
This document was created from the closed caption transcript of the February 24, 2026 City Council Regular Meeting and Work Study Session has not been checked for completeness or accuracy of content.

A copy of the agenda for this meeting, including a summary of the action taken on each agenda item, can be accessed through the City Clerk Archived Documents Search at:

<https://eservices.scottsdaleaz.gov/cityclerk/DocumentSearch>

An unedited digital video recording of the meeting, which can be used in conjunction with the transcript, is available online at:

<https://ww2.scottsdaleaz.gov/scottsdale-video-network/Council-video-archives/2026-archives>

For ease of reference, included throughout the transcript are bracketed “time stamps” [Time: 00:00:00] that correspond to digital video recording time.

For more information about this transcript, please contact the City Clerk’s Office at 480-312-2411.

CALL TO ORDER

[Time: 00:00:05]

Mayor Borowsky: All right. I hate to break up a lively crowd but we are going to go ahead and call this meeting February 24, 2026, City Council Regular Meeting and Work Study Session to order. City Clerk Ben Lane, aay I have please have a roll call.

ROLL CALL

[Time: 00:00:17]

City Clerk Ben Lane: Thank you, Mayor. Mayor Lisa Borowsky.

Mayor Borowsky: Present.

Ben Lane: Vice Mayor Adam Kwasman.

Vice Mayor Kwasman: Here.

Ben Lane: Councilmembers Jan Dubauskas.

**CITY OF SCOTTSDALE
FEBRUARY 24, 2026 REGULAR MEETING AND WORK STUDY SESSION
CLOSED CAPTION TRANSCRIPT**

PAGE 2 OF 66

Councilwoman Dubauskas: Here.

Ben Lane: Barry Graham.

Councilman Graham: Here.

Ben Lane: Kathy Littlefield.

Councilwoman Littlefield: Here.

Ben Lane: Maryann McAllen.

Councilwoman McAllen: Present.

Ben Lane: And Solange Whitehead.

Councilwoman Whitehead: Here.

Ben Lane: City Manager Greg Caton.

City Manager Greg Caton: Here.

Ben Lane: Interim City Attorney Luis Santaella.

Interim City Attorney Luis Santaella: Here.

Ben Lane: City Treasurer Sonia Andrews.

City Treasurer Sonia Andrew: Here.

Ben Lane: Acting City Auditor Lai Cluff.

Acting City Auditor Lai Cluff: Here.

Ben Lane: And the Clerk is Present. Thank you, Mayor.

[Time: 00:00:40]

Mayor Borowsky: Thank you very much. Tonight we have Scottsdale Police Officers Sergeant Eric Bowles, and Officers Kyle Sholak and Ryan Lowing as well as Scottsdale Firefighters Brent Wheeler and David Gonzales if anyone requires any assistance of any member of the public safety team, please let a member of our staff know.

For the Pledge of Allegiance, I would like to call upon Councilwoman Maryann McAllen to lead us in that.

PLEDGE OF ALLEGIANCE

[Time: 00:01:30]

Councilwoman McAllen: 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 Borowsky: Thank you so much. And for the invocation, I will turn it over to Vice Mayor Adam Kwasman.

INVOCATION

[Time: 00:01:30]

Vice Mayor Kwasman: Thank you, Madam Mayor. For tonight's invocation, I humbly would like to call up Jake Bennett. Jake is the Arizona Regional Director for Stand With Us, it's a nonpartisan, nonprofit dedicated to Israel education and combating antisemitism. Jake is a former director of policy and legislative affairs for the Israeli-American Coalition and Coalition for Action. The Israeli American coalition for action, and he is an IDF combat veteran. He's lived in the valley for 15 years and I'm proud to call Jake a dear friend.

Stand With Us Arizona Regional Director Jake Bennett: Thank you. Honorable Mayor, members of the Council, neighbors in the community, we stand together this evening in a moment of prayer, reflection and shared responsibility. Master of the universe, we thank you for the leaders of this city. And for the freedom to join and gather and speak and worship without fear. We thank you for guiding our community, for it's commitment to cleanliness, law and order and for respect for the police who safeguard those blessings. We thank you for our school systems, teachers and administrators who we entrust to help our children understand the blessings of the U.S. Constitutional system we live under and their own civic duty to maintain and protect it.

Tonight, we lift our voices against hatred in all of its forms in particular let us call out the evil of antisemitism, Jew hating, and for those who attempt to blame a tiny minority for the failings of others or for the crimes of individuals. Let us also call out anti-Zionism, it denies Jewish identity in history and denies the Bible and the covenant and the right of the people of Israel to defend themselves from murder and genocide. The Jewish people are called into covenant with you, commanded to pursue justice, to love the stranger, and to walk humbly with our God. We walked a long road from Abraham and Jacob 40 centuries ago and through your servant our teacher Moses and to unity under king David and the establishment of your house, our holy temple on Mount Zion Jerusalem. It is from Mount Zion that we derive the modern term Zionism, a word which stands for the restoration of Jewish independence and the land of Israel and the fulfillment of our ancient and Biblical covenant. Anti-Zionism, it's an anti-Bible movement, opposing self-determination for the Jewish people and our

ancestral land and imposing dignity for Jewish people anywhere and everywhere. Help us and all in Scottsdale be vigilant against such hatred. Grant our clarity and encourage to speak out not only when it is easy but when it is hard.

Bless this city that it may be a place where every resident can live openly, safely and proudly where our children learn to honor each other and where every person is treated with equal dignity and respect, and people created in the image of God. May the decisions made in this chamber tonight and every night reflect your call to seek peace and pursue it, to love your neighbor as yourself, and to uphold the dignity of every member of Scottsdale. And let us say amen.

Mayor Borowsky: Thank you very much.

MAYOR'S REPORT

[Time: 00:05:01]

All right. For this evening's Mayor's Report, while we are cruising right along, it's high tide in tourism season here in Scottsdale and this past week, actually two weeks we saw the Arabian Horse Show, Scottsdale Arabian Horse Show which was another huge success. Drawing 175,000 attendees over 11 days with over 1,600 horses visiting our community. Some of which are from here. And 250 vendors were there. Their media audience was over 10 million views. So, what a great broadcast and success for our show. I have here a picture on the screen which is a friend of mine, actually Eddie McCain and his gorgeous horse Nat King Cole who was the fourth year in a row the winner of the Arabian costume class which is quite the feat! I think that's probably a record. I will have to double check that.

So, lots going on and then, of course, we had the kickoff for Scottsdale spring training right here in Scottsdale at the Scottsdale stadium. So the Giants opener, spring training opener was this past Sunday. So that was exciting. Encourage all of you to go out and check out a baseball game if you have the time and the interest. What a great day it was out there.

And in addition, to those reports, more locally, the I would like to take special note of the U.S. Men's Hockey team who won the Olympic gold medal this weekend in Milan, defeating Canada 2-1 in a thrilling overtime finish. And the game winner came from Jack Hughes who delivered the decisive goal, just 1:41 into overtime.

Vice Mayor Kwasman: U.S.A.!

Mayor Borowsky: Yes, indeed but wait for it. And I'm very proud, we are very proud to welcome Auston Matthews who grew up right here in the city of Scottsdale and he's become Yes, did you know that? Did we know that? He has become one of the most accomplished hockey players in the world. And Scottsdale celebrates him and the rest of his team for being part of the historic U.S. win on the Olympic stage. And so very inspiring. Our youth sports programs are unparalleled and he's won he's evidence of that for sure for our city.

And a big congratulations to all the winners that we have seen over the last including, I think the Giants won, right? Yeah, they won. I was at the game. I knew that. All right. Such a baseball fan. I'm kidding.

PRESENTATION/INFORMATION UPDATES

[Time: 00:08:00]

All right. Moving right along, presentation includes the Experience Scottsdale update, and Rachel Sacco, one of my person faves will give us that and, of course, she's the Experience Scottsdale President and CEO. Good evening, Rachel, thank you for joining us.

Experience Scottsdale President and CEO Rachel Sacco: Thank you so much. Good evening, Mayor Borowsky and members of the Council. Thank you so much for giving me a few minutes of your time on this very, very busy agenda. But I think it's important to hear some of the highlights with what we are going with the recent programs and programs on behalf of our community and residents.

So, you have tasked us with 17 performance standards on behalf of the city, and I just sent you our second quarter report and if you had a chance to look at it, you saw that we are on target to not just meet but possibly exceed every single one of those standards. We're also beginning our work on the next fiscal year program of work for '26 and '27, and that will be our strategic business plan.

I would love to invite you to an open session to meet with my team, who can bring that program of life program to life for you. Also, at that meeting, I would like for you to hear from some of our select resort Scottsdale resort general managers who can tell you what are the challenges they see ahead, how can Experience Scottsdale and the city help them and what are the opportunities that Experience Scottsdale can assist them with to make sure that next year is really productive. So, I hope that you will be on the lookout for that invitation.

So, you have also charged Experience Scottsdale with branding, the branding of this incredible community, Scottsdale, as a luxury destination. Our focus for our marketing is to generate awareness of this destination, that also drives overnight business to support our communities, quality of life, as well as our economy. I think we all know that \$3.7 billion annually is generated from the tourism efforts with Experience Scottsdale, and our industry that really helps our residents, helps our city, keeps our taxes low, and also helps our amenities stay high, because tourism is alive and well in Scottsdale.

So what we are targeting is actually based on economic return, visitation data, and we're targeting those particular personas, those are some of the personas that we have actually created so that we have a better feel for which one of those has attributes that we can market to because they are also in our luxury category. So those are part of our effective target marketing.

We currently have about 18 primary markets throughout the United States that we have marketing and advertising to. We have an additional 22 more. So, we have about 40 of our markets that we are marketing to on a year-round basis, and that is really, really important. Because it also allows us to not

only have a saturated audience throughout our target markets domestically, but we also have key international target markets that we're also marketing and advertising to, as well as a year-round approach to our seasonal visitors. Those who can come during summer and off-season as well.

But equally important is how we tell Scottsdale's story. We are a luxury destination and everything we do comes from that marketing perspective. Every campaign that we have is layering on household income, travel, age, behavior and align with those personas. As an example, how this works, is that we have a connected TV program and what it does, it's not just about geographics, it's about throughout the United States, locating those high-income, high-value visitors and that is who we target. And then once they have seen our ad, we can send them a retargeting ad. We can actually track whether they actually visited Scottsdale and whether our ads are working and whether they are actually converting them. Right now, those personas are the wellness warriors, luxury travelers, sports travelers, i.e., golf, foodies, the indulgent individuals, and also the family units.

[Time: 0012:25]

So, when I'm telling you that what we can do is say, we feel like we for sure are in the right place at the right time, with the right message, and we're reaching the right audience, I feel that that is something that is really important.

So, we also are looking at how we reach our target market in three phases. So we have different messages we send out to those who we are advertising to, depending on whether they are in the beginning dreaming phase, whether they are in the planning phase, or whether they are in the booking phase. And that is how we know that we can actually entice them to actually go to that booking phase.

Here are some of the ways that we are reaching some of these audiences. As an example, in January, we just wrapped up the annual fall and holiday campaign, that's driving visitation to here during that need time period, the fall shoulder season, as well as holiday. And that is targeted to the luxury, as well as family. This time, we partnered with two different companies, Expedia and Capital One. As part of that campaign, we actually generated \$7 million in room revenue to Scottsdale area hotels and resorts. We know it was definitely \$7 million because Expedia and Capital One actually did the bookings and they gave us the report on that. So that was a very successful program, over that need time period.

We also are trying to get niche stories across the country by working with media. As an example, Scottsdale's art and culture was just in the Southwest Contemporary. We highlighted our golf courses in Colorado, Avid Golfer. We talk about western events and the Cowboys and Indian Magazine and we talked about the important spring break to a very affluent audience in wherever family. So, the Mayor mentioned, it is spring and we are working with our MLB partners. As a matter of fact, the Giants, we have a meeting that they are producing with me, the first week of March, and one of the things that we did with them this year is host their V.I. P. early access ballpark brunch. This was for 350 ticket holders, season ticket holders. Our research tells us these are the ones that will definitely come here, spend more and stay longer per trip.

So, what happens once our ads have actually gone throughout the country, throughout international markets, filling up the season? We have to get to work, because what we need to do is our high-value visitors most likely are going to be working with a travel advisor or a travel agent, you may know them by that name. Very few have brick and mortar buildings anymore, but they definitely are working with our targeted clientele. If they are calling their travel advisor and they don't know anything about Scottsdale, that travel advisor will send them somewhere easier that they know about. Our job is to go out and find them, and to train them, one on one.

One the ways that we have been doing that is working with Luxury Consortium, that only deal with the luxury agents that work with those high-value visitors. Here's an example of what we have been able to do. We were just invited as Experience Scottsdale to exhibit at a show called Creme de la Creme, it's an invitation only exclusive trade show that targets those high-end travel agencies that are getting to our targeted customer. And that was in French-speaking Europe. Our team was one was only two of the U.S. suppliers that were invited and in attendance, and most importantly, we were the only destination marketing organization that was there at that show from the entire United States of America.

[Time: 00:16:11]

Because of efforts like this and we are recognized as a luxury product, if you will, we were also able to generate 729 leads and services for our Scottsdale-based businesses, and now each of those leads represents the potential for hundreds of future Scottsdale vacations coming from those agents.

I want to also talk a little bit about the meetings market. The meetings market is so important to us. It is the backbone of just about everything that we do. And year-to-date, our bookings and our leads are up over 7% year-over-year from this time last year. I also want to let you know that it's over 27% of all of the leads that we have sent out this fiscal year, are for new business. That means that that particular company has never been in our database at Experience Scottsdale or they have never actually been or held a meeting in Scottsdale. What's important about that is that we are fishing with our hotel partners are not fishing and they appreciate a lead from us is truly a new piece of business for them.

And then lastly, about 45% of all the room nights that we're generating are for need time business. That is our focus and our mission is really to make Scottsdale a year-round luxury destination.

So, I would like to basically thank you for all of the time that you have given me. I have one more thing I wanted to mention. I wanted to make sure I'm looking at the clock here because I know you have a busy night. We just came back from a trade show and it's called IMEX America, it is the largest meeting, planning, trade show in the country that anyone can attend. It's in Las Vegas. And we just got back there. We had the opportunity to have one-on-one appointments with professional travel agents, if you will, and meeting planners, excuse me, and we also took over a western theme. So we in addition to our appointments, we want to make sure that we can bring people to our booth, so we had a well, let me say, I can come back to find that. There's that western theme, if you will, with the Old Town cowboy and the saloon. We had 1,000 extra convention meeting planners that came through there to see and hear a little bit more about the west, excuse me for one second.

And to actually build a custom cowboy hat as well. So that was another example of how we're able to actually go to a show and bring back a lot of business. That particular meeting will bring back so much business to Scottsdale, not just this year but for years to come.

I know I overcommunicate with you. I send you biweekly emails. I hope that maybe you glance at them, maybe or one or two, and I also send you quarterly reports and annual reports and now I'm asking to you attend an important invitation to just come and meet with your hotel general managers and my team and get a chance to see what we're doing for next year, what's in store for Scottsdale's tourism which is an important part of what our residents depend on for their quality of life and for our entire community and be on the lookout for that. I want to say thank you for all the support that you give the tourism industry. Happy to answer now or later any questions that you might have. Thank you for your time tonight.

Mayor Borowsky: Thank you so much, Rachel. Councilwoman McAllen has something to say.

[Time: 00:19:42]

Councilwoman McAllen: Thank you, Mayor. Rachel and your staff, who are here in the audience, I just want to applaud you for all of your efforts and that, to comment not only do you publicize Scottsdale and people come from all over the world to be here, because of your efforts. You guys are everywhere. I go to events, I feel like I attend a lot of events, but I go to an event and I see you. I see Rachel. I see all of these people. I see your the people you work with on the TDC. I'm just grateful that you are here in Scottsdale and that you are for us. So, thank you.

Rachel Sacco: Thank you.

Mayor Borowsky: Thank you, Councilwoman McAllen and I should recognize Councilwoman McAllen's efforts in this regard because she is the Council liaison to your Council, so thank you for that Councilwoman McAllen. Councilman Graham.

Councilman Graham: Ms. Sacco, thank you for the presentation keeping us updated, your reports are always appreciated and I'm sure my colleagues and I we read them and we appreciate them. I'm sure my colleagues comb through them, punctiliously. And I appreciate the pivot that Experience Scottsdale is making. Less of the late-night party vibe, more towards the family unit and the luxury traveler. I got a kick out of the indulgent traveler, I haven't heard that term. I think Adam and I

Rachel Sacco: I think they spend a lot of money at Fashion Square is perhaps what they do.

Councilman Graham: Oh, message received. So, I wanted to congratulate you on the pivot. Thank you.

Rachel Sacco: Thank you so much, Councilman Graham. I appreciate it.

Mayor Borowsky: Thank you. Thank you very much, Rachel. I appreciate it.

POSSIBLE EXECUTIVE SESSION

All right, moving on to this evening, the Council may make a motion to recess into Executive Session. In the event we require a legal advice on any applicable item on the agenda. If so authorized, the Council would recess into Executive Session which would be held immediately and would not be open to the public and we would once that concluded, we would be back in this general, general session meeting.

So, moving right along to Meeting Minute approvals, we have the approval of Minutes for Special Meeting Minutes December 1, 2025, Regular Meeting and Work Study Session Meeting Minutes of December 1, 2025, and Regular Meeting Minutes of December 2, 2025. Can I have a motion?

Vice Mayor Kwasman: So moved.

Councilwoman Whitehead: Second.

Mayor Borowsky: All those, please register your vote. Excellent. Okay. Moving on to Consent Agenda items.

CONSENT AGENDA

[Time: 00:22:33]

We have items, Consent Agenda items 1 through 13 and I know there's a request to pull Item number 12; is that right?

Vice Mayor Kwasman: Madam Mayor, Item number 12 is not a my understanding is that it is not the actual rate conversation, but rather a vote it is merely in order to schedule the rate conversation. So, to that end, I'm not going to request to pull number 12 at this time.

Mayor Borowsky: Okay. Can I get confirmation of that from Luis, or our city manager, city attorney or city manager?

City Manager Greg Caton: Madam Mayor, that is correct. It is just notice this evening before you for consideration.

Mayor Borowsky: So, we're not taking any action on that item, except to schedule it in the future?

City Manager Greg Caton: That is correct, Madam Mayor.

Mayor Borowsky: Okay, was there anyone else? I think I see Councilwoman McAllen.

Councilwoman McAllen: I would like to pull Item 3 and actually ask for a continuance on that.

Councilwoman Littlefield: I will second that.

Councilman Graham: Second but Kathy Littlefield seconds.

Mayor Borowsky: Yeah, we will pull that and talk about that in a minute, about the motion. You can make that motion. And I also have Councilman Graham.

Councilman Graham: I didn't want to pull it, but I just wanted to ask the city treasurer on Number 6 real quick, Ms. Andrews if I could ask very briefly about that. So, it's the investment management services contract estimated amount of a quarter million to \$400,000 depending on portfolio size for the initial three-year term with the option to extend for two additional one-year periods with U.S. Bancorp. Just for the public's edification, is this what kind of price increase is this for our investment services and is this how long have we been with this this I don't know if you would call them a TPA or an advisor or custodian and just your general impressions.

[Time: 00:24:45]

City Treasurer Sonia Andrews: Mayor Borowsky, members of the Council, thank you for the question. I don't have the exact numbers with me. But that is actually a price decrease. We were we have been using U.S. Bank and PFM, actually is the investment branch of U.S. Bank, for our investment advisory services for quite some years under a a contract with I think the city of Mesa and now we've negotiated our own contract with them, and it is actually a decrease and I believe it's quite a substantial decrease.

Councilman Graham: How did you negotiate that decrease?

Sonia Andrews: We did a RFP, a formal request for proposal process.

Councilman Graham: This might be worth a news release or something, some taxpayer savings.

Sonia Andrews: If you want to.

Councilman Graham: Since I have you on the phone here, I will also ask, Mayor, if you don't mind, there is an item related to outsourced accounting services. Interim accounting and consulting services, Item number 5 on the Consent. One-year term with the option to extend for four additional one-year periods with Osuch Consulting, can you just is this just an accounting labor market issue? Can you just for the public's edification, can you say a little bit about that?

Sonia Andrews: Mayor Borowsky, members of the Council, happy too. Yes, we had some retirements and promotions and turnover in the accounting department. So, with that attrition, we lost our accounting manager and our accounting director, both of which were heavily involved in putting the annual financial report together and also interpreting GASB guidance, implementation and all the technical requirements for the GASB report. And so last year, we consulted with Osuch consulting, Dennis Osuch was a previous partner of Clifton Larson Audit Firm. And so he's highly he has expert

knowledge in GASB and government accounting requirements. We have upcoming accounting GASB implementation needs, and we are actively recruiting our accounting manager currently. We have just recruited our accounting director who actually started on Monday.

Councilman Graham: Oh, very good.

Sonia Andrews: So hopefully after this year, we may not need Osuch Consulting after this year.

Councilman Graham: That was kind of the question do you see this as a permanent basis or a stopgap. Some of those higher skilled, you know, white collared labor markets are pretty tight, aren't they? Thank you, Sonia. Thank you, Mayor.

Mayor Borowsky: Thank you. I don't see any more requests to speak on Consent Agenda items. I will move with proceeding with the approval of the Consent Agenda items 1 and 2, and number 4 through 13.

Councilwoman Whitehead: So moved.

Councilwoman McAllen: Second.

Mayor Borowsky: Please indicate your vote. Those Consent Agenda items do pass, and we will go ahead and talk about Item number 3. Item number 3, do you want to...

[Time: 00:28:23]

Councilwoman Dubauskas: Madam Mayor, I have a conflict of interest. I will recuse myself. Thank you.

Mayor Borowsky: Of course, I have a question for our city attorney, does there need to be an announcement about the basis for that? I forget the rule on that?

Interim City Attorney Luis Santaella: Mayor members of the City Council, no, I don't think that's necessary.

Mayor Borowsky: Thank you. So, Item number three, I see we have let me get to please.

ITEM 3

[Time: 00:28:48]

Senior Planner Chris Zimmer: Mayor Borowsky.

Mayor Borowsky: Chris Zimmer.

Chris Zimmer: Mayor Borowsky I'm Chris Zimmer from the Current Planning Department here to present to you Alpio's at Troon, the event center, bar CUP.

Mayor Borowsky: Thank you, Chris.

Chris Zimmer: Yeah, of course. Here's the general site. Here's the context aerial, it's generally located East Jomax and north Alma School Road. Detailed aerial, kind of just shows the overall development. It consists of six buildings, with some open space. The existing site is zoned C-2 ESL, which is central business, which would require any bar that comes in to seek a conditional use permit for this operation.

So key items of consideration, the Planning Commission did recommend approval 5-1 back on January 28th. There's no physical improvements proposed with this request. There's no live entertainment requested with this request and it's stipulated as such. There's no noise stipulated as such. There's no noise or exterior noise or proposed with this requests. Special events are separate applications to this bar C.U.P., and then there is sufficient parking provided on site. Currently there's about 29 surplus spaces provided.

The action in front of you today is to adopt Resolution 13594 for a conditional use permit bar for 3.925 square foot site with central environmentally sensitive lands overlay C-2 ESL, on 10452 East Jomax Road. That completes staff's presentation. Happy to answer any questions. The applicant is also here as well to chat about her operations. Thank you.

Mayor Borowsky: Thank you, Chris. And Councilwoman McAllen.

[Time: 00:30:47]

Councilwoman McAllen: Thank you, Mayor. Chris don't go anywhere. You said there are no stipulations on this? Would there be stipulations if there was a special event?

Chris Zimmer: So, the special event sorry, Councilwoman McAllen, Vice Mayor Kwasman, Mayor Borowsky, there are stipulations associated to the bar C.U.P. and are specific to that operation. Special events are completely separate and judged by the special events department and reviewed and approved separately.

Councilwoman McAllen: Thank you for the clarification.

Mayor Borowsky: Were you going to make a motion to continue?

Councilwoman McAllen: Let's have the speakers, do you think?

Mayor Borowsky: You are going to wait on that? Councilman Graham.

Councilman Graham: Thank you, Mayor. I appreciate the presentation. I want to hear the speakers

tonight. I support the continuance, the possible continuance. I want to I do want to have a chance, though, just to let you know, I want to have a chance to discuss my reservations with the application, so that when we continue and they come back, perhaps they can make the improvements that we desire, make the changes that we desire, but I'm looking forward to the speakers.

Mayor Borowsky: Yes. Okay. Good.

Chris Zimmer: Mayor Borowsky, and Vice Mayor Kwasman, if you don't mind, if you are going to request to continue to request a continuance, I would suggest we allow the applicant towards it so they can get some direction as to what we should work on. Thank you.

Mayor Borowsky: So, let's take the speakers first and then we can go from there and, of course, I will let the applicant speak. Thank you. Doug DaCosta, followed by David Durfee, Dave Loaney, and then Howard Lein, and if you just step up to this podium over here, Doug. Thank you very much.

[Time: 00:32:59]

Doug DaCosta: Good evening, Mayor Borowsky and members of City Council. My name is Doug DaCosta I live at 9070 East Gary Road, I'm the original developer of the Village at Pinnacle Peak and I stand in opposition to the CUP 7-UP-2025. This application should be denied for three fundamental reasons. Authority, legality.

Councilman Graham: Point of privilege. Sir, can you speak a little closer microphone? I want to be able to hear you.

Doug DaCosta: Sure. This application should be denied for three fundamental reasons, authority, legality, and parking impact. First, authority. The applicant did not obtain approval from the Villages at Pinnacle Peak, the property owners association, before bringing this proposal to the city. The recorded CC&Rs require association approval for a change of use, parking reallocation, refuse plans, and any material increase in intensity. That approval has not been granted. The applicant is asking for the city to approve a use, that they are contractually prohibited from implemented.

The second legality. The recorded CC&Rs expressly prohibit a cocktail lounge, bar or tavern except incidental to a restaurant. This proposal is for an approximately 5,000 square foot, not 3,900 square foot standalone bar and event venue, not a restaurant. Arizona law is clear; the zoning approval does not override binding deed restrictions. Granting a CUP here would create a city approval that cannot be legally exercised and would immediately invite litigation. That's not a sound public policy.

Third, parking and intensity. An approximately 5,000 square foot bar generates significant occupancy. Even conservatively, that equates to well over 300 occupants. Under Scottsdale's tavern parking ratio of roughly one space per three occupants, the required parking approaches 100 spaces or more. If the application's ownership interest entitles them to roughly 22 spaces within the common area. They effectively are seeking to use three to four times their allocated parking burdening neighboring owners

and pushing the center into a parking deficit. With approximately 199 total spaces, serving 16 restaurants and a fitness center, this would use this use would create immediate parking pressure and spill over into adjacent residential streets. This proposal violates recorded restrictions, exceeds parking allocations and fundamentally alters the intensity of the center. For these reasons I respectfully request that you deny this conditional use permit.

Mayor Borowsky: Thank you very much, Doug. David Durfee.

[Time: 00:35:54]

David Durfee: I'm David Durfee, I'm a homeowner in the adjacent subdivision to this area. I wrote an email to the members of the Council about a week ago. So, I'm not going to repeat that. I have two main issues.

First, the whole bar issue. A couple of days ago, I emailed back and forth a few times with Teri, the Alpio's manager. Teri made it crystal clear to me back and forth in the emails and I can show the emails if you need to that Alpio's has quote no intentions of opening up a bar or nightclub, end quote and that they simply want the ability for, quote, a host to bring in alcohol as an accessory to their private party, end quote. That's what she told me. Okay. So, unless Teri was not telling me the truth, why wouldn't it work perfectly well to limit the conditional use permit to something like, quote, as an example, permit or caused alcoholic beverages to be brought to private parties or gatherings but not made to the general public end quote. That's my suggestion. That would seem to be exactly what Alpio's says they want and need and would significantly lessen the bar concerns of my homeowner neighbors.

My second issue is the dark sky issue. It's my understanding that years ago this next-door business area was required and/or agreed to keep evening lights very low. That constraint is quickly eroding. I have a photo, showing the current Alpio's dark sky, it's lights, lights, all over. I'm assured if Alpio's continues to light up its building Las Vegas-style like they are doing now that literally every business owner in the area will follow suit, so much for dark sky right beside my home.

And by the way, in the February 24 City Council report under impact analysis, sector Section 6.7, it says, noise and lighting will be mitigated through dot, dot, dot, existing downward directed exterior lighting, and I'm, that's not true. If you look at the existing exterior lighting, it's most certainly not downward directed and I'm sorry that is not true. If you look at the exterior lighting, it is not downward directing, the whole building is lit up. Thank you.

Mayor Borowsky: Thank you very much, David. Dave Loaney.

[Time: 00:38:24]

Dave Loaney: Thank you, Mayor Borowsky and City Council. I'm going to focus in on the parking issue also. The we are I object also to this application and I want to provide a little bit more information in terms of the actual parking report that was that was done. Can I use this? You can't see it, shoot.

It's not big enough.

Mayor Borowsky: It was up there.

Dave Looney: It's so small...For starters, there were four flaws in the parking calculation that was done that the staff did. First was the incorrect number of parking spaces that they started with. Instead of 2,001, it's actually 195, they used the wrong footage for the applicant's building which was 4,900, instead of 4,220, they took the word of the applicant in terms of the actually saying that one of the building was going to be changed to a restaurant or to retail when it was currently a restaurant which made a difference. And then the fourth one is the big one, where they used a rate of one per 300 which makes absolutely no sense, based on the fact that 62% of the site, there's two restaurants and there's a fitness center. And so the parking that was done or the parking study that was done, if you did it based on use, in terms of one per 120 for a restaurant, and for the fitness facility, the difference is 100 spaces. So, there's 73 spaces short, and so it's again, it's not even close. So, what was done is not reality in terms of what would happen up there from a parking standpoint, and we have run all the numbers and I'm happy to share it. We tried to actually share it with people, and we didn't really get much of a response in terms of it, but we would love to basically be able to share that with you guys.

So, again, the end result here is that Alpio's, from a CCR standpoint, his building only represents 11% of the space, and the CC&Rs allocate him only 22 spaces. He uses six of those for a loading dock. So right now, he has 14 spaces, and basically, according to this, it's 62 of what is needed, however, with 244 people, 62 spaces isn't going to go very far. Again, it's complete, it's complete it's not connected to reality at all, in terms of the of the actual parking.

Mayor Borowsky: Thank you, Dave. Next I have Howard Lein, followed by Larry Bonnell, Robin Farrell, Lori Cordova and we'll stop right there.

[Time: 00:41:45]

Howard Lein: Thank you, Mayor Borowsky, City Council. My name is Howard Lein, I'm a resident of the Scottsdale for the last 38 years, an active businessperson in the community for the last 35 years. Doug DaCosta and I funded the construction of this center approximately 15, 16 years ago. And did it with great thought. We put a lot of thought into the parking issues and in the very beginning we planned the building usage from the very beginning, and there's been an evolution of use, but the fact of the matter is, parking is the nemesis of the of the project. It always will be. And I know as the City Council, if you didn't have bars and parking to talk about at each session, most of your meetings would probably be cut short by an hour or two.

So, we're here again to talk about bars and parking. So, you might wonder why the ownership group is so passionate about what affects them on a long-term and short-term basis up here. I think that I'm going to share a picture. It has something to do with trust. Now, if you can see this, again, I'm not here to argue about dark light community at all. What I'm here to argue about is trust and adherence to well-known existing regulations. So one of the things that came to mind is many of you or some of you

are at a meeting at this center on the 16th of this month. This is the building you walked into. It was clearly in violation of dark sky. Now is that a big deal? Only because about five years ago. We went through as owners, we had lighting put on the buildings at our expense through the H.O.A. By the way, they were ordered by Alpio. We asked Alpio, how do we get around why would we be able to put lighting on a building with a dark sky regulation? He said, don't worry about it, we will do it anyway. Well, obviously, we got caught. We were forced to take off the lighting. The point to be made is, that was established at least five years ago. All of a sudden, for no apparent reason, I don't think the dark sky community has changed any regulations, but when you see that building, it's lit up like a Vegas casino.

Now, this has to do, not with the regulation. It has to do with the attitude of the the principles of the project. Is that my bell to quit? There's a violation. There's several violations that have occurred at that site, that have been left up to the owners of the other buildings. Not one of the owners in the entire complex are in favor of this license being granted. Not one. You got 18 businesses that operate in the complex that deserve to have the respect of parking and regulations being followed. I would like you to vote your consciousness and for what is being done, that is right and I appreciate your time very much. Thank you.

Mayor Borowsky: Thank you, Howard. Next, we have Larry Bonell.

[Time: 00:46:04]

Larry Bonell: Good afternoon. I'm Larry Bonell, I own two of the buildings in the complex. And I owned them for ten years, and the lighting situation that Howard was talking about is true. We put the lights up, the city made us take 'em down. It cost money to put them up. It cost money to take them down. And the trust issue is a real problem. And it's come to my attention that Teri indicated that my restaurant was not going to be a restaurant, that it was going to be a retail. There's no truth to that whatsoever. It's still a restaurant and in escrow right now, and this is a good possibility the people are going to back out if this goes through. It violates all the CC&Rs and I would love to have the city vote against it.

Mayor Borowsky: Thank you very much. Next, we have Robin Farrell.

[Time: 00:47:12]

Robin Farrell: Thank you, Mayor and Councilmembers. My name is Robin Farrell and I'm a Scottsdale voter and resident. I'm here to ask you to oppose the case that we're talking about. The proposed bar use is incompatible with the surrounding residential area, and environmentally sensitive area. The property sits within environmentally sensitive land overlay, which is intended to protect the natural desert, limit intensity, and reduce the impacts on nearby neighborhoods. A late-night bar is fundamentally inconsistent with the purpose of the ESL designation. The site is also bordered by a natural area open spaces. Increased nighttime activity amplified sound and late night alcohol service are incompatible with the preservation goals of ESL and NAOS. The applicant claims it will not impact residents negatively, yet the site is yet the site is within 500 feet of residences. The applicant states that

all activities are indoors. There is an outdoor patio, there's a commercial-sized garage door. I have been at parties where that's opened and people flow outside. A bar that's running or allowed to run, state liquor hours would be up until 2 a.m. which is absolutely disruptive to the neighborhood and the quiet surrounding of the ESL.

I will play for you some noise that happened Saturday night. This is just off my phone. It may not sound like much, and when you are in your enclosed patio and you cannot talk to your neighbor, it is very loud. It was held on the other side of Alpio's, the noise reverberates, because we are located between Pinnacle Peak and Troon and everything is amplified and very loud.

The other thing, the parking, I'm not going to go into. The numbers don't add up. There's a 211, which leaves a deficit of 23. We have farmer's markets on Saturday and we love them, but the parking condition is overwhelming. It goes to the businesses that don't want them there. Basically in order for you to approve this, you have to show you have to prove that it will not be detrimental to the public health, safety and welfare, that the use is compatible with the surrounding areas, that the use will not adversely impact nearby residential districts. And the use will not disrupt the balance of daytime and nighttime uses and that adequate parking is provided. I support the shopping center, a member of the gym, I get my nails done there. My insurance agent is, there I bought my gun there and I eat at Pinnacle Grill. So. I like the shopping center but I'm strongly opposed to this.

So, I ask you for the reasons of noise, late night alcohol services, insufficient parking, existing congestion, proximity to homes and protection to this environmentally sensitive area, please vote against this. Thank you very much for your time.

Mayor Borowsky: Thank you, Robin. Next, we have Larry Cordova followed by Don Postal or Dan Postal. That's Dan, right? And then Timothy LaSota. So, we will hear from Lori Cordova. Thanks. Okay, you can donate a little bit of time...

[Time: 00:50:56]

Dan Postal: I'll make it really quick. Kind of like Lori, I think everyone's really hit on everything, I don't want to be redundant. But big picture, what I want to say is that what's most concerning is that the CC&Rs right now do not allow the use and seeing this group here and seeing that the fact that the applicant has not worked with the other property owners and the association and the board of directors to actually get approval and we're in a situation, where all the tenants in the complex and all the other property owners oppose the use, it would be disheartening to see the city approve the use and put it's the neighbors in conflict with this one property within the complex. Thank you.

Mayor Borowsky: Thanks Dan, appreciate it. Timothy LaSota.

Tim LaSota: Thank you Mayor and Council. I'm here on behalf of ReMax Properties which has an office and owns one the six buildings at the retail center and I too would urge you to oppose this. I do think it's unfortunate that this matter actually preceded tonight because I know at least one member of Council

suggested a continuance, a suggestion that was rebuffed by the applicant. Unfortunately, I think that sort of did, it's emblematic of the applicant's attitude in this process. I would like to, I know it's in your packet, and you probably can't read it if you are like me. It says things like, could I have the Elmo? Well, don't worry about traffic, don't worry about parking or anything, it's largely a trust us document. It's talking about CC&Rs, and that's private contract, a matter of trust. When you have someone who does not care what goes in to the CC& R, that goes into the trust factor.

The presentation was very brief tonight, because we know very little about what what is actually this this applicant would be bound to, and I know when the applicant's representative, Ms. Triebwasser, she will say all of these things that they don't plan on doing. It matters what they can do. This is the applicant's own architecture firm, and you will see right there, what's our occupancy limit? 182 bottom, and 62 on the mezzanine, that's where we get the 244 potential occupants of this building. That's a huge number of people for this center. When they had the open house, one the comments that most struck me and I think it was echoed by one of the residents is one of the this was another resident and they said, look, we don't have much retail up here. We would love to have more options. We would love to have more retail, but this this huge event center, with a bar license, is going to it's going to kill off the retail, what we have. That's not an attitude of we just don't want things. That's an attitude those are the limitations of this neighborhood. I live here. I know what it's like. I know the parking.

I know there was a lot of talk about Old Town Tavern right before the Planning Commission meeting, and that's got its own issues, but if you look at that on a map, that's right, smack dab in the middle of a commercial area. This is not. This has nothing but desert and residences and streets that don't allow parking around it. There's nowhere to go from here. I would also say that, you know, in terms of the use permit, I don't think the applicants even come close to meeting the applicant's burden. It is supposed to be the applicant's burden to address all of these things. They barely even brush on them in their application. I think you should turn this down outright and send the applicant back to the drawing board completely. Thanks, Mayor and Council.

Mayor Borowsky: Thanks, Tim. Appreciate it. Now I would like to Councilman Graham, I want to hear from the applicant, did you want to...

Councilman Graham: That's fine.

Mayor Borowsky: Let's bring up Lori. Teri, excuse me and please introduce yourself at the podium. You are representing the applicant, Alpio's right?

[Time: 00:55:33]

Terri Virga Triebwasser: Good evening Mayor and members of the Council. My name is Teri Virga Triebwasser, and I'm the event manager of Alpio's at Troon, so tonight I'm respectfully requesting a conditional use permit for bar use, not open to the public, bar, not to operate a nightclub and not to introduce live entrainment but simply to ensure properly zoning clarifications for incidental alcohol service at private indoor events. Alpio's is a limited use private event center. We host approximately two

to four events per month. Most conclude at 8 p.m. With occasional events ending at 10 p.m. Cars and Coffee is held on Sunday morning from 7 to 10 a.m. We're not requesting expanded hours or outdoor amplification and daily bar operation. There's misinformation suggesting that we are opening a traditional bar with live entertainment. This is not accurate. This application was filed based on staff direction to ensure we are fully compliant with city code.

Parking has been raised as a major concern. I want to address that clearly, city planning staff reviewed and recalculated parking based strictly on the square footage and code requirements after my building. The city determined that the parking is adequate under Scottsdale's standards. My events occur only a few times per month indoor under occupancy at 120 guests on average. There's not been a documented pattern or emergency access violations ever filed with our operations. I respectfully ask for consistency and how parking is evaluated. I'm being calculated strictly code within the complex.

At the same time, other uses within the complex, including the weekly farmer's market generates significantly higher attendance and parking demand on a weekly basis. That's separate from my private indoor events. I made consistent good faith efforts to work cooperatively with the HOA and neighbors, including voluntary relocating Cars and Coffee to Sunday morning to reduce the traffic impact. Agreeing to cap the 120 guests commonly as my parties are much smaller than that on average. And committing to operate under the same liquor compliance standards and city registrations applicable to the existing restaurants bars and establishments within the complex. My request is to simply be evaluated under objective city standards based on actual operational frequency and measurable impact. This application is about compliance and clarity, not expansion. I respectfully ask for your support. Thank you.

Mayor Borowsky: Thank you. Councilman Graham.

[Time: 00:59:11]

Councilman Graham: Mayor, thank you. You had that questions for the city staff, actually.

Mayor Borowsky: Who do you want to talk to? Tim Curtis, is he available?

Councilman Graham: No, wasn't Chris here?

Mayor Borowsky: Oh, Chris. There you are.

Councilman Graham: Wow, he's fast. Thanks, Chris. One the things that strikes me about this application, is that it's using all of the parking spots available in the entire facility, but it's to serve one building. Do you know off the top of your head if Alpino's had just existed on its own, what would the number of required parking spots be? I think this was covered.

Chris Zimmer: Yes, Mayor Borowsky, and Councilman Graham, I believe that equation comes out to 52 spaces.

Councilman Graham: That's what I was thinking. And are there 52 how many spaces are in the direct vicinity of Alpio's, so they don't have to use any neighbor's whatsoever?

Chris Zimmer: If you don't mind pulling up my presentation. Again, the site is covered in red right now and there's 196 spaces included in the common area which is designated for all the building owners.

Councilman Graham: I understand, that but I just don't. Have you counted the spaces that are just around and just circumvent more speed? Fresh off your social media debut. I saw that.

Chris Zimmer: Councilman Graham, as an exercise in all of this, I printed out an aerial and I went through and individually counted every available parking space that was available currently and that equated to 196. There's about eight per length in there. So, there would be about four.

Councilman Graham: Okay. So, it necessarily if you just if Alpio's just relied on the parking spots abutted to it adjacent or next to it, it would not meet the parking requirement. The 53-space or 52-space allocation for the bar use calculated, does it account for what is the peak attendance that is allowed by the fire code, 200, 250 people?

[Time: 01:02:13]

Chris Zimmer: If you don't mind going back to my presentation really quick. This is a little bit of a detailed breakdown of that parking and the square footage associated to it. So essentially you take the square footage of the overall development, and park it at a mixed-use ratio which is the 300 to 1 and now in this case, Alpio's would be increasing that parking demand. And we essentially take out that out of the 300 to 1 and put it in the 80 to 1 and essentially add it to that requirement to find out what the difference was.

Councilman Graham: Okay, so that's how you calculate it, but this event venue, then you can it can be a full off bar and host 250 people; is that right?

Chris Zimmer: I Councilman Graham don't believe there's a limit.

Councilman Graham: There has to be a fire limit because it all has to be indoors.

Chris Zimmer: Outside of the occupancy?

Councilman Graham: Do you know the fire limit off the top of your head? I'm sure it's written somewhere.

Chris Zimmer: I do not.

Councilman Graham: The businesses that surround it, how late do they operate? You would think about, well, we would just allow this after 5 p.m., but these are not all insurance companies. There's some

businesses in the area, like a gym and restaurant. How late do the other surrounding businesses operate 'til?

Teri Virga Triebwasser: Yeah, so the businesses are just small shops and nail shop. Of course there's the gym, it's a 24-hour but it's come and go. Sometimes I see three or four cars out there. Usually evenings, most of my events are Fridays and Saturdays.

Councilman Graham: And then back to Chris, the application says the proposed use is not an after-hours establishment; is that right?

Chris Zimmer: Councilman Graham, that is correct.

Councilman Graham: What is the definition of after-hours establishment? I believe it's it doesn't operate between 1 a.m. and 6 a.m. Does that sound correct to you?

Chris Zimmer: Yes.

Councilman Graham: So does that mean that events here could go until 1 a.m.?

Chris Zimmer: Teri might be able to answer what her hours of operation would be.

Councilman Graham: I'm not saying what she plans. I'm asking what can she do?

[Time: 01:04:36]

Chris Zimmer: Ultimately, it would be governed by her liquor license for serving alcohol. The series six is ultimately granted by the state and then it would be 2 a.m.

Councilman Graham: So I don't understand that, if it's if the application says it's not an after-hours establishment but she can legally go to 2 a.m., is the application wrong?

Chris Zimmer: So different liquor license application types. This would be for a bar that goes until 2 a.m.

Councilman Graham: But why does the application say not an after-hours establishment.

Chris Zimmer: In our code, there's a specific use for after-hours in addition to a bar use.

Councilman Graham: So, can we supersede, can we trump the liquor license? Does that supersede that?

Chris Zimmer: I think your question is if you ultimately stipulated hours of operation, yes, it would.

Councilman Graham: Okay. We see there's no overflow space for customers to park. Have any measures be made to, what measures have been put in place to ensure the surrounding businesses will have

enough parking for their customers? Have any let me ask you, have any steps been taken?

Chris Zimmer: Councilman Graham, I guess we would use again the general code to understand what the parking would be.

Councilman Graham: Is there anything to sure off-site parking agreements. I know there's a storage place across the street. Is there any efforts to secure additional parking?

Teri Virga Triebwasser: Yes, I talked to a couple of the businesses. One complex is completely empty. They said that the owner does not allow parking and then another was another business next door that they had had issues with the farmers mark and they declined that too.

Councilman Graham: So, you don't have anything secured in writing at this point?

Teri Virga Triebwasser: What?

Councilman Graham: You don't have any offsite expanded parking secured?

Teri Virga Triebwasser: No, because of other issues.

Councilman Graham: And then my last question, if parking complaints were to arise post approval, what triggers a review or revocation of this C.U.P.? I mean, what options do we have at our disposal?

Chris Zimmer: Councilman Graham, yeah, ultimately, if there would be a violation with the conditional use then it could come back to the City Council for ultimate revocation.

Councilman Graham: Okay, one last question. Could we add stipulations I like the idea of at least a continuance. Could we add stipulations that we can't that we can limit the hours that they operate. Is that something that's legally possible?

Chris Zimmer: I will turn to my attorney. I believe so.

[Time: 01:07:27]

Interim City Attorney Luis Santaella: Mayor, members of the Council, yeah, potentially there could be hours stipulated on the C.U.P.

Councilman Graham: Potentially?

Interim City Attorney Luis Santaella: Yes.

Councilman Graham: Thank you, Mayor. Thank you to the applicant and to the city staff.

Mayor Borowsky: Thank you, Councilwoman Whitehead.

[Time: 01:07:47]

Councilwoman Whitehead: Just a quick question, probably for Luis and good questions from my colleague here. So a C.P., regardless of what the use is by the applicant, the current applicant, the bar C.U.P. can then be transferred to a different, a different user or different lease for the same facility and have different and not comply or be quite different from current use. Is that correct?

Interim City Attorney Luis Santaella: Mayor, members of Council, that is correct. Yes, the C.U.P. runs with the land. So, it's not unique to the particular applicant. One thing that the Council could do and has done with medical marijuana dispensaries is set a time limit. For example, they're good for five years. And you could do so in this case where they are required to renew it.

Councilwoman Whitehead: Okay. Thank you. I find it difficult to revoke a CUP or change it.

Interim City Attorney Luis Santaella: Yes. It would require violations and a hearing at the City Council level. There are lesser options where if you violate the stipulations of a conditional use permit, you can be issued a civil citation.

Mayor Borowsky: Thank you, Vice Mayor Kwasman.

Vice Mayor Kwasman: Thank you, Madam Mayor. And if this was already stated and I missed it, I apologize. I just wanted to know what percentage or how many first of all, how many total businesses are on the full pad and what percentage of them or how many of them close prior to 5:00 or at 5:00 and no longer occupied after 5:00? That was your question?

Teri Virga Treibwasser: There is the Grill, that's one building. And the restaurant that just sold, Larry's Place, that's the other building, building two. The building three is a gym.

Vice Mayor Kwasman: Just real fast, can we see that with the map so we can see what we are looking at. And just the reasoning here, so everybody knows at home who is following along in the audience and at home. We just want to know, there's just a reasonableness factor here, if people aren't around, right, if they are not around, like my office my law office closes at a certain time. My parking spot is empty, right? But if there are businesses that are going on at that time, the parking spot would not be empty, right? I'm asking the applicant.

Teri Virga Treibwasser: So, we went over the Grill and then the new restaurant that's going to be opening and then next to that, and this is not across from Alpio's at Troon, the gym, and then directly across on the north side is about one, two, three about four businesses in there. Half the time, they're not open or they close at least by five. They are just small businesses, nail shop, small little gym, that they kind of takes customers as they come and go. And then a spa, facial place that maybe has one car there, and then the other is more the they do what do I want to say? The sprayers, the misters around

your house and they are more of a warehouse. So, one or two employees there. So, there's never a parking issue there.

Vice Mayor Kwasman: I guess to be a little bit more clear, if there's a continuance, if we can have that broken down by parking spot allocation, I think that would bring a lot of clarity to Council.

[Time: 01:12:12]

Mayor Borowsky: Thank you. Teri, sorry, got your name wrong. I'm sorry, I know you at Alpio's. Sorry about that. So there seems to be a lot of confusion here and we are, at least I'm hearing two very different stories from the parties. So, I have a question for you, first, are you willing to put a cap on if we were to do a continuance, would you I've been to events at your place, at Alpio's, they are very intimate. They are very quiet. They are not at all like what's being described. Are you going to have a bar that's open to people walking down the street. Is that what you are planning to do?

Teri Virga Triebwasser: No, the only reason I am doing this. I've been asked to do this to comply with the city. I have special events, indoor events and because I do serve alcohol, I was asked by the city, well, you know, to be in compliance, we have to have you do this application. So, it all started with that. And then I said, well you know, I argued I don't want to be a bar. I have no liquor license. I don't have an intention of having a liquor license, even if I wanted to purchase a liquor license, series six, series seven, I would be violating CC&Rs because it has to go with the restaurant. I am not opening up a restaurant. I do not catering for my events but I have no means no facility for a restaurant. The new owner Dwayne Smith he does not want to do restaurants. I'm just doing the events, Cars and Coffee just to do this for the new owner.

Mayor Borowsky: So you are not getting a liquor license?

Teri Virga Triebwasser: No.

Mayor Borowsky: Okay because it seems to me you are going to you are doing exactly what you have been doing.

Teri Virga Triebwasser: Yeah. Eight years.

Mayor Borowsky: And I didn't realize that the city had told you needed to do this. And that's for being in compliance. I've done a lot of research on it, and even though I have got my contractors my special event contractors for Arizona liquor department, I carry BYOB that for private events, and I have the food handlers for catering and I'm trying to cover all areas but it just wasn't enough. I also have liquor liabilities so I'm protecting myself. I have it on the entire building and the entire complex is on my as a rider on my liquor liability.

Mayor Borowsky: Okay. And then is there any thought to putting a cap on the occupancy, because I don't think you have ever had 244 people or whatever?

Teri Virga Triebwasser: Oh, no. No. No. And that was all based on assembly. When the city came out first, and he ran the numbers, he gave me actually 180. And I can't remember what it was upstairs. Then all of a sudden things stopped. I contacted the city marshal and him, and he says, well, she's not comfortable because you are starting this application. I didn't get my placards. They told me to hire an architect. So I hire an architect and they gave me 182 and 60 mezzanine upstairs. And that's all assembly where you have moveable tables and chairs. And I have a couple of exotic cars in there. Once in while people say, we have 200. Absolutely not. I don't want to handle that many people. So, at the most I get maybe 125, and 40, 50, 70 people is the average party that I have.

Mayor Borowsky: Okay. And what is the there's been some counter-contradictions about your square footage. What is the square feet now that you had the architect.

Teri Virga Triebwasser: Just shy of 5,000 square feet.

[Time: 01:16:21]

Mayor Borowsky: So, the 4995 is closer to the real number All right. Well, I don't have any more questions. Hearing that you are codifying your ability to do what you have been doing for eight years. I think there's a breakdown in communication, honestly, and I think that maybe it would be helpful to get together, and I was not going to support a continuance, but I see an opportunity to have some safeguards in the application, so that all your neighbors aren't upset about this. It's a small community and I understand what's going on here. Have you ever had complaints about the events that you've been doing for eight years?

Teri Virga Triebwasser: No, absolutely not. I keep everything indoors. If we have a DJ playing, typically our doors are shut. I do have the roll up door, small little patio of a fire pit out there that people can go and get fresh air. They can set and play a little game that's there. But when I had my two open houses. I even had the city officials come on the second one. I asked you, have you ever heard any noise coming from Alpio's? Nobody spoke up. I had several neighbors around that neighborhood. If there was noise on the 14th, that was a huge party, two-day wedding and we got calls saying what is all this noise coming from your place. It wasn't us.

If I do have an outdoor event, like Cars and Coffee, where we are required to get the special event. I have a solo guitarist outside and I keep the noise low. Nobody goes outside my building, especially if I'm serving alcohol, I'm kind of a watchdog on that because that's on me. Alcohol does not belong outside, I have placards on my gates if they want to sit outside they can do that.

Mayor Borowsky: Okay, I'm going to, Councilwoman Whitehead has a couple more questions here.

Councilwoman Whitehead: I guess I want to stress, this is about the CUP itself. It's not about your operation, but it's about what we're approving. And I think staff can perhaps come back. I'm going to support a continuance, because I'm concerned about, you know, a CUP for a bar. I mean, that's what it is. And it's I guess I need more information, and I'm sure I will get it from staff, on how you can approve

a CUP for a bar and that bar, you may not be getting a liquor license, but I think it opens the door for the next operator.

Mayor Borowsky: And I have one final question for the city attorney, the Interim City Attorney, Luis, there's been some commentary and I heard from some people that were, you know, interested in the outcome here, about the POA, the CC&Rs for the POA there. The city doesn't make these approvals based on private agreements on deed restrictions; is that right?

[Time: 01:19:35]

Interim City Attorney Luis Santaella: Mayor and members of the Council. Yes, Mayor, you are correct, we do not take into account CC&Rs when we are approving things.

Mayor Borowsky: And so that is a private action that would have to occur.

Interim City Attorney Luis Santaella: Mayor, that's correct.

Mayor Borowsky: I don't have anything further. And Councilwoman McAllen.

Councilwoman McAllen: Thank you, Mayor. I will move that we continue this so they have the time to answer the questions that all of us have had about occupancy, the difference between time, size of event, noise, lighting, et cetera.

Councilwoman Whitehead: I will second that.

Mayor Borowsky: All right. Please indicate your vote about the continuance. All right, well, that passes and I encourage you all to get together and I think there's a you know, some sort of agreement that can take place that sees you provides for your success on this hopefully. All right. Thank you very much.

Teri Virga Triebwasser: Thank you, Council.

REGULAR AGENDA – ITEM 14

[Time: 01:20:50]

Mayor Borowsky: Okay, moving right along to the Regular Agenda. We have Item number 14, state legislative update including bills of interest to the City of Scottsdale, and the presentation will be provided by Sara Sparman, Government Relations Manager and Dr. Marc Osborn of Kutak Rock. Thank you, welcome.

Government Relations Manager Sara Sparman: Good evening, Mayor Borowsky and members of the Council. We are halfway through almost to halfway through the legislative session, if they stick to the 100-day requirement. Mr. Kwasman, you probably laughed at that one. Today, we have Marc Osborn. As

you recall, we did a presentation earlier this year, just opening day what we were expecting for the legislative session in the last 44 days we've had a lot of progress, a lot of opportunity to see different issues introduced at the legislature, and so I will let Marc kind of take the helm and offer you some insights.

Dr. Marc Osborn with Kutak Rock: Sara if you will stay close in case there's questions. It's been a good, productive session so far, and I think Sara, Dan and I have kind of gotten our training wheels off now and jumped right into it. What I will try to do here is kind of give you a sense, highlight a few bills. I encourage a lot of questions or a few questions, whatever you would like, and we can kind of go from there.

[Time: 01:22:32]

So, to give you a sense. We are on the 44th day. I think we're going into May or June most likely, I'm not as optimistic. But one thing that I will note is I think the legislature has taken the idea of quantity over quality fairly sizably. And to give you a sense and I will get to the next slide, but in my 30 years of lobbying, you will notice the bill number, 4,000, they ran out of numbers for house Bills. And you have a picture here of Jeff Weninger, now the 4001 Bill is a really good Bill because it's my wife's. But I've never seen that kind of volume. I mean, it's just amazing. And what we're seeing is a lot of duplicate introductions. It's been a huge challenge for the whole team. Just sifting through what's real, what's not, the agendas have been packed and long.

So, this is the busiest session in terms of volume, not necessarily intensity of issues but in sheer volume. And it was kind of funny. No one knew when the 4,000th bill was and then they gave him a little surprise when he did his bill. As Sara mentioned early on, here are some of the key deadlines. We are through what we call crossover week. So, all of the major bills have gotten either out of committee and now literally today, and all this week, each house will be voting as a whole body on about 100 bills a day. And then they are going to swap. To say that there is a detailed review of 100 bills a day is not accurate. I think what normally happens is they're going to pass all of these bills, and they hope the other house tends clean them up. So, there's a lot of works in progress, a lot of things being associated and then a lot of bills where they say, we will pass it and hopefully someone over there will take care of it. We are dealing with a lot of that. One of the strategies that the team and I have been working on is where some of these bills can be amended, fixed, stopped, sometimes it's in the primary house and sometimes in the secretary house and so that's a lot of the strategies that we're deploying. A lot of bills we'll talk about are kind of works in progress where there's ongoing negotiations as well.

When I came you to prior to the session, I said tax conformity will be a big issue. The republicans put together two different tax conformity packages, sent them up in quick haste this was going to have big fiscal impacts around \$450 million. The governor, under no surprise, vetoed both of them. She wants to address this in the budget, and so that's kind of where we stand. We are at kind of a the republicans wanted to have conformity done and then talk about the budget. The governor wants to talk about that in a more holistic way. I think most of us down at the capitol knew that was going to happen anyway, but there's some political gamesmanship on both sides going on.

So key legislative issues, when I talked at the beginning, I think one of the key positive things that we had this session is we're starting to get a lot of momentum in the short-term rental space. There's growing concern and I listed all unfortunately all the bills in red have died. I mention and show those bills to you. We are seeing a lot more volume and we're seeing a lot more interest, and Scottsdale along with a number of other municipalities worked in a stakeholder process through representative Bliss, who represents Sedona who is probably the city that is most impacted by short-term rentals. It strengthens a lot of tools we have on the enforcement side. So, things like making sure that in the event we have a short-term rental that hasn't paid fines and fees we can discontinue their license. Some tools that we did not have before. We were able to reach agreement with the Airbnb lobbyists on these things.

The bigger challenge that we are facing and I know one the issues for the Council is how do we restrict the volume and number of short-term rentals? The biggest challenge there that we found in the discussions is Proposition 207, the regulatory takings law. And the concern, you are taking away somebody's property right and they may be subject to compensation. And so that's going to be an issue and that will be a challenge to work through. But I think the trend line is good. I think we had some measure reforms. We still need to get them past the Rules Chairman, who is a little grumpy about doing anything regulatory-wise and that was my project today and I'm still working on it. But good news is I think we're in the right direction.

[Time: 01:28:21]

Water is a huge focus of the legislature. The biggest challenge the legislative has is the federal discussions being dragged out, no one knows what to do. The president of the senate in a bipartisan fashion with the minority leader have retained counsel to provide comments and letters, along with the governor. So, there's a lot of collaboration between the legislature and making sure we protect our Colorado River allocation. This is a bipartisan effort to say as a legislature, we support some of the strategies the governor is arguing for in the Colorado River discussion.

The one bill that I will flag as being particularly problematic, specifically for Scottsdale, and also with the town of Queen Creek. The folks of LaPaz county want to put a tax on Harquahala water transfers. We have been working with our delegation and the Pinal County delegation to get opposition to this. I don't think this as a long-term risk. I think the Bill hopefully will kill it in the house, if not we have some great places to stop it in the senate and we've gotten, as I said some very good interactions with our delegation. One is just saying oh, this is a clarification and Mr. Kolodin thinks otherwise and I think that's good news.

No surprise, zoning and local authority are it's still a huge challenge and I will flag some of the really problematic bills. The one that is probably the most problematic that we were able to along with some of our municipal partners 2588, it would take away our design review process. It's still that theme of, hey, if we just get rid of zoning, and the homeowners are harping on that. As I said in the presentation earlier, I think the legislature is getting weary of some of those requests because they're just never ending. That's you why see 2588 did not have enough votes to get out of the committee. And 1431 is a

mirror Bill. That may pass out of the senate, but they will have the exact same vote problems in the house. So these bills have a lot of challenges getting through.

[Time: 01:31:34]

The other bill I will flag for your attention which has us up at night, so to speak is 1241, municipalities, counties county permitting providers what they want to do is allow different kinds of architects and other vendors to be able to say, I certify that you meet all the permitting and requirements to that. There are huge concerns that we are working on, along with the league. And this is one of the biggest threats in managing the city of Scottsdale's permitting process and there's some other bills in there. 1473, I will flag, mainly it's more targeted at Paradise Valley where they recently passed an ordinance limiting assisted living homes and the legislature is trying to step in to say that they can't do that. The last Bill 1787, extractions, this is one that we're actively engaged on, because it creates a number of challenges that. This one is concerning because this is the President's bill and sometimes, surprise, surprise, the President's bill tends to get a little more momentum than other bills.

Public safety, very interesting amount of work and I will first start out with what's going on in photo enforcement. We did an assessment about banning photo radar was a majority program issue for the Republicans. Through the work of Senator Warner, Representative Gress, in particular, they were able to negotiate what we call now is a vote on the vote. And what it what the bill basically says is they are going to refer something to the ballot that says if we need if we want to continue photo radar, we have to have an election. Now, if you think about this, the vote to have the vote will be this election cycle and then we will have two years of to kind of address that issue and then at the next general election, if you desire, you can then go to the ballot and craft. And I think why that's a better approach, it retains local control. You have to rely on the voters in this context. It protects the local control and it was the state telling us what to do.

One of the other challenges that you gave us early on is to make sure that we have some flexibility and protect the automated license plate reader. We were very active early on, the Senator Payne Bill, 1111, will be the operative bill. We work with both Senator Payne and Mr. Fincham. We don't have the Fincham Bill on here, both collaboratively and with the chief's association to get amendments that we found supportive. There's still a little bit more work to do on that, but that bill is in a very good place from where we started and so I think we'll have a law enforcement supported license plate reader that provides reasonable protections and system protections that make some sense. You can see a series of the other kind of public safety bills.

Some the other bills of concern, 2118 would take away the city's right to regulate food trucks fundamentally and make it just a county issue. There's a lot of issues about background checks. That's been a real focus. You know, I think it's too far reaching. I think we've already been down this road numerous years in terms of food truck. 2400, which is, I think, a well-intentions bill would basically create a motor fuel tax holiday. I think everyone while it sounds good on paper and it has a nice populist appeal, you know we have a lot of unmet demand in terms of transportation needs and, you know, my concern would be that trucking companies and a lot of big commercial purchasers would be smart and

basically use that holiday to really make large purchases.

[Time: 01:36:32]

A couple other things that I want to raise in terms of and if you look at 2928, and 2999, the other theme that we are seeing is this idea of allowing developers to finance their development fees, either through a special district and when I see that they are trying to do is basically pass all of those development fees on to the homeowner through a system and then in 2926, this is interesting as it's emerging. It just passed out of Cal today but it allows a sales tax restructure. And so, the taxes that the city would pay to build that infrastructure, to the state, would be used to offset the construction costs of the project. So, we've been engaged on those bills, along with the League trying to make sure they're workable, but you are seeing the kind of the next generation of affordability approaches some of them are well intentioned, some of them have a lot of challenges. And we have been working quite a bit on those.

Fiscal stability and revenue. Let me flag the one bill that keeps us up at night is 4030 and HCR2052, this would prohibit cities from increasing any tax, fee or assessment for four years. Now, if you think about that in the context of we're going into a water shortage, you will have to go and acquire more water, they just won't let you pay for it. So, we do believe I mean, Dan is not watching the Suns game. He's actually watching the floor of the house. We do think there's going to be an amendment that will going to be an amendment that will exempt utilities from that. But the idea that we can forecast four years into the future in a high inflation environment, the concern here is we're pretty confident that a 430 and you can notice some politics here, where the Republicans are going to put up 430, hope the governor vetoes it and then try to do a ballot initiative. That will be voter protected. The ballot initiative that we are focused of a lot of municipalities.

The other one in terms of cost drivers SB-1504, this is a PSPRS increasing the pension that the cities would have to pay. That bill did not pass in committee: It crashed and burned, I think on a 3-10 vote. I mean, it was and I think there is an appreciation, mainly because of the DPS that the costs of that would be too much. And so those are some of the key things. That's a very high level. There's thousands of bills and we could be here all night, and I know my contract would not be renewed if I went through all of them. So, I would be happy to take any questions on the legislative activity.

Mayor Borowsky: Thank you for the comprehensive overview. And the city manager has something to say there.

City Manager Greg Caton: Thank you, Madam Mayor. I thought it would be helpful for the City Council to recap revamp our program as we are a third of the way through this system. We took the feedback from City Council a year ago and entirely rehailed our efforts. And so let me describe, we have the front of the house here, but a little bit of the behind-the-scenes support that we provide to Sara and our external partners. So, it's really iterative between Marc and Dan and Sara and then the department. So just using the example if it's a public safety bill, or a finance bill, we'll work with those respective departments, water bill, to get a technical review of those and provide our feedback. So it's really iterative between Sara and team and the departments and then getting that and recognizing which ones

are more significant or maybe less significant impact to our operations.

And then, of course, through our partnership with Arizona League of Cities and Towns, they are monitoring on behalf of the broader perspective, sometimes that covers our interest and sometimes it doesn't, but that's another group. And then water groups and how are we communicating that to you. Just as a recap, Sara and I get together on a weekly basis, talk about the highlighted ones that we need to convey to you, so you see those reports. Some of my reports on other topics go out to you at the end of the week. This one is more at the beginning of the as some of those group meetings really reside on Friday into the Monday, and so now we've also introduced kind of a call to action as we are getting in that stage and so that's what you can see as we move forward with the next two periods, or the remainder of this session, that weekly report, and now we are really getting into it. And the items we have concern over and prioritizing and that.

I thought it would be helpful to recap that for City Council and recognize that we are supporting our external resources here and Sara is doing an amazing job in her new role and I'm engaged with this, with my colleagues throughout the organization on a regular basis. Thank you, Madam Mayor.

Mayor Borowsky: Thank you. Thank you for pointing that out. It does seem to be a significant improvement. So, we appreciate the partnership too.

Dr. Marc Osborn: And speaking from the contractor side, I'm getting timely, relevant feedback. As you know when you have a fashion session, you know, if you had to wait, sometimes weeks and we've -- I've been very happy about the amount of input that I get, especially given the volume of bills, and it's been intensive, just so you know, Sara, Dan and I meet every week and I probably talk to Sara as much as I talk to my wife this time of year. Although my wife and I talk a lot, because she represents the city of Phoenix, and we talk about how bad the legislature is treating us. I think it's going well.

The last thing I will mention is we had the first proactive outreach event at Barrett-Jackson. We put it together rather quickly, but the reviews I got were super supportive. People were excited about it. The pride that all the staff and the Councilmen showed about the event, and the you it creates a nice vibe and the legislators noticed that. We got a lot of interest. And when we get more runway, we will be able to build on a program and so the first time you meet with legislators, it will be something positive where we can highlight the wonderful things of Scottsdale.

Mayor Borowsky: Great. Thank you very much. Councilwoman Dubauskas.

[Time: 01:44:28]

Councilwoman Dubauskas: Thank you, Madam Mayor. I wanted to ask for a quick update. There were a couple of bills I saw floating around relating to school closures and then the I guess the immediate right to put affordable housing in there. And other ones on churches and senior living, something like that, are those on your radar?

Sara Sparman: They are on our radar. Those are Senator Kavanaugh bills that you are referring to, and I will get the bill numbers but I believe both of them didn't make it out of their chamber of origin, but I can confirm.

Councilwoman Dubauskas: Please. Thank you.

Dr. Marc Osborn: Yes, the senate government chair is somewhat miserly with the number of bills that he likes to let out of committee. That's my nice way of saying that.

Councilwoman Dubauskas: With the potential pending school closures with Scottsdale Unified School District, it could have an impact on Scottsdale. Appreciate that.

Dr. Marc Osborn: Mayor and Councilwoman Dubauskas. Scottsdale is not immune to that. You see Peoria and Mesa and there's a lot of discussion about what to do with schools, what to do with the declining enrollment. And those unrelated to the municipal impact. We've also used that idea of school closures to kind of highlight one of the downsides of having intense Airbnb activity is it hollows out communities and that's not the sole factor but it's definitely a contributing factor and how it's impacting access to other public resources.

Mayor Borowsky: Thank you very much. I don't see any other questions. Thank you for the update.

Dr. Marc Osborn: Thank you, Mayor and Council and I look in order to coming back in a couple weeks. So thank you.

Mayor Borowsky: Okay. Thank you. All right.

REGULAR AGENDA – ITEM 15

[Time: 01:46:32]

Next, we have item number 15. And that is the Scottsdale Arts Management Services Agreement. We have a presentation by Judy Doyle, Deputy City Manager, about Resolution 13577, which is the contract with Scottsdale Arts. I will let you talk more about that.

Deputy City Manager Judy Doyle: Great. Thank you, Mayor and Council. Yeah, so tonight I'm going to present the new five-year management services agreement and the annual financial participation agreement for the Scottsdale Arts. Also, here this evening is Dr. Gerd Wuestemann who is the President and CEO of Scottsdale Arts, and so should you have questions specific to Gerd or want to hear comments from him, he is available.

So, before I walk through the proposed agreement, I want to provide some context of Scottsdale Arts and its long-standing partnership with the city. Arts and culture has been a part of Scottsdale's identity for nearly excuse me, more than 50 years. Since 1987, the city has operated under a public/private

partnership model, working with the nonprofit organization now known as Scottsdale Arts to manage and program our arts and cultural facilities. For four decades, Scottsdale Arts has been the city's primary partner in operating our cultural venues, overseeing our public art program, delivering destination and community events and supporting arts education and local arts organizations. That work has been structured through multiyear service agreements and annual financial participation agreements. This model allows the city to leverage that nonprofit expertise and flexibility while still maintaining that public oversight and accountability. This photo, by the way, is from 50 years ago.

So, to help frame the agreements, before you tonight, I want to briefly review the June 24th City Council discussion that really set the direction for this work. At that meeting, the staff had requested a six-month extension of the existing agreement. The goal was to give the new city leadership some time to fully review the audit findings and negotiate a clearer, more transparent long-term contract. During that discussion there was a preference for a full 12-month extension instead and that emphasis was to ensure operational stability, while also making it clear that the next agreement needed to reflect three key expectations, first, a direct response to the November 24, city auditor findings. Second, clear objectives and measurable outcomes and third, a stronger focus on fiscal responsibility and long-term sustainability. So, the five-year agreement and the annual financial participation agreement before you tonight are the result of that direction and are structured specifically to address those expectations.

[Time: 01:50:06]

So, with that context in mind, I'm going to walk you through a high level review of the three components of this agreement. This is a snapshot of what I'm going to be covering tonight. I'm going to start with the overall term of the contract, and then how it directly responds to the audit findings along with the summary of the scope of the services that Scottsdale Arts is responsible for delivering, and then from there, I'll walk through the funding structure, including how the general fund and tourism-related funding are structured over time, and then I'm going to cover key performance indicators and then reporting requirements that strengthen accountability and oversight. I'm going to keep it at a high level, while just pointing out the most significant changes from that from the current agreement.

So, as I mentioned, the agreement with Scottsdale Arts has two parts. It's a five-year management services agreement and an annual financial participation agreement. The term of the proposed management services agreement is five years and that runs from July 1 of '26 through June 30th of '31. The July data signs aligns with that city's fiscal year. A five-year term provides operational stability for both the city and Scottsdale Arts, by allowing thoughtful programming and contracting and planning. At the same time, annual oversight is then preserved for that financial participation agreement. The budget process, and then performance reporting. And that balance was intentional. It provides predictability where it's needed, while still maintaining that accountability each year. I will also mention that unlike previous five-year agreements this one does not include an automatic renewal. At the end of the term, Council will have the opportunity to review performance and determine how the partnership should move forward based on results and priorities at that time.

So, the financial participation agreement, again it's a one-year, runs July 1 of '26, through June 30th of

'27, again this is intentional. It preserves Council's annual authority to review funding levels, confirm alignment with adoptive priorities and then make adjustments as part of that regular budget process. The financial participation agreement ensures that funding decisions remain firmly in Council's hands each year.

So, before I walk through the specific changes to the new agreement, I wanted to briefly anchor us in why this work was necessary. In November of '24, the city auditor completed a performance audit of the Scottsdale Arts agreement. The audit confirmed that Scottsdale Arts is financially stable, but it also identified several areas where the agreement and how it's administered could be strengthened. Specifically, the audit called for clear contract expectations, more consistent and transparent financial reporting, clear performance objectives for the city-owned facilities and then a stronger framework for city oversight. So those findings directly informed how tonight's proposed agreement is structured.

So, with the findings in mind, this slide shows how this new agreement directly responds by tightening both what the city is paying for, and how the performance is reviewed. So, at a high level, here are the key differences in the new five-year agreement. On the left, the agreement clarifies the what. The objectives and scope of work have been rewritten and organized into five distinct tracks of work. We've added KPIs that tie directly to those objectives, along with an annual consistent annual cadence in reporting. And I will walk through those in more detail on the next slides.

[Time: 01:54:29]

And then on the right, the agreement strengthens the how. It improves financial transparency, provides clearer accounting for those restricted funds. It simplifies provisions that have proven ambiguous in practice, and it adds a more explicit oversight through stronger reporting and deliverable monitoring. It also includes a governance enhancement provision. Over the term of the agreement, the city and Scottsdale Arts will explore potential changes to strengthen the alignment and accountability. For example, adding a city Councilmember to the Scottsdale Arts Board of Trustees, which is the case with some of our other city partnerships. Taken together, these changes move that agreement from what was largely a narrative contract to one that is more measurable, more transparent, and more enforceable.

So now that I have outlined how the agreement has been clarified and strengthened, I want to briefly walk through what Scottsdale Arts is responsible for delivering under the proposed scope of services. The scope of services, as I mentioned, are now clearly defined into five distinct tracks of work. First, managing and programming the city-owned cultural venues, including our performances, exhibitions, rentals and just overall facility operations. Second, the agreement defines responsibilities related to event destinations that support tourism. Third, it outlines management of the city's public art programs. So, community exhibits, including the handling of both the permanent and portable collections. Fourth, the scope includes arts education and lifelong learning, serving residents of all ages through school-based and community programs. And then finally, Scottsdale Arts fulfills local arts agency functions, administering grants, providing advisory services and supporting the broader network of local arts organizations. So, by clearly organizing the work into these five year areas, the agreement creates a

shared understanding, measurable expectations and then just a stronger foundation for accountability.

So, this slide summarizes the funding structure for the first year of the new agreement, and then it highlights three key policy shifts. So first, beginning in year two, the agreement establishes an annual increase in cost of business planning assumption, to acknowledge typical operating cost pressures over a multiyear term. This provides structure for long-term planning but any application of that 3% is subject to annual Council appropriation. There is no increase that's included for fiscal year '26/27, again that 3% begins in year two.

Historically any cost of business increase have been applied only to those key operating categories. The management and administration fee, community arts excuse me, arts education, public art conservation, administration and then specialty equipment because those are the areas that are directly impacted by things such as raising wages, professional services, et cetera, rather than those programmer event funding. Again, and importantly, any application of that 3% adjustment remains fully subject to the annual Council appropriation through that financial participation agreement.

[Time: 01:58:19]

Second, the agreement also includes a planned reduction in general fund reliance. Specifically, this reaches a \$1 million annual reduction by year four and then holding at that \$1 million level in year five. So, this approach balances the fiscal responsibility with operational stability and it provides time for Scottsdale Arts to adjust their earned and non-city revenue. You will see that the general fund support is clearly separated between unrestricted funding and restricted funding. That's dedicated to specific purposes. The separation improves transparency and it ensures that the funds are used for their intended purpose. And then third, the non-general fund side, the agreement continues the \$750,000 tourism development fund contribution for the Canal Convergence, and then for the first time included an additional \$250,000 in tourism development funds for the Dreamy Draw music festival or a second destination event. And this aligns those driving those tourism-driving events with the appropriate funding source rather than the general fund.

So overall, for fiscal year '26/27, the agreement remains flat to fiscal year '25/26, at approximately \$6.3 million. While reducing that general fund exposure over time and offsetting it with the the destination event funding. In short, the new structure creates clear distinction between funding sources, a defined step down in that general fund use over time, and a targeted investment in our destination events.

So building on that funding framework, this slide outlines how performance will be measured under the new agreement. So, we added a dedicated KPI exhibit to the agreement, that clearly defines what is measured, how it's measured, and then how it's reported. And these KPIs are management and oversight tools. They are not automatic enforcement triggers. They are designed to give Council clearer visibility into performance and future funding and policy decisions. The measures are tied to the designed focuses and services and focused on outcomes. For the city-owned venues, we will track utilization, and attendance and earned revenue ratios. For destination events, we will evaluate based on

attendance and visitor draw and non-city funding and public art will focus on inventory accuracy, and conservation. For arts education, we're going to track programs delivered and students served. For local arts agency functions, we will measure progress on the arts and cultural action plan and partnership and grant administration. The idea is that the first year is going to establish a baseline of audited data. And the agreement allows the city to revise our metrics and targets over those subsequent years. And it's worth noting that the KPIs will be evaluated in context. So, recognizing maybe a one-time event, capacity limits, economic conditions, et cetera. Most measures will be reported annually. With select event-related metrics reported per event, and if performance consistently falls short, the agreement does allow for corrective action and informs then future financial participation agreements and Council decisions. So, the overall goal is simple, clear expectations, measurable results and stronger oversight.

In addition to measuring performance through the KPIs, we also added another exhibit to the agreement that clearly outlines the core deliverables and submissions that the city will receive under this agreement. Here are those key deliverables they are organized into three categories. First the administrative deliverables and these include strategic and annual operational plans, annual reports independent audits budgets, et cetera. Second are deliverables that are related to public art and collections, including written policies and procedures, long-term conservation planning, and regular reporting on both the museum and the portable collections. And then third the facilities management deliverables covering operating procedures, rental and fee information, event administration, and then the return of any city-owned assets in the event the agree were ever terminated. So, taking these together, these requirements create a clear and predictable flow of information to the city. They strengthen contract administration and directly respond to the audits, recommendations for a clearer documentation and stronger accountability.

So, this evening, we are requesting the adoption of the management services agreement, resolution and the financial participation agreement resolution shown here. Together, these actions establish a clear long-term framework for the partnership, while preserving Council's annual oversight and authority over the funding. So that concludes the formal presentation and with that, I'm happy to answer any questions.

Mayor Borowsky: Thank you, Judy. Let me see, I don't think there's any speakers on this. So, I'm going to some Council questions and comments. Councilwoman McAllen.

[Time: 02:04:46]

Councilwoman McAllen: Thank you, Mayor. With, that I would move that we adopt Resolution 13577 authorizing agreement number 2026-012-city of Scottsdale with Scottsdale Arts , a manage services agreement for advisory and management services regarding the city's arts and cultural programs from the period July 1, 2026 to June 30, 2027, and Number 13578, authorizing 2026-013-COS with Scottsdale Arts for FY2026/27 in the amount of \$6,297,114 to be allocated for the activities consistent with management services agreement 2026-012-COS for the period of July 1, 2026, through June 30, 2027.

Councilwoman Whitehead: I will second that and may I speak to my second? As an Audit Committee

member, I'm very pleased with the changes. Our audit is our Audit Department is a collaborative effort and this demonstrating that. So thank you.

Mayor Borowsky: Councilwoman Dubauskas.

[Time: 02:06:08]

Councilwoman Dubauskas: Thank you Madam Mayor. Congratulations to Scottsdale Arts on 50 years it's very exciting. It's fun to celebrate and looking forward to the celebration in April. It's really going to show right now that I have spent a lot of years working as a contracts lawyer. So let's look a little more closely at the contract. I'd like to look at is Exhibit F, which is page 42. We have item number 1 KPI A, B and C, the first KPI is facility utilization rate the percentage of the available facility days programmed or rented and we have a target of at least 65% annually. KPI number 2 or B attendance by venue. Total attendance by facility, the attendance is equal to or greater than the attendance of the prior fiscal year. In my view, the goal of the contract is to increase the attendance year over year. So it seems it would be more appropriately worded to say, attendance is greater than the attendance over the prior year of 2026/2027 as a baseline year then each year we need attendance to go up. But we also need to think about what is the attendance, if it's if we are busing school children in and it's free, then maybe that's not the attendance that we're looking for. So, what we might want to put in here is paid attendance is greater than the attendance of the prior fiscal year.

C earned revenue ratio right now we have maintain or exceed the prior fiscal year baseline. Again, this is suggesting that we are going to going along with how we are going to how we are going along today is okay. I think our goal here is to increase our success and so we should agree to exceed the prior fiscal year baseline. So, I'm going to make an alternate motion and that would be to a couple of things to the first one is going to be this, to management and programming is going to be to cultural events KPI B Paid attendance is greater than the attendance of the prior fiscal year and C exceed the prior year fiscal year baseline.

Councilman Graham: Second.

Councilwoman Dubauskas: I will have an alternate motion also related to item 4, the Council participation. Since this is a different type of agreement that we've had in the past, I do think that it's quite important that we have a Councilmember that participates on the board. So, under Section 9.2, government enhancements. We talk about the opportunity to consider A Councilmember on this Scottsdale Board of Trustees. As you mentioned, Judy we have several boards where we have either Councilmembers or the city staff who participate on the board so with the KPI's and the financial decisions I think it's important that we do that, I will make the alternate motion that this section reads that it will include the addition of a member of Scottsdale City Council to the Scottsdale Board of Trustees, the member will be selected by a majority of the Scottsdale City Council.

Councilman Graham: Second.

Councilwoman Littlefield: Second.

[Time: 02:09:32]

Councilwoman Dubauskas: And then my third item is related to the term. So I noticed that and you mentioned that you have a five year term on this contract. With all of these new changes, because I think it is important that we take a look at this contract a little more frequently than what we have in the past and make sure we are all just staying on track. So my alternate motion instead of a five-year term that we look for a three-year term with two one-year extensions. Meaning at the end of three years, we'll talk through, how is this going? Is this going well? Is this what we're looking for and if we're pleased with, it especially if we have someone on the board, we checking in regularly, then we will be happy to extend it for another year, and then up to another year. So, it could be a total of five years. So a three year term with two possible on year additions.

Councilwoman Littlefield: Second.

Councilwoman Dubauskas: That's my alternate motion.

Mayor Borowsky: First, I will take the city attorney.

Interim City Attorney Luis Santaella: Mayor, members of the Council, if I could request Councilwoman Dubauskas if you add to the motion, that you authorize the city manager and the city attorney to make any necessary conforming changes to the contracts consistent with your motion.

Councilwoman Dubauskas: Absolutely. Yes, thank you.

Mayor Borowsky: Councilwoman Whitehead.

Councilman Graham: Second.

[Time: 02:11:06]

Councilwoman Whitehead: Thank you, Mayor. So, while I support some of these ideas, I strongly oppose three of them. When Scottsdale Arts isn't just a financial operation, it's an arts operation. And arts is about education, about immersion, about public welfare. So, I don't value a paid customer any different than I value a child getting to go to the museum for free. So, I strongly oppose that change, because what we're trying to build is lifelong learners, lifelong appreciation of art. So strongly oppose that.

I have a question for the city manager and the city attorney. Traditionally, every single committee that we have is appointed by the Mayor. So, this seems like a huge departure from what has worked well for as long as we've had a Mayor, as far as I know. Is it correct, are there any committees that the City Council majority appoints a member versus the Mayor?

Interim City Attorney Luis Santaella: Mayor, members of the City Council, I'm not sure. I mean, the charter talks about the Mayor appointing a member of the Council to intergovernmental organizations, but it is silent when it comes to private or nonprofit. So, I don't know.

Councilwoman Whitehead: It just seems like not really getting us anywhere to do that. I would encourage my colleague to take that out. Again, let's stick with some tradition. Scottsdale is a 75-year success story, why make arbitrary changes? Five-year term for the contract, listen, I was on the Audit Committee. I've been working with Gerd and Scottsdale Arts for eight years. In the arts world, planning events five years is almost like tomorrow. So, I would also encourage it. Just leave the five-years. You know, this is an organization that is thriving. It is delivering beyond expectations from eight years ago and I just think that we are adding bureaucracy. We are adding cost by not allowing this organization to operate to have that certainty for five years. Things that perhaps could be less expensive by planning well in advance, will now be more expensive. So, we're going to make the organization less efficient.

So, I will support the alternate motion if we could remove the paid attendance requirement, just keep it have the Mayor appoint the person. I love the idea of having someone on Scottsdale Arts board and then just let's not muck around with the five-year term. We worked hard to get this contract. I think we have all had a lot of input and so let's leave it at five years for the sake of less bureaucracy, lower costs. Thanks.

Mayor Borowsky: Councilman Graham.

[Time: 02:14:28]

Councilman Graham: Thank you, Mayor. I'm a little bit shocked by what I just heard from my colleague, because these commonsense motions that Councilwoman Dubauskas put forward are extremely pro transparency, and extremely pro taxpayer friendly. So, if we go the path that Councilwoman Whitehead wants to go, she will deny you, the taxpayer, more transparency and she will burden you, the taxpayer, with more with greater burden. So I I'm excited about these and just the mucking with, you know, who does who you know, who appoints this and worrying about that. It's just a distraction from doing the people's business and respecting residents. It's just simply that. It just simply boils down to that.

Councilwoman Whitehead made a comment that you, the taxpayer need to pay more for Scottsdale Arts because of how important Scottsdale is, or how important arts is. I will say arts is in Scottsdale's DNA. We have the arts compound on Cattle Track. We have the arts district in Old Town Scottsdale. We have performing arts venues across the city and, yes, we have our partnership with Scottsdale Arts. All of our art does not have to be, we don't have to force you, the taxpayer to subsidize every aspect of our arts. A lot of our arts, most of the arts in Scottsdale, stands on its own. This is a supplement to the DNA to the arts that we all embrace, we enjoy, and we put forward and it adds to our culture. So, I I categorically classificatory dispute that.

When Councilwoman Whitehead says she doesn't care whether the people entering arts facilities are paid or unpaid, taxpayers care. You care. And the taxpayer I want to ask Ms. Andrews, if I can put you on

the spot. What most people many of you may not know, but Museum of the West, for example, that is paid from tourism dollars, correct? Our contributions to that.

[Time: 02:16:59]

Sonia Andrews: Mayor Borowsky, and members of the Council, I believe so and there is debt on the Museum of the West. There's tourism dollars and debt services as well.

Councilman Graham: And then we have enterprise funds for WestWorld and we write a check out of the general fund to support the Scottsdale Arts operations; is that correct?

Sonia Andrews: Mayor Borowsky, and members of the Council, the majority of it is, some of it is from tourism, but the majority is from the general fund.

Councilman Graham: I'll ask Ms. Doyle. About how much are we supporting it over the past three years? How big of a check are we writing from our general fund to support Scottsdale Arts?

Judy Doyle: Mayor and Councilmembers, for '25/26, the general fund portion was 5.2 million.

Councilman Graham: Okay. So, it's not this is a significant investment we are making in Scottsdale Arts and that's general fund money. General fund that could go to paving our roads, to strengthening our public safety teams, you name it, but we choose to make a contribution, an investment into our arts because it is part of our DNA. You, the taxpayer are funding you are writing a major check out of your general fund. You are sacrificing other things that you could get to fund Scottsdale Arts. And so what these common sense, these common sense taxpayer friendly motions that Councilwoman Dubauskas put on the table, these thoughtful alternate motions are bringing transparency and they are extremely pro taxpayer friendly while respecting our longstanding relationship with Scottsdale Arts and what it means to the DNA of our of our community. So, I'm very excited about them. I hope my colleagues join us in supporting these and we look forward to a more transparent, and like Judy Doyle was talking about, clear benchmarks. We're moving away from the narrative, the fuzzy feel good, flowery language. Let's put some numbers and hard measurements to it, that way the taxpayers can have a little more assurance about what they are sending us their money and putting into Scottsdale Arts. Thank you. Thank you, Mayor.

Mayor Borowsky: Thank you, I will jump in here because the two on the board have already spoke. So, I thought the changes or the recommendations were reasonable with respect to exceeding prior the baseline year. I think those were reasonable. I would like to hear from Judy on that. Did you hear anything in the suggestions that you thought were not doable?

Judy Doyle: Mayor, members of Council. No, I think those suggested changes would absolutely be doable.

Mayor Borowsky: They didn't seem that significant and I think that Gerd is certainly capable and your

organization of achieving those goals. Did you want to say a few words about these? Yeah, let's hear from you real quick, before I continue.

[Time: 02:20:12]

Scottsdale Arts President and CEO Gerd Wuestemann: Well good evening Mayor, members of Council. Thank you, Mayor, and Councilmembers. First of all, I would like to recognize, bars and parking have lost us some of our board members, but we have a large group from our board and senior staff here tonight. I would like to thank them for their incredible service on behalf of the organization and be here on their feet for the last couple of hours respecting this process. And also, a huge thank you to city manager and Miss Judy Doyle for their incredible work on this contract. It's a significant step forward in cleaning up the contract. There's more transparency. The group allowed me to work with them on writing the recitals, the top sheet of five buckets of area of service and I think that's a huge improvement, as well as the KPIs.

With regards to your proposal, I want to share a few thoughts with you, with all due respect. First, we are in the arts business, and like any business, not every year you see the same business performance. I think the idea of writing the KPIs as a like or better performance for the next year, seemed reasonable to us, because I don't know that you could expect a business to grow participation every year to grow revenues every year. Imagine let's say God forbid, we go into a recession next year, and all the buy behavior may change. And could change our business. It doesn't mean that the central role that arts and culture plays in Scottsdale, we may have softer years than other years.

I do feel strongly about including overall participation because Scottsdale Arts is a unique organization. I think Councilman Graham membered Cattle Track just now. Cattle Track now has become a new department. We recognize its incredible value to the beauty and quality, creative quality to this community. That's a new step we are taking. We have a five-year master plan right now to really make that a significant piece of our organization so five years go by very quickly for us, and participation is not always measurable in ticket sales. I estimate that about 65% of what we do on behalf of the city as defined by the this contract, public art with a massive I think I shared with you in any last report that public arts draws \$4 million people within the 163 large scale works across the city. That is a massive amount of the appeal of Scottsdale. That work, our education work, a lot of work we do with groups on this campus, we do with event support for our own community events and others completely free to the community. I think it's only fair to we take credit for the increased numbers year over year as well, not just paid participation. So, I do think it's worth having a conversation about that piece.

Back to the five-year contract duration, I think as Councilwoman Whitehead said very well, it goes by very quickly in our business. We constantly master plan. We set sites on event performance three to five years from now. We book shows three to five years in advance. I don't know that there's any other significant city contract that is shorter than the five-year duration, I think experience is a five-year contract and I believe the Museum of the West is as well. Scottsdale Arts used to have a ten-year contract with the city until the last contract was done. This is actually already reflective of the desire for the city to have shorter time periods of control. So I would encourage you to really think about that

particular disposition.

[Time: 02:24:05]

The last thing I want to say is transparency, we love the challenge of stronger KPIs, and much more transparent contract. We love the challenge of delivering for you we recognize that our taxpayers and our citizens and residents work very hard for the money. We are very frugal and fiscally responsible in that expenditure. We think we very much earn every penny what is expended because we provide exceptional services. If you look at Mesa, Chandler, it's fully funded through a citywide tax. We provide services for 50 cents on the dollar and I'm very, very proud of that with my organization. And I'm happy with that piece. I would like to encourage you to think about those KPI pieces. I would like to invite you to really think about the five-year duration. I think it's what makes this contract strong is the source of this incredible contract.

And I completely respect the idea of having a Councilmember join our board. We have discussed this with our board. We asked to have the language included that finally made its way into this contract, mainly because we will have to do some significance governance changes to our way the way our organization is governed currently, we have to redefine our bylaws and that takes a little while for an organization of our size and scope to bring completely in line.

So, we wanted to simply express, I think as the contract reads we make a strong good faith effort in negotiating this with the city over the course of the next year so we are really prepared and ready and not overstep any boundaries or get cross-wise with our 501(c)(3) status in implementing that piece.

I can tell you that between ourselves and City Manager Caton, who I can't tell you how thankful I have been for you to really want to take the time to get under the hood and re-define this contract with us and how much we have grown together in this process, I believe, and Judy's work, I think is really defined by diligence, and a call to duty to really make sure that this how should I put it? Nobody in my role, like to take a haircut. And we took a significant haircut and lord knows I can ill afford to take a haircut. We want to be responsible for our taxpayers. So, I would like to encourage you to consider those items and I will pause here and see if you have any other questions.

Mayor Borowsky: Thank you, Gerd. The city attorney has indicated...

Interim City Attorney Luis Santaella: Thank you Mayor and members of the Council, just to make sure that we capture everything in the alternate motion, I would request that we also grant be given authority to the city manager and the city attorney to make any necessary conforming changes to the resolutions.

Councilwoman Dubauskas: Agreed.

Interim City Attorney Luis Santaella: Thank you.

Mayor Borowsky: Councilwoman McAllen.

[Time: 02:27:17]

Councilwoman McAllen: Thank you, Mayor. I want to remind everyone, I'm not sure if everyone has been around as long as I have been with the city. But the Scottsdale Center for the Arts was started with a grant, a SEDA grant that my brother worked for the Center of the Arts. And it was heavily subsidized because it was new and needed and we value arts in our community and not everyone can afford to attend all of the programs and so the programs that we do have that are free to the school aged children to those in the boundary, Title One, especially, we need to make sure that we maintain that, because our city, like Councilman Graham said, it's in our DNA, the art is in our DNA.

People come here from all over the world, we just saw earlier, how Experience Scottsdale spends our bed tax dollars to promote Scottsdale Center for the Arts, Canal Convergence and all of these things that Gerd and his board have done a great job doing. I would urge our Councilwoman Dubauskas to make it a five-year contract to go back to that, I think micromanaging an organization that's already doing a great job is not what we need to be doing. Thank you.

Mayor Borowsky: Thank you. Councilwoman Littlefield.

Councilwoman Littlefield: Thank you, Mayor. Looking at our agenda tonight, and thinking about this, I would like to ask to put something else on the agenda as a vote. I would like to make one change and one change only. For Councilmembers who are interested in participating on the board, for the Scottsdale Arts, I believe that they should let the Mayor know. The Mayor is the one that will appoint for our consideration and approval the member who will be put on that board. And she needs to know who you are. So, I would suggest that we have whoever on this Council is interested in being appointed to the board let her know your name and that you would like to be considered. Thank you.

Mayor Borowsky: Thank you, Councilwoman Littlefield.

Mayor Borowsky: Councilwoman Whitehead. And was that accepted? I'm sorry.

Councilwoman Whitehead: Except, I think the motion gave the authority to the Council, am I incorrect about that?

Mayor Borowsky: Councilwoman Littlefield just asked for a change.

Councilwoman Whitehead: Change, and you are okay with that. That was the one thing that people seemed to not to object to, but that's fine. I prefer it to be through the Mayor. You know, I I appreciate Gerd, that was I was going to ask you to get up. You know, it's really hard when you are up here and you are on Council, everybody is looking at you and how much money you invested in a project, but the reality is that without these investments, there would be no Scottsdale. So, I think that's the part of the equation we always forget to really celebrate and also educate on.

So, I'm wondering if Gerd can hop up I don't want to put you on the spot, but when we invest \$5 million in the arts, there's there's a return on that investment, and it's pretty tremendous. And I you know, I should have had Gerd make my respond to my concerns, because, of course, he's well versed in why I have these concerns. So, I think it's interesting he mentioned 65% of our events are free, but believe me, if you go to Canal Convergence, people are spending big bucks. They may not spend the money to enjoy the art on the canal, but they are coming from all over the valley, all over the state, and all over the world. So do you have off the cuff, you know, some kind of economic go ahead. Some return on investments for us?

[Time: 02:31:50]

Gerd Wuestemann: Thank you, Councilwoman Whitehead, that's almost a softball and I very much appreciate the question. Because you are right, in our line of work, we try to balance fiscal responsibility with making the arts accessible for all, because the arts is what ties this community together, and I think it's what bridges a lot of things in our world. But there is a significant piece of ROI involved in this as well.

I give you two simple examples that I happen to have top of mind. Last year's Canal Convergence saw 146,000 people on the waterfront. And the way we track and measure this is through a system called place A.I., it tracks individual cell phone pings. Those are genuine verified visitors in that during that ten-day period along the canal. We estimate looking at sales tax receipts and the sales tax bump, as well as hotel occupancy bump through our measured by our friends at Experience Scottsdale and venues like Olive and Ivy on the waterfront, we estimate that the economic impact to our local economy from that event over the course of ten days is somewhere around \$12 million. That means to the sales tax base of Scottsdale, that event in which you and the TDC invest significant money is more than made whole back through the sales tax with seats to the city.

So, something to consider and be proud of, really there is a direct economic return on investment. There's the direct return to your tax base, this the secondary return on the local economy, but the tertiary return is the most precious and it's the one that some credit card ad calls priceless. This is that it makes if you look at an overhead video of of Canal Convergence in November, and you live in somewhere in the Pacific northwest on the East Coast, you think that's the place I want to be right now. And I know that our friends in tourism use that shot all the time in their advertising because it really makes us a destination.

We developed a new event, Dreamy Draw in its third year. We moved and, again, thanks to the great cooperation from the city and from the but the city's desire to move into the stadium to establish our stadium now as a convert venue, to increase revenue that the stadium can generate, to increase participation in the stadium outside of spring training and fall ball. We moved them to the stadium, we took a big risk it was a heavy lift. It worked incredibly well. We saw 22,000 participants and 42% of them, because that's a ticketed event. So, we know where the buyers come from. 42% traveled here from around the country for this event. It generated somewhere around \$16.5 million and those are traditional conservative economic development estimators and I'm sure our new director Kevin Burke

and I will talk about this a bit more but we try to apply conservative estimates on this to the local economy. People spend at least two or three nights here and spend significant dollars in our community and you are median age of visitors were 37, they were highly educated and their household income was somewhere around \$140,000. It's the kind of visitor we want to attract here. It does take seed money. We are a small nonprofit trying to do a heavy lift and serve a lot of the year, but I hope that answers the question in terms of the actual financial value that we can bring back to the community.

[Time: 02:35:03]

Councilwoman Whitehead: Yeah, it does. And listen, I know that Councilwoman Dubauskas was very involved in developing this contract, and I do appreciate it. But I you know, I would ask you to consider not my opposition to two of those to the two of the changes, but I think that well-stated reasons that they may not be good for Scottsdale that Gerd was able to explain, like the five years is just it's just difficult for an organization as big as Scottsdale Arts and then the fact that the attendance does vary depending on the economics and also just simply the fact that the goal is to bring tourists here and with I didn't know that data point, but 65% of the events are free. So, we're kind of missing out on opportunity to really to really evaluate the success correctly if we exclude those. So, I don't know if there is another way to capture what you're trying to do without excluding those events is, Councilwoman Dubauskas.

Mayor Borowsky: So, I think you are done with your question. So, I would like to call the question on this. There is an alternate motion on the table. Do you need any clarification about any of those changes?

Interim City Attorney Luis Santaella: Mayor and members of Council, I think we understand it.

Mayor Borowsky: With that, let's vote on this.

Councilman Graham: I have a point I just have a point of order. I don't know what motions are on the floor right now. And I know Councilmember I think Councilwoman Littlefield requested to make a friendly amendment to one of Councilmember but I misunderstood it. I think I misunderstood it and I wanted to get clarity on it.

Interim City Attorney Luis Santaella: So, Mayor, members of Council. This is our understanding of it, or my understanding of it. I think Councilwoman Dubauskas agreed, because I thought I saw her nod her head but maybe I'm wrong. Councilwoman Littlefield appeared to be making a motion to change how the board member on the Scottsdale Arts organization was selected, meaning the how the City Councilmember was selected, where the Mayor would appoint the person and the Council would confirm the nomination. That's what I think I understood her motion to be.

Councilwoman Littlefield: That is correct.

Interim City Attorney Luis Santaella: What I may not be 100% clear on was whether it was a friendly

amendment which does not require a vote or not. If it's a friendly amendment it doesn't require a vote. If it's not, then the Council would have to vote to amend the alternate motion to include that.

Councilwoman Littlefield: A hope it's friendly.

Councilwoman Dubauskas: It's friendly.

Councilwoman Littlefield: Okay, good. It's friendly.

Councilman Graham: Always friendly.

Mayor Borowsky: Excellent.

Councilman Graham: Thank you. Thank you, Mayor. That's my point of order.

Mayor Borowsky: Let's go ahead and take the vote, please.

[Time: 02:38:15]

Vice Mayor Kwasman: Is this on the alternate?

Mayor Borowsky: Alternate motion?

Councilman Graham: Point of order. Are we voting on a batch of alternate motions.

Mayor Borowsky: No, it was one motion that Councilwoman Dubauskas made.

Interim City Attorney Luis Santaella: It was the original alternate motion, made by Councilwoman Dubauskas as modified through a friendly amendment by Councilwoman Littlefield.

Councilman Graham: Just for clarity. Point of order, she made several alternate motions.

Councilwoman Dubauskas: Many points in one motion.

Councilman Graham: She made the motion and I seconded more than one. So mechanically...

Mayor Borowsky: Maybe you didn't need to.

Interim City Attorney Luis Santaella: We are treating it as a single motion with various parts.

Councilman Graham: Okay. So that was this is the of what happened. Thank you.

Mayor Borowsky: With that let's take a vote at the alternate motions. Thank you. Thank you, Gerd.

Thank you, Judy, thank you, all the board members who are here today. Let's go knock it out of the park. Moving right along.

PUBLIC COMMENT

Now we have public comment which is reserved for Scottsdale citizens, business owners and/or property owners to comment on non-agendized items that are within the Council's jurisdiction. No official Council action can be taken on those items and speakers are limited to three minutes to address the Council. If anyone is here that hasn't already signed up and you would like to speak on a non-agendized item, please talk to the City Clerk. Otherwise, we have Steve Sutton, Melissa Kemp and Michael Fernandez. So, let's go in that order, please.

[Time: 02:40:36]

Steve Sutton: Steve Sutton, address on record. Good evening, honorable Lisa Borowsky, Mayor of Scottsdale and other Councilmembers. In 2015, Scottsdale conducted a study of Old Town parking that does not support building a garage in the southeast quadrant of Old Town known as historical Old Town. In November of 2019, voters approved bond election question two to provide infrastructure funding that does not require building a garage in historic Old Town. In February 2020, the City Council agreed on the need for a new Old Town parking study but never conducted the study.

In September of 2024, Councilmembers in opposition to each other made a political deal to build a garage in Old Town's northeast entertainment area if a garage were built at the parking corral in historic Old Town. The Council did not conduct a parking study to determine need. In January of 2025, after the inauguration of the current Council, senior city management staff that opposed building a garage at the parking corral began to resign from their positions with the city.

In May of 2025, residents began to tell the Council through multiple petitions they do not want a three-story garage built that will end the 17-year tradition of the farmers market at the parking corral and place the historic Old Adobe Mission between two garages and visually dominate the most important part of the Scottsdale's Old Town. In September of 2025, residents started petitioning for a parking study before \$15 to \$20 million dollars was spent on a new parking garage at the parking corral. A city manager refused to do so by claiming a lack of time to complete the study, despite the fact that a sufficient study could be conducted before construction of the proposed garage could begin ten months later. With each passing week, more Scottsdale residents become aware of this information, and this Council's obstinate and reasonable refusal to acknowledge what is obviously an enormous opposition to the Council's plan to build at the parking corral.

The numbers of residents in opposition to the Council now numbers in the thousands and grows by hundreds and perhaps thousands per week. These residents are not stupid. They understand the Council does not have sufficient facts supporting the decision to build a garage. These residents are now beginning to think that the Council's garage plan is political deal making and corruption rather than necessary need for construction. Thousands of Scottsdale residents are telling you to stop your plan to

waste our tax dollars and ruin historic Old Town. We are not going to stop protesting this. Carthago delenda est.

Mayor Borowsky: Thank you, Steve. Next, we have Melissa Kemp.

Melissa Kemp: Can I see if that will work? Thank you. Melissa Kemp address on record.

[Time: 02:43:59]

Vice Mayor Kwasman: Point of order. I'm so sorry Melissa. I apologize. Mr. Attorney, you had you had I'm sorry, but Mr. Sutton's last words were threatening. I'm asking for an inquiry, because it just you cannot allow whatever language it is but cathage must be destroyed is an extremely scary statement to be made in this time of political violence. It is not acceptable and at some point, somebody is going to get hurt. And I I don't know what this Council has to do to stop this, while respecting and cherishing and preserving first amendment rights, but from language in German, to that did not start until there were Jewish members on the Council, to carthage must be destroyed. Guess what ladies and gentlemen, we are carthage. The members of this body are carthage and we have to do something. We have to set up new rules to be able to protect members of this Council before somebody does something extremely radical.

I apologize to the new speaker and you deserve better than that, but I had to say something.

Mayor Borowsky: You know, what we're not going to have a debate. That was a personal point of privilege, and, you know, let's just we can continue that conversation at another time. Thank you. So, Melissa Kemp, let's continue on, please.

Melissa Kemp: Maybe it's time for a breath. Okay. Melissa Kemp address on record. Last session, I talked about the resolve it takes to stand here and participate on the camera and on the record and why that alone deserves respect from our City Councilmembers and attention. I named a separate second function of open public comment last time, that is beyond an early-warning system, this narrows the power imbalance between what's happening on the dais and what's happening here for your citizens. So, it is a public record that residents can point to in the future, between elections.

Tonight, I'm going to be overt about something that's confusing to the public. All listening is not equal. When you are here on the Council, tonight, City Hall, Council meeting, public comment, that is a part of your job. And that is on the public record. It's the only kind of listening that is truly accountable and available to citizens to lower that power balance so it has primacies, it's verifiable and equally available to any citizen who wants to be heard and any citizen who wants to review it in the future. Councilmembers like to say we are listen because you know it matters, but let's talk about what kind of listening doesn't count.

Here's a current example, we have two Councilmembers, the City Council majority of four have set up listening sessions that are ahead of City Council. And they're here, I think, at City Council in the Kiva.

Speaking of fiscal responsibility, it's a city facility outside of a Council meeting but on a taxpayer time. They are announced as if they are some sort of proof that that is listing, that's accountable, but voters watching later need to understand the difference. By law, no more than three Councilmembers can be at a session like that, or it triggers open meeting laws. No other session is equal to listening that happens in a City Council meeting. That means by design that those sessions are not equal. No one in this chamber tonight could verify what was discussed last night who was there, what was said or what was promised. There's no official recording. There's no transcripts, there's no shared public record. So yes, people can speak in those kinds of off sessions or extra-curricular sessions but it is not open public comment. It's not an early warning system for the public because the whole public the whole full Council isn't there. It's not reliable data gathering because the public cannot verify what was said, by whom, when or how it was received. It's not accountability because voters can't compare, those off record comments to the votes and the actions that you take on the record. There's another negative that gets left out, when you do these off session listening sessions, citizens start to wonder when should they speak? What counts? It discourages participation here in the only forum that does count.

So my requests are simple, respect open public comment, make it primary again, because if it can't be recorded, if it can't be reviewed, if it can't be compared to your vote, if it isn't available to anybody who wants to be here, or viewed by anybody after the fact who wants to view it, then it's not accountable listening.

Mayor Borowsky: Thank you, Melissa. And last we have Michael Fernandez. You have a petition following this. So, we will keep you up at the podium.

[Time: 02:49:01]

Michael Fernandez: Michael Fernandez, address on the record. 4 is days and 41 days and counting, since City Manager Caton has an issue with the Mayor. No justification, and no explanation provided to Mr. Whitmer, the Mayor, and the public. This is an unprecedented breach of American due process. And a deliberate insult to her office, and those who voted for her. This unprecedented breach of American due process is more like something out of the former Soviet Union. Simply put, show me the man and I will show you the violation. The Mayor has been forced to operate with only a skeleton staff. This isn't an accident, this is a deliberate to not a part of a deliberate effort and directed city staff not to work with the Mayor making her an outcast in her own administration. The suspension of her chief of staff is simply the most brazen escalation yet. Even more disturbing, based on restrictions in the city's January 14th letter, Mr. Whitmer has been confined to his house during work hours and placed under house arrest without being told why.

Mr. Caton's broader record is equally troubling. After barely six months of residency, Mr. Caton was appointed city manager and in a Stalinist maneuver, he purged the city's upper management with decades of institutional knowledge. He replaced expertise with fear, turning City Hall into a place where the employees are too intimidated to speak up or work with their elected Mayor. This is not how America works. This is not how Scottsdale became the envy of the southwest. Government isn't the solution, it's the problem. The City Council must enact a policy requiring basic American due process.

And he wants to spend it and deserve the charged against them and so does the public, especially when that suspension cripples an elected official's ability to govern. No secret accusations, no silent suspensions and no house confinement without explanation. Just transparency, accountability and respect for the democratic process.

Mayor Borowsky: Thank you, Mike. That concludes public comment on non-agendized items. And so public comment is now closed.

CITIZEN PETITION

And we're going to invite you back, Michael Fernandez, because you have the citizens petition, I believe. He gets three minutes for that, which I'm assuming he wants.

[Time: 02:53:48]

Michael Fernandez: Michael Fernandez, address on record. Back in the 2019 Bond election, the voters approved three ballot questions to fund \$320 million for 168 projects. It was a Special Election which according to Councilman Graham voter turnout is always historically low. So, the decision to commit \$20 million of our property tax dollars for an unneeded and unwanted Old Town garage was made by a slim margin of voters, putting 168 projects into three ballot questions a take it all or leave it proposition.

Buried in question two on the ballot was the Old Town parking structure without mentioning that it would be on a on three stories located across from the Old Adobe Mission and Cavalliere's Blacksmith Shop, which were established before Arizona became a state, and Scottsdale a place and later a town. Even though only 32% of the voters actually voted, Councilman Graham has repeatedly misled the public, espousing that 70% of the voters demanded the parking garage be across from the Old Adobe Mission and Cavalliere's Blacksmith Shop. However, when the county attorney's office was investigating Councilman Graham's, Dubauskas', and Kwasman's contrived bribery complaint, Barry sang a different term. He admitted it was not the voters who chose that location, but it was City Council, including himself his confession contradicted the B.S. he's been trying to feed to the public.

In voting against scheduling an early Axon referendum election when it would have made a difference, Councilman Graham consistently argued that special elections produce low voter turnout. Could it be that delaying the Axon referendum election until November 2026 would help him and former Councilman Littlefield in their reelection bid? Obviously when it serves his purpose, Graham claims that special elections don't reflect the true will of the community, but when it comes to the parking garage, suddenly 32% turnout becomes an overwhelming public mandate. Since Graham keeps invoking a voter mandate and insists in the people's voices must be listened to, he should welcome the opportunity to speak clearly and definitively, in the November 2026 before historic Old Town is scarred by Barry's three-story parking garage.

That's why I'm standing before the Council today, demanding you put the question of the three-story parking garage from the historic Old Adobe Mission and Cavalliere's Blacksmith Shop on the

November 2026 general election ballot where every voter can have his or her voice be heard. To oppose putting this on the ballot is to admit that this City Council would rather hide behind a low turnout election than listen to the voters.

Mayor Borowsky: Thank you, Mike. All right, like all petitions, we have three options in terms of making a motion, direct the city manager, other responsible charter officer to agendize this for further discussion, direct the city manager to investigate the matter and prepare a written response to the Council, or take no action. So, do I have anyone that wants to speak on this? Anyone have a motion?

[Time: 02:57:21]

Vice Mayor Kwasman: Madam Mayor, I move number three.

Councilman Graham: Second.

Mayor Borowsky: Councilwoman Whitehead.

Councilwoman Whitehead: I have a question for the interim city attorney. I don't think there's a mechanism to put this project on...am I correct?

Interim City Attorney Luis Santaella: Mayor and members of the Council, we believe it's not referable to the voters, but we are in the process of researching that and we probably shouldn't discuss that further at this time.

Councilwoman Whitehead: Yeah, so that's fine. So, I think for the reason that you're reviewing it right now, I'm going to oppose the motion on the table since it sounds like you are it sounds like number two would be more appropriate. So, I will do an alternate motion for number two, direct the city manager or other responsible charter officer to investigate the matter and prepare a written response to the Council.

Vice Mayor Kwasman: Madam Mayor, I withdraw my motion and agree with Councilwoman Whitehead's alternate motion.

Mayor Borowsky: Excellent. And I would like to speak to this before we vote, as everyone knows, I'm not in favor of putting the garage at this motion, and I think this is such a big community issue, no kidding. People talk to me about it in the most unusual settings, and I hope we can find a way to get this on the ballot. I look forward to that written report. So, with that, let's go ahead and take a vote. Waiting. Waiting. Waiting. Okay there we go. Thank you very much. Thank you. All right.

MAYOR AND COUNCIL ITEM

Let's move on to Mayor and Council. This evening, I have the pleasure of appointing to the PSPRS Board, we have two appointments for the Public Safety Personnel Retirement System Police and Fire boards

which is a requirement and this is about on or about the deadline to do so, tonight's request is to approve my appointees who are Hugo Meraz, the designee for the reappointment. She's been the Chair for he's been the Chair for two terms, I believe. And so, I will make that motion and ask for a second on that.

Councilwoman Whitehead: Second.

Mayor Borowsky: Thank you very much. Let's go ahead and vote on that. And then we have Carl Frasor, I don't see him here, but he was the gentleman you might recall that came and brought to our attention that we were somewhat out of compliance on the board and so I did we did have an interview with him and he was very in tune to the issues and I'm pleased to be making this appointment. So, with that, I will make the motion to appoint Carl Frasor.

Councilwoman Whitehead: Second.

Mayor Borowsky: Okay. Please register your vote on this. It was unnecessary. It was a vacant position. Well, since we are at the deadline, city attorney, what does this mean? Should we talk about this later? Did you have any first before you do that, did anyone have any questions about this? Because I'm I'm curious about your no vote. Do you oppose Carl Frasor, do you want to know more about the process?

[Time: 03:01:31]

Councilwoman Dubauskas: I personally don't know anything about him. I have a hard time voting for him. I don't know him. I don't know who the other applicants were. So, Hugo has been on the board. He's proven himself. I feel good about voting for that, but without having any information, it's just really hard to make a vote.

Vice Mayor Kwasman: Madam Mayor, I would have said exactly the same thing. I never interacted with the person before.

Mayor Borowsky: So, for what it is worth, I would like to have the city attorney go through the process for this because this is a really unique situation. It's completely new to me too, because during my watch, there were well, I wasn't the Mayor when I was on the Council, obviously, but this is a unique board that is statutorily required that the mayor of every municipality make the appointment and conduct the interviews. So, this isn't something, you know, some outlier where we just decided to take it unilaterally, but can you talk to us about that. I think it's important for the Council to know that and I'm sorry, we didn't have a presentation about this. I think it is a good question.

City Clerk Ben Lane: Mayor, the process is that the Clerk's office gets applications. We forward them to your office for consideration. And then the that portion of the process is really up to you related to interviewing the applicants and we did forward you two applicants for the citizen member position. And my understanding is you interviewed them both. And then you make a recommendation to the Council and then the Council has to approve approves or denies that recommendation. Thank you.

Mayor Borowsky: And to confirm, that's state statute? That process? That appointment process is state statutorily required?

[Time: 03:03:23]

Interim City Attorney Luis Santaella: The process is state statutorily required in the sense that the mayor nominates someone and the Council either approves or not. So, it's different than our normal process. I think maybe the question is that either this nominee could be reconsidered at the next Council meeting or alternative nominees depending on who you want to move forward again, Mayor.

Mayor Borowsky: So, I don't think alternative makes sense. Maybe there's a procedure for those that would want to maybe I just how about this, how about we cancel the vote, I will move to continue this to the next regularly scheduled agenda and that way the Councilmembers that wish to connect with both of the candidates can do so.

Vice Mayor Kwasman: Having voted on the winning side, I will move to reconsider the vote so we can properly do exactly that. I think that's a fair that's a fair compromise. So, I will move to reconsider.

Councilwoman Whitehead: Second.

Ben Lane: Mayor, just our next...

Vice Mayor Kwasman: Because the vote has already occurred because I voted in the affirmative in the winning side, I can move to reconsider the vote so now the vote would be up for reconsideration and therefore it can be then moved to continue on.

Mayor Borowsky: Right.

Vice Mayor Kwasman: So, I will move I will move to reconsider, we can vote to reconsider and then we can and then I will move to continue.

Ben Lane: Mayor, I just want to clarify, our next meeting is next week.

Mayor Borowsky: Yeah, I think that's sufficient. It's two people.

Councilwoman Littlefield: Are you going to do both of them.

Mayor Borowsky: We'll schedule that or Ben Lane can schedule that. Yeah. Okay. Let's vote. And now the motion to continue.

Vice Mayor Kwasman: Madam Mayor, I move to continue...

Mayor Borowsky: The second one, Carl.

Vice Mayor Kwasman: The vote on the appointment.

Mayor Borowsky: I will second that.

Councilwoman Littlefield: The second?

Mayor Borowsky: I will second that. The motion just to confirm is to continue the appointment of Carl Frasor for the PSPRS until the next Council meeting, which is March 3rd, I believe. All right. All those, please indicate your vote, actually. All right. Thank you.

Councilwoman Littlefield: Mayor?

Mayor Borowsky: Yes, Councilwoman Littlefield.

Councilwoman Littlefield: Could I ask that you send to us some sort of bio.

Mayor Borowsky: Absolutely.

Councilwoman Littlefield: o that we know who he is and what his background is and his qualifications.

Mayor Borowsky: Absolutely. And, you know, I regret not doing that already, because it's a curious way to do that. And it's pursuant to state statute so we really don't have a choice. And candidly, that isn't that isn't part of the process to have all of us interview, but I don't see any reason why that wouldn't be, you know, a good idea. So that works out great.

WORK STUDY SESSION

[Time: 03:06:53]

Moving right along, let's move on to the Work Study Session. And I will pass around the bios and Ben can with me. All right. Work Study Session. Provides a less formal setting for the Council and the Mayor to discuss specific topics with city staff, and the opportunity to for staff to receive direction from the Council in this public forum. So, the first one we have tonight is the WestWorld strategic plan. And tonight we have Will Lofdahl and Alex Keen with Keen Independent Research to present on the WestWorld strategic plan priorities, policies and implementation considerations. Thank you. Welcome.

WestWorld General Manager Will Lofdahl: Good evening, Mayor Borowsky, and the members of Council. Good evening, Mayor Borowsky and members of Council, thank you very much for having us this evening. I'm Will Lofdahl and I'm joined by Alex Keen with Keen Independent, we're here to present the draft of the strategic plan for WestWorld here today. I have been at WestWorld for almost a year and a half now, and we have been in the limelight more often than we should have, in my opinion, and not necessarily for good reasons and I would suggest one of the main reasons that we have been in that limelight is we have not had a strategic plan. We haven't had a plan or a direction to take us, one that is

agreed to by Council and one in which the staff is committed to see through. So, it is my I'm going to quote Winston Churchill here today. He once said in a speech in 1942, this isn't the end. This is not the beginning of the end, but this might be the end of the beginning and he was talking about World War II, that in order of magnitude that is nowhere near what this is. It is fitting. I sincerely believe if we plot a direction going forward that WestWorld will be everything everybody wants it to be I realize I live in a fool's paradise but nonetheless, that's what I am.

We want to thank the TDC, because without their support, this project never would have happened. So, they funded this and we appreciate that. And we went about a fairly diligent effort to select a firm to do this project for us, because it's very important and there were two things we were really looking for. We were looking for a firm that understood public assembly facility management, public assembly facility management, it's the facilities that have events and that's what WestWorld is obviously and we wanted a firm that was local and that we would go and speak to and not talk to on the phone for an entire year. We selected Keen Independent and they have done an excellent job and Alex will outline the strategic plan here in a moment. I wanted to thank him for all of his efforts and all the efforts of his firm.

At this point in time, I will hand I have one other thing I want to talk about. So back in November, we presented our infrastructure infrastructure master plan. Thank you. And the purpose of that was to talk about the facilities at WestWorld going forward. And the purpose of our strategic plan is to talk about our operational strategy, how we're going to optimize managing those facilities so that we support the goals and objectives of the city. So I'm going to hand things off to Alex here right now, and he and he's going to talk about the strategic plan.

Mayor Borowsky: Welcome Alex.

Alex Keen with Keen Independent Research: Thank you. Is there a clicker up here somewhere. Thank you. Good evening, sorry, I think we're last on the agenda.

Mayor Borowsky: Nope, unfortunately. No.

[Time: 03:10:59]

Alex Keen: Who is next? I apologize. I'm Alex Keen, Managing Director at Keen Independent Research in Phoenix, Arizona, our practice takes us across the country, doing different types of arts, culture, entertainment and sports research and strategic plans and so it's been a real honor. We have been at this project, working on this for over a year. It's been quite the process and we got an opportunity to speak with many of the folks on in the audience. Just thanks for all the engagement that you all have given us.

We are nearing the end, like I said, and this is once the plan is complete, I think our goal here is for it not to be on eye shelf. We had great conversations about this process may be over, but then what starts? How do we measure or KPIs? How do we measure success? And how do we ensure that the city of

Scottsdale is happy with what WestWorld is achieving?

What is the purpose of WestWorld? WestWorld is a really unique complex. There are not many complexes like WestWorld across the country. It has a significant equestrian component, significant amount of equestrian facilities and it also has major public gathering public facilities indoor and outdoor, you know, tons of different green space, and tremendous amount of parking and it's located in some pretty unique land within the city of Scottsdale, having pretty complex use agreements with federal authorities all the way down. But there's nothing replicated like this in the state of Arizona.

This is a pretty special thing that we have in Scottsdale, and I think sometimes we might miss kind of kind of underestimate its cap inter. This is not only a convention center and equestrian space and major event use space but it is something that can do what we call mega events, right? So, Barrett-Jackson, one of your mega events that just concluded, there are very few facilities in the country that could support Barrett-Jackson. You just had the amazing Arabian Horse Show. And do you events throughout the year at these spaces and the reason why the municipalities tend to build these spaces.

Say you were going to do this from scratch today. You don't generally do it because you are trying to make a bunch of net profit on it. You do it because you are trying generate significant economic impact. I think that's a little bit of the message today is economic impact, generally is why we have these facilities in our inventory. That's not to say that they shouldn't have community benefit and the residents of Scottsdale shouldn't enjoy what is going on there. This is about bringing people across the world in Scottsdale to put heads in beds to support your hotels and support your restaurants and support your local businesses and ensure that your economy is maximized.

[Time: 03:13:41]

Also, we also have to remember that you have to be fiscally responsibly managed. You can have an economic impact charter and spend money poorly when we look at the finances of WestWorld, it's a pretty lean operation. So that was something that we were pleased to see when we came in. But the goal of the strategic plan is to maximize WestWorld's impact in all the categories that we just talked about and to ensure that it's being operated effectively. And so, it's been kind of it's going a long time without a strategic plan and I can't quote your Winston Churchill statement there, but I think it will be close, if you don't have a plan you don't know where you are going. That's the goal.

Some quick study findings. We did significant amounts of research, qualitative and quantitative over the last year, and we just want to quickly report that out as there's significant detail with appendices everything from market research to stakeholder engagement, and benchmarking, but just some brief things that we found. So, if we look at the city of the kind of greater region inventory of events, we did a bunch of mapping to look at everything from event spaces, RV campgrounds who knew that there's RV campgrounds at WestWorld? Not everybody in this room, I bet. You did. Equestrian arenas, performance rent views, because WestWorld can do all of this. How many are comparable to WestWorld's capabilities and the map shrinks significantly as we focus in on event spaces with capacity over 1,000. So, this is a significant venue and has significant capacity.

We did stakeholder and community engagement which included many of the clients that call WestWorld their home. Councilmembers, community members, community leaders, we talked to event producers, and city leadership, and we talked many, many hours with WestWorld staff to kind of get the history of how the venue has operated. We conducted a survey that was open to any resident of Scottsdale as well as within the region, and we did intercept surveys at several major events at WestWorld to ensure that we got great participation with the survey and we had 600 community participants in that, as well as some city staff. We also conducted planning workshops that included WestWorld staff and event producers, as well as some other action planning sessions with WestWorld staff themselves and you see in this plan, it starts big picture and then gets pretty micro when it comes to overall recommendations and tactics.

Within the survey, we asked many questions about sort of what is the purpose of WestWorld? How would you sort of think about its future? And some of the things the community told us they wanted to continue to serve as a community gathering space, a facility that enhances tourism in Scottsdale, and a facility that creates substantial economic impact. We think those three really align with our thoughts of when these venues tend to be constructed for, and certainly really supports some of the information that we're providing.

[Time: 03:16:51]

We also asked what's your overall experience at WestWorld. We heard lots of feedback. We are supportive of the WestWorld. Every venue will have challenges. There are things you don't like a venue. I promise you there's no venue in the Phoenix metro other than that I don't have an opinion about. These numbers came, many of these came directly from people that were at events and they were overall very positive. This is a really good thing to see. It is the future KPIs is continuing to ask if question. Okay, 8% is pretty good in the negative, but maybe you want to get it to 5%, maybe you want to get that green bar even higher. Overall, very, very positive feedback when it came to overall experience. We looked at total event use days. You've had several great conversations tonight about venue utilization, from some of the previous groups that came through, and from my point of view as a consultant, I want maximized utilization. I want the venue to be utilized as much as possible while recognizing that there still needs to be maintenance and capital improvements. This is a resource that has been generously supported by the public, and they deserve to have maximum utilization. So, what we're seeing here, not only in our work but also verified through the staff at WestWorld is WestWorld is pretty much at capacity, right? There are not many more days to give, particularly in the most productive times of year which is, of course, fall and spring. I'm sure we could find some days to give away in the summer, but that's a different problem in Arizona, right?

We also looked at attendance, had as there been some decline or significant increase in attendance that we should be aware of? Not surprisingly, the pandemic created some real challenges with attendance, but WestWorld was able to actually recover very fast out of the pandemic because of actions that were able to be taken by city staff. So, the attendance has grown and it's starting to stabilize around pre-COVID numbers that's a really good thing for us to see.

And then we, of course, looked at financials. So, the way that cities tend to account for these types of venues is very different than how my brain works. I love profit and loss statements and so we developed what we use as sort of our template for all of our consulting work. What does it cost to run this place? What are we getting in income? And overall, there's two ways to look at this. This is the net income generated before any debt service, what is operations cost? Are we making back the money we spent? And then in this case, there's significant debt service that helps to support past and future capital improvements. So overall, we're pretty close to breakeven pre-debt service numbers. I know Will will talk a little bit more about this after I'm I have concluded. But we actually look at the debt service. There's anything money going that has been spent and creates what we call a deficit, right? So overall, depending on the year, and, you know, depending on exactly how you account for it. The city of Scottsdale is putting in \$4 million, 4 to \$5 million a year in some type of subsidy, which in this case is mostly going to pay for debt service. These are important numbers for us. Are you getting any value back out of that investment?

And so, we looked at the Arizona State University, 2024 economic impact assessment and that economic impact assessment, we know they do great work. I think they have done I think they have done Waste Management as well and some other. I'm not sure in Scottsdale, but statewide. They estimated that in 2024, WestWorld generated \$163 million in statewide total economic impact of which most stayed within Maricopa County, and I think we can assume most stayed within Scottsdale. Of that economic impact, \$4.8 million in city tax revenue was generated, and I just want to compare that to what we're investing, right? So, if the \$4.2 million in subsidy going mostly to payoff debt, we're getting that money back in city tax revenue. And what's not coming to a fund that's just labeled WestWorld. It's coming back through many different channels of sales tax and different types of tax structure, benefiting your general fund and maybe your hotel occupancy tax but money comes back in different ways.

[Time: 03:21:03]

And we looked at every dollar that you are putting in, how much are you getting back in statewide ROI. For every dollars the city was putting in 2024, you are getting \$39 of economic impact. A significant number. We said, okay, well, at least we should compare this to what other venues across the country are doing with the similar impact studies and the overall ROI. We were struggling to find, you know, smaller venues that we could even contemplate in the same ballpark as WestWorld. WestWorld is punching a similar weight to major convention centers and other complex. You will see places where you have probably gone to convention centers McCormick Place in Chicago. Now they are getting \$53 million and WestWorld is getting \$4 million. But they are getting a similar ROI for every dollars being put in. We think this is a positive, however, this is without a strategic plan. This is without direction. This is just, you know, people doing their jobs, right? With more direction, we think that there's potential for these numbers to increase, right? And you all as a Council may make decisions to invest more or differently in WestWorld to help enhance the economic impact.

So, this is a critical I think a critical outcome for us in this work and we think that this is very impactful in thinking about the future of WestWorld. I would test any venue against this. You put subsidy in and

what are you getting back out? We think this is a critical measure for any venue in the country.

So, putting it all together, we did a bunch of research and we had a lot of great conversations, we looked at benchmarks and thought about economic impact we did a S.W.A.T. analysis. We learned what is going well at WestWorld and what can be improved. And some of the things we learned was there's opportunities to do some more maintenance and there definitely always employee training opportunities. And everybody knows Barrett-Jackson and I think Barrett-Jackson was mentioned several times tonight, but it wasn't Barrett-Jackson at WestWorld. WestWorld is lacking that we drive by it on the 101 and say that's WestWorld. That's not where I saw Barrett-Jackson. So, we see that there's opportunity for WestWorld to strengthen the brand to be more competitive in a national environment where people say I want to go to WestWorld. What are they doing there?

[Time: 03:23:27]

We have heard some things about food and beverage. We heard that there's some parking operations that could be improved. But overall, I mean you saw in the customer satisfaction scores, things are going okay. And where we see real opportunities is maximizing those major multi-day events. So, the things that generate the most impact, we want to support those with strategy. Telling that story of WestWorld, and really strengthening organizational knowledge and capacity. So really turning the WestWorld team, which does an amazing job, continuing to strengthen them each as staff members.

So overall, what we found was an organization that was, you know, successful and great economic impact but maybe lacked shh direction and strategy and that's what this plan is really, really defined to do. If anybody has been through strategic planning exercises, we have been on nonprofit boards. Consultants like me love to do this type of analysis. What is this tool? It is a tool for WestWorld staff and city leadership to make decisions, right? And so, some of those decisions say we want to maximize the economic impact. How do we modify our approach to do that? And all of the work that we have done is in support of the city of Scottsdale's vision and the city of Scottsdale's mission, which I will not ask anybody to quote tonight, but we should all know it by heart, right?

So WestWorld vision, our draft is to bring the modern west to the event driven economic engine are the ones that I think are most important. It's about event events, it's about maximizing utilization and generating economic impact that benefits the business owners' residents of Scottsdale. And helps offset subsidy as well. And the mission, which a mission is really about guiding the staff, is to deliver success to Scottsdale with our diverse high impact equestrian and special event programming. Equestrian is circled there for a reason for me of. Equestrian is a part of the heritage and a significant amount of facilities within WestWorld are equestrian oriented and we cannot look away from that. Equestrian is part of the DNA of WestWorld and it's not going away. But special events are becoming a significant portion and are a significant portion of WestWorld's programming and we need to think about both when we think about economic impact.

And then values and this is what will and his team are going to be really thinking about when they do their jobs. They are going to be accountable, they are going to be flexible and collaborative and service

oriented and I think most importantly, they are stewards of public dollars and public trust and need to ensure that as city representatives when it comes to the event world, they are ensuring that they are doing their very best to manage all forms of risk to guests, clients and city assets.

So, you take a strategic plan, you start with a vision and you get all the way into strategic priorities and then you good et cetera down to objectives and tactics. We won't show you the objectives and tactics that will be 50 more slides. We won't do, that but I think we will be circulating a draft plan so you will get all of that. But if we were organizing all the objectives and tactics into major buckets we have compete for the best, strengthening and unify the organization, engage the city and the region, and plan for the future.

[Time: 03:26:45]

Some examples from each of these bullets compete for the best. Let's maximize the multi-day event utilization and expand our economic impact and reach. So, evaluating new events that might be coming in based on not just can we do it, but also is it going to maximize the economic impact for our community because dates are perishable asset, and we only have so many. Some examples of strengthening and unifying our organization. We think there's opportunities for venue management training for WestWorld staff. They do a great job and there's amazing national resources for them to continue engaging their skills and we talked about the brand of WestWorld and finally, planning for the future. Will talks about the infrastructure plan, as a potential plan for the future. We think there's lots of other plans that need to be created and planning processes that need to be conducted to get WestWorld on track, when it comes to ensure that it's maximizing its value.

So that's the fun stuff. Now you get KPIs and we truly believe in the strategic plan that KPIs are critical and in our tactics every single tactic that we recommend has to be measurable and something that will and his team can report on either internally or externally, and so you get a few previews today.

Will Lofdahl: Thank you, Alex. A recent meeting, we were asked to report on some specific KPIs and so that's what we are here to do today. One the KPIs was the utilization percentage by square footage. In the convention center industry, the optimal range is 65 to 75% and in the equestrian facility industry, the optimal range is 55 to 65%. And we're kind of a hybrid between those two. So, we don't really have a perfect match, but nonetheless, this graph here, on the y axis, it shows the number of square feet in a month and on the x axis it shows the months. The reason that there's different numbers in each month is not every month has the same number of days. And what we did during the summertime is we took out the outdoor facilities because it's difficult to rent facilities in July and August. It doesn't work too well. Where I came from, in Saskatoon, Saskatchewan, you don't do anything outside in January.

So, what this shows is that we have as Alex had indicated we have a fairly high utilization rate, but the question that was I believe the question the reason why Councilor Graham asked this, he wants to see where we can improve and we can improve. It's not in the number of the event days we have, but in the mix of events. We might want to take a look at the events that we are currently hosting and see if maybe all of them maybe some of those should be somewhere else and maybe to optimize our goals

and objectives, maybe we should have a different mix of events. That's what this exercise is to find out if Council has an interest in that.

We also looked at square footage by square footage by Friday, Saturday and Sunday. The event industry is primarily weekends. There's very little wiggle room in the weekends. Yes, we can probably do some Monday and Tuesday events if possible, but we're not a convention center. Convention centers or Monday, Tuesday, Wednesday, Thursday, and Friday. Event facilities are Saturday and Sunday. It's not that we can't do some work in those areas, you can't grow pineapples in Montana. So that we need to try to focus on what we can do and what we're good at.

[Time: 03:30:35]

We were also asked retention rate for events. I have never worked at a facility that has a retention rate that this facility has. We have events that have been coming back for 40 years. And that is that's something for us to be very proud of. The reason that we had 12% new events this past year is we brought on some new space, the south hall. So, I would contend that next year, that number will be dramatically smaller. The one challenge with having so many return events is that we don't have supply space for new events. So that's as I mentioned earlier, that's something that collectively, we need to figure out a way to to identify events that we want to bring in and maybe make some room for them to to just accomplish the goals that we want to accomplish. We're also asked to provide operating loss in millions of dollars over the course of the last ten years and this if you take COVID out of the out of the equation, it shows a trend downward as far as more efficient operation of WestWorld, although I would argue that our goal is not to make profit.

Our goal is to often optimize the the the resources that we have for public assembly facilities, are not they are really not profit centers they are revenue impact generators. We are to the city of Scottsdale with the half-price hot dogs that Safeway sells, we are the loss leader. Safeway sells half priced hot dogs so that people will come in buy cauliflower, toilet paper, light bulbs and that's what we do here. We bring people into the community so they rent hotel rooms and rent cars and eat restaurants and that sort of thing. The goal of reducing our operational loss, I would argue is not necessarily a good thing. We should we should strive for having an optimal way of operating and we are efficiently utilizing the resources that are available.

We were also asked to compare direct expenses and indirect expenses. Direct expenses being things like labor and utilities and indirect, like costs in the human resources, approximately 95% of our expenses annually are direct expenses. Approximately 5% of our expenses are indirect expenses.

We were asked to talk about the square footage and of each of our facilities and the rental rate for each of those facilities. This chart right here shows the what we charge. These charges are all approved by Council. We also operate in a competitive world too. So, some of these may vary and they may raise questions but the reason that they that some of the facilities might be less expensive than others is they are not as attractive to our clients and we have to reduce rental in some cases, where we might we might not want to do. And I'll be happy to answer any questions if anybody has with regard to this chart.

[Time: 03:34:03]

We were also asked to compare revenues by event types. Equestrian and non-equestrian events. They are pretty much half and half. They each bring in about approximately 40 events a year. The economic impact is dramatically different. Our economic impact from special events is much more than that of our equestrian event. The average daily revenue is about the same. Depending upon how Council wants us to progress in the future, whether it's an optimally efficient venue from the standpoint of profit and loss or economic impact in the balance thereof, that would then drive how we go forward, but this shows that there is an imbalance as far as what is brought in by economic impact.

And we were also asked to take a look at our events and see which ones are money makers and which ones reason. In the past we haven't done that comparison. So, it's a time consuming comparison, but we're we're going to get all of our events compared, but it's we haven't got them all calculated yet. But this gives you kind of a rundown of various types of enters. For example, our 4th of July event, that returns 213% of our expenses is in revenues. The La Mesa RV Show, they contribute 232% in revenue compared to our expenses. Certainly, we make money on that. Other events like the Arabian Horse Association Breeders' Cup doesn't the what we receive from them doesn't meet with what the revenues however, they are a longstanding event and important event, and it certainly contributes to the city of Scottsdale. And the Best of the West reining, for example, the revenues exceed the expenses by 128%. I would be happy to answer any questions that you may have.

Mayor Borowsky: Thank you Will, that's all very exciting. Councilman Graham.

Councilman Graham: Very good presentation. Mr. Lofdahl, you have a sense of humor, don't you?

Will Lofdahl: Yeah, my wife might not say that.

Councilman Graham: I thought those KPIs were illustrative, very helpful.

Will Lofdahl: And if you have more that you want, we'd be happy to get them for you.

Councilman Graham: I was kind of sitting here, and I was like, well, you know, the first question I have is utilization. Weighted utilization, you know? You know, say there's 1 million square feet, whatever it is, you know, and if got if you are renting out half a million square feet, that's half a day. You kind of answered that question. You kind of looked at that, doesn't you?

Will Lofdahl: Yeah.

Councilman Graham: And it was pretty favorable, pretty impressive, isn't t?

Will Lofdahl: Like today, for example, today, we have one horse show moving out and one moving in at the same time. We've got a horse show for 1,800 that's moving out and one with 3,000 that's moving in. So, we're pretty busy today. And when we had the Phoenix Open, we had although our our indoor

facilities and our stables weren't being used but we had 12,000 cars there. We had \$1 million of revenue.

Councilman Graham: I know.

[Time: 03:37:35]

Will Lofdahl: And you can't rent the indoor facilities if you have all of your parking lots filled with cars to the Phoenix Open, but still for the city of Scottsdale is a very good investment.

Councilman Graham: You cannot overstate the complexities of managing I mean, we have we're not like we do all types of events, and we have all types of clients or tenants, I should call them. It's amazing the renewal rate that we have. Everybody wants to come back don't they? I'm almost concerned that we're not charging them enough.

Will Lofdahl: What we have to be mindful of is that competing equestrian facilities, they provide monetary incentives to these shows and we can't. So, the only wiggle room that we have is to maybe give them a discount on rent and that sort of thing. That's the only wiggle room that we've got.

Councilman Graham: If we had more time and we were kind of brainstorming and all that, I would I would ask you questions like, what you would do if if you had that field, that space for WestWorld, and it was nothing there and you could reimagine it, what you would do with it? Because, you know, we obviously have problems because everything is a legacy built on and, you know, jack hammered to it, and, you know, so that's for another time. Don't answer that question, please.

Will Lofdahl: Sorry, one quick.

Councilman Graham: Mr. Keen.

Alex Keen: The economic impact of the evaluations for new events coming in I think helps with the rent question. Maybe we are a little inexpensive on rent as compared to some of our competitors and maybe that creates a little bit of an advantage for us in negotiating but evaluating what the potential economic impact of that event coming in is, creates not necessarily rent, but more economic value for the city and direct taxes coming back. That's one way to reconcile that maybe we are a little cheap, but there's value there.

Councilman Graham: Nobody expects this to be a money maker. These event centers are not for that. These are economic engines. I still, I wish that we had something that said, okay, we expect a loss, that's fine. The taxpayers will bear a loss. What should that loss be? We don't know. Should it be x percentage of direct expenses? Should it be I don't but we're the -but the taxpayers are writing a check from the general fund every year and we are getting economic activity in return. So just because we are getting economic activity, we still expect a loss. It's a healthy tension between celebrating what it does what it brings to our community and being that self-imposed disciplinary to say, what is success? Because we do

expect a loss, but we don't know what that loss is.

I would be curious, what are we what is our average rent per foot compared to other similar venues. I think this facility is in the top quartile of the events in the country, maybe the top decile. I think getting a little more definition about, not today, but down the road, what is the acceptable what is the goldilocks amount of loss that our taxpayers should bear from the success that we enjoy from it?

I think I had one other question. I just wanted to not to get not to I don't want to pontificate on this too much, but I still don't agree with you on the way you calculate your P&L, and we talked about this in private and last time. I think that a true it's a little bit important to me, because I want to show the taxpayer how much what the -the costs they are bearing. You are excluding depreciation from your expenses, and I think you are excluding indirect costs that the city support services, and I see the treasurer is putting on her glasses. She might want to step in and intervene but she doesn't have to. I'm not asking a question, I'm just making a statement that this direct P&L that you put together, first of all I mean, the direct the direct revenue, the direct expenses, add back debt service, it's fine. It's one way to look at it. I don't think it's the most perfect way to look at it. But I understand why you are doing it and so I just want to register my sentiment on that and then we can move on. You don't have to answer that Mr. Keen or Mr. Lofdahl but appreciate your conversation.

Alex Keen: We did add capital sort of long-range capital plan for the plan for the future objective in direction response to that feedback because I think it's important to have that sense of what will it cost to maintain this?

[Time: 03:42:37]

Councilman Graham: Right. I don't want to rathole into that, but it's like what should your cap ex be as a percent of your revenue or a percentage of your net fixed assets or your gross fixed assets, whatever the metric that people want to use for these event venues. So, I'm just sharing sentiments with you. I'm impressed with this WestWorld plan and for putting a plan together and I'm impressed with Mr. Lofdahl's management and his wit and his sense of humor equally. Thank you for bringing some levity for tonight and thank you for being here. Thank you.

Mayor Borowsky: Thank you. Job well done. I should have mentioned this earlier, the GCAT, the Global Champions Arabians Tour was really impressive this year. It was the second year they came here, and good job on that. I thought the tents looked better than, you know, it's ever looked.

Will Lofdahl: The tent looked really good, didn't it?

Mayor Borowsky: It really did. And good job, everyone who worked on that project. And a huge success. They were getting I mean, talk about return on investment, I don't know who got this money, \$30,000 a table. They were selling those tables for. So, if you were in the front level and then \$10,000 and then \$5,000 on the other tiers. So really impressive work. And just as a reminder for those I have talked about this before but they fly in, you know, 159 horses from, you know, the Emirates or yeah, Saudi Arabia, all

over international. So, the the impact of that on the presence and the reputation of Scottsdale cannot be overstated. I mean it really they want to do business with us. I mean, the director of commerce of UAE wants to do business with us. I'm not telling you anything you don't already know. And give us business. Give us business is a better way to say that and that's a lot of revenue. That's a clientele that can afford a lot of nice things in Scottsdale, Arizona. So excellent job on that. The Scottsdale show was really impressive, again. Of course, you know, the impact you heard the numbers I spewed out earlier, they are still coming in. It's you know, it's the biggest horse show in the world. It is great. It's amazing. Irreplaceable.

So excellent work. I don't know when you are going to want I know it's approaching 9:00. So, we probably aren't the most creative geniuses that we started as. But you said you want input from us about what events you want to attract. I don't know when the right time is that creative juices may not be flowing right now. I have one major suggestion of a country music festival two to three-day festival, I think would be a perfect fit out there. And I know exactly the date we could put it, because I've done a little research on it. And I would leave that to you. I think you were part of those discussions, actually.

Will Lofdahl: I agree with you.

[Time: 03:45:53]

Mayor Borowsky: Yeah, yeah. Okay good. That's good. And, you know, I support thinking outside of the box and I think there's probably some events that we could look closer at, agree with you there. So, looking forward to what the next steps are on this. Thank you.

Will Lofdahl: Thank you all.

Mayor Borowsky: Thank you. And good job Mr. Keen, on helping with us this as well. Appreciate your help.

I'm going to now that it's approaching our five-hour mark, I would like to make a motion to continue the next presentation, which was Scott, I'm really sorry. I should sent you a next or someone that knew how to get to you. And I'm hopeful my Council approve, rescheduling this to the next meeting which is next didn't or March 3rd and that's a pretty short meeting so far and hopefully it stays that way. So, your addition won't be overwhelming. So, motion to continue.

Councilwoman Whitehead: I will second it and I wonder if we can put him in the front or if maybe that's not possible.

Mayor Borowsky: So we can be sharp.

Councilwoman Whitehead: Get you in and out. So I will second that.

Mayor Borowsky: Okay. All those well, please register your vote on this idea. All right. Well, that

concludes our business. Oh, Councilmember reports. Can we -can we have some we have one.

COUNCILMEMBER REPORTS

[Time: 03:47:33]

Councilwoman McAllen: Okay. I just want to give a shout out...

Mayor Borowsky: You only have ten minutes.

Councilwoman McAllen: Shout out to the Dumas family. The just opened Soul Fire Tacos in north Scottsdale. Myself and Councilwoman Dubauskas went, and the food was excellent. So, if you are in the airpark, Soul Fire Tacos, new business. Welcome to Scottsdale.

Mayor Borowsky: Indeed. Very nice. Move to adjourn.

Councilwoman Whitehead: So moved.

Mayor Borowsky: All right.

ADJOURNMENT

[Time: 03:48:00]