 7/0, with Mayor Ortega; Vice Mayor Graham; and Councilmembers Caputi, Durham, Janik, Littlefield, and Whitehead voting in the affirmative.

ADJOURNMENT

Mayor Ortega adjourned the Regular Meeting at 7:25 P.M.

SUBMITTED BY:



Ben Lane, City Clerk

Officially approved by the City Council on January 28, 2025

CERTIFICATE

I hereby certify that the foregoing Minutes are a true and correct copy of the Minutes of the Regular Meeting and Work Study Session of the City Council of Scottsdale, Arizona, held on the 4th day of December 2024.

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

DATED this 28th day of January 2025.



Ben Lane, City Clerk

ITEM 20



Mercado Village

1-GP-2024 & 1-ZN-2024

City Council
December 4, 2024

Coordinator: Jeff Barnes



Context Aerial

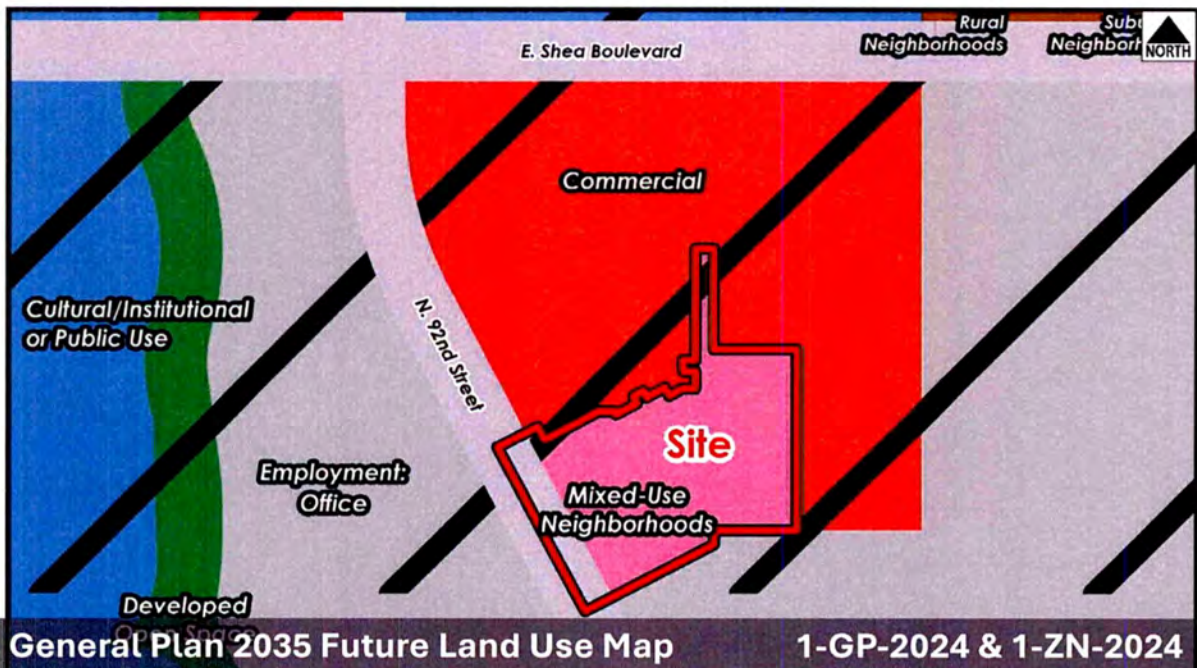
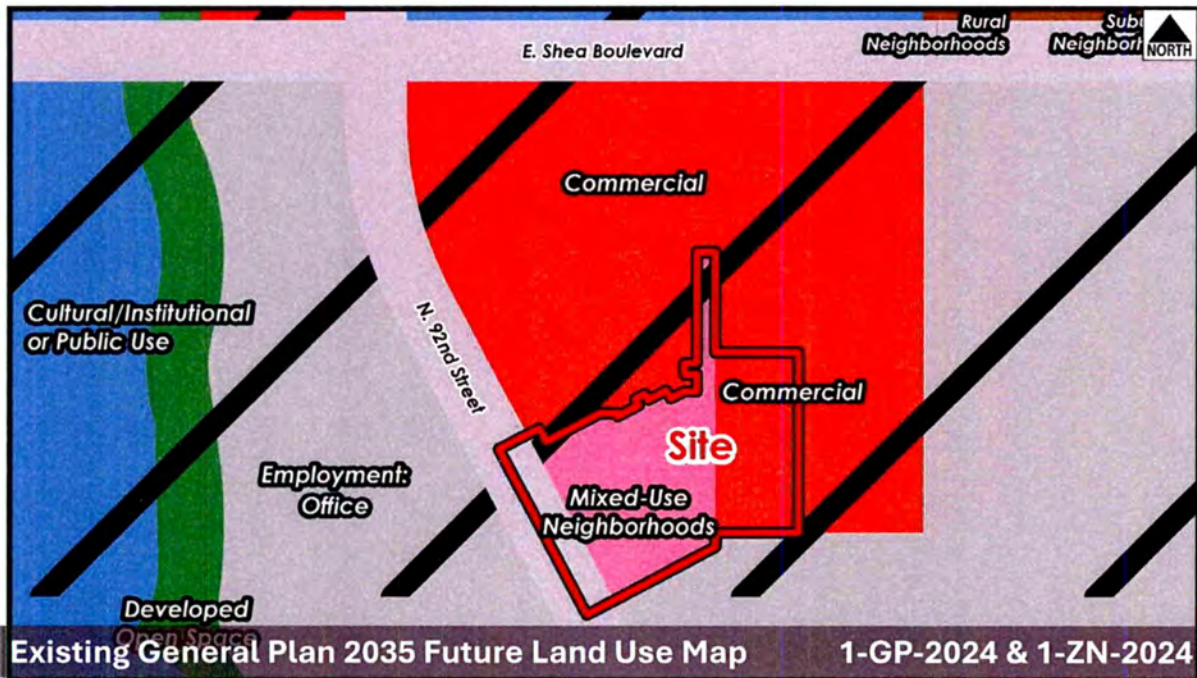
1-GP-2024 & 1-ZN-2024

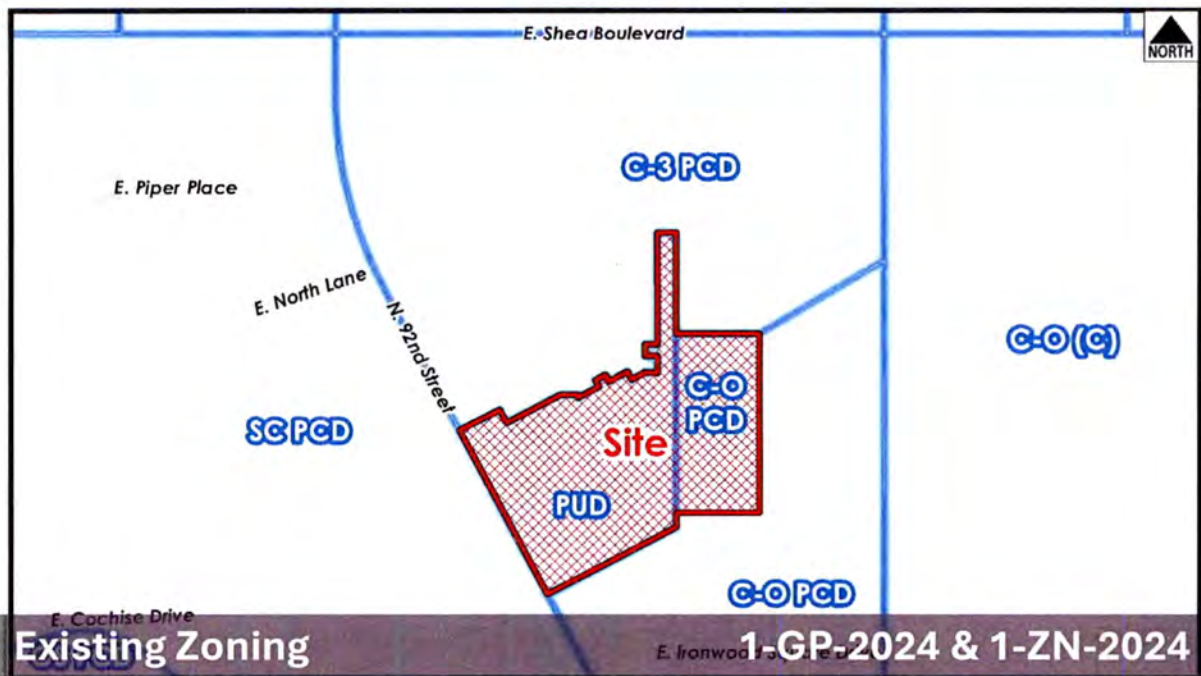


Action Requested

1. Adopt Resolution No. 13243 approving a Minor General Plan Amendment to the Scottsdale General Plan 2035 Future Land Use Map from Commercial to Mixed-Use Neighborhoods on +/-2-acres of a +/-6.64-acre site.
2. Adopt Ordinance No. 4648 approving a zoning district map amendment from Commercial Office Planned Community District (C-O PCD) to Planned Unit Development, Planned Community District (PUD PCD) zoning on +/-2-acres of the overall +/-6.64-acre site with a Development Plan on the entire +/-6.64-acres of the overall site for a mixed-use development, including 255 **235** multi-family units and +/-13,142 square feet of co-work and live-work area.
3. Adopt Resolution No. 13244 declaring the document titled "Mercado Village Development Plan" to be a public record.









Shea Character Area

1-GP-2024 & 1-ZN-2024

PCD Findings:

As part of the approval or modified approval of an application for a Planned Community District, the Planning Commission and the City Council must find that:

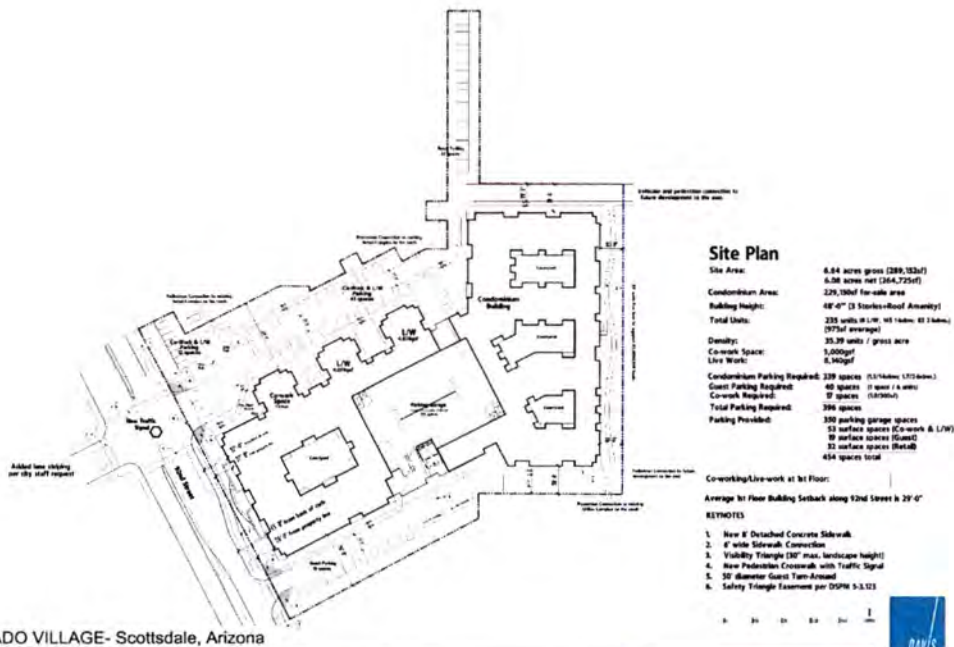
- A. That the development proposed is in substantial harmony with the General Plan, and can be coordinated with existing and planned development of surrounding areas.
- B. That the streets and thoroughfares proposed are suitable and adequate to serve the proposed uses and the anticipated traffic which will be generated thereby.
- C. The Planning Commission and City Council shall further find that the facts submitted with the application and presented at the hearing establish beyond reasonable doubt that:
 1. In the case of proposed residential development, that such development will constitute a residential environment of sustained desirability and stability; that it will be in harmony with the character of the surrounding area; and that the sites proposed for public facilities, such as schools, playgrounds and parks, are adequate to serve the anticipated population. The Planning Commission and City Council shall be presented written acknowledgment of this from the appropriate school district, the Scottsdale Parks and Recreation Commission and any other responsible agency.
 2. In the case of proposed industrial or research uses, that such development will be appropriate in area, location and overall planning to the purpose intended; and that the design and development standards are such as to create an industrial environment of sustained desirability and stability.
 3. In the case of proposed commercial, educational, cultural, recreational and other nonresidential uses, that such development will be appropriate in area, location and overall planning to the purpose intended; and that such development will be in harmony with the character of the surrounding areas.

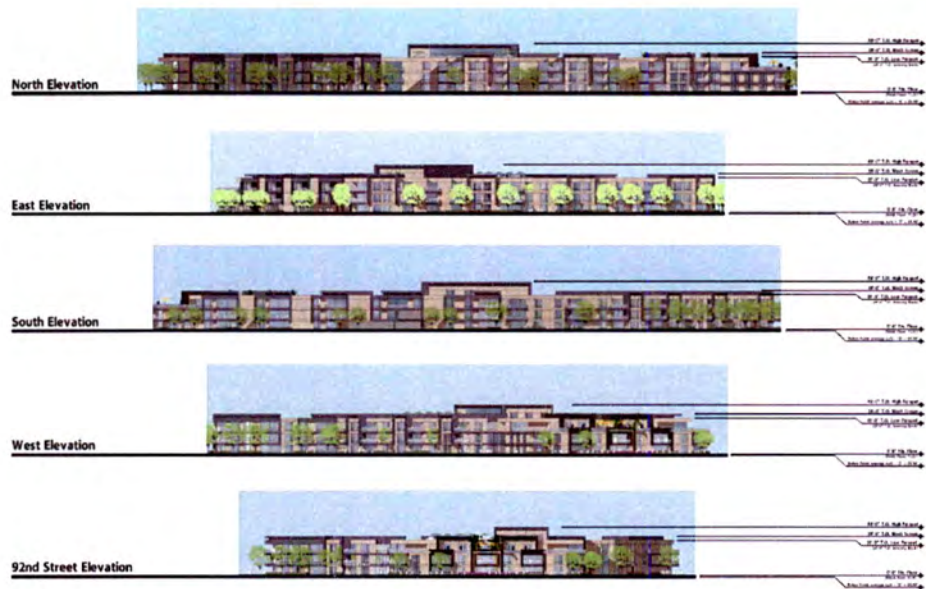


PUD Findings:

As part of the approval or modified approval of an application for a PUD District, the Planning Commission shall recommend, and the City Council shall find that the following criteria have been met:

- The proposed development promotes revitalization, the goals, policies and guidelines of the General Plan, area plans and design guidelines.
- The proposed development's uses, densities or development standards would not otherwise be permitted by the property's existing zoning.
- The proposed development will be compatible with adjacent land uses and promotes the stability and integrity of abutting or adjacent residential neighborhoods.
- There are adequate infrastructure and city services to serve the development.
- The proposal meets the following location criteria:
 - The proposed development is not located within any area zoned Environmentally Sensitive Lands Ordinance (ESL), nor within the boundaries of the Downtown Area.
 - The proposed development fronts onto a major or minor arterial and/or major collector street as designated in the Transportation Master Plan.





Building Elevations / Elevations Worksheet

MERCADO VILLAGE- Scottsdale, Arizona



Aerial View from Southwest

MERCADO VILLAGE- Scottsdale, Arizona





Aerial View from Northwest

MERCADO VILLAGE- Scottsdale, Arizona



Aerial View from Northeast

MERCADO VILLAGE- Scottsdale, Arizona





Pedestrian and Vehicular Circulation

The development will have numerous opportunities for pedestrian connectivity to existing retail, restaurant and office venues adjacent to the property.

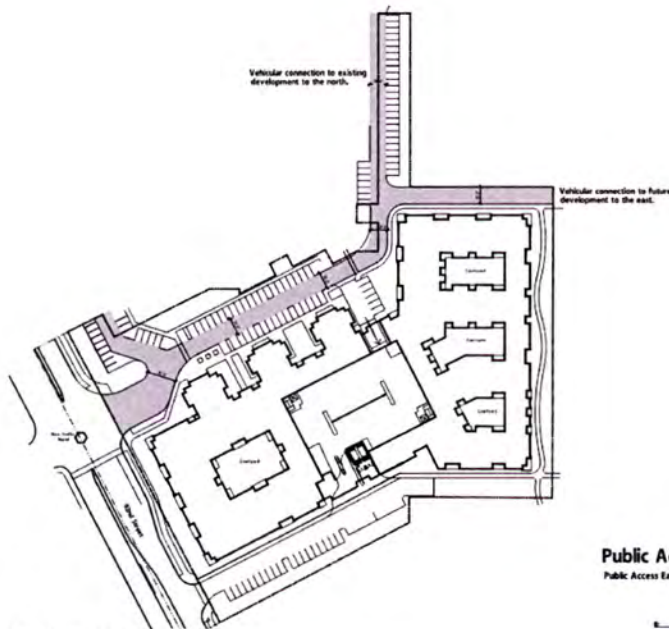
The project will provide a new signalized crossing at 82 Street and Camelback Drive to provide access from the site to the Honor Health Medical Campus and greenbelt system.

There will be approximately 25.8% of open space located throughout the property in courtyards and pedestrian-oriented locations.

Pedestrian Circulation: —
Vehicular Circulation: —



MERCADO VILLAGE- Scottsdale, Arizona

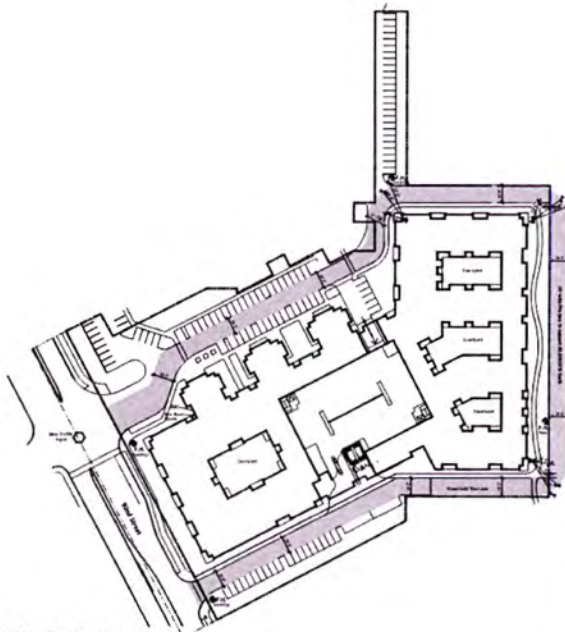


Public Access Easement Plan

Public Access Easement Location



MERCADO VILLAGE- Scottsdale, Arizona



Fire Access Site Plan

Dedicated 24" Fire Lane
Minimum 10' 6" Vertical Clear



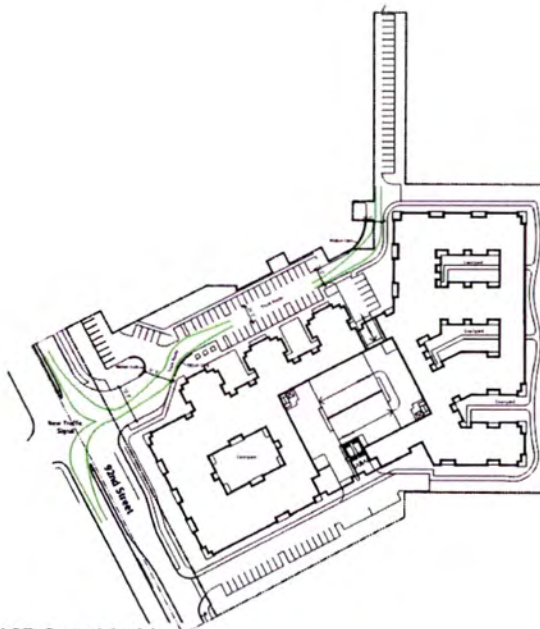
Fire Truck Turning Radius Diagram
Fire Hydrant: ●

Note: Access roads shall extend to within 100' of all portions of the building.
All required fire lanes are minimum 24'-0" wide.
This residential community is not gated.
Fire lane surface will support 50,000PSF.
Cross access assessment agreement required prior to approval.
Key switch/pre-emption sensor required for commercial/multi-family/gated communities.



MERCADO VILLAGE- Scottsdale, Arizona

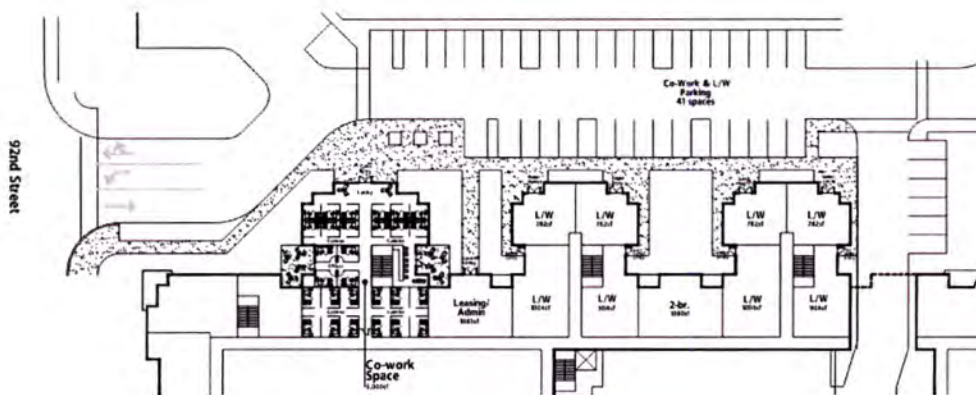




MERCADO VILLAGE- Scottsdale, Arizona

Truck Access Site Plan





Co-working / Live-work Plan

MERCADO VILLAGE- Scottsdale, Arizona

Project Data

• Existing Use:	Office/Commercial uses, and a vacant lot
• Proposed Use:	Mixed-use Development Project
• Parcel Size:	289,152 square feet /6.64 acres (gross)
•	264,725 square feet /6.08 acres (net)
• Residential Building Area:	228,025 gross square feet
• Commercial Building Area:	13,140 gross square feet
• Total Building Area:	241,165 gross square feet
• Floor Area Ratio Allowed:	0.8 (commercial floor area only)
• Floor Area Ratio Provided:	0.05 (commercial floor area only)
• Building Height Allowed:	48 feet (excluding rooftop appurtenances)
• Building Height Proposed:	48 feet (excluding rooftop appurtenances)
• Parking Required:	414 spaces
• Parking Provided:	454 spaces
• Open Space Required:	28,915 square feet (10%)
• Open Space Provided:	83,200 square feet (28.77%)
• Number of Dwelling Units Allowed:	Per Development Plan
• Number of Dwelling Units Proposed:	255 235 units
• Density Allowed:	Per Development Plan
• Density Proposed:	38.4 35.39 dwelling units per acre (PUD area)



Other Boards and Commissions

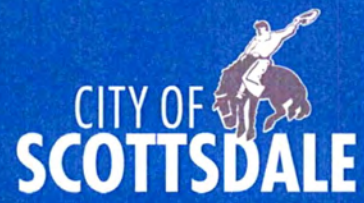
- Heard by the Development Review Board on 6/20/2024, recommendation of approval on the Development Plan with a vote of 3-1.
- Heard by the Planning Commission on 7/10/2024, recommendation of approval with a vote of 4-2.
- Heard by the City Council on 11/12/2024, continued per the applicant's request with a vote of 6-1.



Action Requested

1. Adopt Resolution No. 13243 approving a Minor General Plan Amendment to the Scottsdale General Plan 2035 Future Land Use Map from Commercial to Mixed-Use Neighborhoods on +/-2-acres of a +/-6.64-acre site.
2. Adopt Ordinance No. 4648 approving a zoning district map amendment from Commercial Office Planned Community District (C-O PCD) to Planned Unit Development, Planned Community District (PUD PCD) zoning on +/-2-acres of the overall +/-6.64-acre site with a Development Plan on the entire +/-6.64-acres of the overall site for a mixed-use development, including ~~255~~ **235** multi-family units and +/- 13,142 square feet of co-work and live-work area.
3. Adopt Resolution No. 13244 declaring the document titled "Mercado Village Development Plan" to be a public record.





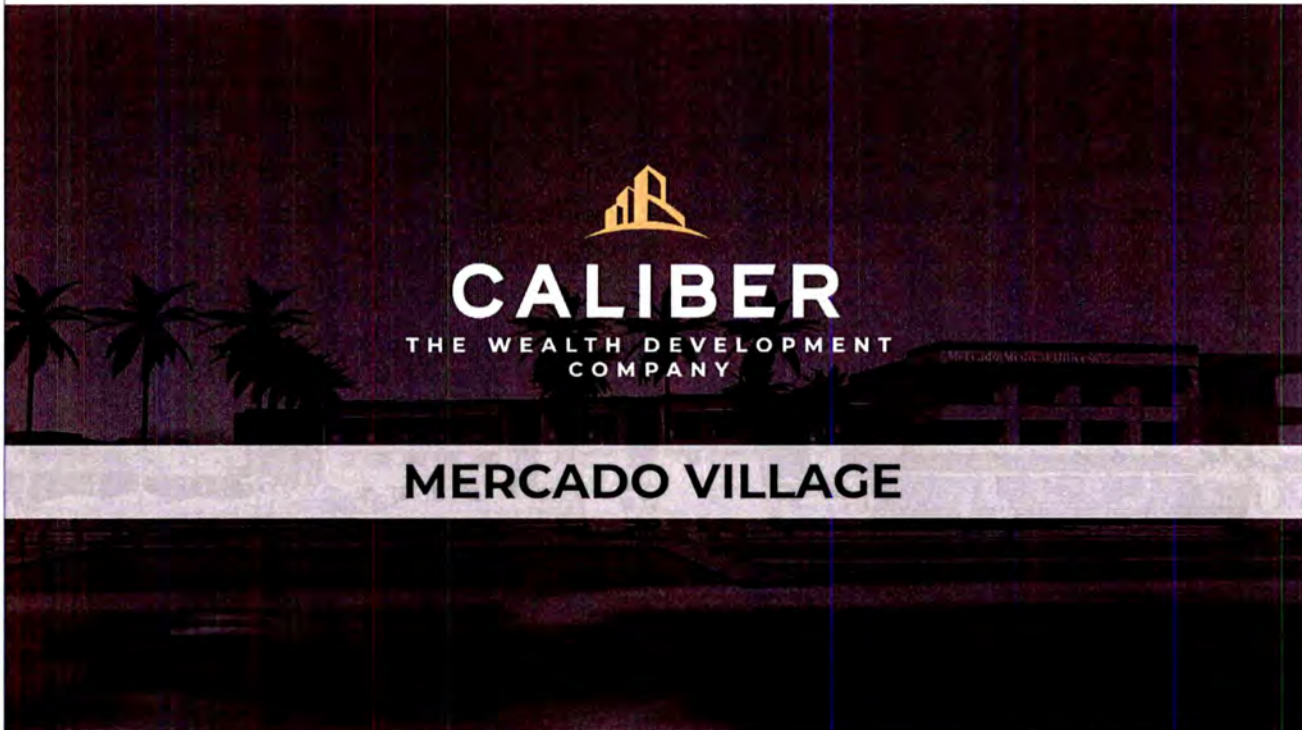
Mercado Village

1-GP-2024 & 1-ZN-2024

City Council
December 4, 2024

Coordinator: Jeff Barnes

ITEM 20 - APPLICANT



CALIBER Improved Pedestrian & Vehicular Access

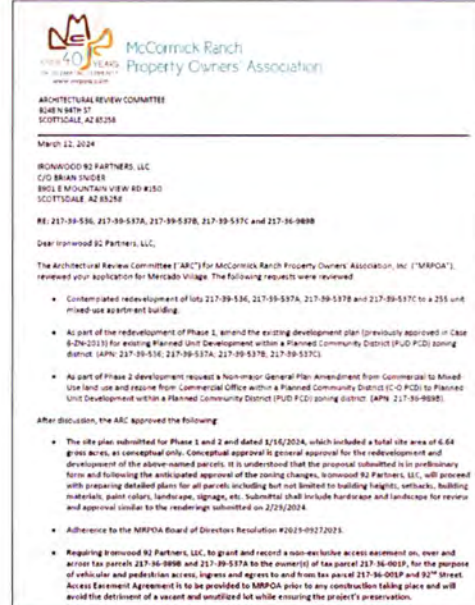


- Caliber responsible for cost and installation of traffic signal which also serves Honor Health and Sprouts Shopping Center.
- Project provides vehicular access to 9400 Shea Retail Center
- Pedestrian Access from hospital complex improved

Pedestrian Circulation: 
Vehicular Circulation: 

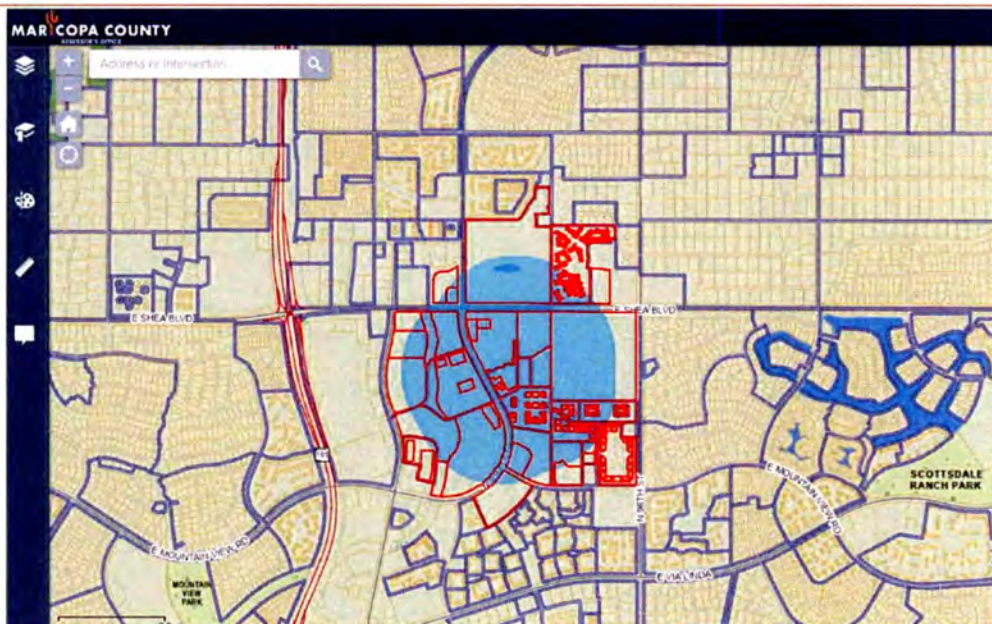
CALIBER McCormick Ranch HOA Approval

- Received approval with stipulations from McCormick Ranch HOA on March 12, 2024
- Stipulations include
 - Elevated design along 92nd street as shown by perspectives
 - Vehicular connection to the adjacent parcel to the east



3

CALIBER Public Outreach



4

CALIBER Mercado Village



5

CALIBER Mercado Village – Public Outreach

- Official Open House – January 8, 2024 – approx. 50 attendees incl. members of press and City Council members and candidates
- McCormick Ranch Property Owners Assoc. (MRPOA) – Approval and conditions
- Scottsdale Ranch – two (2) meetings – Neutral position and in favor of cross-access to property to east
- Meeting with 'local group of residents' – April 17 at Via Linda Senior Center – Approx. 25 attendees
- Letters of Support
- Letters in Opposition
- DRB Hearing – 3-1 vote in favor – approx. 7 speakers
- Planning Commission – 3-2 vote in favor - "this is the best version we've ever seen and a true mixed-use project" (3 speakers in support and 1 speaker against)

6



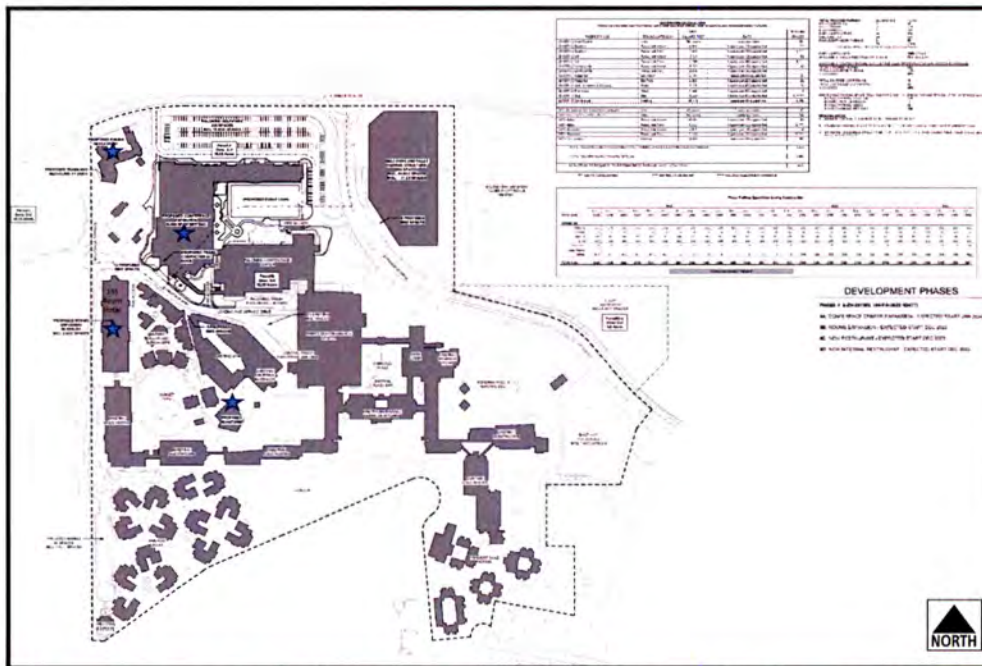
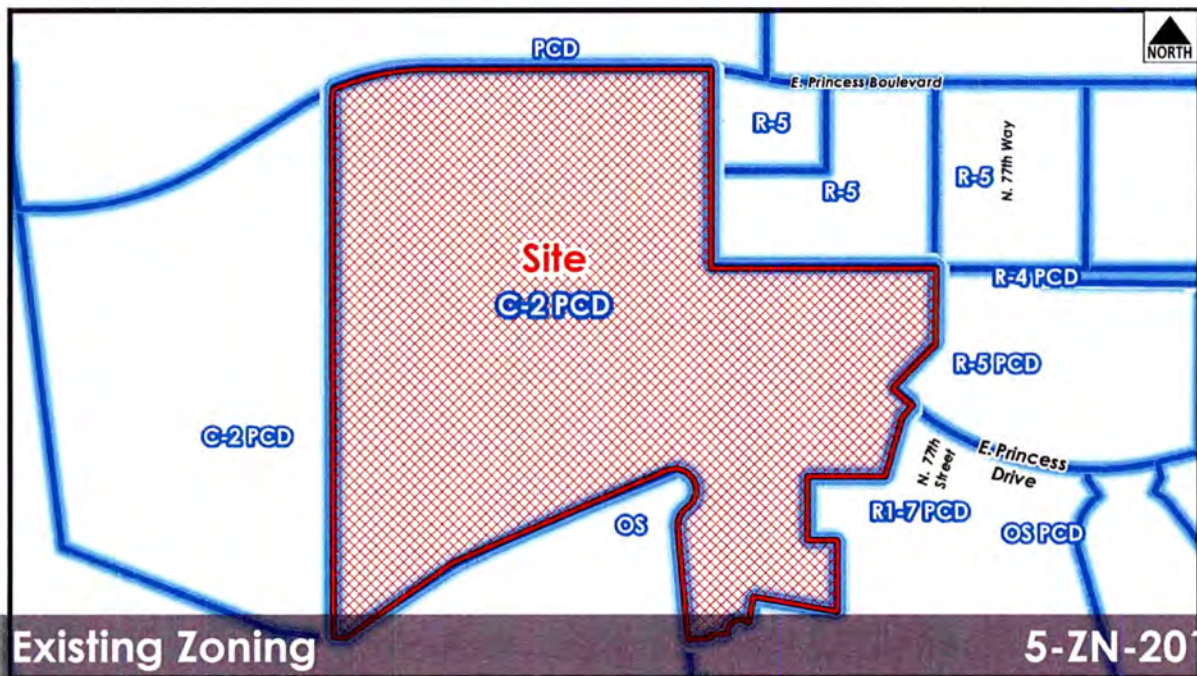
Fairmont Scottsdale Princess Hotel Master Plan Update 5-ZN-2015#2

City Council
December 4, 2024
Coordinator: Meredith Tessier



Detail Aerial

5-ZN-2015#2



Amended Development Standards include:

- Increase building height (new guest wing only)
- Parking requirements (to match the current Zoning Ordinance)
- Open Space requirement (to match the current Zoning Ordinance)
- Parking lot landscape area and island requirements (to accommodate seasonal events)

Amended Development Standards

5-ZN-2015#2

Action Requested

1. Adopt Ordinance No. 4659 for a Zoning District Map Amendment to amend the previously approved development plan, including amended development standards and an increase in the number of hotel guest rooms, for an approximate 66-acre property located at 7501, 7505 and 7575 E. Princess Blvd, APN 215-08-694 and APN 215-08-693 with Planned Community District (P-C) zoning with Central Business District (C-2) as the comparable zoning district.
2. Adopt Resolution No. 13305 declaring "Fairmont Scottsdale Princess Hotel Master Plan Update" as a public record.





Fairmont Scottsdale Princess Hotel

Master Plan Update

5-ZN-2015#2

City Council
December 4, 2024
Coordinator: Meredith Tessier

SCOTTSDALE CITY COUNCIL HEARING
DECEMBER 4, 2024

ITEM 21
APPLICANT

Case: 5-ZN-2015#2



Fairmont
SCOTTSDALE PRINCESS

DEVELOPMENT TEAM



kollin | altomare | architects

NUNZIO MARC
DESANTIS ARCHITECTS

Allen + Philip Partners
architects + interiors

Fairmont
HOTELS & RESORTS



LPI


SUMMIT
LAND MANAGEMENT

**WOOD
PATEL**

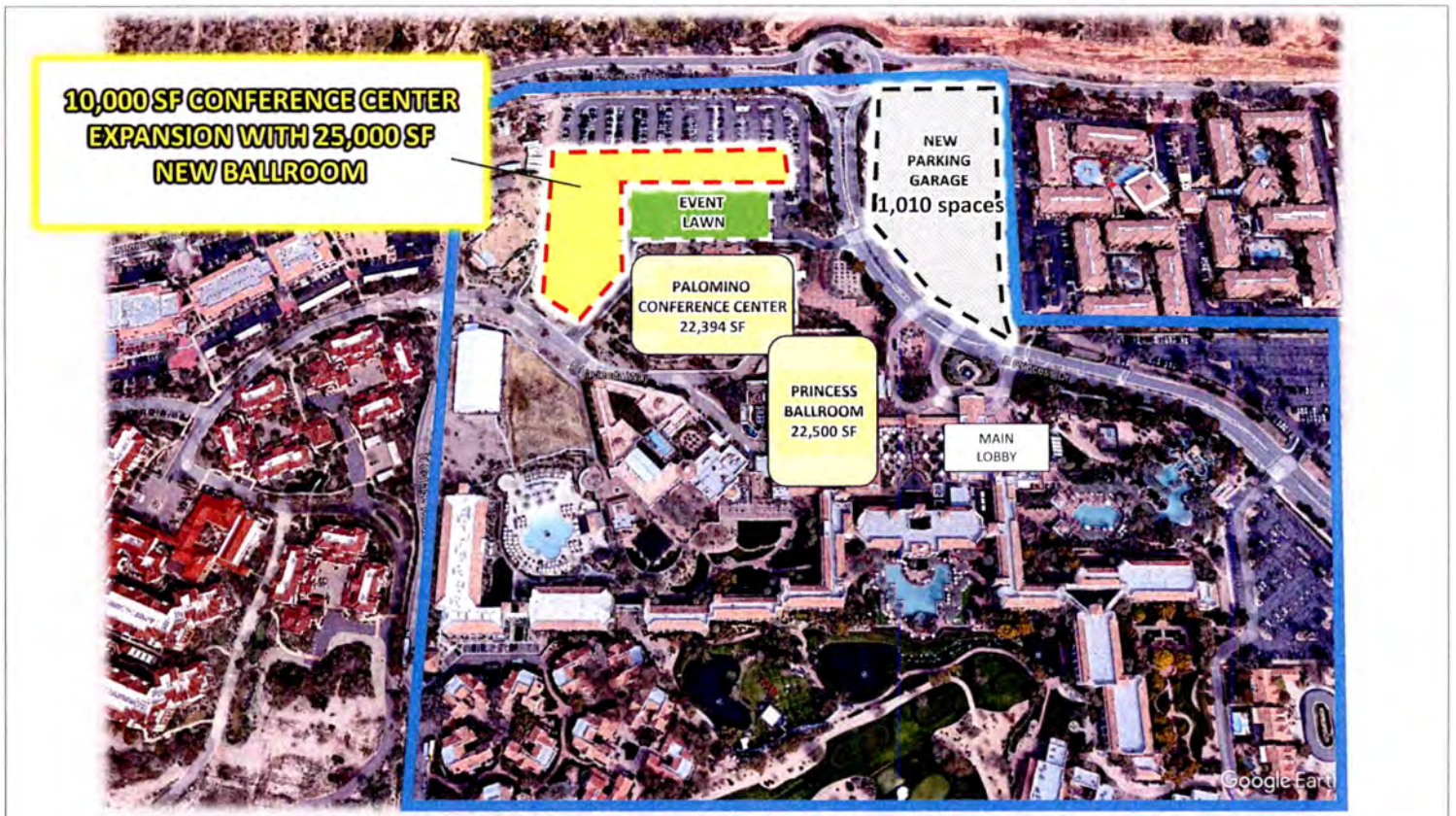
CELEBRATING
24
ROSE LAW GROUP PC
RICH • CARTER • FISHER
Years

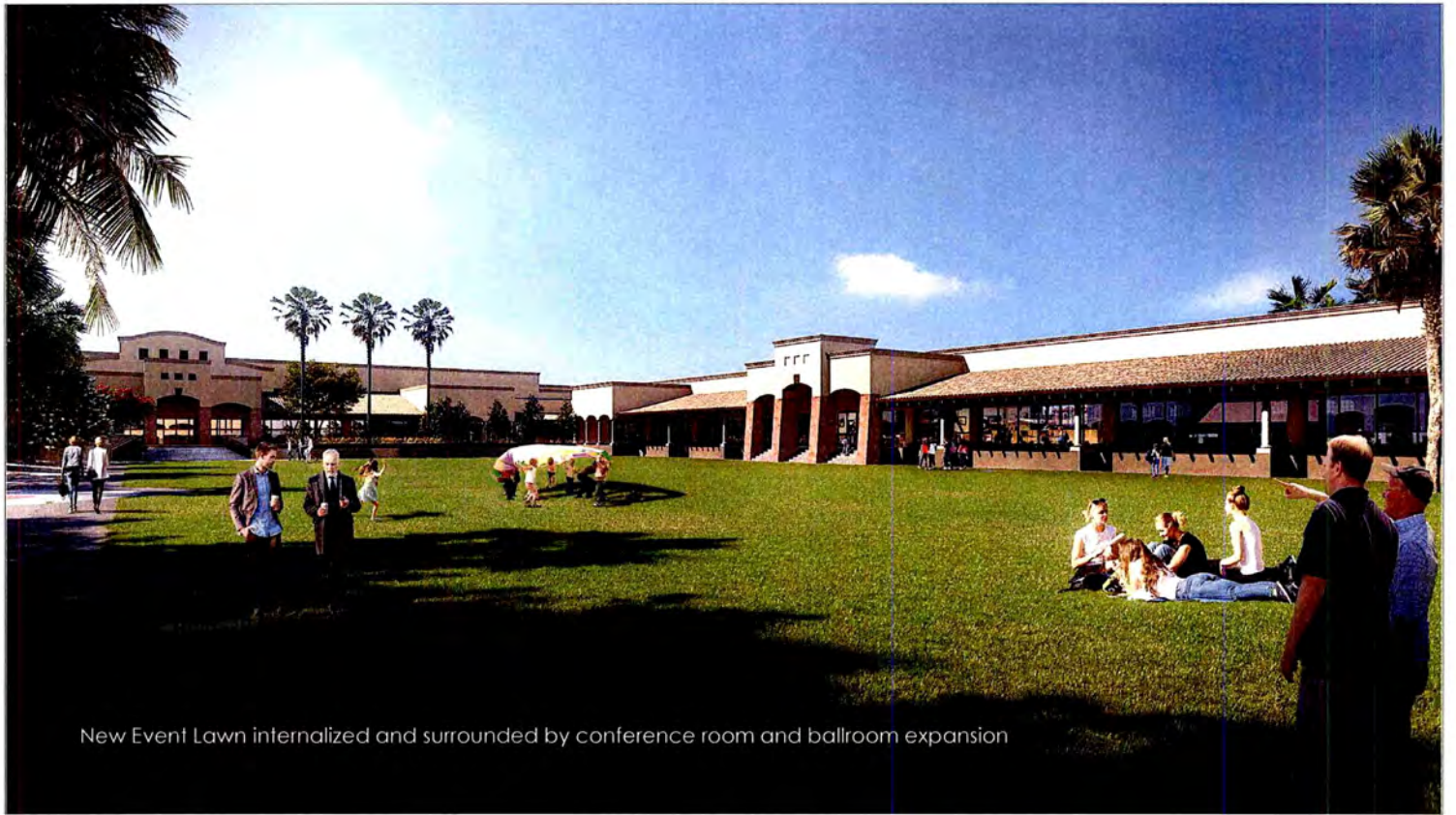


AMENDMENT TO PRINCESS RESORT DEVELOPMENT PLAN

1) Expand Existing Conference Room

- Adding 10,000 sf of meeting space
- New ballroom 25,000 sf





New Event Lawn internalized and surrounded by conference room and ballroom expansion



New Event Lawn internalized and surrounded by conference room and ballroom expansion



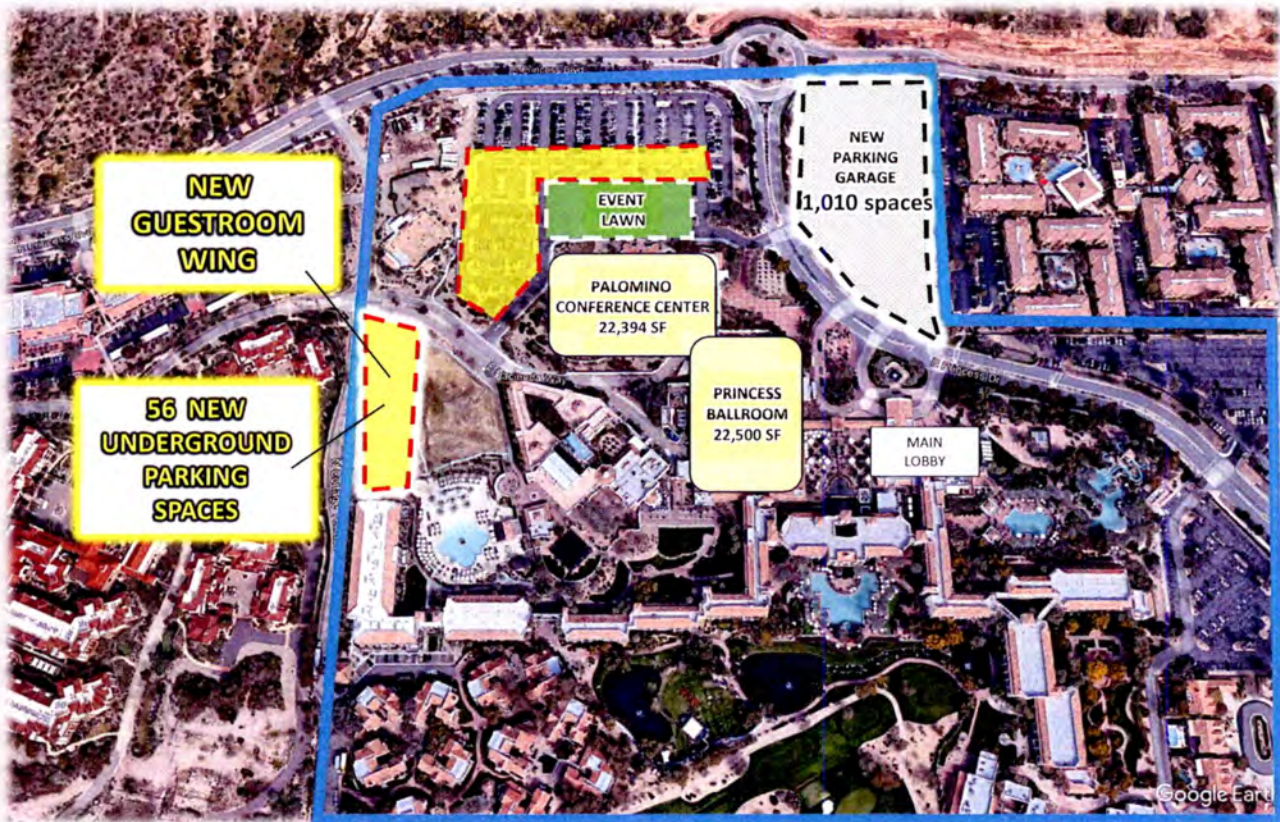
AMENDMENT TO PRINCESS RESORT DEVELOPMENT PLAN

1) Expand existing Conference Room

- Adding 10,000 sf of meeting space
- New ballroom 25,000 sf

2) Replace Event Tent with new Guest Wing

- 155 rooms
- 56 underground parking spaces



NEIGHBOR SUPPORT!

NO PARKING IN FRONT OF HOMES



Maravilla
SCOTTSDALE
RESORT RETIREMENT LIVING

Dear Honorable Members of the Scottsdale City Council,

On behalf of the Maravilla neighborhood, we are pleased to extend our strong support for the proposed updates to the Fairmont Scottsdale Princess Hotel Master Plan. As neighbors to this iconic resort, we have had the privilege of witnessing its positive contributions to our community and the greater Scottsdale area over the years.

The updates outlined in Case 5-ZN-2015#2, including the addition of 155 new guestrooms, expanded conference facilities, and new dining venues, represent thoughtful enhancements to the property that align with Scottsdale's reputation as a premier tourist destination. The Fairmont Scottsdale Princess has continually demonstrated its commitment to excellence, sustainability, and community engagement, which is evident in this proposal.

The Maravilla neighborhood appreciates the collaborative approach taken by the Fairmont Scottsdale Princess in addressing community concerns and incorporating thoughtful design solutions into their plan. We trust that this proposal will be a valuable enhancement to our area and strengthen Scottsdale's standing as a premier destination for tourism, business, and recreation.

We respectfully urge the City Council to approve the proposed amendments to the Fairmont Scottsdale Princess Hotel Master Plan.

Thank you for your consideration and for continuing to foster a thriving and connected Scottsdale.

Sincerely,

Sandy Dangel

Sandy Dangel
Executive Director
Maravilla Scottsdale

7325 E. Princess Blvd.
Scottsdale, AZ 85255
O: 480-538-5618
E: sandra.dangel@mg-llc.com

PARKING REPORT RECOMMENDS 1,800 SPACES

**PROVIDING
1,855
SPACES**





AMENDMENT TO PRINCESS RESORT DEVELOPMENT PLAN

1) Expand existing Conference Room

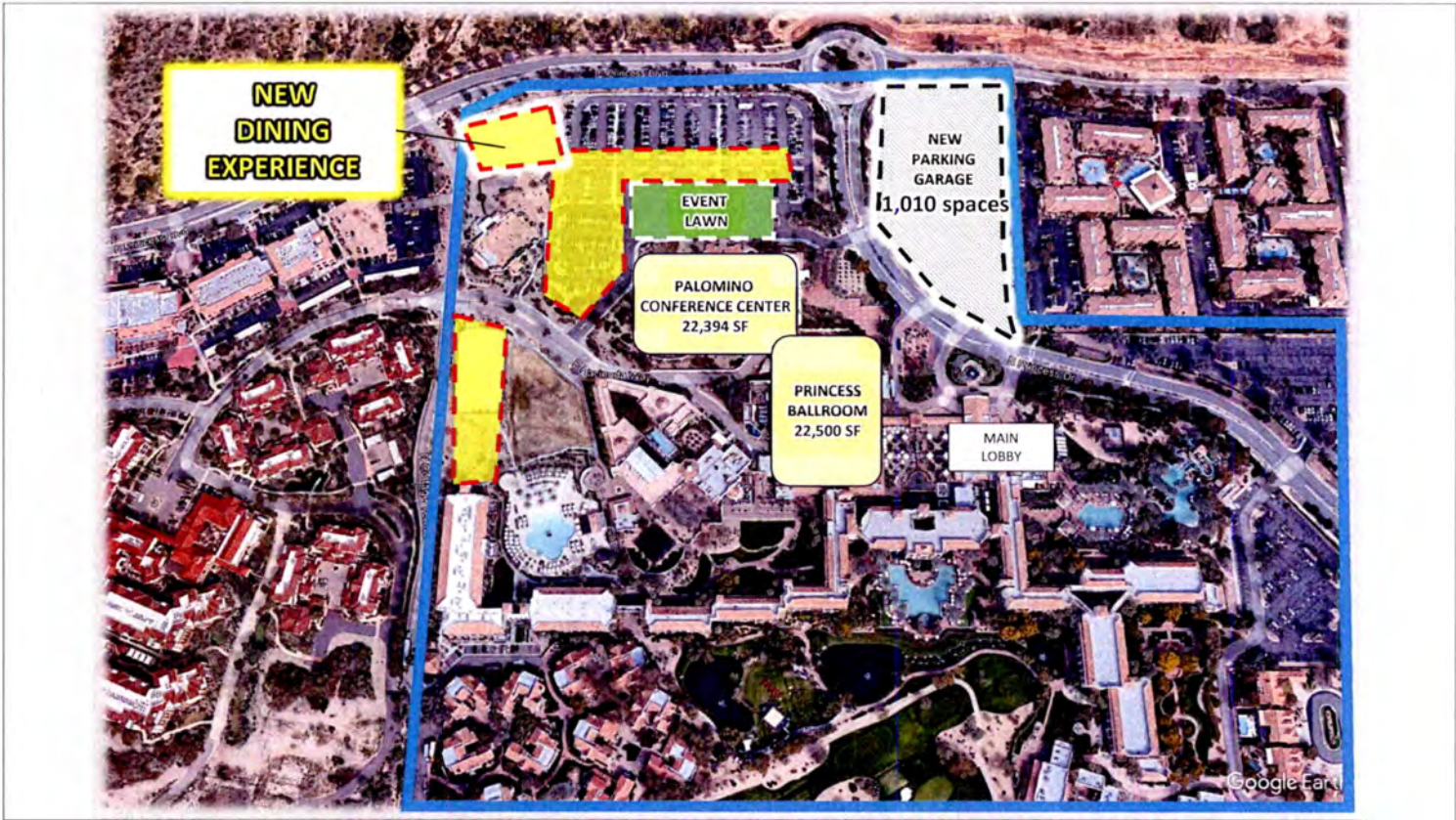
- *Adding 10,000 sf of meeting space*
- *New ballroom 25,000 sf*

2) Replace Event Tent with new Guest Wing

- *155 rooms*
- *56 underground parking spaces*

3) New dining experience along Princess Blvd

- *Renowned Chef Michael Mina*
- *Contemporary Italian farmhouse without outdoor courtyard*







AMENDMENT TO PRINCESS RESORT DEVELOPMENT PLAN

1) Expand existing Conference Room

- *Adding 10,000 sf of meeting space*
- *New ballroom 25,000 sf*

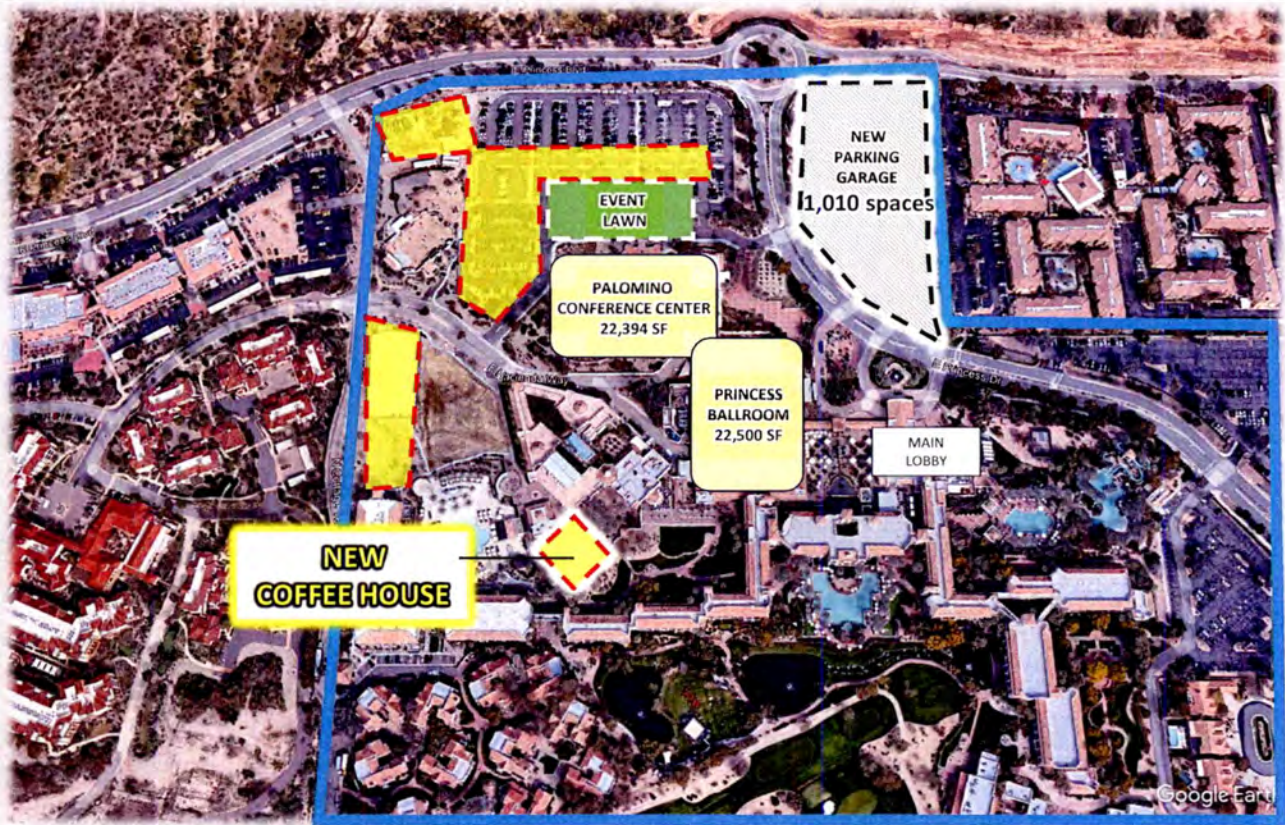
2) Replace Event Tent with new Guest Wing

- *155 rooms*
- *56 underground parking spaces*

3) New dining experience along Princess Blvd

- *Renowned Chef Michael Mina*
- *Contemporary Italian farmhouse*

4) New Roasterie coffee house



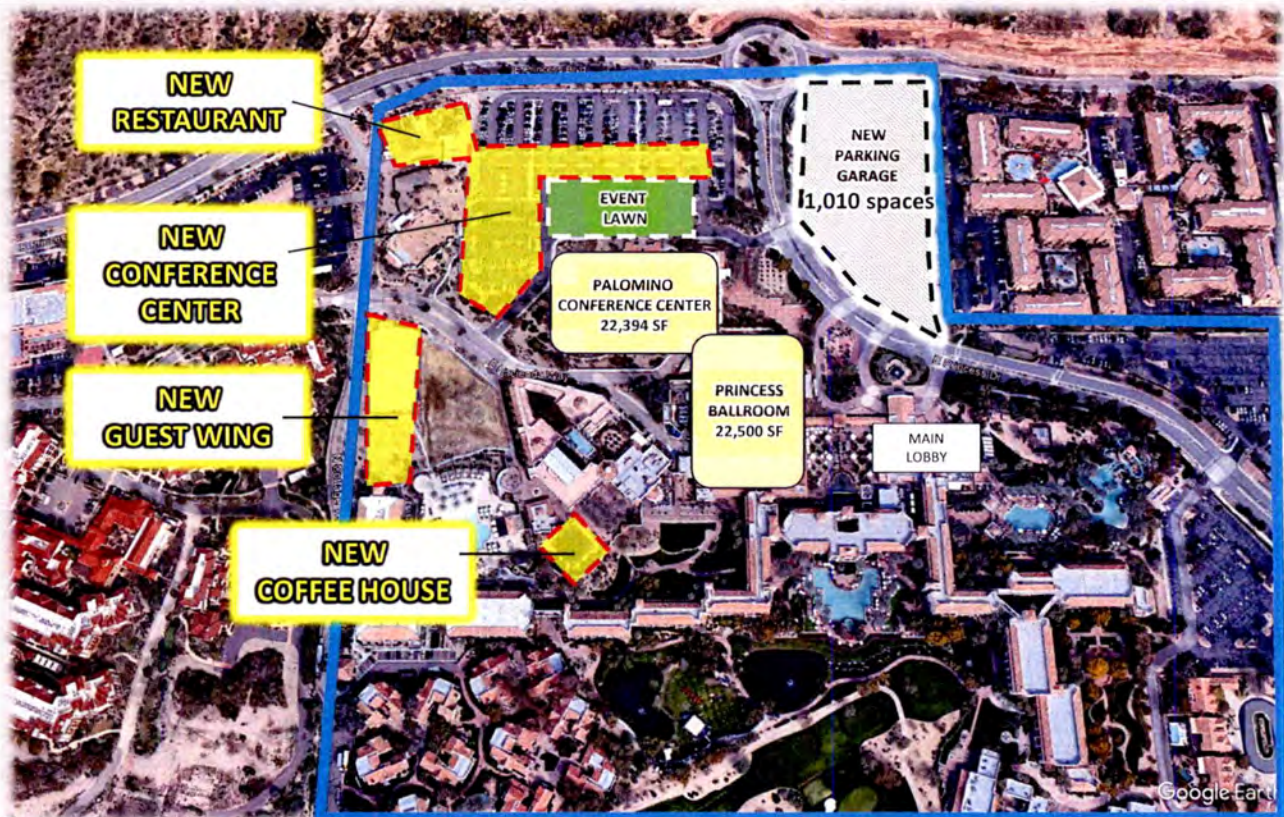
**New Roasterie
Indoor/Outdoor Patio**



**New Roasterie
Indoor/Outdoor Patio**

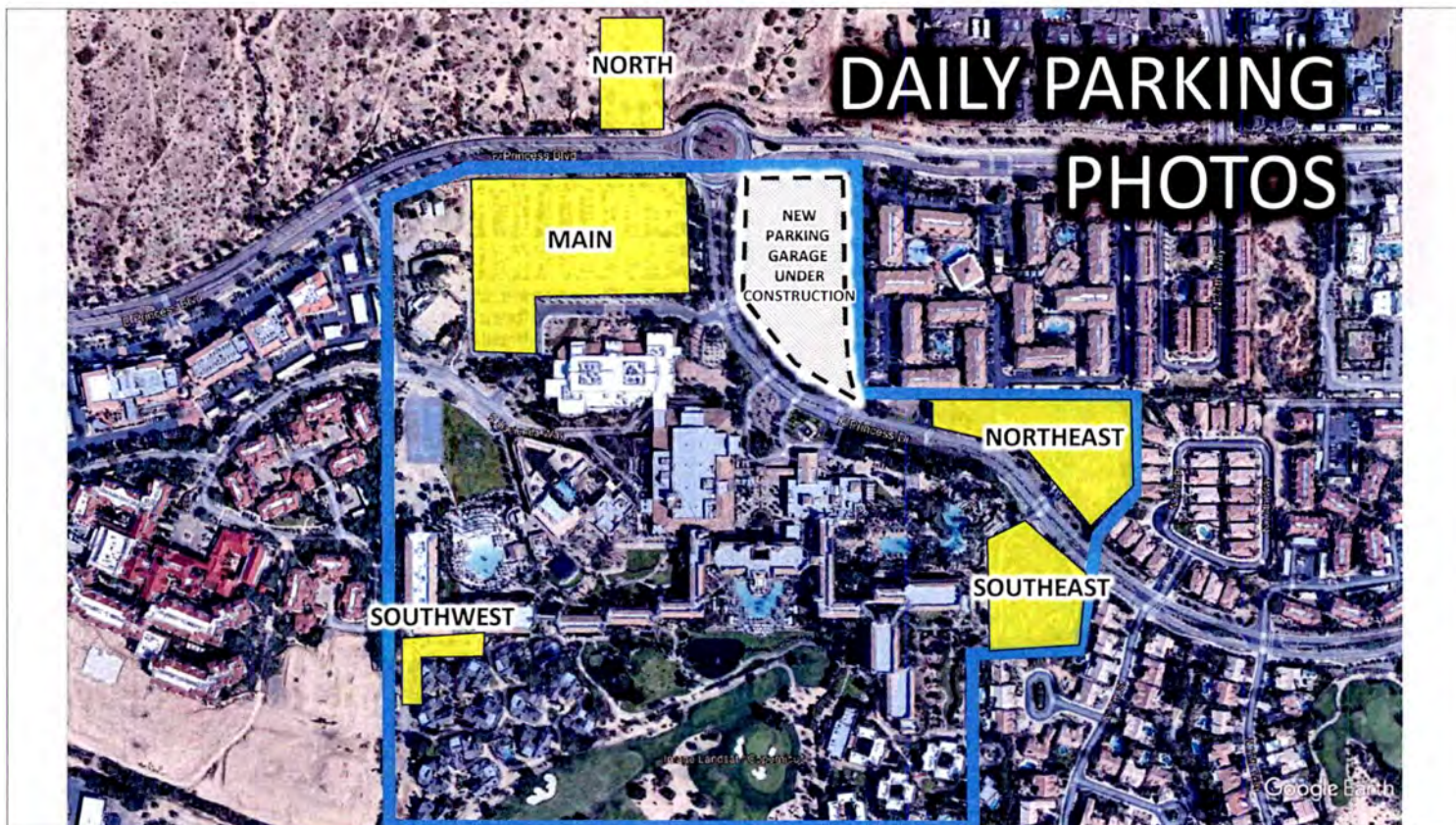


New Roasterie
Indoor/Outdoor Patio





**Replacing 1,638 surface parking spaces with
ALREADY APPROVED (7-0) parking garage
yielding 1,855 parking spaces**



11/27/24

MAIN LOT



11/27/24

NORTHEAST LOT



11/27/24

SOUTHEAST LOT



11/27/24

SOUTHWEST LOT



12/1/24

MAIN LOT



12/1/24

NORTH LOT



12/1/24

NORTHEAST LOT



12/1/24

SOUTHEAST LOT



12/1/24

SOUTHWEST LOT



12/2/24

MAIN LOT



12/2/24

NORTH LOT



12/2/24

NORTHEAST LOT



12/2/24

SOUTHEAST LOT



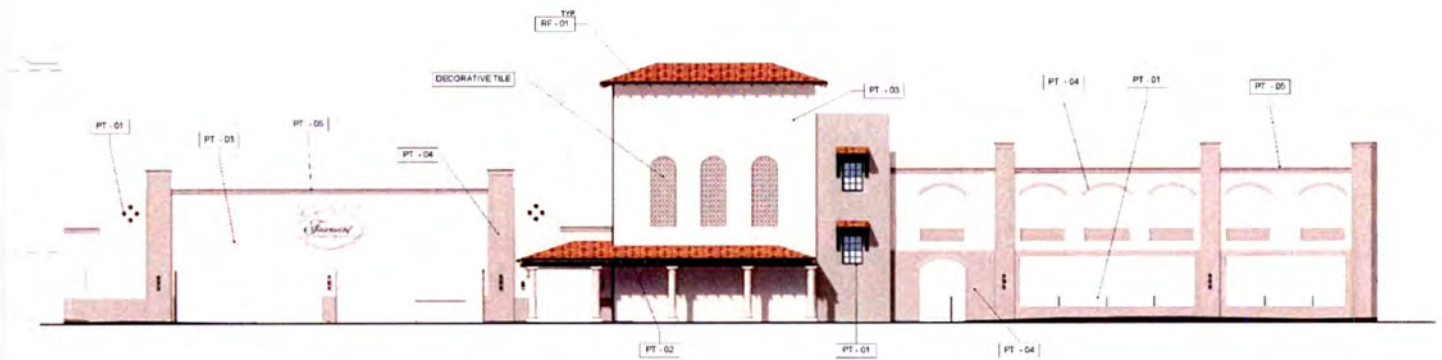
12/2/24

SOUTHWEST LOT



NEW PARKING GARAGE UNDER CONSTRUCTION

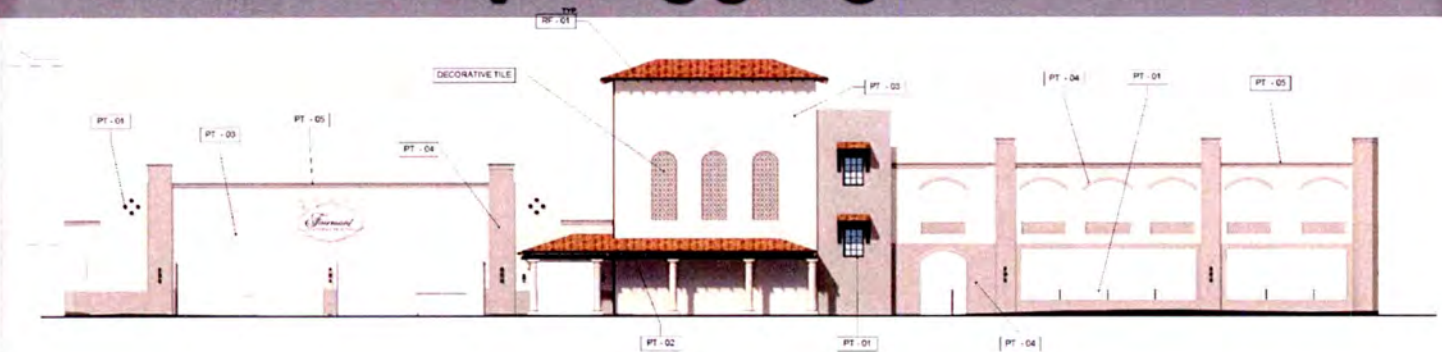




ATION

DRB APPROVED parking garage oriented to be least impactful visually and look like an extension of the hotel

✓ **DRB APPROVED** parking garage



ATION

✓ DRB APPROVED parking garage

✓ Only 27% of Resort guests have a car



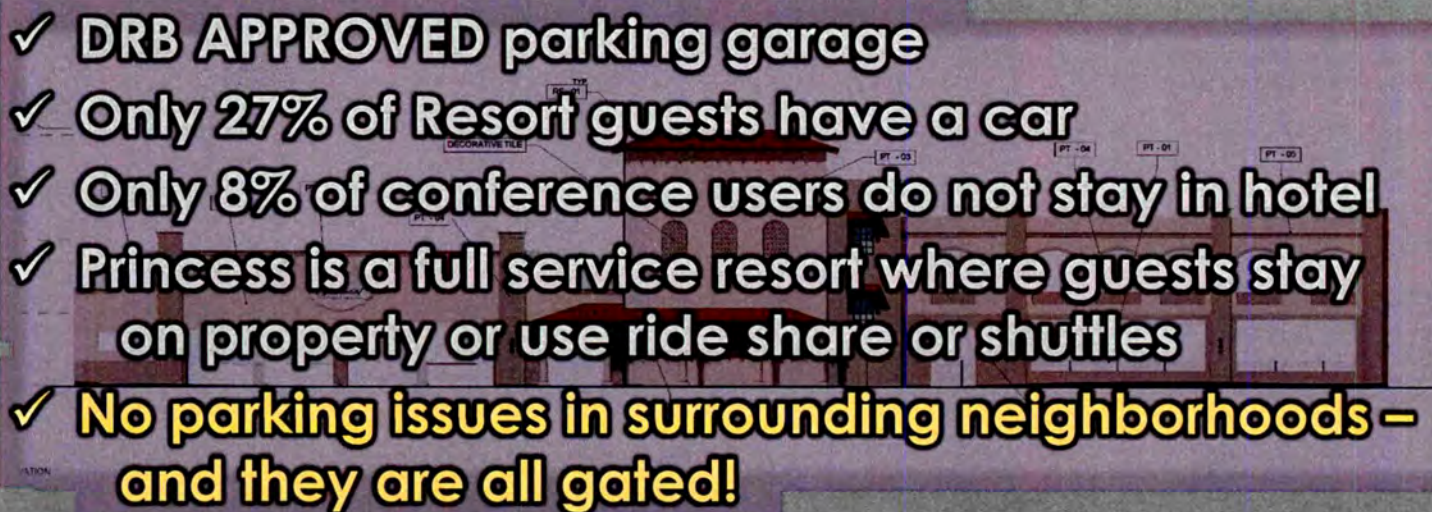
✓ DRB APPROVED parking garage

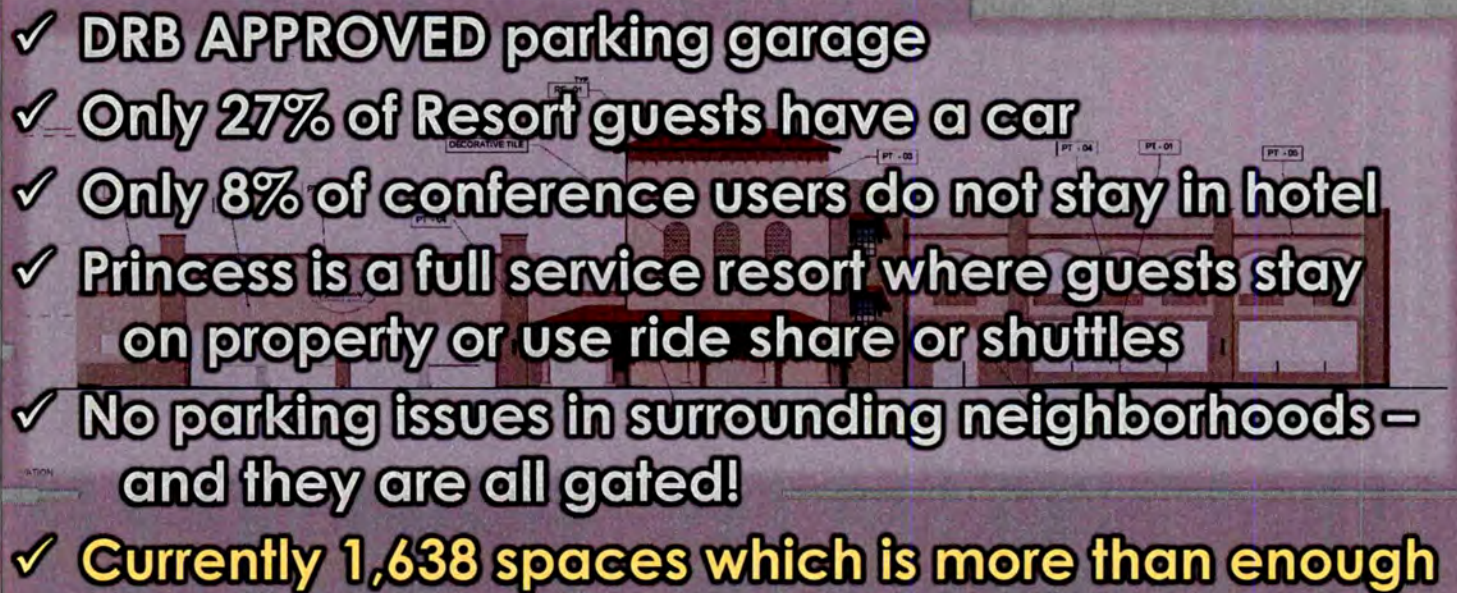
✓ Only 27% of Resort guests have a car

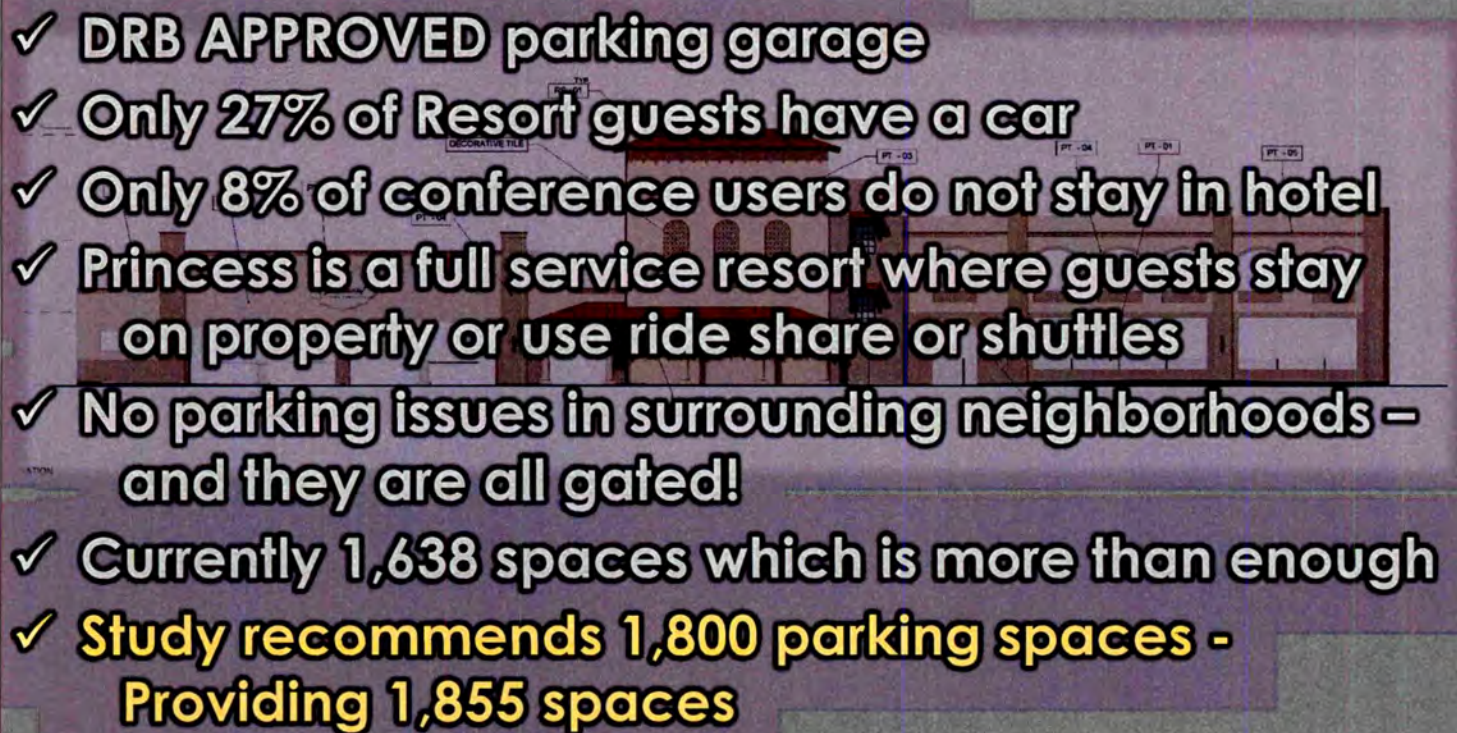
✓ Only 8% of conference users do not stay in hotel

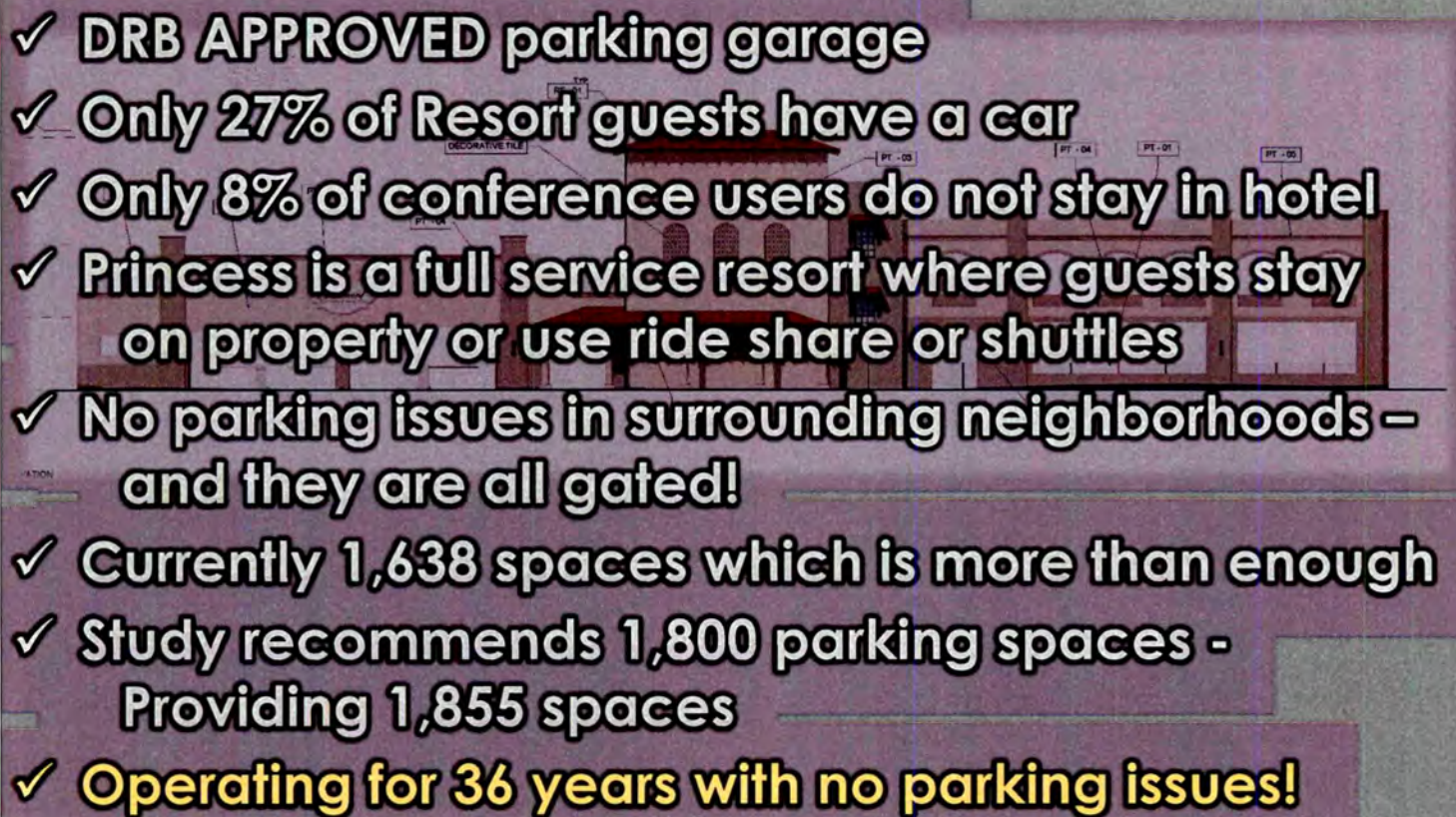


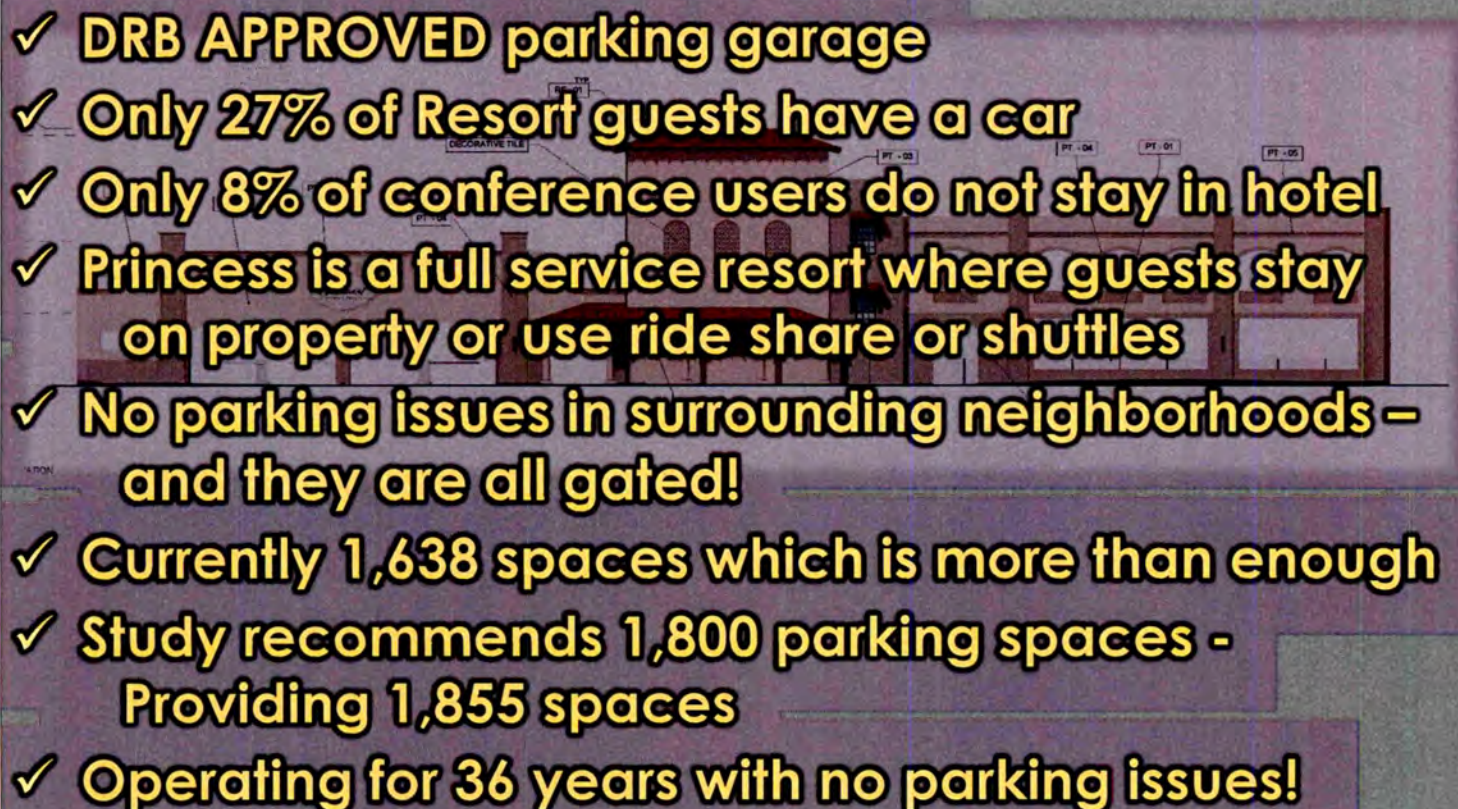
- 
- ✓ **DRB APPROVED** parking garage
 - ✓ **Only 27% of Resort guests have a car**
 - ✓ **Only 8% of conference users do not stay in hotel**
 - ✓ **Princess is a full service resort where guests stay on property or use ride share or shuttles**

- 
- ✓ **DRB APPROVED** parking garage
 - ✓ **Only 27% of Resort guests have a car**
 - ✓ **Only 8% of conference users do not stay in hotel**
 - ✓ **Princess is a full service resort where guests stay on property or use ride share or shuttles**
 - ✓ **No parking issues in surrounding neighborhoods – and they are all gated!**

- 
- ✓ **DRB APPROVED** parking garage
 - ✓ **Only 27% of Resort guests have a car**
 - ✓ **Only 8% of conference users do not stay in hotel**
 - ✓ **Princess is a full service resort where guests stay on property or use ride share or shuttles**
 - ✓ **No parking issues in surrounding neighborhoods – and they are all gated!**
 - ✓ **Currently 1,638 spaces which is more than enough**

- 
- ✓ **DRB APPROVED** parking garage
 - ✓ **Only 27% of Resort guests have a car**
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 - ✓ **Princess is a full service resort where guests stay on property or use ride share or shuttles**
 - ✓ **No parking issues in surrounding neighborhoods – and they are all gated!**
 - ✓ **Currently 1,638 spaces which is more than enough**
 - ✓ **Study recommends 1,800 parking spaces - Providing 1,855 spaces**

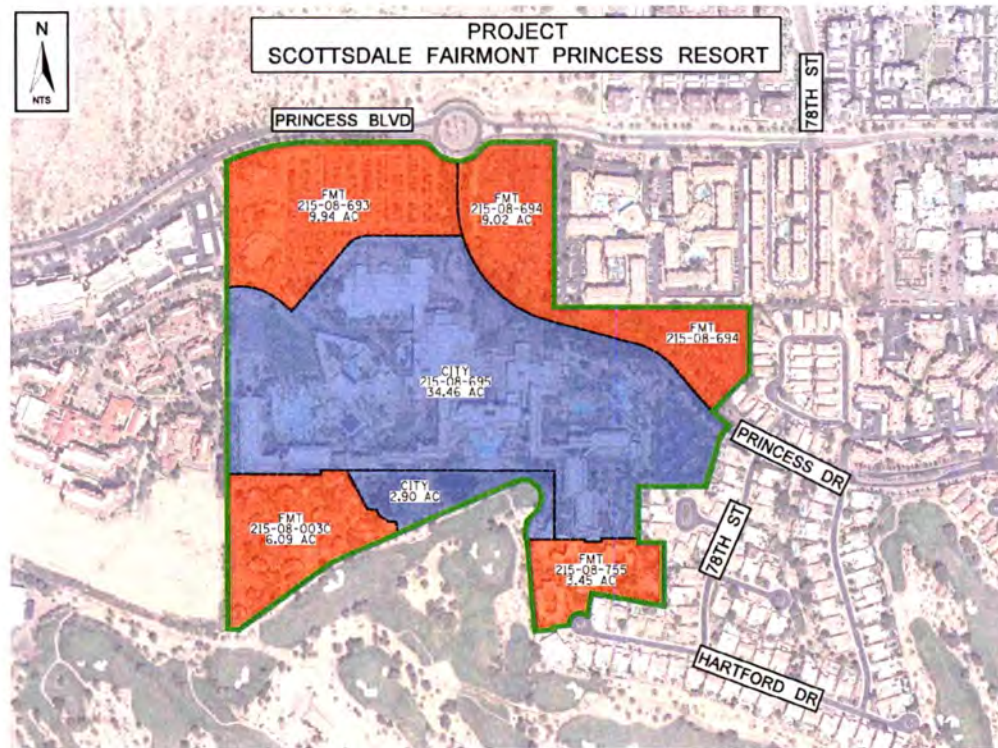
- 
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 - ✓ **Operating for 36 years with no parking issues!**

- 
- ✓ **DRB APPROVED** parking garage
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 - ✓ **No parking issues in surrounding neighborhoods – and they are all gated!**
 - ✓ **Currently 1,638 spaces which is more than enough**
 - ✓ **Study recommends 1,800 parking spaces - Providing 1,855 spaces**
 - ✓ **Operating for 36 years with no parking issues!**

Item 22: Fairmont Scottsdale Princess Hotel Ground Lease Agreement Amendment



- Adopt Resolution No. 13297 to authorize Agreement No. 1986-225-COS-E1-A5, the fifth amendment with FMT Scottsdale Owner, LLC, for property known as the Fairmont Scottsdale Princess, allowing for increased hotel keys and commercial space.



Key Points of the 5th Amendment:

- Increased allowable number of units and square footage of commercial spaces to match the increased units and square footages in Zoning Case 5-ZN-2015#2 for the new Hotel Master Plan Update.
- Language acknowledging how the annual rent is calculated (two percent of the revenue from portions of the resort on City-owned property as well as portions of the resort on property owned by FMT, which together make up the total resort property).
- Corrected legal descriptions and depictions for both the City's and the total resort property to more clearly define these areas.
- Language that addresses maintenance and long-term use of three buildings that are built partially on City property and partially on FMT property.
- Updates to insurance requirements to match current insurance market practices and increase the required liability coverage, on which the City is an Additional Insured, from \$5M to \$10M.

ITEM 23



FY 2023/24

Annual Financial Audit

City Council Meeting – December 4, 2024

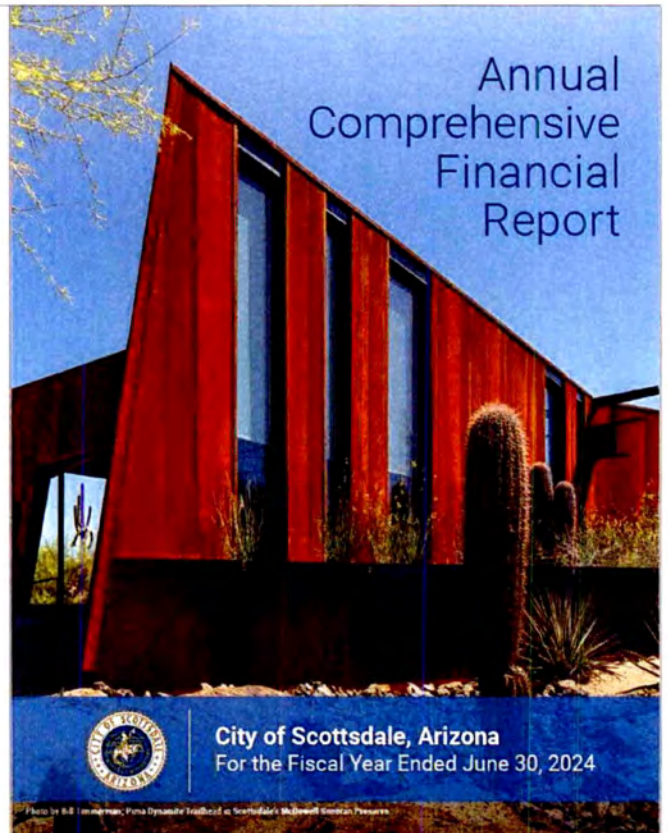
Lai Cluff, Acting City Auditor

Brittney Williams, CPA, Heinfeld, Meech & Co., P.C.

Background

- Charter requires City Council to designate CPAs to perform an independent audit of City's annual financial statements.
- Council assigned financial audit contract responsibility to City Auditor.
- Audit Committee received the FY 2023/24 financial audit reports at its November 18th meeting.

Annual Comprehensive Financial Report



Summary of Financial Audit Reports

Annual Comprehensive Financial Report

Unmodified opinion – financial statements are fairly presented in all material respects.

Component Units' Financial Reports

- Community Facilities Districts (4 CFDs)
- Municipal Property Corporation (MPC)
- *Unmodified opinions on each*



Independent Auditor's Report

Honorable Mayor and Members of the City Council
City of Scottsdale, Arizona

Report on Audit of Financial Statements

Opinion

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Scottsdale, Arizona (City), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Scottsdale, Arizona, as of June 30, 2024, and the respective changes in financial position and, where applicable, cash flows, and the respective budgetary comparison for the General Fund, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of City of Scottsdale, Arizona, and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for one year beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

City of Scottsdale, Arizona

15

Related Communications



Talent • Solutions • Progress
Heinfeld Meech

October 30, 2024

To the Honorable Mayor and Members of the City Council
City of Scottsdale, Arizona

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information City of Scottsdale, Arizona (City) for the year ended June 30, 2024. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, Government Auditing Standards, and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter provided to you during the planning phase of the audit. Professional standards also require that we communicate to you the following matters related to our audit.

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by City of Scottsdale, Arizona are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by the City during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

The most sensitive estimates affecting the financial statements were:

- Management's estimate of the useful lives of depreciable capital assets is based on the length of time management estimates those assets will provide some economic benefit in the future.
- Management's estimate of the allowance for uncollectible receivable balances is based on past experience and future expectation for collection of various account balances.
- Management's estimate of the insurance claims incurred but not reported is based on information provided by the entity's third party administrators and subsequent claims activity.
- The assumptions used in the actuarial valuations of the pension and other post-employment benefits are based on historical trends and industry standards.

The financial statement disclosures are neutral, consistent, and clear.

Page 1

Communication to Governance – for City and each Component Unit

Addresses key points such as:

- Accounting practices, significant estimates – *no issues*
- Audit adjustments or disagreements with management - *Passed adjusting journal entries for OPEB health assets*
- Other similar matters - *no issues*

Federal Funding/Compliance Reports

City of Scottsdale, Arizona
Schedule of Findings and Questioned Costs
Year Ended June 30, 2024

Single Audit Report:

Report on Internal Control and Compliance based on the Financial Statement audit

- No significant deficiencies, material weaknesses or issues related to noncompliance.

Summary of Auditor's Results:

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Significant deficiency(ies) identified: No
- Material weakness(es) identified: No

Noncompliance material to financial statements noted: No

Federal Awards

Internal control over major programs:

- Significant deficiency(ies) identified: No
- Material weakness(es) identified: No

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with §200.516 of Uniform Guidance: No

Identification of major programs:

Assistance Listing Numbers

14.218
14.871

Name of Federal Programs or Clusters

CDBG-Entitlement/Special Purpose Grants Cluster
Housing Voucher Cluster

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee: No

Findings Related to Financial Statements Reported in Accordance with Government Auditing Standards: No

Findings and Questioned Costs Related to Federal Awards: No

Summary Schedule of Prior Audit Findings required to be reported: Yes

Page 10

Federal Funding/Compliance Reports

Single Audit Report (cont'd):

Report on Compliance, Internal Control and Expenditures of Federal Awards

- No significant deficiencies, material weaknesses or issues related to noncompliance.
- Findings from prior year were fully corrected.

Schedule of Expenditures of Federal Awards

- Unmodified opinion
- FY 2023/24 totaled \$15,480,219



HeinfeldMeech
10000 N. Scottsdale Rd.
Suite 100
Scottsdale, AZ 85258
Phone: 480.344.1111
Fax: 480.344.1112
www.heinfeldmeech.com

Independent Auditor's Report on Compliance for Each Major Federal Program;
Report on Internal Control Over Compliance; and
Report on Schedule of Expenditures of Federal Awards
Required by the Uniform Guidance

Honorable Mayor and Members of the City Council
City of Scottsdale, Arizona

Report on Compliance for Each Major Federal Program Opinion on Each Major Federal Program

We have audited City of Scottsdale, Arizona's compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on each of City of Scottsdale, Arizona's major federal programs for the year ended June 30, 2024. City of Scottsdale, Arizona's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, City of Scottsdale, Arizona complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States (Government Auditing Standards), and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of City of Scottsdale, Arizona and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of City of Scottsdale, Arizona's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to City of Scottsdale, Arizona's federal programs.

Page 3

Other funding/compliance reports

State funding/compliance report

- **Highway User Revenue Fund (HURF) uses -**
City complied with state requirements

Other reports to be completed in January or February 2025

- **HUD-required financial schedule – (federal)**
- **Annual Expenditure Limitation Report – (state)**



Independent Accountant's Report

Honorable Mayor and Members of the City Council
City of Scottsdale, Arizona

We have examined the City of Scottsdale, Arizona's (City) compliance as to whether highway user revenue fund monies received by the City pursuant to Arizona Revised Statutes Title 28, Chapter 18, Article 2, and any other dedicated state transportation revenues received by the City, were used solely for authorized transportation purposes during the fiscal year ended June 30, 2024. Management is responsible for the City's compliance with those specified requirements. Our responsibility is to express an opinion on the City's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the AICPA. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the City complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the City complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

Our examination does not provide a legal determination on the City's compliance with specified requirements.

In our opinion, the City of Scottsdale, Arizona complied, in all material respects, with the aforementioned requirements for the fiscal year ended June 30, 2024.

Heinfeld Meech & Co. PC

Heinfeld, Meech & Co., P.C.
Scottsdale, Arizona
October 29, 2024

Additional compliance requirements established in 2021:

ARS §9-481. Audits of cities and towns; posting; budget; accepting audit results

- Subsection H: "Within ninety days after completing [the annual financial audit, the CPA who performed the audit shall] present the audit results and any findings to the governing body in a regular meeting without the use of a consent agenda, **and the governing body shall demonstrate compliance with section 41-1494.**"

Requested Actions

1. Accept the FY 2023/24 financial audit reports as submitted by the City's external financial auditors, Heinfeld, Meech & Co. P.C.
2. Accept the staff report of the City's compliance with ARS §41-1494.

WORK STUDY

FY 2023/24 Year-End Financial Report

City Council | December 4, 2024

Sonia Andrews, City Treasurer/Chief Financial Officer

Year End Financial Report Timeline



52nd Consecutive Year for GFOA Excellence in Financial Reporting Award

Thank you to our Accounting Team!

Anna Henthorn – Assistant City Treasurer
Sarah Delgado – Accounting Director

Hank Dabibi – Senior Accountant
Pam Seroogy – Senior Accountant



Presentation Outline

- Highlights from Audited Financial Report
- City's Fiscal Health
- Report on State Imposed Expenditure Limitation

Highlights from Audited Financial Report

Fiscal Year 2023/24

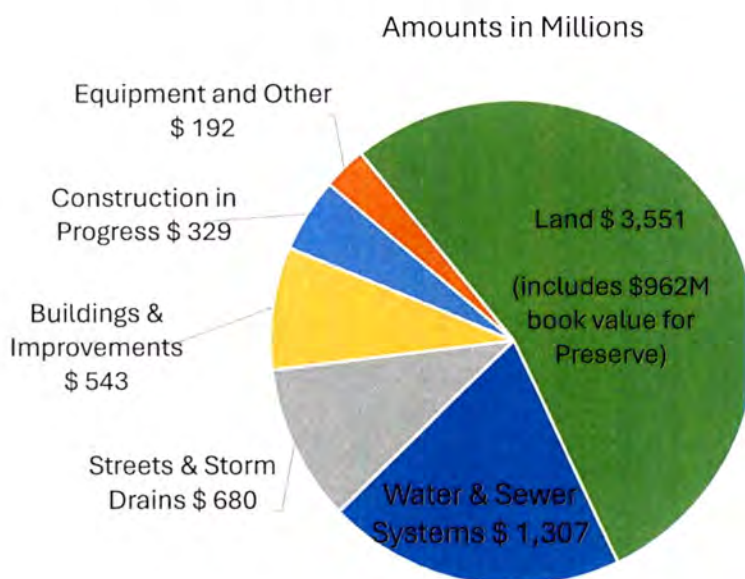
Balance Sheet Improved at 6/30/24

(Amounts in Millions)	Prior Year		6/30/24		Change	
	6/30/23		6/30/24			
Cash & Investments	\$ 999.8	\$	1,096.1	\$	96.3	10%
Capital Assets, net of depreciation	6,370.7		6,602.0		231.3	4%
Other Assets	516.9		497.0		(19.9)	-4%
TOTAL ASSETS	\$ 7,887.4	\$	8,195.1	\$	307.7	4%
Net Pension Liabilities	362.5		352.2		(10.3)	-3%
Bonds, Loans and Other Payables	899.2		801.9		(97.3)	-11%
Other Liabilities	299.8		326.1		26.3	9%
TOTAL LIABILITIES	\$ 1,561.5	\$	1,480.2	\$	(81.3)	-5%

Cash & Investments at 6/30/24

(Amounts in Millions)	Prior Year 6/30/23	6/30/24	Change
General Fund	\$ 200.8	\$ 216.9	\$ 16.1 8%
CIP Funds (for approved CIP)	304.0	314.5	10.5 3%
Preserve Tax Fund	103.4	130.9	27.5 27%
Transportation 0.2% Tax Fund	43.1	34.2	(8.9) -21%
Other Restricted Funds	64.2	64.3	0.1 0%
Water and Sewer	193.8	227.7	33.9 17%
Other Enterprise Funds	18.2	26.5	8.3 46%
Self Insurance Fund	47.3	55.4	8.1 17%
Other Internal Funds	24.9	25.6	0.7 3%
TOTAL CASH & INVESTMENTS	\$ 999.8	\$ 1,096.1	96.3 10%

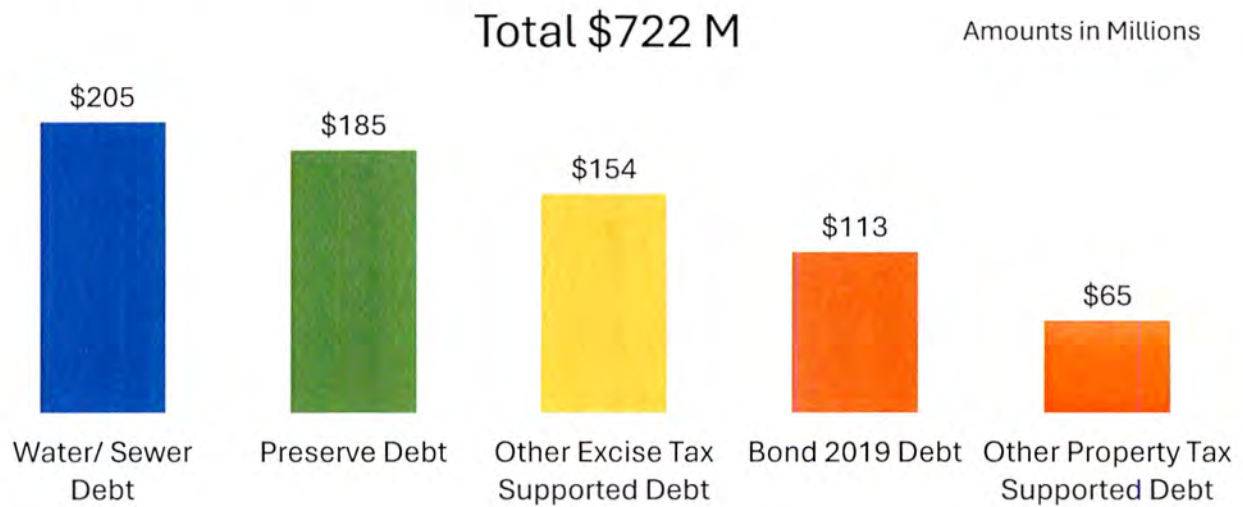
Capital Assets at 6/30/24



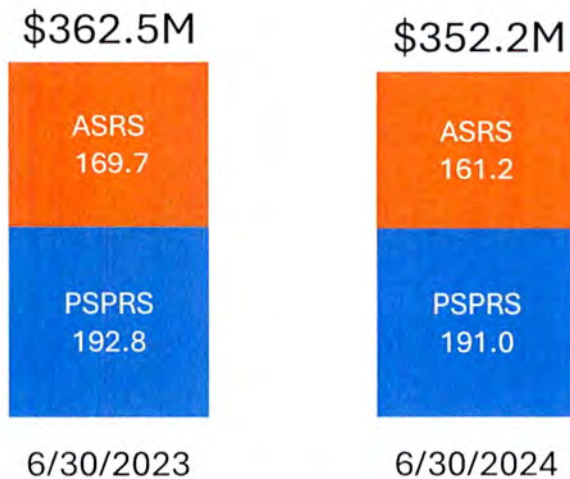
Total Net Book
Value:
\$6,602M

Annual
Depreciation:
\$179M

Debt Outstanding at 6/30/24



Net Pension Liabilities at 6/30/24

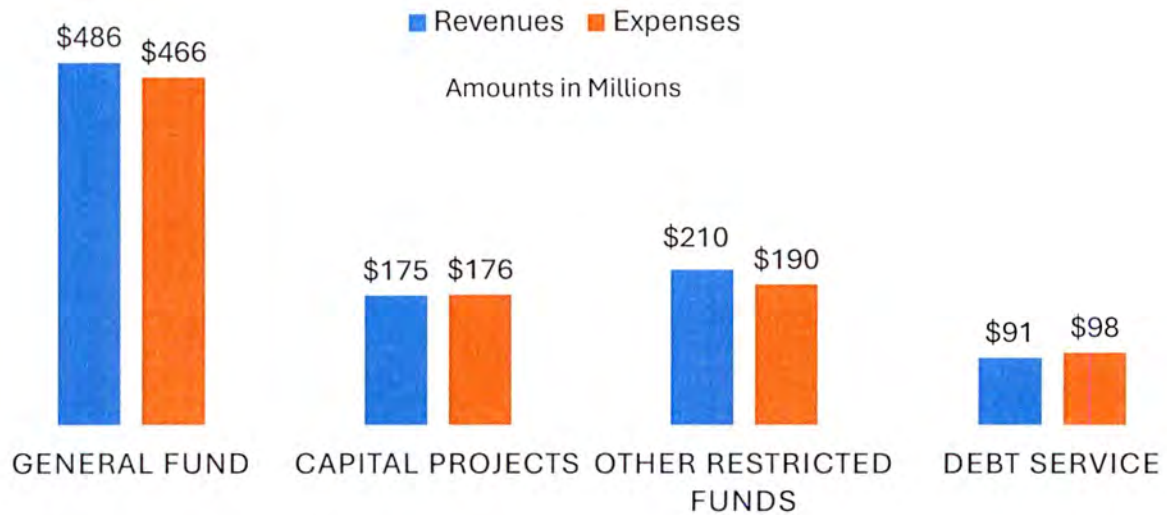


Amounts in Millions

Additional Paydown
of Unfunded PSPRS
Liability in
FY2023/24:

\$11.5M

FY2023/24 Revenues, Expenditures and Other Sources and Uses General Fund and Other Governmental Funds



FY2023/24 Operating Revenues and Expenses Enterprise Funds



City's Fiscal Health

Fiscal Year 2023/24

AAA Bond Ratings Maintained



Maintained Strong
Fund Balance and Liquidity
Required for
AAA Bond Ratings

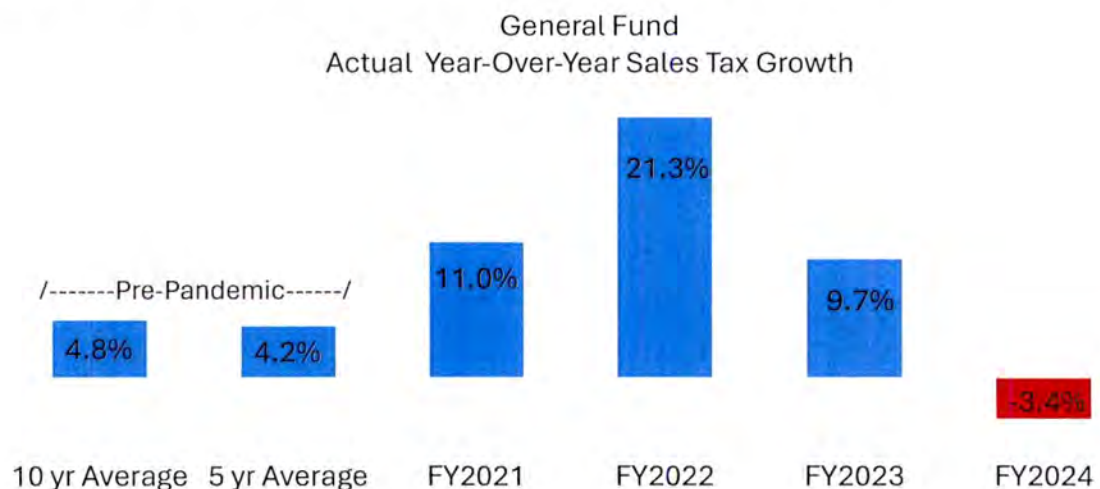
Note: a fund balance $\geq 20\%$ of operating expenditures and transfers out in the General Fund needed to maintain AAA bond ratings per Fitch Ratings report.

Strong Revenue Growth

- Revenue growth has been extraordinary with pandemic and post-pandemic spending and inflation
- Expected reductions starting in 2025 will be monitored and managed through budget process
 - Residential rental tax elimination beginning 2025
 - State shared income tax reduction starting in FY2025/26

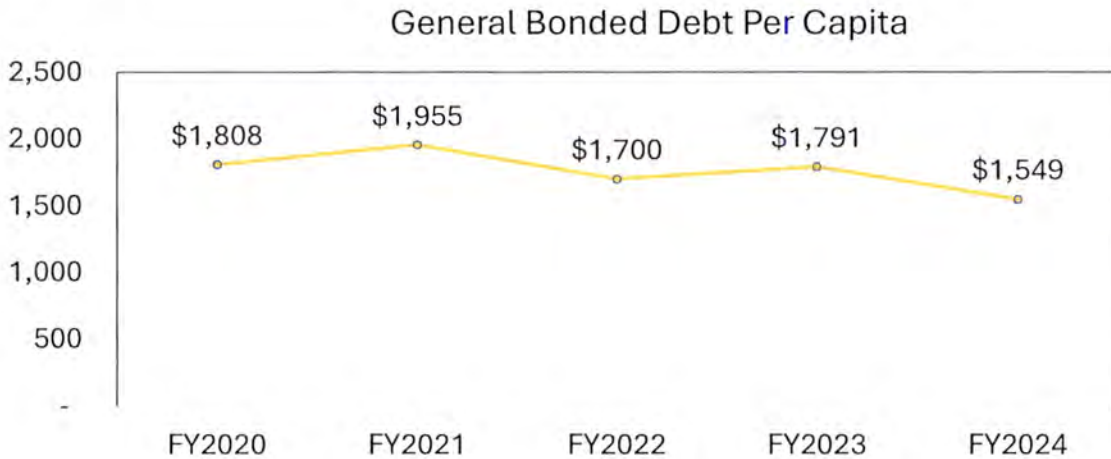
Sales Tax Y-O-Y Growth

Strong sales tax growth with pandemic/post-pandemic spending and inflation. Lower sales tax revenues in 2024 as expected



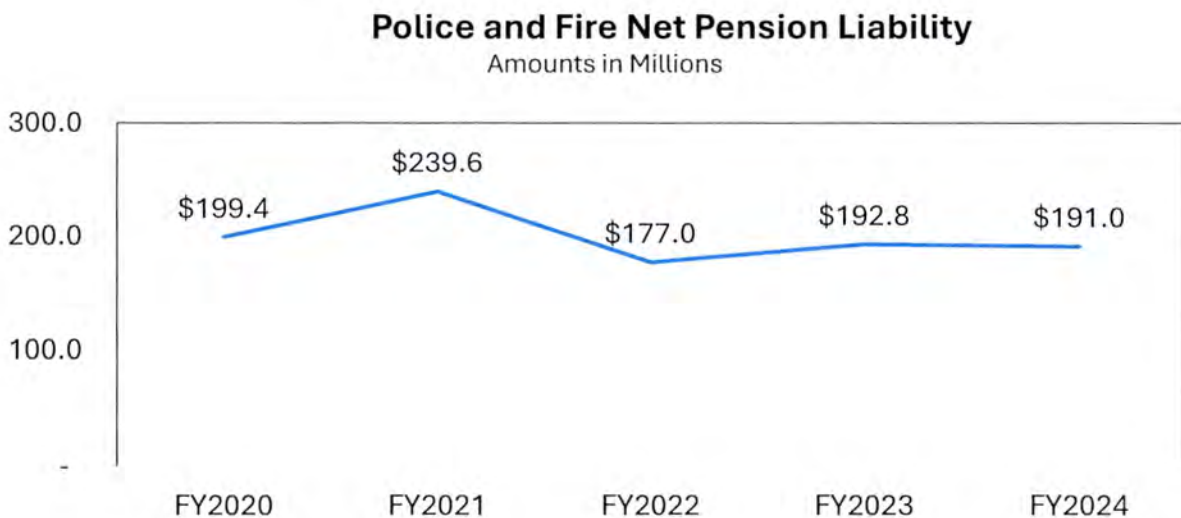
Manageable Debt Burden

New debt issuances expected over next few years for remaining Bond 2019 debt



PSPRS Net Pension Liability

Decreased pension liability with additional paydowns made



Recommend Continuing Paydown of PSPRS Liability

Comparison of PSPRS Net Pension Liability of
AAA Rated Cities in Arizona
Amounts in Millions



Source: 2023 PSPRS GASB 68 Report.

Report on State Imposed Expenditure Limitation

Financial Policy 1.06

Fiscal Year 2023/24

State Constitution Imposed Expenditure Limitation

- Maximum limit on City's annual operating expenditures*
- Limitation calculated by State, with annual population and inflation adjustment
- Voter approved increase (Prop 491) effective FY25/26

** Expenditures subject to Limitation does not include capital infrastructure costs, debt service, special revenue and grant funded expenditures and other specific exclusions allowed by state law.*

Expenditure Limitation FY2023/24

(Amounts in Millions)		% of 6/30/24 Limitation	
Expenditure Limitation calculated by State	\$ 586.3		
Preliminary expenditures subject to Limitation	553.0	94%	
Remaining Capacity	\$ 33.3		

