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CALL TO ORDER

[Time: 00:00:05]

I call the June 25, 2024, D.C. Ranch Community Facilities District Special Meeting related to the Facilities District budget to order. District Clerk Ben Lane, please conduct the roll call.

ROLL CALL

[Time: 00:00:24]

District Clerk Ben Lane: Thank you Chair Ortega. Chair David Ortega.

Chair Ortega: Present.

Ben Lane: Board Members Tammy Caputi.

Board Member Caputi: Here.

Ben Lane: Tom Durham.

Board Member Durham: Here.

Ben Lane: Board members Barry Graham.

Board Member Graham: Here.

Ben Lane: Betty Janik.

Board Member Janik: Here.

Ben Lane: Kathy Littlefield.

Board Member Littlefield: Here.

Ben Lane: And Solange Whitehead.

Board Member Whitehead: Here.

Ben Lane: City Manager Jim Thompson.

Jim Thompson: Here.

Ben Lane: City Attorney Sherry Scott.

Sherry Scott: Here.

Ben Lane: District Treasurer Sonia Andrews.

Sonia Andrews: Here.

Ben Lane: Acting City Auditor Lai Cluff.

Lai Cluff: Here.

Ben Lane: And the District Clerk is present. Thank you Chair Ortega.

MINUTES

[Time: 00:00:54]

Excellent. Next, we have the approval of prior meeting minutes. Are there any revisions? I request a motion to approve the meeting minutes of Tuesday, June 13, 2023. Do I have a motion?

Board Member Janik: So moved.

Board Member Durham: So moved.

Board Member Whitehead: Second.

Board Member Littlefield: Second.

Chair Ortega: A motion and a second. Please record your vote. Thank you. We are unanimous. Next, we will move on to the business items before the DC Ranch Community Facilities District Board of Directors, I call on Sonia Andrews to provide a presentation.

RESOLUTION 61

[Time: 00:01:34]

District Treasures Sonia Andrews: Thank you, Board Members. Next slide.

So, for items 3, 4, and 5, the District is being asked to adopt the proposed budget for Fiscal Year '24 and '25 and order the tax levy for '24, '25, there are three options that are presented to the board. For all three options, there will be a debt service levy of \$1,291,679. There's also an extra levy this year for the Qasimyer vs. the Maricopa County judgment for 305,900 for a total debt service levy of 1,592,584.

What separates the three options are the operations and maintenance levy that is shown on the slide for administration and paths and trail maintenance. Option One total \$79,0882, Option Two \$348,042, and Option Three, \$128,746. So, the total levy presented for the Board to consider is Option One, for a total levy of \$1,672,446, which would generate an estimated property tax rate of .3897 for every \$100 of assessed value. Option Two is \$1,940,626, for an estimated property tax rate of .4522, and Option Three is a levy of \$1,721,330 for an estimated property tax rate of .4011. Next slide.

So, the impact to the actual property taxes would be as shown on this slide. The first column is the current year property tax rate of .3298, and for a property in the DC Ranch District with a tax assessed value of 1.3 million, the current year property tax for that DC Ranch CFD would be \$408. Option One would result in a 24% increase, totaling \$507. Option Two would be a 44% increase for \$588 and Option Three would generate a 28% increase in the property taxes which would then total \$521. Next slide.

So, with that, I can answer any questions, and these are the three options that we're asking the District Board to consider and adopt.

Chair Ortega: Thank you. I will call on Vice Chair Graham for a motion.

[Time: 00:04:39]

Vice Mayor Graham: Thank you, mayor. Sherry, please correct me if this doesn't meet your satisfaction. I move to adopt Resolution number 61, Option Three, approving the proposed fiscal year 2024/25 DC Ranch Community Facilities District budget of \$1.72 million. Do I need to continue?

City Attorney Sherry Scott: Just to clarify, I think the motion only needs to be adopt Resolution 61, Option 3.

Vice Mayor Graham: Okay. Thank you.

Board Member Whitehead: I will second that.

Chair Ortega: Thank you. We have a motion and a second. Please register your vote. Thank you. The Board is unanimous.

PUBLIC HEARING

Next, we will move on to conduct a public hearing on the District's Fiscal Year 2024/25 budget. The public hearing is open to individuals who can come forward and I see two people that wish to speak. One is Jenna Kohl, the other one is Ethan Knowlden. Ethan has contributed his time to Jenna Kohl. So, Jenna, you have four minutes. Thank you for being here.

[Time: 00:06:10]

Thank you, Chair Ortega and members of the Council, my name is Jenna Kohl. I serve as the executive director for DC Ranch. It's a master plan community of about 8,000 residents in north Scottsdale. Address is 20551 North Pima Road. And I speak tonight regarding the O&M levy related to the DC Ranch CFD. The DC Ranch CFD requires the DC Ranch Community Council and Ranch Association to pay for insurance and utilities and to provide maintenance for the public assets located within DC Ranch CFD. Those assets include Market Street Park, covered playground, picnic areas, splash pad, large Woodbridge, and expansive grass area where we have public concerts, et cetera. And over 450,000 square feet of public paths and trails along with their adjacent landscaping.

In a 2023 review of the CFD documents our attorney informed us that we must submit an annual budget to reflect the true cost of those maintenance duties each year, and our desire was to get it corrected starting in fiscal year 2024/25 moving forward. So over one year ago, we really did a deep dive and comprehensive analysis of CFD-related expenses which hadn't been done for over 15 years. In February of this year, we met with Bill Murphy, Gina Kirkland, and the

City's CFD attorney to explain the situation. We provided them with a comprehensive cost

analysis study, showing the actual expenses to maintain the CFD assets which totaled a little over \$330,000. After reviewing the comprehensive studies, City officials agreed that all costs were allowable as presented.

The increased maintenance portion of the tax amount, amounts to about 6 cents, rising from .02 to .08, well below the 30 cents allowable for the M&O tax. We recognize our obligation to annually evaluate and update the cost of maintenance and acknowledge that this is the first time we have done so in many, many years.

We also understand and acknowledge the impact of the class action lawsuit on the CFD. Thus, we work with the city staff to negotiate a phased approach, which would spread next year's cost over three years that \$330,000. So, it's not the solution we were hoping for, but it is one we are willing to agree to. So, we do support Option Three, but what I want to emphasize is that in future years, we hope to recapture the full actual cost of those maintenance obligations. So, we will be back next year. This is critical funding for maintenance of valuable public assets in DC Ranch and I thank you for your consideration.

Chair Ortega: Thank you, Ms. Kohl. So, with that, I will close the public comment regarding the Fiscal Year 2024/25 budget and the topic is Option Three, and, of course, Resolution 61.

RESOLUTION 62

[Time: 00:09:43]

Next, moving on, we would look at considering Resolution number 62. I will call on Vice Chair Graham.

Vice Mayor Graham: Thank you, Mayor. I will move to adopt Resolution number 62, Option Three.

Board Member Whitehead: Second.

Chair Ortega: Thank you. We have a motion and a second. Is there any discussion on the motion? Seeing none, please record your vote. Thank you. We are it is unanimous. Now, I would entertain a motion to adjourn.

Board Member Janik: So moved.

Board Member Littlefield: Second.

Chair Ortega: Moved and seconded. Please record your vote. We are adjourned.

ADJOURNMENT

[Time: 00:10:32]