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CALL TO ORDER

[Time: 00:00:01]

Mayor Borowsky: It looks like a social group we've got here tonight. Hello there. I would like to call the May 19, 2026, City Council Regular Meeting and Work Study Session to order. City Clerk Ben Lane, may I please have a roll call, and before we start, I want to recognize that Councilwoman Whitehead is out sick and I, for one, and I'm sure the Council and you all share this, we appreciate her consideration for not showing up ill. So, wishing her the best of health moving forward. Go ahead, Ben Lane. Please.

ROLL CALL

[Time: 00:00:36]

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

Mayor Borowsky: Present.

Ben Lane: Vice Mayor Adam Kwasman.

Vice Mayor Kwasman: Present.

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Ben Lane: Councilmembers Jan Dubauskas.

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: I am here, just not there, thank you.

Ben Lane: City Manager City Manager Greg Caton.

City Manager City Manager Greg Caton: Here.

Ben Lane: City Attorney Luis Santaella.

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: 00:01:10]

Mayor Borowsky: Thank you very much and this evening we have police officers, Kim Savage, Kyle Shollack and Ray Wiburn as well as Firefighters Jerry Brown and Candice Bearley. If anyone requires their assistance, please let a member of our staff know.

And for the Pledge of Allegiance, I am going to do a random call out because Councilwoman Solange Whitehead is not present. So, I will ask our outgoing Vice Mayor to lead us in the pledge.

PLEDGE OF ALLEGIANCE

Vice Mayor Kwasman: Join me in the Pledge of Allegiance. 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 very much, and for the invocation, I will turn it over to Councilwoman Dubauskas.

INVOCATION

[Time: 00:02:03]

Councilwoman Dubauskas: Thank you, Madam Mayor, it's my pleasure to invite Ryan Gobel from Scottsdale Bible Church to give us the invocation tonight. Thank you so much, Ryan.

Scottsdale Bible Church Pastor Ryan Goble: Thank you for having me, as always. If you would like to pray with me, go ahead and let's bow in prayer.

All mighty God we come before you this evening, grateful for the ability to live in great city. As we look at budgetary matters tonight, we do so in accordance with your will. Will you guide us, will you give us wisdom and discernment. Lord, I would ask that we treat one another as neighbors and not as adversaries and instead we seek the good of all mankind. Allow us to have peace and discernment this evening. Keep us safe. We are grateful for our public servants. We are grateful for them. Be with them always. It is in the name of Jesus Christ we pray. Amen.

Councilwoman Dubauskas: Thank you.

Mayor Borowsky: Thank you, Pastor Gobel. Moving on to the Mayor's Report.

MAYOR'S REPORT

So, Scottsdale, our foundation is built on our citizens, our residents, and we have a long history of visionary leaders that come up with great ideas, big ideas and lead the city better when they better than when they found it. Tonight, we're recognizing one great example of that, and one of Scottsdale's most defining achievements and that is the Indian Bend Wash. What was once a flood-prone divide threatening homes and businesses became a model for the entire country.

In the 1960s, a concrete channel was proposed, but our residents had a much better idea, a bigger idea, that we could develop a green belt that would control flooding while creating parks, lakes and open space

for the entire community to enjoy and that, in fact, happened. The vision became a reality. When voters approved funding in 1973 and by 1985, the Indian Bend Wash was completed, which transformed risk into resilience, and innovation and enjoyment.

Today, more than four decades later, it remains one of the Scottsdale's greatest assets and one that we all enjoy so frequently and so accessibly. Protecting our city while embracing our quality of life is the mantra of Scottsdale. Throughout May, we proudly recognize Indian Bend Wash month and the legacy of community-driven planning that made it possible. So good job all of our everyone that came before us. So that's exciting.

And moving along, I want to thank Vice Mayor Kwasman for his service over the last eight months as we say so long to this Vice Mayor, and at least for that title and move along to Councilwoman Mary McAllen will now assume the role of Vice Mayor starting on June 1st. And congratulations. Thank you both to Vice Mayor Kwasman and congratulations to Councilwoman McAllen for taking the helm.

All right. As is always the case, I thought we had a proclamation to read. Do we have a proclamation to read? No. I'm mistaken. That's for tomorrow, right? That's for tomorrow. Got it. Which Maryann will be delivering for us.

EXECUTIVE SESSION

As is always the case, the Council may make a motion to recess into Executive Session in order to obtain legal advice. If that is needed on any applicable item on the agenda, and if so, authorize the Executive Session would be held immediately and would be closed to the public.

MINUTES

[Time: 00:06:07]

Moving on to Meeting Minute approvals, I will entertain a motion to approve the Regular Meeting Minutes of April 14, 2026, Special Meeting Minutes of April 20, 2026, and Executive Session Meeting Minutes of April 20, 2026.

Vice Mayor Kwasman: So moved.

Councilwoman McAllen: Second.

Mayor Borowsky: Please indicate your vote.

Councilwoman Whitehead: Aye.

Mayor Borowsky: There we go. All right. Moving on to the Consent Agenda.

CONSENT AGENDA

[Time: 00:06:42]

Consent Agenda Items 1 through 22, do any members of the Council have any questions or wish to remove any of the items from the Consent Agenda? Seeing none, Councilman Graham, actually.

Councilman Graham: Thank you, Mayor. Bear with me.

Mayor Borowsky: No problem.

Councilman Graham: On second thought, not tonight. Thank you.

Mayor Borowsky: All right. So, seeing no comments, there's no public speakers, no questions on any of these items, I will entertain a motion to approve Consent Agenda items 1 through 22.

Councilwoman McAllen: So moved.

Vice Mayor Kwasman: Second.

Mayor Borowsky: Please indicate your vote.

Councilwoman Whitehead: Yes.

Mayor Borowsky: Thank very much. There we go.

REGULAR AGENDA – ITEM 23

[Time: 00:07:55]

Moving on to the Regular Agenda, Item 23, public hearing and adoption of proposed fiscal year 2026/27 budget, tentative budget and five-year capital improvement plan. This evening, we'll be hearing from our City Treasurer Sonia Andrews, and go ahead and start. We will now open up the public hearing on this item.

City Treasurer Sonia Andrews: Sorry, Mayor and Council. Thank you so much, I will hand this over to our Budget Director, Scott Selin to make a quick presentation. Thank you.

Budget Director Scott Selin: Good evening, Madam Mayor, members of the City Council, I'm very happy to be here tonight to discuss the tentative budget. It's a much shorter presentation this time for you. This is the timeline, the adoption timeline for the budget. We showed this last time, but tonight, May 19th is a tentative budget adoption, and we'll be back before you at the June 9th meeting for the final budget adoption.

Just as a quick reminder, the tentative budget according to Arizona State law, once adopted the total expenditure budget cannot be increased upon the final budget adoption. So, the tentative budget establishes the maximum level of expenditures.

As a matter of process, we have only incorporated Council-driven changes into the tentative budget from the proposed budget. There are two changes in the tentative budget compared to the proposed that we presented previously before you.

On the operating side, on the operating side we'll be adjusting the aviation fund transfers out and contingency forecast for our year. This is to reflect the land purchase approved by the City Council on April 14th. I do want to emphasize that this will only show changes in the current '25/26 five year plan for the aviation fund. There are no changes to the overall budgeted expenditures for '26/27 as a result of that change, but there will be some changes in the five-year plan for the aviation fund.

On the capital side, we adjusted the ambulance annex project, to move \$8.6 million from fiscal '26/27 into the current year, '25/26, which was approved by Council in March. This change will not present my overall impact to the '26/27 capital budget, but it was a change that we incorporated into the tentative budget.

[Time: 00:11:05]

This table shows the overall impact of the changes that we just discussed to the tentative budget, as I mentioned, those two changes we discussed do not present any overall change from the proposed budget. So, the tentative budget is the same total of \$2,118,900,000.

And this slide is just included. We showed it last time as a reminder that the overall budget number I just cited and it splits it up into the operating budget of \$838.2 million capital improvements \$881.9 million and finally contingencies and reserves of \$398.9 million.

This is another slide that we slowed last time. We just include it to show that when you look at the overall budget, and compare it to last year's overall budget, you see an overall reduction of \$85 million or 3.8%.

So tonight, we would request that the Council entertain adopting Ordinance 4710, which will establish the tentative budget for fiscal year '26/27, and Ordinance 4711 as presented, which will adopt tentatively the five-year capital improvement plan from fiscal year 2025 to 2031. I believe that brings me to the end. I'll be happy to open myself up for questions.

Mayor Borowsky: Wow. No questions?

Vice Mayor Kwasman: Public comment.

Mayor Borowsky: Before we he was asking for questions. Anyone have any questions? There are public comments, to answer your question. Okay. No questions. So, we'll move on to the public speakers, Steve Sutton followed by Ethan Knowlden and then Dan Ishac.

[Time: 00:12:51]

Steve Sutton, address on record. I'm concerned about things being put in the budget where proper studies haven't been done, prior to agreeing to finance them in the budget. It's my understanding that we have a crosswalk in the budget now, a crosswalk at 66th Street and Shea in the budget. And from what I have heard, there hasn't been any kind of study that would normally be done for that type of project before putting it into the budget.

This reminds me a lot of another project that just got approved by the Council for an additional \$3.8 million, and, of course that's the parking garage over in the parking corral, which at this point, almost certainly that's going to happen short of someone fearing that that may harm their ability to be reelected, which I doubt will happen.

I have taken a look at that intersection, that crosswalk, and before that kind of money is spent for something which it appears less than 1,000 people will benefit, there should be some study to see what the impact is on Shea Boulevard's traffic. I'm having a hard time understanding why a crosswalk would be needed, there since there are signalized intersections on either side of that, one at 64th and one at 68th Street. And anyone needing to cross over to the other side, if they were standing at 66th Street and Shea, would have a walk to the intersection that's the equivalent of where I'm standing right now, to Broad Avenue. Not very far. And that's a walk we expect people to make all the time, think nothing of it. In fact, we will move the Farmers Market down here behind the city hall and expect people to walk from there that distance to Old Town, next winter. So, it's hard for me to understand why we would need a crosswalk put for such a short distance between two signalized intersections and I hope some type of study is done to make sure it's absolutely essential and not just something for a small special interest group. That crosswalk will affect thousands of people traveling on Shea Boulevard every day, and I think we need to consider the needs of the many ahead of the needs of a very small few.

I'm hoping that I won't be accused antisemitism for bringing this up, because that's certainly not the case. In fact, I went 67 years of my life without being accused of antisemitic until coming to this chamber. I hope that doesn't happen again. Thank you for your time.

Mayor Borowsky: Thank you, Steve. Next, we have Ethan Knowlden.

[Time: 00:16:39]

Ethan Knowlden: Ethan Knowlden, address on record, Mayor, members of Council, we are here tonight to talk about the 2026-2027 budget, including the five-year capital improvement plan, the CIP, which you will provide your parliamentary approval tonight. I suspect many of the public comments will hear tonight will be focused on the water projects that have been removed from the CIP without sufficient explanation. But I wish to comment in a slightly different fashion, one focused on the roles and responsibilities in our form of government.

The city of Scottsdale is unique in that it is a Charter city. As such, great deference is to be paid to what is

set forth in the governing charter. Article one, Section two of our Charter sets out our form of government, which, quote, all powers of the city shall be vested in the elective Council, which shall enact local legislation, adopt budgets, determine policies and appoint the city manager among other roles.

Section 3, Article 1, describes several specific parts of the city, including sum part L the power to provide for the protection, development, enhancement, storage, transportation, and replenishment of the water supply. By contrast, in Article 3, Section 2, the city manager's role is described as the chief executive of the administrative branch of the city government.

There is an inherent tension in the city manager form of government, between what is policy making and what is administrative. Oftentimes budget control can substitute for policy control. With city managers shaping policy by deciding which initiatives get staffing, which are prioritized, which are delayed. I fear this is what is happening with the CIP. In 2024 our City Council adopted the strategic plan for infrastructure, even Barry Graham voted in favor, making sure that we had a vote on funding around APRW. Now here we are less than two years later, our Council has not approved any change in that policy and yet it would appear the substantial investments necessary to move that policy forward have disappeared from the CIP. The budgetary decisions taken by our city manager and his staff are effectively altering a policy approved by this Council and as such cannot be allowed in our charter. It appears our Council and our city manager have forgotten the roles allocated to each of them in our charter. When the Council cede policy making authority through the city manager's office through simple misunderstanding or intentional deception, transparent decision-making is lost and public trust erodes. If this ceding of authority is allowed to continue, residents will demand more coherent, transparent representation.

To conclude, Council has set a policy regarding our water infrastructure. If the city manager's responsibility it is the city manager's responsibility to implement this policy, full stop. If circumstances have changed, whether through increased costs or greater urgency that information should be presented to Council for Council to make whatever modifications in the policy it deems appropriate. Let's discuss in public how to address our city's water needs. Under no interpretation of our city charter does the city manager possess the authority to modify the policy unilaterally by withholding, delaying or limiting capital expenditures. Thank you for your time.

Mayor Borowsky: Thank you very much. Next, with he have Dan Ishac.

[Time: 00:20:08]

Dan Ishac, address on record. We are fortunate enough to live in a great city. We have low taxes, we have great services. It's a beautiful city. Despite some nefarious forces within our government.

This budget has a lot of good things in it. But there's a lot of smoke and mirrors going on. At the last meeting, our city manager almost dislocated his shoulders patting himself on the back for demonstrating fiscal restraint. Let's talk about this fiscal restraint. Our operating budget outside of funding our police pension is actually increasing. The overall is decreasing because we had prepaid, rightly so, some of our pension obligations. It was a good strategic move in the past. But we don't get credit for showing fiscal

restraint when we return back to a normal contribution. Nor do we get credit for fiscal restraint when we saved \$10 million by eliminating positions that were empty. Those same positions were in this budget, the current budget so that we could come in under budget to make people look like they succeeded, but now they have been removed to make it look like people are being fiscal hawks. The budget also delays city fleet vehicle replacement. In other words, kicking the can down the road.

But the most disturbing part of this budget is kicking down the road the biggest issue facing our city which is water sufficiency. Now, I'm not one of the people who believes we will run out of the water. Scottsdale has done great effort, made great efforts to ensure our water supply. We have a three-year reserve, in fact in our recovery wells. But guess what, we don't have the infrastructure to actually pull that water out of those recovery wells. And this Council, because of our city manager who bends to their will, has pushed off \$200 million of capital improvements earmarked for water sufficiency. And that includes new sources or alternatives for water. It doesn't matter how good of a monsoon season we have this year; CAP is going to cut the supply to the state. Even if Scottsdale doesn't need to cut, the state is going to tell us that we have to cut. And we have zero dollars in capital improvement to ensure our water supply.

This is all games and it's games because it's an election year and I am disgusted by the decisions that our city manager has made and that four people on this Council have supported. Thank you.

Mayor Borowsky: Thank you, Dan. All right. That concludes public comment on the Item number 23. So, turning now to Councilwoman McAllen.

[Time: 00:23:26]

Councilwoman McAllen: Thank you, Mayor. I do have a question for our budget director, if he could come back up. Thank you, Scott.

Okay. My question, I just want to confirm this, that \$48.2 million have been taken away from CIP that was to go to Bartlett Dam, \$67.7 million from APRW, and \$158 million other dollars taken away from CIP projects for a total of \$263.9 million taken away from water out of this what was planned in the for the budget for CIP; is that correct?

Scott Selin: Madam Mayor, Councilwoman, McAllen, that is my recollection of the numbers. I don't have the numbers in front of me right now, but that is my recollection. Thank you.

Councilwoman McAllen: So that gives me great concern that that is being taken out of CIP because if it doesn't go in this year, we're a year behind and then a year behind and a year behind. Like one of the citizens just said, we're kicking the can down the road. We will be highly affected with the cuts from water that are going to happen to our city through CIP. So, although there are some great things in this budget, getting rid of water infrastructure is not one of them.

Mayor Borowsky: Thank you. Councilwoman Whitehead.

[Time: 00:25:01]

Councilwoman Whitehead: Thank you. Thank you, Mayor. So, yeah, I agree with Councilwoman McAllen, that there are some good things, police and fire pay increases, some great revenue streams that predate this Council. So, I should thank all of my former colleagues who made sure we had infrastructure funding and Prop 490 funding so that this budget has some revenue. There are multiple examples that concern me. This seems like a budget with a target amount and a city management having to work backwards to meet that amount versus working forward and making sure that the city needs are covered.

For starters, I'm going to focus on water as well, but we have two projects that come to mind that do not have significant contingency funds. So, what does that mean? That means when you build a garage and we know when we finish the road project on Scottsdale Road, which we lost we forfeited, four people forfeited \$31 million, which taxpayers will never get back. When we when those projects have cost overruns, it will hit the general fund. And that's why in the past Councils have always had significant contingency funds so that there are no surprise hits to the general fund, which funded police and fire and everything else we expect from the city.

But I do want to focus on water. Just to give you an idea of where we were at the end of 2024, and where we are today. In the past Council, which I served on proudly, we had a water and sewer operating reserve requirement that we raised to 25% to protect against mishandling money. We had a \$5 million conservation and drought reserve set up, because we recognized that this drought was going to impact Scottsdale and we would need to conserve more water and that takes money. And we built up \$108 million capital replacement reserve.

So where are we today? The \$5 million conservation and drought reserve has been tucked into the capital the capital replacement reserve, which has been renamed, but regardless, and the and in this budget will deliver an \$80 million capital reserve fund, whatever you want to call the reserve fund. So that's a loss of the \$5 million plus \$28 million, so over \$30 million in reserves are gone. We have costs, operating costs going up and we have rates that don't cover those costs. So, again, kicking the can down the road seems to be the the way to describe that.

And then we have an increase in cost of water that we know is coming and we're not funding for that as well. Our rates are some of the lowest in the valley and can continue to be as long as we are disciplined and follow rate models, but rather than doing that, we picked a number for a rate increase that is not backed by any data. So how much does water cost? We're paying roughly \$300 an acre foot now, and we are now looking at \$550 and \$600, that looks pretty cheap today and, of course we know it goes all the way up to something like \$7,000 an acre foot for desal water. So, government's job is to budget for a worst case scenario, and then work diligently and disciplined to deliver what is best for the residents. This budget does not do that.

This budget eliminates \$115 million of funding for Council adopted policy projects. So de facto, this we have this budget is being used to override a Council approved policy, and this is being done without Council meetings, without community outreach and without any data backing the reversal of this policy. In short, no

transparency. There's \$138 million other water capital improvement projects removed. Do I know what those are? Or how important they are? If they were in there to begin with, we probably need them, but, again, no transparency, no meetings to discuss these projects and in short, they will be back and then we will have to look at rates. So, you know, we also have I should say, water balance our ending water fund balance is in decline. So, we are not going the right direction financially and we're facing a future of less water. Now it's something that for 30 years the City Councils have prepared for that. We just reversed that in this year. In fact, I think many people find it shocking how quickly we can reverse the progress we have made up until this past year. So the cuts are coming in 2027, whether or not Scottsdale is budgeting for those cuts and our job is to deliver water, but also deliver water that our residents can afford and to follow data-driven data-backed modeling to separate and to maintain our infrastructure. So, these are all big concerns of mine. Thank you.

Mayor Borowsky: Thank you. Vice Mayor Kwasman.

[Time: 00:31:15]

Vice Mayor Kwasman: Thank you, Madam Mayor and I am going to move the tentative budget forward, but I understand Councilman Graham wants to speak. So maybe he could second and speak to the second or whatever he would like to do. Is that okay?

A couple brief remarks before I move the tentative budget. It is getting in to election silly season and people want to scare you and make you think that Scottsdale is not going to be able to deliver water to the residents and that is simply untrue. All of those concerns that were spoken by my colleagues and were asked and answered in the last Council meeting by the city manager. If you have a spare five hours, I recommend you go on YouTube and you can watch the discussion yourself. I will never be doing that ever again because I experienced it the first time.

The fact of the matter is that we are working diligently and my colleagues know this, we are working diligently to make sure the future of Scottsdale's water is secure, we are going to have to make tough choices moving forward, everybody knows that. Believe it or not behind closed doors when it is not in front of residents, we all agree on what we are doing moving forward. I understand we do, in terms of making sure and making sure we have a vested interest in securing water, there is no disagreement in this dais.

Methodologies will always be debated, that is not a question of course, I have a tremendous amount of respect for my colleague, Maryann, here we have a difference of opinion and the fact of the matter is that policy wise there is not a group of people who think we don't care about the water and we don't think there is a problem, that is not true. Of course, there is a water shortage, of course the feds are causing a tremendous amount of problems making sure that Arizona's future water supply is at stake and of course we are doing everything we can and will be making sure water will consistently flow in Scottsdale at the right rate.

To insinuate that the city manager has is picking rate increases or rates out of thin air is ludicrous. This budget is fiscally conservative, the budget provides core services, and the budget makes sure the taxpayer is

protected. That is why we are going to support this budget and with that I move to adopt, let's see, apologies. That is the next issue. Got it. Adopt Ordinance Number 4710 and 4711. Is that Mr. City Attorney, do I need anything else besides that?

City Attorney Luis Santaella: Mayor and members of the Council, that is fine.

Vice Mayor Kwasman: Okay, thank you.

Mayor Borowsky: Councilman Graham, you are up next, but I have a couple questions, obviously, before we move on.

[Time: 00:43:40]

Councilman Graham: Thank you, Mayor. And I will second the motion on the table, and I will share some comments with you and some of these are going to be rebuttals to what you have heard tonight from my Council colleague, I was on boards and commissions for 10 years before I was elected to City Council. Elected to City Council in 2022 so I have been to the budget, '23, '24, '25, '26 and what we see here is performative. It's performative. Some of the scare tactics and rhetoric they are subjecting you to. I think is a little bit beneath the process. I am going to go through some of those because it is regretful.

This budget is lean, transparent, the budget prioritizes our roads, it removes ideology, harmful ideology from your city's spending. The budget prioritizes public safety, not just public safety in word but in action. Public safety that not only goes for certain metrics but cares about how you actually feel. Feeling safe in your city. This budget is about, this budget gets back to basics and so to hear some of the rhetoric about a budget from my colleagues, it just tells you that like the Vice Mayor who still is the Vice Mayor, until the end of this month. We are in campaign season, that is why I was going through how long I have been doing this and how you see when it is an even year, rhetoric changes a little bit. You are being subjected to an onslaught of bias information, fear mongering about dry faucets. About your taps running dry. It is just what can we say about it? They are going to say it but we also have the right to respond to that and it is just, if you look at the budget, if you are if you care about, if you actually carefully review it, it is so far from the truth.

I want to read something real quick from Scottsdale's Water Interim Senior Director, Thyra Ryden-Diaz published an op-ed today, and I will read a couple sentences from it. She says our city of Scottsdale Senior director, Interim Senior Director of Water Resources, if you follow water news in the southwest you have likely noticed a shift in tone in recent months. While the headlines remain serious the conversation has become more balanced and she is talking about the wider conversation across the entire basin states from Wyoming down to us. Alongside concerns about drought in Colorado River reductions there is recognition of the planning, investments and regional cooperation helping stabilize the system. That broader context matters. For Scottsdale residents, the key message remains unchanged. Scottsdale's water supply is reliable, secure, and actively managed. She goes into helpful detail about coming from her expertise, not from Councilmembers up here trying to chase headlines. This is a water administrator with decades of experience.

I heard the term gimmicks turnaround about this budget and I would just say every budget, what they are arguing about is making changes to budgets and you can make that same argument about every budget passed by every municipality, every government level, when you make a change and someone characterizes it as a gimmick. Councilwoman Whitehead, just read another falsehood she can't stop spreading about the \$31 million forfeiture about the roundabout she voted for on Dynamite and Scottsdale Road, one of our major arterials, the funding is secure, city staff carefully swapped the grants at no additional taxpayer cost and those grants are secure. I don't know, she knows this, she has been told this by city staff, we discussed this, voted on it, it has been covered. I don't know what more, but she keeps saying the same thing over and over again.

I just found it rich coming from my colleague when she said that cost overruns, she is concerned about how we are budgeting for our contingencies, now she is concerned about contingencies. We have had contingencies and reserves in every budget, and they are tweaked and altered and now she is concerned about cost overruns hitting the general fund. I can't believe I am hearing this because it is like what do you think it was when she voted for \$30 million cost overrun in 2024 for the same roundabout that we are talking about? What do you think about the sewer line that was over \$50 million in budget, where did that come from? That is how budgets work, but she is stating a fact to scare you. The same can be said about our water and contingency, water sewer contingency and she says...

[Time: 00:40:31]

Councilwoman McAllen: Point of order. You are politicking.

Mayor Borowsky: Councilwoman McAllen, please state your point of order.

Councilwoman McAllen: Get to the point.

Mayor Borowsky: Councilman Graham, can you focus on the budget discussion?

Councilman Graham: Okay, Madam Mayor, I am responding to comments that were directly just made.

Mayor Borowsky: If we can keep it to the budget that would be terrific. You have made a lot of points that were not about the budget.

Councilman Graham: I was talking about water, water contingency, you can go too high, you can go too high when it comes to contingencies and guess what? That is what she was complaining about, you can go too high and you have your cash sitting around. Which is exactly what happened in our budgets over the past several years. We had significant amounts of your dollars sitting around and it was partially because we couldn't spend it because we had a spending cap, but that money wasn't being used for you, we weren't putting that to work for you. I am a firm believer you should not over budget your contingencies because what happens is you collect tax dollars and they sit around and they eventually become temptations to spend as cookie jars or pet projects. I am opposed to that.

There was a complaint about the CAP replaced reserved was renamed, we rename, we rename stuff all the time at every budget going backwards. Raising water rates, here is a question for the city manager if I can put you on the spot. There was an accusation we may not be raising our water rates to plan for the future. This is a budget as we know and a budget is an authorization to spend. It is not the actual approval for any specific project. If new information comes to the City Council, can we change the budget to be flexible and accommodate for changes in ground scenarios for the water situation?

[Time: 00:42:57]

City Manager Greg Caton: Madam Mayor, Councilman Graham, how I would answer that question is a budget is a plan and given the best information we have today, for the next 12 months it is a good plan. Should we receive new information we expect to receive new information, I have considerable studies out, we will return to Council when those are complete to receive policy direction for development of '27/28, budget development, what I would say I am proud of as it relates to rates is the introduction of the 1% increase specifically designed for source and supply. So, on the wastewater side we have we will discuss rates but a three and half percent increase on the waterside we have a 3 1/2% increase if you have a closed system. Or didn't have uncertainty so, we wanted to do is introduce to our ratepayers this concept that there is uncertainty in our future and we need to start to develop a revenue stream to fund new source and supply to determine the industry and that will be up to policy direction based on City Council. This gives us flexibility moving forward. Thank you.

Councilman Graham: You maybe read my mind or my notes but that was my next question about that was making people aware of that and how we are planning as a city because we all saw what happened in Gilbert, we are not Gilbert. That is not going to happen here.

There was a comment about you budget, you should be budgeting for your worst-case scenario and I fundamentally disagree. The way a budget should work is you budget for the likeliest scenario, and you build in safeguards for risks. I heard claims about transparency, no transparency. The Vice Mayor talked about our five-hour meeting. We have gone through this; we are passing this in an open meeting with full notice to residents, I think overall this budget is a budget to be proud of so in conclusion for the seconding of Vice Mayor Kwasman's motion, this budget gets us back to the basics, moves us away from harmful ideology, prioritizes our public safety and gets us back to the basics of what local government should do. You are roads, public safety, quality of life, and spending your tax dollars wisely. Those are my comments to second the Vice Mayor Kwasman's motion. Thank you, Mayor.

Mayor Borowsky: Thank you, so I think it bears repeating some of the questions I have received, getting some of those answers, and I would like to ask the city treasurer a couple questions because I am still a little bit unclear on this. We talked about this during the presentation on all these budget items and that is when we remove items from the capital CAP and take them out completely, that is over five years they would have had a budget line item associated with them. If we decide say next year and I understood the city manager's explanation and I think it makes sense that if we don't know the actual cost of a project, however I think we never really know the exact actual cost of a project because we are five years ahead ideally. Five-year CIP plan. I get the logic. How do we get them funded, how are they being funded if we decide to put

them back, the project back in say this time next year. Is it just a year catch up and we have to revise all the CIP years for the next five years, is that how that works?

Sonia Andrews: Madam Mayor, members of the Council, the Council is adopting the budget for fiscal year 26/27 and the five-year CIP and we bring it back to Council every year for adoption. So, if next year there is a change in the five-year CIP you will be adopting a new CIP. If there is a change for fiscal year '26/27 we rely on the contingencies and reserves that are adopted through the budget process to fund the additional capital that is needed.

Mayor Borowsky: Okay. So, I think the answer was we are free to put the project back in once we have more certainty associated with them and we have the ability to fund them and catch up, is that accurate? I just want to hear from you on that.

[Time: 00:48:10]

Sonia Andrews: Madam Mayor, members of the Council, it is correct, we have the flexibility to add projects back in when we update our CIP every year, however the risk is we don't have the funding in place because we don't know funding is a forward-looking exercise, we need to know what we are trying to fund today over the next five years as best as we can. Otherwise, it is very difficult to establish rates and capital financing program. It is not so much the inability to change the CIP and make sure that we have the CIP dollars but more making sure we have the funding available.

Mayor Borowsky: And so, do you see a problem with having the funding available once these projects, if they are put back in, I am told they will be, I certainly would advocate for that once we have more certainty on the cost.

Sonia Andrews: Yes, Madam Mayor, members of the Council, the sooner the better so absolutely we do expect that the city manager is going to identify the cost of these projects as soon as he has them, we will be able to develop the funding strategies for them.

Mayor Borowsky: I think these the Budget Review Commission had questions associated with this although they weren't tasked with getting deep into these topics. But they did raise concerns and that was really after the presentations were done at the last meeting.

So and getting back to the hundred million dollars, not getting back to it but in terms of the hundred million dollars that is unallocated, that is for water needs and there is some flexibility there. Should that be projected into the water rate increases this time around? I know it is '27/28 so that is not the way I should ask the question. We can still factor that into the water rate adjustment if and when that is needed. Next year during that allocation when it becomes specifically allocated.

Sonia Andrews: Yes, Madam Mayor, members of the Council, yes we can include them in next year's rate study and identify the rate increases. Again, rate development is forward-looking. The more ability we have to identify the capital expenditure needs, the more we are able to smooth out the rate increases for our

residents and if we are only looking at one year capital needs and developing rates for just one year, we failed to see the next year and the next year and there could be larger rate fluctuations what that approach. So, the preferred approach was in our comprehensive financial policies to ensure we smooth out the rate increases for our residents and that requires us to have a forward-looking methodology.

Mayor Borowsky: In your opinion, have we successfully done that? With these rates and this budget?

[Time: 00:51:29]

Sonia Andrews: In my opinion we could do better. I think we are looking forward to working with the city manager to quickly identify the five years, I know there were good reasons for removing some of those projects, valid reasons for ensuring we have the proper cost in place and proper projects in place, but it is important that we make sure we circle back around and have the rate follow-up with those and make sure that we are able to do what we need to do from a rate standpoint.

Mayor Borowsky: Okay, I appreciate that. Focusing on you this evening because I don't recall you having at least I didn't have a big dialogue with you, I don't recall any on this topic. As a reminder, our city treasurer is an independent chief financial officer and charter officer. It is incumbent upon that position, that charter officer to give us guidance in this regard.

So, while it is different than I have ever seen or been exposed to and I think it is a new approach I think not all is lost, there is a lot of people I have heard from that I do think all is going to be lost and I think we have the ability to be nimble and the sooner we get this information the better off we are. It can be addressed I have determined not all is lost on of course not the advanced water purification and Bartlett Dam project, we have a placeholder for the feasibility study. So, on those two, those have been the biggest projects we have heard about and the most risk associated with in people's minds. But I don't share that position because I do think we can catch up and especially with the Bartlett Dam feasibility study we still have a seat at the table and not all is lost for sure. While I share concerned about not funding these projects, I do see the logic in being more precise and taking closer looks at them.

Finally, I am going to as the city manager, because I think water is a big issue and candidly were heard from both sides of the political discussion and I appreciate that, I have been a candidate, and you feel strongly about these issues. But I do think it is incumbent on us to have open dialogue, we have decided to bring forward as a work study session, as a group and I know we have talked and that is on your horizon to set that up. Do you have any indication, I would say sooner rather than later. What is your estimate of when we can have a water, full water discussion work study session?

Greg Caton: Madam Mayor, we are working with the City Clerk's office to schedule that. We do have some uncertainty as it relates to a variety of a CAP is a good example. We may have some more certainty in that over the coming weeks and months. If there is direction from City Council, if it is important to have those results that might be helpful for us to know. From my perspective if knowing the percentage of our major portion of our portfolio having some certainty in that reduction could help the discussion because then we would be more specific in how we intend to fill or make that cap based upon the Central Arizona Project

Water. We look to do that very quickly, I would briefly add to some of your earlier comments we look to add them back in briefly like you suggest. Based upon the feasibility studies we have underway. It is exactly spot on as you articulated. When those projects do come in '27/28, we have anticipated rates that would align with those capital projects and just as a reminder we have \$330 million worth of water and wastewater projects for next year. I will tell you that is more than we will be able to complete. We are significantly investing in this critical and as we get those designed, we will fill out the five year, we needed to clean slate a little bit as we recalibrate with those appropriate numbers. Thank you, Madam Mayor.

Mayor Borowsky: Okay, thank you very much, both the city treasurer and city manager. And in closing, I think it is important to have the water discussion, I guess it depends on when the allocation, the decisions come down on the CAP or Colorado River, right? That is a moving discussion. And I do think if we are going to be removing capital projects, moving forward and making any firm decisions, we need to have that open, a dialogue, policy discussion on that. I hear what you are saying, that hasn't happened, this is putting it on hold. So, with that, I don't see any other questions? Unless anybody else has anything else? No.

We are going to vote on this and that is as a reminder, Item 23, the motion has been made, 4710 and 4711 to approve the tentative budget. Please indicate your vote.

Councilwoman Whitehead: Yes.

Mayor Borowsky: All right. Thank you very much, Scott. I don't know, Scott left already. He is, like, I am out of here.

REGULAR AGENDA – ITEM 24

Moving on to Item 24. This is you again. You left too fast, you have to come back. This is the public hearing and adoption on fiscal year 2026 and 27 rates, some of which we just talked about a little bit. We will have Scott Selin present on this and I will open this public hearing now. Thank you, Scott, go ahead.

[Time: 00:57:56]

Scott Selin: Good evening, Mayor and members of Council, I am here tonight to discuss the proposed rates and fees I just mention that we have city staff available should I not be able to speak to any specific questions about various rate and fee changes. This is the timeline for proposed rate and fee changes. The proposed rate and fee changes were presented in detail on March 3, 2026. There was a 60-day posting compliance period and 15-day posting compliance and finally tonight the public hearing and adoption on May 19th of the rate and fee changes.

The slide shows a summary of the major fee changes for water and sewer; there is an overall water fee increase of 4.5%. A sewer fee increase of 3.5%, the yellow text on the slide indicates how much in additional revenue with anticipated rate and fee increases will generate and then miscellaneous service charges for water about 100,000 in additional revenue.

This was a chart shown at the initial presentation March 3rd and shows how are proposed rate and fee increases for water and sewer will have a stacking up against our peer cities. According to general assumptions listed at the top of the slide my understanding is these assumptions are meant to approximate a typical residential customer. Our adopted rates had us at second lowest amongst our peers and our proposal resulted in an increase and actual increase at an individual customer will pay depends on specific usage within the household.

Another thing that I would add is this chart hasn't been updated, my understanding is not updated for any cities up dating rates and fees and once this, all the other cities go through the rates and fees processes this chart will be updated.

Moving on. This slide shows the solid waste, anticipated solid waste increases at the bottom of the slide, residential rate increase of 2%, generate about \$700,000 in additional revenue and a commercial rate increase of 4%. Another \$200,000.

Further proposed fee changes, planning and development is proposing to eliminate, add or modify various fees based on state mandate or non-use and you have the projected revenue listed on this slide, parks and recreation we are proposing the year-round sports field allocation rental rates be replaced with seasonal rates. And the pilot Roundhouse at the McCormick Stillman Railroad Park be made permanent.

And the pilot Roundhouse at the McCormick Stillman Railroad Park be made permanent.

On the preserved side we are proposing the elimination of the annual professional photography permit that was moved by the Council when these were presented back in March.

[Time: 01:01:09]

A few others listed here on the slide, Scottsdale Stadium is proposing some inflationary adjustments to current fees and to make permanent the Pilot First Base Patio fee and locker room fees. And also, the Banyan Room fee is being eliminated.

Tourism and event proposing increases to the banner install and removal fees. Under Library and Human Services of a new Platinum room and Collaboration room booking fees and a new collection agency fee is being added along with the 3d printer usage fee. For the police department proposing an increase to the off-duty officer pay and off-duty vehicle use fee.

This slide is very small but meant to provide the language of what we are requesting that the Council entertain interns of adopting the resolutions and ordinances for the rate fee changes.

And that brings me to the end of the new content, we have a slide from the previous March 3rd meeting that are included as a resource if there are specific questions. With that I will stand for questions if there are any.

Mayor Borowsky: Thank you very much. I do have Councilwoman McAllen and I think we have some public speakers on this, too. Why don't we take them first? All right, Steve Sutton and then Dan Ishac.

City Clerk Ben Lane: Mayor, I apologize. Those are for non-agendized comment.

Mayor Borowsky: Sorry about that. We will turn to Councilwoman McAllen.

[Time: 01:02:47]

Councilwoman McAllen: Thank you, Mayor, thank you Scott. I have a question, did we use an outside firm to study what the rates for sewer and water proposed would be?

Scott Selin: Madam Mayor, Councilwoman McAllen, I would defer that question actually to a representative of water or potentially the city manager to speak to that.

Sonia Andrews: Madam Mayor, members of the Council, we do have a rate consultant that we have, I think it is Black and Veatch, they have started the rate model, but they are on hold waiting for us to provide additional information. For the 4.5% it was done in-house and so we are to the same point we talked about we will work with the city manager's office on this to ensure we get updated information from all the feasibility studies or any other studies to complete the picture for our rate consultants and bring our rate consultants back.

Councilwoman McAllen: So, my question would be if we started it why did we stop before we got an answer?

Greg Caton: Madam Mayor, Councilwoman McAllen, just to back up we have a wastewater rate study from 2021 that is outdated. That is first priority to be updated. Then the one specifically mentioned, we have a 2024 water rate study. Relatively new. But the course of my entire career, those are guidelines and you develop internally based upon with your existing staff and capital projects then you set rates for next year. That was the course we were on, we were initially in some transition with some staff and thought that we may need that third-party for assistance. We have one of the best staff members who worked in quite frankly one of the largest public utilities come on board and was able to assist in that rating process. The rates are developed, were developed internal which is common practice for what I am familiar with. We will reengage, first of all again the wastewater one because that is outdated, the five-year plan. The water is up-to-date but given the modifications that we have within the capital projects for water and wastewater, we will update the water rate study as well. Thank you, Madam Mayor.

Councilwoman McAllen: Okay, I have a follow-up question, Mayor. city manager, you said the 2024 study, where the rates they brought back higher than what we were actually proposing?

Greg Caton: Yes.

Councilwoman McAllen: So, an outside firm thinks we should have a higher rate than we are proposing?

City Manager Greg Caton: The rate study done by the firm represented earlier, yes has double-digit rate increases for five years. And is also, that would have been in 2024 so it would have been applicable last year in the same situation and we did not, we did it as a course of practice with internal staff. That is a rate model that is a guide but we develop those on an annual basis and we are tracking lower than the estimation and in that estimation had more capital projects in it then we need and we will give one specific example on the wastewater treatment plant, we are planning to grow, to expand the wastewater treatment plan. I said do we need this because we were planning for growth but because of conservation, on the water side we do not need that expansion. Therefore, we removed that project. That is an example of a project that is removed for legitimate, they are all legitimate reasons, but that has gotten lost in the dialogue because of other modifications to the capital plan. Thank you.

Councilwoman McAllen: Okay, Mayor, if I may. So, I just want you to understand my concern, we didn't raise the rates last year, we are not raising them higher this year. Can we see what it is going to look like next year. An outside firm said we should raise them, we are not raising them high enough. I could deduct that next year they will be exponentially higher and that is my concern. Just a statement.

Mayor Borowsky: Thank you. Vice Mayor Kwasman.

[Time: 01:07:23]

Vice Mayor Kwasman: Thank you, Madam Mayor. First of all, City Manager, did you want to answer that? It was a statement but did you want to answer it?

Greg Caton: I would say in our pro forma what we do in many of the five-year projections is some type of inflationary measure and what we did have projected out for water and wastewater is a 5% increase. That is kind of a baseline. I will tell you the capital projects have a direct correlation to rates. So, with the hundred million that we have added for '27/28, we added three percentage points to the standard 5%. It is an eight rate increase giving everything else but being the same. So, what we have to do is find efficiencies in order to put down pressure on that rate. The rate model doesn't really calculate any efficiencies. It is just like what is needed, it is like a wish list and as a result it is 11-12% increase for five years. That was under a previous administration, previous management and quite frankly, I don't believe that is realistic. I think it is extremely high. I believe as we find the capital projects that are required to be done appropriately find the water resources, we can have it lower than that. As such for this next fiscal year. Thank you.

Vice Mayor Kwasman: I just want to say, that is music to my ears. That is absolute music to my ears as a taxpayer, as a resident, when I hear my city manager told me I am not going to raise your taxes or fees as much as some outside firm wants them to or the previous administration, the previous Council would have wanted, that is music to my ears. That is why we were elected, that is why we were put here and that is why you are the city manager and it is to promote fiscal discipline and not arbitrarily raise rates and fees on the taxpayer.

I have one question and that is I apologize. I am going to ask the Council that might not be exactly as part of these ordinances, it is a fee question so if it is not in order here, maybe we can take it as part of something

to think for the future and that is the fee on the McCormick Railroad Park playground, the indoor playground, it is on this, right?

Here is the deal on this one. With all due respect it is too high and we are hitting summer and it is going to be packed but unfortunately, they are going to be those who are unable to access it because of that fee. As a parent of five children, it hit me in the pocketbook, and I was surprised how high it was. I really believe specifically that fee should be either seasonally waived or held to what it is or reduced. It is something that this is not a birthday party, this is, this is a way for kids to get outside the house in the summer. It is a big deal. With that specifically, what resolution is that? What number is that? That is 13667.

Ben Lane: I think it is 13655. Parks and Recreation Department.

Vice Mayor Kwasman: Is there any methodology I have at this time to be able to amend that, that specific aspect of the fee? Mr. City Attorney?

City Attorney Luis Santaella: Mayor and members of the City Council, yes. You could make a motion to amend that resolution to set the fee to a different amount.

Mayor Borowsky: May, I, if we could get more information, I am intrigued by this. It has been a long time since I had a baby young enough to go to the railroad park. I am dismayed by what you just said. Maybe we could get a presentation on that...

Vice Mayor Kwasman: Is there anybody able, thank you.

[Time: 01:11:58]

Senior Director for Parks and Recreation and Preserve Nick Molinari: Good evening. Madam Mayor, members of the City Council, Senior Director for Parks and Recreation and Preserve Department. Relative to the fees at the Roundhouse fee at the McCormick-Stillman Railroad Park, that fee we did a pilot for that fee and we did a lot of benchmarking to see what that should be. Initially it was projected to be a little bit higher than it is now. There is some modeling that relates to how we ticket for the attractions, the fee is projected to be \$6, which is two tickets. So, the train and carousel fee is those fees are each \$3. The indoor facility, the new indoor playground, would be six dollars, which is two tickets.

Vice Mayor Kwasman: So again, basically you are bundling the fee for \$6, you have to excuse me, this is anecdotal information. I admit I am using anecdotal information. The plan with my family was to go use the indoor playground so we weren't going to be outside on a hot day. What we were getting charged, am I correct in saying even if you only want to use one of those facilities the indoor playground specifically, the beautiful, new indoor playground at the train park, you are going to pay the \$6, am I correct?

Nick Molinari: Correct. Correct, Madam Mayor, Vice Mayor Kwasman, yes, you would pay \$6. That is projected to be the entry fee for that attraction is six dollars.

Vice Mayor Kwasman: Right, so I am going to move to do is bifurcate those two and keep things separate and if you want to create a package ticket that is something else. Is there a way to...

Nick Molinari: Madam Mayor, Vice Mayor Kwasman, I want to clarify that. So, it is an independent fee that you can pay, you can go and pay the \$6 fee which is two tickets to get you into the Roundhouse attraction. Totally separate from anything else. What we did in keeping, we lowered the fee, the fee initially, the fee modeling had that fee at both \$10. And then at \$7.50. Those are the fees we originally had talked about. When we look at the \$3 fee what it allows us to do, it is not a bundling package but keeps the tickets the same so from a customer service standpoint someone can come and by a ticket pack and they would use two tickets \$3.00 tickets to get in to the Roundhouse and that is totally independent of using any other attraction. So that was the methodology that we used to determine that fee, significantly lower than we initially projected.

[Time: 01:14:59]

Vice Mayor Kwasman: And Nick, Mr. Molinari, thank you, call me Adam. I truly understand that you have hit below what you are expected but that doesn't help the individual with all due respect when they are going and trying to have as many kids in a very hot summer. Real quick, what is the fee for the pool?

Nick Molinari: The pool fees I believe are \$3.

Vice Mayor Kwasman: Right, so you are seeing where we are at. I want to thank Councilwoman McAllen for the assist on that one. I am going to move, I want to move to make that \$3. I think if we cut that in half, cut that fee in half and I am going to ask, what is the revenue generated, do we know relatively what the revenue generated per day, is this a moneymaking venture, is the breakeven, we taken a bath already? Where are we at?

Nick Molinari: Madam Mayor, Vice Mayor Kwasman, I am going to back into that question if that's okay. The McCormick Stillman Railroad Park operates on special revenues funds. So, it is not what we would consider one of our enterprise funds, but the park pays for itself. I think that is an important consideration as we look at the fees that we are recommending to Council. We do see those as being relatively conservative. I want to mention we have had several pressures on the expenses at railroad park, a lot of that is personal and we have seen that over the past 10 years. For this Council, I would consider maybe Councilwoman Littlefield, but we haven't raised fees since 2016-2017.

Vice Mayor Kwasman: With all due respect, you haven't raised fees on other things, this is a new project and it's twice as much as anything else. Right? We are coming into a summer season where it is going to be the premier and I understand normal supply and demand you have increased demand and limited supply so prices will go up, I get that but the fact of the matter is this is a jewel of Scottsdale and we want this to be a jewel of Scottsdale for everybody, not just the kids of doctors and lawyers. I really think having something to the effect of either a seasonal price decrease or something where we are incentivizing Scottsdale residents in the summer who don't have as much means to be able to be there to be able to go and enjoy an indoor part of the park in a way that is very special and so I hear everything that you are saying,

everything you are saying is reasonable, I really do. I am going to make a motion to reduce that fee to three dollars as part of the 13655, am I correct? Is it? What is the best way for me to do this?

[Time: 01:18:09]

Luis Santaella: Vice Mayor, the best way to do it would be to vote individually on Resolution 13655 adopted as is except as modifying the one fee to reduce it to three dollars. And I assume you want to keep the non-resident fee the same? Are you...

Vice Mayor Kwasman: That is correct. I think that is correct. Nonresident fee the same, 50% more? Nine for nonresidents, correct? 50% more?

Nick Molinari: Madam Mayor, Vice Mayor Kwasman, the rates at the railroad park are consistent across the board as it relates to residents and nonresidents.

Vice Mayor Kwasman: Okay, all right. So yeah, just move that down to \$3. So, I move to amend Resolution number 13655 to be stated as is however with pertaining to the indoor playground fee, the new indoor playground to cap that fee at \$3.

Mayor Borowsky: I have a second, but I want to hear from the city manager and also, I have a question. Go ahead.

Greg Caton: Thank you, Madam Mayor, I was going to add to the discussion the Mechanical Society is very interested in the rates in this area, so I want to add that to the discussion. When we did the pilot, we actually had intentions of a higher rate, and it was \$7.50 I believe as referenced and there was interest in pushing it lower and they were interested in pushing it higher. So, I just wanted to add that to the context of that group, just context. Thank you.

Mayor Borowsky: Thank you. My question, anything else? My question to confirm, there is three attractions and all three are \$3?

Nick Molinari: Madam Mayor, no, the train is a \$3 ticket, the carousel is a \$3 ticket, the Roundhouse is proposed to be a \$6 ticket.

Mayor Borowsky: That's what I meant. Those three attractions, it is \$10. That is a lot of money. I don't know, I almost think there is a reason also to lower that in the summer or give some discount. I think that is a lot. I don't think it has always been that way, 2016, we haven't raised it since then but when my daughter went it was a lot cheaper than that.

Vice Mayor Kwasman: Madam Mayor, with permission I just want to say, we have passed tax increases on ourselves, some of which I did not support. In order to protect the parks, in order to preserve the parks, to make sure we have all of these tax money coming in we are not spending but we have the fees, the fees remain high, something doesn't sit right with me. I trust the city manager will be able to pencil the number

and the city treasurer will pencil the numbers on a non-economic engine of the city that can benefit so many wonderful children and families. As we remember, Scottsdale is for families.

Mayor Borowsky: Councilwoman Whitehead.

[Time: 01:21:50]

Councilwoman Whitehead: Thank you, I have some questions. As far as Vice Mayor Kwasman, I was one of the main reasons, one of the advocates for keeping the fees as low as possible. It is not that I don't support a lower fee, that was something I absolutely monitored but I would like to have I don't like the idea these impactful decisions on the dais without allowing staff to provide us with the impact so even though the railroad park is not it is a separate fund, I don't believe it is funded by Prop 490, can someone answer that question?

Nick Molinari: Madam Mayor, members of the Council, Councilwoman Whitehead, we are not funding the McCormick-Stillman Railroad Park by the parks and preserve tax. The expenses for the operation of the park including the personnel, are all funded through the park special revenue center which is supported by the tickets that we sell for the train, carousel and now the Roundhouse. It is funded by the attendance, ridership, the folks coming in and writing those rides. For the Roundhouse specifically, there is a significant personal impact that occurs for that specific attraction. We have had to hire staff, staff that area, there is an expense to that.

Councilwoman Whitehead: What about, also, I want to point out the week of the 50th anniversary, we had staff that were working overtime. I want to know what the impacts, this was this has been my fight to fight because I want to make sure that our parks serve all children. But I want to know the impacts when the city considered adding a fee for the summer concerts, I successfully fought back and they are still free. We do need to understand what the impacts are because our secret sauce is we maintain our city. We don't think in terms of this summer, we think in terms of 10 years from now. Where are the savings? I am sure they could be found, and I am sure I would like to support it, but I want to know what the impacts are. I don't want to be not maintaining this incredible asset that I am thrilled to be part of and see my idea come to fruition, but I am uncomfortable making a decision, can we delay the vote on this item? Is there any opportunity for that?

Mayor Borowsky: Thank you.

Councilwoman Whitehead: That is a question.

Mayor Borowsky: Can you repeat that question, it didn't come through as clear.

Councilwoman Whitehead: Is it possible to delay this vote on the fees and let staff have an opportunity to look at, what is the impact on maintenance staffing, to see if there is some sort of way to get the feed down without impacting our ability to upkeep this facility and staff it? Is there a possibility to vote on this at a later meeting or are we tied in for this meeting?

Mayor Borowsky: Certainly, there would be if there was a desire to do that. I see the city attorney has something to say.

[Time: 01:25:41]

Luis Santaella: Mayor and members of the City Council, if the Council so desires to delay this particular resolution or this particular fee, it can do so. The main requirements are notifying the public about the potential fee increase but in this case, it would be a decrease from what has been proposed so that shouldn't be an issue.

Mayor Borowsky: Thank you, Councilwoman Dubauskas.

Councilwoman Whitehead: Actually, I am not done.

Mayor Borowsky: Okay, go right ahead. Sorry about that.

Councilwoman Whitehead: That's okay, it'd hard when I am not there. I want to talk about the simple math associated with rates, I have to tell you Gilbert was proud as peacocks when the water rates were kept low. Our cost increases are going up. The 3.5% rate increase does not cover the 5-6% cost increase and that is without, even achieve that we have had to eliminate substantial infrastructure funding. So, we are, I want to stress this is a math equation and every day, every time we collect a water bill we are further in the whole, I am going to support, just as I supported the budget, I think it is important to understand what we are seeing again is water prices, energy prices, chemical prices are going up, reserves are going substantially down and we are not meeting the modeling that was provided by our consultant and unlike past years, I have not been provided any data other than we cut out a bunch of projects we are going to eventually need in an order to justify the rate. I haven't seen any efficiencies so he was able to come in lower than what the modeling might suggest. Thank you.

Mayor Borowsky: Thank you very much. Pardon me for moving on too quickly. Councilwoman Dubauskas.

Councilwoman Dubauskas: Thank you, Madame Mayor. Nick, we had long conversations about this fee and we did with Greg, and we worked really hard to bring it down to the six-dollar level. And it was, you are right, there was a real desire for it to be much higher. And like Vice Mayor Kwasman, I said as a mom with kids that goes to playgrounds our proposed fee was very high. I was pleased when we came to a lower number. One of the factors that you raised at the time and at the Railroad Society, they operate independent of the city so one of their concerns was if we lowered the fee too much, what it would require potentially is for the city to then bring in and provide coverage essentially. 20,000, 50,000, 100,000. We didn't necessarily know what that would be, we didn't know what the attendance would be, we took a flyer, the Railroad Society came alongside us and said we are going to try so I think what would be helpful because if we lower the fee to 8.8 changes the financial structure between the city and the Railroad Society, that is a significant change in our relationship so I think it would be helpful if we had an opportunity to examine what attendance has been, what the intake of fees has been and based on that we can extrapolate what attendance could be moving into the future and we could determine from there what a potential fee

could be or we could potentially talk about whether we wanted to have a change in the relationship and if that would be amicable to the Railroad Society.

I do think it might be beneficial if we came back to discuss this at a future point because I think there is a lot of information we don't have yet. Like Vice Mayor, I went to the railroad park, I took my girls, my son came so it was two adults, so I was surprised when I had to pay for him and my two girls.

Vice Mayor Kwasman: To that point, Councilwoman Dubauskas, I think that is one of the solutions we will be able to fix. I am going to amend my motion, but I think supervisory additional what I call the grandparent tax. It shouldn't be an extra fee for somebody to sit on a bench watching their kid. That doesn't cause maintenance problems.

Councilwoman Dubauskas: Let's take a look at what the attendance has been and if there are a lot of these two parents coming or not. If we took away that part, let's take a look at this because we have a relationship with the Railroad Society, we want to make sure this continues in an amicable way so this is something that was thoughtfully done so we want to do something but let it in a thoughtful way if that works for everyone.

Vice Mayor Kwasman: To that point, I want to be clear it is not that it is not thoughtful and I understand what Councilwoman Dubauskas is saying. After Councilman Graham speaks, I am happy to amend my motion. We have come up with a thoughtful, on-the-fly solution I think will work for everybody.

Mayor Borowsky: Councilman Graham.

[Time: 01:31:31]

Councilman Graham: The thing about, starting point is all the fees are too high, every single fee. Okay? Yes. Every single fee is too high. At the same time everything is subsidized. What goes into the general fund one way or another when you have a staff member that helps out here and there, it is actually most if not all the fees are actually below what the market would probably bear.

I totally agree with the feeling you get about the Roundhouse it is like I am taking my kids, how much? We all have that. And they wanted to raise it more, didn't they? Because they have their carrying costs, they are paying staff, they have power and water and all that, all the amenities. It is a balance. I think that may be doing it on-the-fly, if I can wave a wand for starters, I could wave a wand, but I need to get three more wants to wave. I would like to see something where it is like after the first child there is a discount. Or after the second child, you don't pay after the second child but that puts staff into a tough position where they have to police and monitor and it's like people try to gain the system, I am going to bring my friends kids, they are mine, then it is just like you are asking too much of your staff to do that. So, the compromise is it's like everything else. You can go simple and unfair, or you can go complex and very fair. It is kind of like we don't want to deal with burdening our staffers with policing and that family, I am not so sure that is your child. One thing I wish we did was I don't think a Scottsdale resident should pay the same price as a nonresident.

I think we have some of that built into our fees in some places. I have a Scottsdale address, I think maybe I should pay \$5 and nonresidents should pay \$6. Then you are getting into the same situation a little bit where it is like you are asking a lot of your staff members, so show me your ID. How do I know those kids reside with you in Scottsdale? We all want it to be fair, to benefit Scottsdale residents who want it to be as cheap as possible, so I am a little bit hesitant, maybe the Vice Mayor can revise his motion because I am totally sympathetic, I am sympathetic to everything he said, the last thing I want to say is when you lower one fee you are kind of in a way asking for every other fee payer of everywhere else to be subsidized that a little bit. The Vice Mayor doesn't agree with that he says yes. Why are we not I don't know. I agree with the Vice Mayor but what is the answer? Give me the answer. Come back to us, let's find something or maybe the Vice Mayor will revise his motion to be an excellent revision. Those are some thoughts I want to share. Thank you Nick.

[Time: 01:35:37]

Nick Molinari: May I provide a little bit of context and whatever, we ultimately decide in terms of going forward. The fees at the McCormick Stillman Railroad Park have been thought of and the fees have been discussed on this dais over the last 15 years when we raised the fees from 1-2 dollars it was a major Council issue and decision, but we are committed to keeping the rates at the railroad park as affordable as possible. Again, we haven't raised the major rates for the train or the carousel, I was a manager in 2017 and we have seen incredible cost increases since 2017 and we are the only area within the valley who have been able to keep those fees low and keep the park accessible as a staff the park have been able to implement strategic most are special events, to keep costs low.

So, the pro forma, the cost we came up with for the Roundhouse did not come out of nowhere. We did cost modeling, we considered what it would cost on a cost recovery model for the staffing, the personnel, it is a unique structure. To answer the question that Councilman Graham said we charge a resident and nonresident fee for most of the activities in the Parks and Recreation Department. If you come to an after-school program or summer program, the pool, the rates for residents and nonresidents, to be able to manage that at a place like the railroad park where you have 100 people getting on a train every 15 minutes is unmanageable. There would be no way for us to do that. As the City Manager Greg Caton said we have a relationship with the Scottsdale Railroad Mechanical Society that was founded when they gave us the land for the park. That was a gift to the city of Scottsdale. And there has been this synergy between the city and the Mechanical Society, we would operate the park in a fashion where we keep the fees as low as we can but there would be some type of cost recovery which is why this revenue and the budget structure is what it is.

As Councilwoman Dubauskas said we looked at a higher fee when we looked at the capital cost for this attraction when we looked across similar type attractions, this is a fraction of what those attractions cost anywhere else. It is extraordinarily affordable. We are certainly willing to look at any recommendations that anybody has. We are as committed as anybody to keeping the railroad park as accessible as possible.

Mayor Borowsky: Thank you, Mr. Molinari. I am going to chime in, I seconded it. This is a park that is not treated like every other park in Scottsdale. I think we should be offering it for free, I hear what you are

saying, and I know we have the relationship with the society that is the steward partner in this. I think more important than any part of this discussion is this centerpiece of our parks and Scottsdale should be as accessible as possible to every child in Scottsdale. And from the surrounding areas, PV. This was long time PV Center.

So, I completely support the Vice Mayor's motion and idea and six dollars to get into this Roundhouse we celebrated opening I think it is too much and if the city has to find a way to support this, unlike every other park that we do fully support, I think that makes sense. I think that makes sense.

Our residents that pay a lot to live here, we are in the highest bracket of everything in the city or the county and the state, we deserve to provide a great experience they deserve for us to provide a great experience. I couldn't agree more with the motion, I actually think it should be more of a relief in the summer. I am going to stand by, I hope you don't amend and got it, I don't think we need to study it, we can figure this out.

Vice Mayor Kwasman: Thank you Madam Mayor. I am grateful for your support. It means a lot. I don't think we are going to gut it, I would like to make a friendly amendment, friendly alternative motion, but I would like to ask the question to the city manager. While we are looking at this, I want to get as much consensus as possible on this. Just to gain the runway. Can we get away with a summer special to make sure that kids are able to go with the hottest months and maybe Memorial Day to Labor Day reduction to \$3 and alongside a secondary parent, secondary supervising parent, a non-participatory supervising parent way for that fee so grandparents can come with her family, not get charged and the exorbitant rate as well. Just for that seasonal period, is that something we could be amenable to?

[Time: 01:41:38]

City Manager Greg Caton: Madam Mayor and Vice Mayor. I think we have some flexibility if you put that in motion to give staff? Ability this would be the first time for the summer for this element, and we can introduce the new program and test it quite frankly given the latitude. I hear it in the discussion, sympathetic to it, appreciate it and I think we can accommodate it.

Vice Mayor Kwasman: It would be a huge win for everybody, and gets everybody on board. I love consensus. I don't have the right to ask, answer your question. I think Councilman Graham has a question.

Mayor Borowsky: It was my second. I will second that because it gives us the test pilot and maybe twice as many people will show up because it is half the price. I think there is a way to figure this out like you said, Greg. Appreciate that. City attorney. I don't see Councilman Graham on there.

Vice Mayor Kwasman: I will make the motion, the alternative motion formally.

Luis Santaella: If you could withdraw your first motion?

Vice Mayor Kwasman: I withdraw my first motion.

Luis Santaella: Then perhaps make a motion to adopt...

Vice Mayor Kwasman: Wait, say it one sentence at a time and I will repeat it after you like I am taking an oath.

Luis Santaella: Vice Mayor Kwasman, if you could make a motion to adopt Resolution number 13655.

Vice Mayor Kwasman: I moved to adopt Resolution number 13655.

Luis Santaella: As presented with the exception related to the Roundhouse fees.

Vice Mayor Kwasman: As presented with the exception as related to the Roundhouse fees.

Luis Santatella: Establishing a seasonal fee.

Vice Mayor Kwasman: Establishing a seasonal fee of \$3 per person.

Luis Santaella: With the exception for a secondary supervisory adult.

Vice Mayor Kwasman: With the exception for any secondary or tertiary supervising adults.

Luis Santaella: With the dates for the applicability of the seasonal fee to be established by the...

Vice Mayor Kwasman: with the dates of the applicability of the seasonal fee to be established Memorial Day 2026 through Labor Day 2026.

Mayor Borowsky: Second. All right, I don't see anyone else on the board. Are you still on?

[Time: 01:43:59]

Councilman Graham: I was going to ask for clarity on the motion, which I got.

Mayor Borowsky: Are we done with the discussion after this? Anyone have any other questions on anything else? You have everything you need, right? Let's go ahead and take a vote, this motion, and we will vote on overall. Just this motion, got it.

Councilwoman Whitehead: Yes.

Mayor Borowsky: The motion passes and we will turn to you have them.

Vice Mayor Kwasman: I move to adopt Resolution 13658, Ordinance number 4708, Ordinance number 4709, Resolution 13661, Resolution 13656, Resolution 13667, Resolution 13668, Resolution 13665, Resolution 13660 and Resolution 13666.

Mayor Borowsky: Second. Go ahead. Do you want to speak? I don't see any questions, and we have two seconds and a motion. Let's go ahead and take a vote.

Councilwoman Whitehead: Yes.

Mayor Borowsky: All right. So, this is our public comment announcement time.

Ben Lane: Mayor, I apologize, we have our Experience Scottsdale Marketing Plan.

Mayor Borowsky: Did I skip you? I don't want to leave you to the end. That would be terrible. You are right, yes, yes, yes, yes, yes, sorry about that. No. I see Kevin Burke approaching. Ao, we will hear from Kevin Burke, here we go. I don't have my notes, sorry. Go ahead. On the Experience Scottsdale strategic plan. Thank you.

REGULAR AGENDA - ITEM 25

[Time: 01:45:51]

Economic Development and Tourism Senior Director Kevin Burke: Good Evening, Mayor and members of the Council, the item before you this evening is Experience Scottsdale's strategic business plan for fiscal year 26/27. This document was developed in coordination with city staff and has been presented to the Tourism Development Commission, the Tourism Development Commission has recommended approval of this plan. Similarly, staff recommends approval so tonight we are seeking Council adoption of Resolution 13675 and with that, I would like to turn the floor over four slides for Rachel, Sacco President and CEO of Experience Scottsdale.

Mayor Borowsky: Thank You. Welcome Ms. Sacco.

President and CEO of Experience Scottsdale Rachel Sacco: Thank You, Mayor Borowsky, Vice Mayor Kwasman and members of the Council, I'm Rachel Sacco, President and CEO of Experience Scottsdale. I want to first off thank you very much for giving us the opportunity tonight to review the strategic business plan we presented. Our program of work as well as performance standards and budget for the coming fiscal year 26/27 which begins July 1st. I know that many of you, almost all of you have heard this plan, maybe at least once when we invited you to come and meet with our general managers of Scottsdale's resorts, took dialogue to make sure we were hitting the mark you wanted and that was back in March, we invited you to come to the Tourism and Development Commissions and that was in April. Several of you told me you did that so you have heard our presentation that our team brought to life.

And then, just a few weeks ago, we had our tourism industry update meeting. I know I saw Councilmembers that were there as well as city manager as well as deputy city manager, this is maybe for some of you our second or third time to go through this plan. Therefore I, out of respect for your time tonight will go through a few highlights and be able to answer any questions that you might have about the program of work, budget, et cetera. I also want to let you know our Chair of the board who runs the Valley Ho, general

manager, is the chair of the board is here tonight if you have questions regarding our board.

What I would like to remind you of is the Experience Scottsdale is our nearly 40th year of being the contract destination marketing organization for the city of Scottsdale we take that as an honor and point of pride. One of the things we try to do every year is execute this program of work that you charge us with through our contract with best practices. That is why when you ask us last year or the year before if we would please become accredited by destinations international program, we were eager to do so and we received the accreditation with distinction. For me to stand and tell you the organization has said this organization you are contracting with has certainly working with the most rigorous standards we could apply. Which is a point of pride for us and what Scottsdale deserves. Only 11% of the DMO's in our country have had the accreditation with distinction so I am proud of that. I also want to let you know how important your partnership is, not just to Experience Scottsdale, but the 400+ members in this community that our business owners and operators, that not only are directly involved in tourism but many of whom are large corporations and small corporations as well. That even if they are not involved with tourism decide to support how important tourism is financially, et cetera because tourism has such a huge impact on the success of their business. And also, that they understand tourism elevates our lifestyle when you live here in Scottsdale.

[Time: 01:50:29]

This program of work before it got to you has had a lot of oversight, a lot of vigorous discussion, that is exactly as it should be. We started the program back in January looking at our proprietary research, looking at the focus group results we have had throughout the year and we sit down with the city staff, we sit down with you, our business community, our board and others and what we are looking for is to come to common ground with are there opportunities that are out there that Experience Scottsdale could amplify for this community and are there equally important challenges that Experience Scottsdale could mitigate in our effort again as we execute this program of work to make sure what we are doing both positively and mitigating would allow us to increase the bed and sales tax collections that this city so depends on and our residents depend on as well.

I would like to talk a little bit about our performance standards. We've always have had performance standards and what we strive to do is not just meet them but exceed them. In the coming fiscal year you will see 17 performance standards that were given to us in concert with the city staff. As well as in conversation with you and the city leadership as well.

This fiscal year we also had 17 performance standards, we have actually as you read our third quarter report which I sent you of the 17, 16 of those standards had not only been met but exceeded, we have one more standard that I know we will meet by the end of May. We will likely before we close our fiscal year, have exceeded the standard as well. I say this to you because for us the performance standards you exact from us and expect from us is not an aspirational goal, it is a guarantee. We have never missed a performance standard, as a matter of fact we pride ourselves on making sure we try to exceed them because that is what you expect from us.

I also want to talk a little bit about our budget. Oftentimes, I have people in the community ask how does your budget get how do you drive your budget? I said we don't. The budget as you may know for those of you in the audience who aren't aware or watching, the budget is given to us under your direction by our city staff in conjunction with whatever the financial services department feels the expenditures if you will, the collections from the bed tax would be and we receive by ordinance, Prop 200, 45% of the bed tax visitor generated tax dollars.

This year our budget is pretty much as it was, well for next year pretty much what it was for this year. We are looking at a \$23 million budget of which Scottsdale's contribution and investment is \$16 million, 45% of the visitor generated bed tax. We combine the budget with some of our other long-standing partners, like the town of Paradise Valley as well as the state of Arizona. We also combine what we receive from our private sector membership dues into that budget and what is great about it is \$16 million becomes \$23 million, which helps us brand, market and bring business to Scottsdale. The contract you have with us requires that Scottsdale, Experience Scottsdale, keep our nonprogram operating expenses at or below 20%. I am very proud to tell you this fiscal year as well as last fiscal year those admin and general expenses were at 14%. Quite a bit lower than your threshold of 20%. What that really means to you and everyone in Scottsdale is 86% of Experience Scottsdale's budget goes directly into our programs to again, bring sales and bed tax dollars to our community.

[Time: 01:54:35]

So, the packet that you have before you once again I will go through some of the rigorous oversight that it has received. It has gone through executive committee of the board who looked at it and received a lot of comments about it. It went to our entire board of directors, for those of you in the audience who are at home who aren't familiar, we have been honored to have Council representation for many years. Probably for decades, that are on our board of directors, each year the Mayor of Scottsdale will appoint a designee or someone who will be a Council liaison that can come back in full transparency and tell the rest of the colleagues as well as citizens and residents what Experience Scottsdale is doing and make sure what we are doing is transparent. So, Mayor, this last year and for the upcoming year has appointed Councilwoman McAllen, so to be Vice Mayor McAllen to our board. We also have the city manager on our board of directors, and we also have the Chair of the Tourism Development Commission on our board. We see this as an opportunity because we have city representation that dialogues with us to make sure we are doing what we should be doing, and we can also hear from you directly from you what are the needs of the city to make sure we are implementing those as we plan for our programs.

As I mentioned before it goes through the board of directors, it also goes through the Tourism Development Commission as mentioned, and our hope is also our hospitality community as we present to them give us feedback on how this can help them meet their needs to be most successful.

I am not going to go through all of our programs but what I will do is look at a few of the highlights. Our main goal that you charge us with is branding and reaching the affluent luxury visitor, that has been something we have done since the beginning of when I began working for Experience Scottsdale. It has held us in good stead. As you can see on the map, we are able through the research we have that allows us to

drill down to households with the luxury income, very, very cost-effectively, we are reaching over 40 different high-value, high income markets if you will throughout the United States. Not to mention the ones we have in Canada as well as in Europe as well.

What I can tell you also is using our audience personas if you had a chance to look at the program of work, we are able to drill down not only on where the affluent visitors are, but also to reach them through the program that is available as we by television commercials, those match our personas so we know I can tell you we are in the right place, at the right time, with the right message, meeting that luxury audience that you have charged us to bring, and I am so delighted every single year as we become more efficient in drilling down on where those luxury visitors are and with our attuned messaging that we are expanding how we reach those audiences not just domestically through the nation but also internationally as well.

You will see us doubling down as you saw in our program with meetings. Group meetings are imperative to our hotel community, resort community and we have a lot of new ways in our program of work as to how we are going to bring more of those group meeting planners here, 26% of the groups we book are new to Scottsdale. And our goal is to not just fish where our resorts and hotels are fishing, we want to bring new business to the table, to work harder to make sure when they receive a lead it is genuinely a lead. We are also doubling down on travel advisors that are national as well as international. At our front door for the luxury visitors who are coming from all over the world and we would not have the opportunity to get in front of unless we were training those advisors. Happy to answer any questions you might have about that.

[Time: 01:58:42]

Lastly one of the things we are doing is amplifying the things that Scottsdale has, that nobody else has. It is a part of our unique offerings. You will see us looking at the attributions we feel we own and are so proud of, western, art, and culture. Family offerings, golf, luxury amenities, state, resort, spa or culinary. You see in our program of work that we are here to aid the city when they unroll the upcoming five-year strategic tourism plan, we have always been a partner in that and are happy to assist the city in achieving their goals. You will see us working continuously for air service development. We have had a long relationship not just with Sky Harbor International Airport bringing new business and flights but also with Scottsdale Airport.

As a matter of fact, the next time you are at Scottsdale Airport you might see a new promotion we have with JSX as well as Retrieve Airline. As a matter of fact, we are wrapping the JSX plane that will be going to some of our key markets so it will always be wherever it is in the air or landing it will have a moniker and branding for Scottsdale. Something that we are really excited about as well.

I guess what I would say now is it has been an honor to continue to serve this community through tourism, we know how important it is, I want to thank you for your support of one of the largest, most important industries in the community generating \$3.75 billion every year, and I am happy to answer any questions you might have or to bring the program more to life for you if possible. As I mentioned our Chair of the board Ronin is here as well if you have questions. So, thank you so much for your time and support.

Mayor Borowsky: Thank you, Rachel. We appreciate it. Councilwoman McAllen.

[Time: 02:00:37]

Councilwoman McAllen: Thank you, Mayor, thank you Ms. Sacco for your presentation and thank you for all of your work. Also thank you for the Chair Ronin for being here, Chair of the board and the chair of TDC, Chirs is here so thank you. I attended your meeting like I always do as a member of the board. This morning it was announced by one of your team members that you just received a prestigious award; I would like you to share that. I don't want anyone to go home tonight not realizing, not just all the achievements you have done but you just received another award deeming you the number one destination marketing organization in the United States. It is very exciting. That was from a local company here.

Rachel Sacco: Thank you. Thank you very much Councilwoman McAllen. Humbly speaking, this is an award for us is like receiving an Oscar. While it is actually headquartered here in Scottsdale, it is an international company, one of the largest, what we would call a third-party planning company that actually books business throughout the entire world through many if not all the major destinations. This is the third time that Experience Scottsdale has been designated as the destination marketing partner of the year. Something we take very seriously, I think it shows our relationships with some of our staff that have been there a long time, the dedication and this comes from not only this corporation but it comes from the attendees and meeting planners who work with Experience Scottsdale and see us as the partner of the year. So, thank you very much for that accolade.

Councilwoman McAllen: Congratulations, you did the work. And with that, I would like to make a motion to adopt Resolution 13675. Authorizing approval of the fiscal year 26/27 strategic business plan which includes performance standards and budget.

Councilwoman Whitehead: Second.

Mayor Borowsky: Thank you. Councilwoman Dubauskas.

[Time: 02:02:51]

Councilwoman Dubauskas: Thank you, Madam Mayor, thank you Rachel. Can we go back to the side that has a result from the performance metrics? One of the things I think about when we think about these contracts and how we are performing and how we are meeting and exceeding expectations is it is easy to add up bookings sometimes but then sometimes people comment and didn't tell you so there are some bookings that you can put in the box and say we were responsible for that one. How do you calculate how many people visited Old Town? How is that calculation made? Cell phone pings, the convention bookings, you talk through restaurants, make reservations, how do you calculate that?

Rachel Sacco: Well, first of all, thank you, thank you very much for the question. First of all, what you see in our performance measure getting back to the sales, bookings, we take credit for bookings we have executed a lead on a follow-up and we now has a booking. In terms of other ways of seeing advertising work as an example, we have metrics that allow us to actually have pixels so if we are advertising we can tell if you have seen it and then we can send you a retargeting add and part of that follow-up will be if you

happen to come within a certain amount of time for Scottsdale, we can see how it shows up, it is through your cell phone, if you are in Old Town or other areas we don't know where you went but we can tell you if you have been in old town. It is very reliable and very often used by almost every destination marketing organization and the city has something similar in place. We know those are accurate, that is why we are able to track and say confidently if we have placed an ad, we know if you have seen it and we will send you a retargeting add if you have looked at that one again and you show up here we can say it is likely you are here because of that ad you saw or it had some relevance to your choosing to come to Scottsdale.

Councilwoman Dubauskas: Interesting, technology is amazing. You talked about the six personas that you unveiled last year and the opportunity it brought to highlight Scottsdale in various ways. I was hoping you could give us a description of how that has impacted your results and how you see that impact moving forward, specifically related to the personas and any differences that has caused.

[Time: 02:05:43]

Rachel Sacco: Thank you for that question, Councilwoman Dubauskas. What the personas have done for us is have allowed us to look at what are the attributes Scottsdale has that relate to various segments of the high-value luxury visitor that we are trying to attract, and it allows us to drill down into synthesizing our message directly to that particular persona.

Otherwise everything is just come to Scottsdale but it is a much more relationship oriented message, if I can say I know you are interested in golf, we are going to target you with a golf message or we have a family unit message so I wouldn't send this family message unit perhaps to someone who was definitely not with a family because it would make sense. If you are bringing a family you are interested in certain attributes and that gives us the opportunity to direct it to you and is meaningful to you and that is why we can tell if you actually have looked at it, with the retargeting ad you have come here.

The wellness warriors as a persona that allows us to once again delve into, we have luxury spa and luxury resort amenities, and so that message is very much spot on. Especially if you are looking at trying to capture someone's interest in 60 seconds or 30 seconds. The more targeted and precise you are the more effective your marketing is going to be. The foodies are another one. Some of these cross over to be candid. Someone who might be a wellness warrior might be a foodie, might also be an indulgent individual. What is behind all of these is our team's ability to look at crafting a message that resonates with you and no matter what those personas and to actually purchase the type of whether it is television, particular show, if you are a history buff we would go on the History Channel. If you are interested in foodies, you might be on a Food Channel of some sort. Not only can we get to the right market for the luxury audience, we can develop our message that resonates with you and then we can place that on a medium you are most likely to watch.

Councilwoman Dubauskas: That is fascinating, have you seen certain personas rise to the top that are more successful than others or...

Rachel Sacco: Councilwoman Dubauskas, I think all of these have been vetted because they are all part of what makes Scottsdale. It is one thing if you have one thing you hang your hat on. In Scottsdale, we have so

many. So, for us that is why it is important we can target those messages. They are all important, I wouldn't want to, I wouldn't say the west is more important than golf is more important than spa or luxury, more important than family. Altogether, how fortunate we are that we have so many touch points in which we can talk about why you should come to visit Scottsdale.

And now we have the ability to parse out those messages because we can cost-effectively reach those 40 some odd markets if you will, not to mention the international market that we are deploying in year-round, we just began consumer messaging year-round in the United Kingdom. Which is something we were never able to afford to do before. As the technology grows and the research grows and our ability to be more cost scalable, so can our messaging grow and we can slice and dice and tell you maybe I can come back next year and say this is what has happened as a result of being in the international markets. So far, they are all doing well. And being such a seasonal destination, at different times of the year.

Councilwoman Dubauskas: Thank you very much.

Rachel Sacco: Thank you.

Mayor Borowsky: Councilman Graham.

[Time: 02:09:43]

Councilman Graham: Thank you Ms. Sacco, thank you Mayor. The most recent city audit that we did on Experience Scottsdale, was that 2022? Okay. And that audit we found destination marketing contract can be strengthened by addressing the fact that the contract allowed Experience Scottsdale to co-mingle accounting, reporting in city funding, contract terms were not sufficient to limit administrative costs to maximize the destination marketing programs. Performance monitoring activities can better ensure focus on the city's objectives and contract compliance. So, we recommended a full accounting of city bed tax monies strengthened physical monitoring, improving performance, where is Experience Scottsdale on those recommendations?

Rachel Sacco: I would ask our city manager to maybe address that. I think some of those comments he made were probably directed at the city as well in terms of that particular audit had a lot to do with the city's ability to actually look at what the performance measures were and how they were accounting for things as well. I feel we have had an audit every year that has been clean. We have outsiders who have come in, even apart from city auditors who we have asked to go through a recommendation on best practices. We have done that on our own and our church can speak to that we have also been deemed to be an excellent steward of not only our dollars but also our return on investment and even so with the destination accreditation I mentioned there is 121 areas they come in and do a deep dive on like having another audit and that was recent, a couple years ago.

I feel strongly that in our board members who are part of the city, part of the city leadership and part of the Tourism Development Commission belt can look at what a transparent open book we are so I feel we are extremely responsible to the city, to the citizens, and certainly with our dollars.

Councilman Graham: Well, very good, the strategic plan is definitely impressive, thorough. Thought out. It has a lot of very nice objectives. Budget this year \$23 million, 71% or \$16.2 million is funded by Scottsdale bed taxes, what is your headcount right now? Do you know that off the top of your head?

Rachel Sacco: Sure. Filling a couple of new positions, we will be between 43 employees, probably go to 45 employees.

Councilman Graham: How does that compare to other DMO's, do you feel like it is too high or too low?

[Time: 02:12:44]

Rachel Sacco: No, I feel like when we go through our audits. I am on the board of U.S. Travel, so I meet with my colleagues recently. I came back from a Destination CEO Conference, and we were on the smaller end. We will aspire to be under 50 one of the things I should mention is no matter what your budget is what we are doing with our budget outside of the advertising, everything we do from our advertising and marketing is produced in-house. Everything else is relational. If we have a budget, we have people that execute it. We have people on the road, we try to keep that balance between what our budget is because that is where we go to trade shows, that's where we go to meet with and train travel advisors. You can only do that if you have people.

Councilman Graham: Right. You think you have a lower-than-average headcount?

Rachel Sacco: From what I can tell from my peers, I think we are, where we need to be for Scottsdale I think is probably lower than many.

Councilman Graham: What are you seeing in your comparative DMO's as far as you guys probably get together, what trends are you seeing as far as any changes, forecasts? AI, disrupting anything?

Rachel Sacco: Thank you, Councilman Graham, that is a really excellent question. AI is one of the things that is changing how all of us, travel industry or not are being able to respond to search engine, now if you are looking at something right now we used to go to Google. That is what we would do with Google search. We would use that as a research tactic. Now you don't hardly ever go beyond because it is probably AI that comes up and gives you one snippet, correct? For those of you that do that so it is changing the way we are able to look at the reliability of google search and search engine optimization. We all share in common whether you are in the travel industry or running any corporation the uncertainty in the world right now. People who want to come to the United States of America still do want to come. Whether you are from Canada or Europe, you-re from Taiwan, they still want to come here.

But I think there is some reticent of how welcome will I be, are there wait times, will I need visas, we are looking at ways we can make our opportunity in the international market a more friendly, seamless and easier place to travel. Travel is not easy as a lot of people would like it to be and it is essential and people want it and need it and we are trying for U.S. travel and others do try to make sure this is a good experience for worldwide travelers to come here. Which is one of the reasons we love touting Scottsdale Airport has

24-hour customs service. Many people don't know that. You can fly in and have customs cleared. It is an incredible opportunity we try to amplify every chance we get.

Councilman Graham: I think the AI think, I just, we are getting ready to go to Disneyland this summer, and I asked AI what is the best day to go, how do I do it? We spent a long weekend in Flagstaff and my wife said write me a family-friendly itinerary for a family of four with two 5-year-old twins and a 10-pound poodle mix. And go. It's just not, I am talking about Pumpkin, my new poodle. You can interact with it and say I don't want to do that, I want to do this. It just seems very disruptive to the old guard about Googling something and top results and sponsored listings but at the same time AI pulls from somewhere. They have their sources, too.

Rachel Sacco: Councilman Graham, thank you for that entry. What we say is even though we may not be reading as thoroughly online some of the articles that we generate for Scottsdale, AI reads them all. That is an opportunity for us to be able to make sure that Scottsdale is getting out there. What we do know about AI as well is that not being up-to-date on all things human, sometimes they will give you an itinerary that doesn't necessarily know the hours of a restaurant, you have to be careful. That is why the human touch is important to use AI appropriately but also make sure your expertise is in there in terms of getting good customer service, making sure all those things are indeed accurate. But it does change the face of just about everything I think all of us touch in business.

[Time: 02:17:38]

Councilman Graham: You mentioned you have lower headcount then maybe your comparators or some of your peers. Do any of your officers or employees or board members have an interest to work or any of your vendors, third-party contractors that you use?

Rachel Sacco: I'm sorry, I don't understand your question.

Councilman Graham: Your board members, officers or your employees, do any of them have an interest in your contractors that you use. You said you had a lower-than-average headcount, I am wondering, sometimes it is a make or buy decision, you can farm something out or use a third-party contractor. I was curious about one of the ways you were able to do as much as you can with a lower headcount?

Rachel Sacco: Councilman Graham, are you asking all of our board members have a conflict of interest form so nobody is engaged in anything that we would be contracting with if that what is what you are asking.

Councilman Graham: I wasn't asking. I know there is nothing improper happening. It wasn't a question about impropriety. I was curious how you are able to do so much with the lower headcount, that is what I was asking.

Rachel Sacco: I think I would ask my Chair of the board who could probably tell you better than anything else and we have some folks in the audience who have been working with us for years, and I think they would probably say the staff that we have is absolutely top of their game. They know what they are doing

and have relationships, they are passionate, they love the work, they perform at the work, they exceed, when you have employees like that in your business you are quite blessed actually.

Councilman Graham: Thank you for speaking to us tonight, congratulations entering into the fifth year, congratulations on completing four years of a five-year contract, congratulations on the award that my colleague mentioned, you guys are walls full of awards, I know that. Thank you for presenting to us and sharing your strategic plan especially in this environment, this requiring and demanding so much agility and change from all of us.

Rachel Sacco: Actually Councilman Graham, I appreciate that more than you know, thank you so much for the compliment. And all I can tell you is it is a team that loves working, we are honored to do this work for Scottsdale, we love Scottsdale, we live here and thank you very much for the opportunity to continue for another year.

Councilman Graham: Thank you.

[Time: 02:20:09]

Mayor Borowsky: All right. Thank you, Rachel. Appreciate it. Don't leave. I know that was long. I want to say a few words. I swear I will not keep you long.

So, piggybacking off of what Councilman Graham said, you have a remarkable knack for keeping a team together for a very long time. So I do think that speaks volumes about the level of sophistication and positivity about the organization. And it also helps with the bottom line. And less turnover, congratulations on that. I have seen that for 20 years, 16 years firsthand. Good job on that.

I will say that having dispatched the Mayor's Old Town Task Force, I have heard a lot of feedback and is a great group of very involved and passionate Old Town business owners, property owners and to a small extent, residence, but I have heard feedback they would love to have more of your attention, Experience Scottsdale and having it not suggesting you do make it all about outside the state of Arizona or outside the local economy but having a more dedicated focus on Old Town, I think we are ripe for that idea so I would encourage you to I will encourage the Chair to have you come in or a member of your team, and discuss that because there is a feeling that is not as activated as it could be whether or not that is true. I think there is an opportunity to strengthen that relationship and they need it. They really need it and that area. The city is doing what it can to do that as well. Kevin Burke is heading up the charge and with the dedicated marketing budget for the city, hopefully we will have more of a touch, direct touch with the merchants and pick up the pace and we would love your help with that or at least I personally would.

So, with that, thank you very much for coming to speak to us, it is great to hear from you and keep up the good work.

Rachel Sacco: Thank You, Mayor. I would be honored to help in any way we can as Kevin knows working closely with the Old Town team and working closely with so many members in Old Town I would be happy

to do whatever so thank you for passing the feedback along.

Mayor Borowsky: Terrific. I would appreciate that. Moving along now to public comment. We are voting, this was not just an update. Okay. Sorry I am getting sleepy. Maybe hungry. That is right. Did I second it? No, you seconded this. We are going to vote, thank you.

Councilwoman Whitehead: Yes.

Mayor Borowsky: Motion passes, thank you so much.

PUBLIC COMMENT

Finally, we get the public comment. Of course this is reserved for Scottsdale's citizens, business owners or property owners to comment on non-agendized items, this is the important part within the Council jurisdiction. We are going to in no official action taken on these items and speakers are limited to three minutes. That is it. Let's call up Steve Sutton. Followed by Dan Ishac.

[Time: 02:23:51]

Steve Sutton: Steve Sutton, address on record. I am going to ask specific or make specific requests within your purview. I appreciate if I was not interrupted with points of order, which appeared to be being used more and more to disrupt the person speaking to break their train of thought and make it more difficult to get the point across. It is where patience should be used.

Here are some statements, I learned today about 1:15, there was a serious terrorist threat that the Jewish Religious Center in Scottsdale. I don't know if anyone else got that today. They apparently arrested somebody who was an Iraqi national in Turkey who was involved in the threat in Scottsdale. I am appalled by that, I am not Jewish, but I am a decent human being and despise bigotry. We definitely have a problem with antisemitism here in Scottsdale but only because it is a small part of the bigotry that is in Scottsdale and pretty much everywhere else in our country. I am not saying a huge percentage of people are bigots, but bigotry exists and we must face that. That being said, I think the perception of any antisemitism within the Council is completely wrong. In fact, I think it is more likely you could make a case there could be a promotion of not just Judaism but religion in general.

I have attended every single one of your Council meetings except the last one. I couldn't make that one. I have seen all the implications. I have seen many examples of implications that were quite lengthy, involved lengthy introductions of the people giving them, people commenting, a lot of relevant information. Takes quite a bit of time. I think it would be wise if the Council decided to be more inclusive if they are going to have these lengthy invocations and started inviting people who are not Christians, who not Jews, maybe some of our population, Hindu population, Muslims, Buddhists, I think that would be or show far more inclusion in Scottsdale. But I also think it would be wise if the Council realized maybe the implication should be short and more generic in nature, so it is not targeted towards any one belief system. Every implication can be understood and appreciated by anyone of any faith.

The other thing I would like to say is it is a huge mistake to not proceed with this ultra purified water, you are basically throwing money down the drain. You say toilet to tap, which is absurd. Unproven technology. That is absurd. It is a very proven technology.

Finally, Councilwoman Dubauskas, I am calling on you to resign from office effective immediately. There is obviously more than enough evidence to indicate you are not fit to be on the Council.

Mayor Borowsky: All right. Thank you, Steve. Dan Ishac.

[Time: 02:27:05]

Dan Ishac: Dan Ishac, the last meeting I gave a challenge to Jan and Adam to actually make up for their actions. They didn't do it and I said I would continue repeating their bad actions until they did something. Well, you are sick of hearing me so I will let Jan speak for me.

Councilman Graham: Point of order. Point of order. City attorney?

Mayor Borowsky: What is your point of order?

Councilman Graham: Point of order. City attorney, is this appropriate?

Mayor Borowsky: Excuse me what is the point of order and allow me to make a decision on it.

Councilman Graham: The point of order is made to the parliamentarian according to the Rules of Procedure.

Mayor Borowsky: You go through the Chair and if you don't agree with my decision the Council can agree or vote to overrule. And it will go to the city attorney. In the interest of saving time can you state your point of order?

Councilman Graham: The parliamentarian makes a decision.

Mayor Borowsky: No point of order. Do we want to move on?

Councilman Graham: I have a point of order. City attorney is this appropriate and complies with our Rules of Procedure? Thank you.

Mayor Borowsky: Before you answer that, can you please go over the point of order that is in the Council rules, I happen to have it right here because I am tired of what is going on here. The point of order should be made and stated succinctly. I have the opportunity to rule on the point of order and then if appealed it goes to you for decision. Is that right?

Luis Santaella: Mayor, members of the Council, in terms of any member of the Council including the Mayor

may consult with the parliamentarian, my rulings are advisory only. In terms of point of order, the presiding officer is supposed to rule on point of order.

Mayor Borowsky: correct, can we leave it at that because that has not happened.

Luis Santanella: There is one more thing I have to say Mayor. The Council as a whole can overrule the presiding officer on a point of order.

Mayor Borowsky: That's what I just said. But Councilman Graham is out of order every time he bypasses the Chair and goes directly to you. So, let's start over. The Council rules, as the city attorney just stated require a point of order to be so succinctly stated not just for the purpose of interrupting and it is to be directed to the Chair. If you want to make a motion to appeal my ruling on that then the Council needs to vote and you need to go through the parliamentarian. That is the Council Rules of Procedure. So, can we move on then?

Councilman Graham: Point of order.

Mayor Borowsky: Let's do our research later.

Councilman Graham: But what you said is not true.

Mayor Borowsky: The city attorney just said what I just said Councilman Graham.

Vice Mayor Kwasman: I moved to override the chair.

[Time: 02:30:17]

Mayor Borowsky: Excuse me, I haven't even heard the point of order. You don't need to come run to the rescue. What is the point of order?

Councilman Graham: Madam Mayor, any member of this Council can always at any time call a point of order,

Mayor Borowsky: Can you state your point of order?

Councilman Graham: Which is what I am doing. You have disrupted me on multiple counts to lecture.

Mayor Borowsky: Now I will call on the parliamentarian, the city attorney. He is out of order, you're out of order. Let's continue the meeting, Councilman Graham, you are making the centerpiece yourself again. So, let's just go move forward. Mr. Ishac.

Vice Mayor Kwasman: I call point of order. This...

Mayor Borowsky: What is your point of order?

Vice Mayor Kwasman: Non-decorous comments. According to Robert's Rules, non-decorous comments are a point of order.

Mayor Borowsky: You don't need to yell. I know you have been missing for a while, but you don't need to yell.

Vice Mayor Kwasman: Madam Mayor, I went to the restroom. I apologize during a four-hour meeting if you would like to know I went to the restroom.

Mayor Borowsky: I don't need to know that information either. You are out of order too. You are out of order, Vice Mayor. So, all I asked for simply if you didn't hear it was for Councilman Graham to state his point of order in accordance with the Council Rules of Procedure. He has refused, he is out of order. Let me move on and cut to the chase.

As a reminder, Dan, this serves true for everybody, not just you. The non-agendized public comment is for you to speak or anybody else on matters that are within this Council's jurisdiction. So please start with and I am probably going to have every speaker on these comments for the sake of argument start with what the issue is, the subject line and how it is within the Council's jurisdiction. So very briefly tell me how your comments proceeding forward will be within the Council's jurisdiction.

[Time: 02:32:35]

Dan Ishac: Because the Rules of Procedure and our code of ethics applies to our elected officials, not just when they sit on that dais, but when they make statements representing themselves as elected officials. And therefore, any comments by a Councilmember in a public forum is within the purview of this body and I call on this body as I did last time to hold other Councilmembers to the standard they have agreed to abide by.

Mayor Borowsky: So, can I interrupt you because what you are just proceeding down the path with, this Council cannot vote on. If it was an ethics violation, that is reported, that is something we ultimately would vote on. But what you are describing is not within the Council's jurisdiction.

Dan Ishac: Madam Mayor, I respectfully disagree because the behavior of Councilmembers is within the purview of the Council. The Council has...

Mayor Borowsky: Let's get a legal opinion on this, okay? And I would appreciate as always, an objective legal opinion about this.

Luis Santaella: Mayor and Members of the City Council, as you know, my duty is and of course I would provide an objective legal opinion. There are certain prohibitions on non-agendized public comment. Some of them are for example, you can't be and as the Mayor pointed out has to be within the jurisdiction of the City Council. And generally, to be in this jurisdiction of the City Council would be something the Council had authority over, that they could vote on.

In terms of the meeting, it is a limited public forum, people don't have an absolute first amendment right but we have to be context neutral under the first amendment for example, defamatory or slanderous statements are not protected by the first amendment. And fighting words are not protected by the first amendment. We try to keep rules of decorum obviously.

And as Mr. Ishac pointed out, one time he quoted a Ninth Circuit case regarding using profanity. I don't know what this tape is going to play right now or whether he gets to play his tape, we do have content restrictions on YouTube. That were probably are not supposed to broadcast bad language and there is obviously, we took away the right of citizens, not the right, the ability because they didn't have a right and there is no first amendment right to have your speech televised on cable 11 or otherwise. There is a right to address the Council as public comment is provided. The intent was to remove the audio, video to deal with these types of issues, right.

Now Mr. Ishac and others have or are now exploiting a loophole with the Elmo equipment and the Elmo equipment obviously wasn't thought of when we had that particular capability to play videos that would be broadcast on cable 11. So, the Council could interpret its rules in a different fashion if it so chooses in terms of the audio video because Mr. Ishac will not be prohibited, not been prevented to express first amendment rights and otherwise. He doesn't necessarily have the right to play music or videos or what have you depending on what the Council decides.

Dan Ishac: The decision would be effective at the next meeting, correct?

[Time: 02:36:50]

Luis Santaella: No necessarily, they could vote on the rules right now.

Dan Ishac: When they made changes to the public speaking rules, they became effective at the next meeting.

Luis Santaella: That is a little different, they can suspend the rules anytime.

Mayor Borowsky: So, look, that was a long answer Luis, and the question was what Mr. Ishac is presenting within the Council jurisdiction and legally is it prohibited if it is not?

Luis Santaella: It was a long answer because when you deal with first amendment it is an intricate and complicated subject.

Mayor Borowsky: It sounds like he can proceed based on what you are saying, and I don't think because we don't like what someone is saying we can prevent them.

Luis Santaella: I am not saying he can proceed because I don't know if it is in the jurisdiction. Presumably he will play a video of some tape of some investigation, arguably a county attorney investigation is not in your jurisdiction. I assume that is what he is going to play, I don't know.

Mayor Borowsky: Say it again, Dan, what is the issue, look at me and say what is in your comments that is within this Council's jurisdiction.

[Time: 02:38:06]

Dan Ishac: The actions of three Councilmembers presenting themselves as Scottsdale City Council members making a false allegation to the Maricopa County Attorney's investigators. There is no trademark, copyright or other issues because this is a public document that Jan Dubauskas willfully, willingly participated in and knowingly had it recorded.

Mayor Borowsky: So, Luis, you are not giving me much to work with. I am going to let this proceed and I think we don't have a choice.

Vice Mayor Kwasman: I moved to overturn the Chair.

Mayor Borowsky: It is the parliamentarian you would be appealing to.

Vice Mayor Kwasman: No, you are the Chair according to Robert's Rules. The presiding officer, I moved to override the presiding officer, the motion needs a second.

Councilman Graham: Okay, point of order. What did you...

Vice Mayor Kwasman: I am overturning, I'm moving to overrule the role of the presiding officer that the usage of or the scope of Mr. Ishac's comments are decorous or interpreted within the rules to be the intended use of the Elmo, which we have provided for very specific methodology. That's what...

Councilman Graham: I will second that and I want to speak to my second. I am seconding the motion the presiding officer, if I understand you correctly, the presiding officer made a ruling the content, the video that he is about to play is within our jurisdiction, that...

Mayor Borowsky: That is not what I said. Excuse me, so I am going to ask for the parliamentarian to give me legal advice.

Councilman Graham: Mayor, you are out of order, I am speaking to my second and rules say...

Mayor Borowsky: You are wasting time, Councilman Graham. Second, the motion and actually it is not a time to speak, according to the rules make brief remarks. I am going to ask for the parliamentarian, I just asked for his advice, you all heard it. He did not say Dan Ishac could not proceed. If you want to reject his first amendment rights and the Council's Rules of Procedure and somehow overturn that I am going to ask the city attorney to chime in.

Vice Mayor Kwasman: Madam Mayor, I did not. My motion was not to limit his ability to speak into a microphone. In no way shape or form was that what I said what was beyond the pale of decorum of the

Council was the usage, the movement was it broke the motion was that it broke the rule of the Council when we limited the ability of the A/V equipment to be played during non-agendized or agendized public comment.

[Time: 02:41:15]

Mayor Borowsky: that was in your motion, you moved to overturn my ruling. That is different than what you said because the subject was he can use the Elmo, there is no rule or procedure that prohibits him from using the Elmo. The question was is he prohibited legally and is the outside the Council's jurisdiction with this? I asked for the city attorney's opinion and he said he did not say yes to either one of those things. I am not going to be the one stopping him from expressing his first amendment rights. I may not want to hear it. I didn't hear from the city attorney that what Mr. Ishac has specifically declared as how it is within the Council's jurisdiction, with the city attorney and correct me if I am wrong Luis, did not say is yes it is prohibited.

Luis Santaella: Mayor, members of the Council, what I was trying to do is outline the parameters, right. Ultimately it is your decision or the Council's decision as a whole to decide whether Mr. Ishac speech is permissible or not. Under the first amendment. That is why I talked about defamation and I would be careful about that. All the other factors involved but it is your decision, not mine. If appropriate, we might want to adjourn and go into Executive Session and receive legal advice on this topic.

Mayor Borowsky: We are in an open forum, and this is important to everybody in the city of Scottsdale. I don't think this is executive session material. You just gave us legal advice. I would completely not think that is necessary to waste more time on the subject.

Luis Santaella: That is the body's call. My point is I outlined the parameters, I discussed limited public forum with the limits of the first amendment, exceptions, defamation, fighting words, jurisdiction of the Council. I did mention that the county attorney investigation is not within the jurisdiction of the Council. I thought I said that and but ultimately it is the presiding officer who can be overridden by the rest of the Council determination to determine whether this is proper or not.

Mayor Borowsky: I am relying on your legal advice to decide whether or not Mr. Ishac can go forward and you haven't given me anything to rely on so if they want to limit his first amendment rights and prohibit him from speaking, I don't know what I have to work with here. I am sorry.

Councilman Graham: May I reclaim the floor?

Mayor Borowsky: You are not even on the board. Your brief remarks to your second that were made.

Councilman Graham: I was seconding, I was giving remarks to my second motion when I was interrupted which out of order interruption.

Dan Ishac: I know how that feels.

Mayor Borowsky: It is common around here.

Councilman Graham: Mr. Ishac, this is not a dialogue, thank you.

Mayor Borowsky: Can we get back to this because you are not being brief with your second. You seconded the motion, what do you want to do here? I really don't...

Councilman Graham: Residents of Scottsdale deserve better than this what I see before us this body has agreed to a set of Rules of Procedure and we are supposed to abide by those. What I heard the presiding officer, the parliamentarian gives his opinion, the presiding officer makes the determination. I heard the presiding officer determine that we know what the tape is going to, what we are going to hear from the tape. We have a reasonable expectation about what will be played and the presiding officer made a decision that was within our jurisdiction and actually that violated what the opinion of the parliamentarian there was a motion to overrule that which I seconded.

I also want to reiterate the parliamentarian mentioned this is not a time, state law prohibits electioneering from non-agendized public comment and arguably Councilwoman Dubauskas is a candidate in one sense and therefore it is illegal to electioneering for or against her and as a reminder members up here can consult with the parliamentarian, that is in our Rules of Procedure. Those are my comments, thank you.

[Time: 02:46:01]

Mayor Borowsky: Thank you. Contrary to what happened you can consult with the parliamentarian you just cannot interrupt a public speaker and do it at the same time. The point of order we have already discussed that and the city attorney did not provide legal advice that prohibited what Mr. Ishac said he was going to say. Unless I misunderstood you again it was a very long explanation.

Luis Santaella: Thank you, Mayor and members of the Council. I believe I said that what Mr. Ishac is going to play and I don't know for sure, but I suspect is something related to the county attorney's investigation which would not be in the jurisdiction of this Council.

Mayor Borowsky: That I agree with, and you did not say that and, excuse me, we don't know what he is going to play. So, let's get back to this. We can move on, let's get back to this, you can't direct questions to the city attorney, I am sorry.

Dan Ishac: I need to follow the rules so therefore I need to understand the rules. Sorry.

Mayor Borowsky: Let's understand the rules later. Let's stay away from the county attorney's investigation and please just keep your comments to what is within the Council's jurisdiction. What we can actually vote on.

Dan Ishac: You can vote on censoring, censuring bringing ethics complaint against your colleagues.

Mayor Borowsky: I don't think that is accurate, we can vote once it has matriculated through the process and we are not there. I don't think that is true.

Dan Ishac: So, you are saying anyone of you can say or do anything at any point in your official capacity outside this dais and we are not allowed to comment on it at public comment?

Mayor Borowsky: I would find that hard to believe that too, city attorney, I am going to ask the city attorney that.

[Time: 02:47:57]

Luis Santaella: Mayor, members of Council, there is a misunderstanding here. You can comment on matters within the jurisdiction of the City Council and regarding them being Council members, that is not the issue. The issue here is you are going to want to play a tape that is not you speaking, it is someone all speaking on a recording. And you have the opportunity to express your first amendment rights, right through alternative means. There is no requirement that you be allowed to play audiovisual requirements.

Mayor Borowsky: Excuse me, that is very good, I appreciate that, that was very helpful. Dan, let's not play anything on the Elmo that is related to the county attorney's office until we get that resolved with the city attorney and not tonight, okay?

Vice Mayor Kwasman: To that point I withdraw my motion.

Mayor Borowsky: Thank you. So, Dan, speak to, if it doesn't include what they think it is going to include, please proceed.

Dan Ishac: I am a little confused.

Mayor Borowsky: The recording of the county attorneys.

Dan Ishac: So, don't play the recording that is Jan conspiring to have you removed from office?

Mayor Borowsky: That is the consensus that has resulted into this big fight on the dais so we will involve the city attorney.

Dan Ishac: I won't play the recording even though it doesn't violate current Council rules. But in the recording, Jan Dubauskas made it clear we want to vote the Mayor off, we can't do that. She is not going to resign. So, the only way to get rid of her is to have her convicted of a crime. And false allegations were made. And both Barry and Adam participated in that.

I do want the Elmo, I want to address other comments made by our Councilmembers which if you want to talk about defamation and false statements, Councilwoman Dubauskas calls me a failed Democratic candidate. Jan, I am a 4 x 4 as of 2020 according to the Arizona GOP. You don't mind lying is what we have

learned from that email blast.

Vice Mayor Kwasman: Point of order, how is this not electioneering? This is electioneering.

Mayor Borowsky: Excuse me, the city attorney would like to speak.

Luis Santaella: Mayor and members of the Council, Mr. Ishac presented a document that mentions the recall election, the state statute on city resources is very clear, it includes elections and recall efforts. You can't be talking about or posting political stuff regarding the recall.

Dan Ishac: So, I can read the highlights which don't mention the recall?

Luis Santaella: Yes.

Mayor Borowsky: Can you start the time again, and let's try to stay out of muddy waters and focus, they are all muddy, I get it.

Dan Ishac: They are not muddy, but people don't like hearing the truth.

Mayor Borowsky: We are going to start the timer again and let's try to keep it...

[Time: 02:51:05]

Dan Ishac: Jan Dubuaskas sent that I am a former Democratic failed former Democratic Council candidate. Never been registered in the Democratic party, never pulled a Democratic primary, voted in the Republican residential preference, so in other words Jan, you lied as usual. You said it is a part is employed by a failed Democrat. Not a partisan ploy, not a democrat you are making it a partisan play. Vice Mayor Kwasman, I have never seen a soft proclaimed conservative team up with the radical left. Nobody on the radical left is involved with me.

Barry Graham, sorry I have to get my reading glasses out. He regularly abuses the public comment period with profane and personal attacks. Never used profanity. Personal attacks, I have stated facts about what people say and do on this council. Including shots at her Christian faith, I am a Catholic, I support Christianity, I support Judaism, pretty much any religion that doesn't call on hurting other people and I am missing choir practice. He even filed a Bar complaint to have her license, that was dismissed because of lack of understanding, not because of lack of facts. He thought to kill the 27,000 signature resident, you prevented us from voting on that, you asked Ben Lane to pull it from an agenda item, you stopped resident from voting on Axon.

I would like to take a moment about Adam Kwasman's claims of antisemitism. He said anybody who wants...

Vice Mayor Kwasman: The gentleman's time has expired.

Dan Ishac: My time is expired because you interrupted me constantly.

Mayor Borowsky: We will give you five seconds, talk quick.

Dan Ishac: Adam, you said \$500,000 being focused on the budget is antisemitic, you worked with the city manager to remove less than a five-figure budget for Juneteenth, does that make you a racist, no.

Mayor Borowsky: Thank you, Dan. All right. I think that concludes public non-agendized public comment and the Vice Mayor would like to say something.

[Time: 02:53:15]

Vice Mayor Kwasman: I moved to suspend the rules and end this nonsense once and for all. I move to suspend the rules and disallow for this meeting and we will bring a real motion to the next meeting, I understand it will not apply toward current non-agendized public comment but it needs to happen, we need to suspend the rules and interpret the publication of A/V equipment and usage of A/V equipment on the Elmo as a misuse of the Elmo and the Elmo is intended for stationary objects.

Mayor Borowsky: Point of order, Vice Mayor, this is not agendized. The is non-agendized public comment is closed.

Vice Mayor Kwasman: I can suspend the rules at any time.

Mayor Borowsky: Yes, but it's not agendized. If you want to have a policy...

Vice Mayor Kwasman: I can make a rule suspension at any time.

Mayor Borowsky: City Attorney opinion on this? The non-agendized public comment is closed. There is no one else going to use the Elmo.

Vice Mayor Kwasman: It doesn't matter we need to stop this nonsense immediately.

Mayor Borowsky: We will have to bring that on an agenda in the future.

Luis Santaella: Mayor, members of the City Council, probably the cleanest thing to do Vice Mayor Kwasman is before the beginning of non-agendized public comment make your motion then.

Vice Mayor Kwasman: I will adhere to that. Out of an interest of intellectually, can I suspend the rules at any time during a meeting?

Luis Santaella: Generally, that is correct.

WORK STUDY SESSION

[Time: 02:54:59]

Mayor Borowsky: Moving along, next we have there are no Citizens Petitions, and we have a Work Study Session which includes one item per session, work session presentation, quarterly financial and capital improvement plan updates.

Scott Selin, Budget Department Director and Alison Tymkiw, City Engineer and Transportation and Infrastructure Senior Director will present tonight on to receive, discussion and possible direction on the city treasurer's quarterly financial presentation as of March 2026 and to receive, discuss and provide possible direction on the city engineer's quarterly CIP presentation as of March 2026. Who are we going to hear from first?

City Treasurer Sonia Andrews: Mayor, members of the Council, I am going to present on behalf of Scott.

Ben Lane: Mayor, I do apologize, we do have one public speaker for work study.

Mayor Borowsky: He can speak after this presentation.

Ben Lane: For work study, we normally take the speakers first.

Mayor Borowsky: Okay, thanks, I don't see Steve. I think he left. If he comes back, someone is up there shaking their head, if he comes back, we will hear from him but since he is not here, I was going to not call on him, can we go ahead and proceed Sonia? Thanks.

[Time: 02:56:24]

Sonia Andrews: Our quarterly financial update provides highlights of the general fund primarily revenue collections to date and budget to actual expenditure variances. Next slide.

There is nothing out of the ordinary for this quarterly update primarily our general fund revenues are 5% above budget based on favorable variance of 2%, higher interest earnings as we discussed in the past. The one new thing is there was an error on a distribution report from the Maricopa County which resulted in an overstatement of primary property tax. That was fixed by the county in April so you will see that large variance in property tax be corrected in April.

On the expenditure side we have 4% below budget primarily due to personal savings and timing of expenditures, very typical of what we see variances result from. Next slide.

I won't go into a lot of details because this is what you have seen before from the prior quarter in terms of our revenue and as I mentioned earlier the unique one is the property tax variance. Next slide.

This goes into the more specifically, general fund revenues, the large, negative or not large, the -7% on other is primarily due to ambulance service program revenues, collections that are delayed and/or uncollectible. Next slide.

This is the 1.1% sales tax, and we have covered a lot of these variances in the last quarter pretty much the same from the last quarter, we are looking at some negative variances in certain categories as you see on the side. So, you see positive variances based on the businesses reporting. Next slide.

Moving on to state shared revenues, the largest variance is the auto tax for 13% over our budget and that is primarily based on what they have reported to us, probably higher activity. Next slide.

And onto the expenditures, the personnel and contractual services expenditures, those are basically due to as we spoke before vacancies and personal savings and also delays in spending and when we get invoices for specifically paramedic school and I.T. Systems integration. Next slide.

And on commodities and capital outlay, those are also due to timing differences, items were ordered but not have been received and paid for yet. Next slide.

This just shows the budget variances by department. I think that is the final slide. I can answer any questions if you have any.

Mayor Borowsky: Thank you, Sonia. I don't see any questions. We will ask Alison Tymkiw to come up.

[Time: 02:59:49]

City Engineer and Transportation and Infrastructure Senior Director Alison Tymkiw: Good evening, Madam Mayor, members of the Council, we have a short video for you.

Thank you, so I wanted to go over real quickly with you the project budget for the projects that were highlighted in the video. The first was the booster pump station 55A, the total budget is \$31.4, funds spent were \$3.4, with all remaining budget of \$28, I think it is a misprint but \$28 million. That is funded by water rates. The pavement overlay program total project budget is \$131.4, funds spent is \$34.8, with \$86 million remaining, funded by transportation, sales tax and funds. Add a dog park by Thompson Peak Park, bond project 42, total project budget \$6.4 with \$2.2 spent, \$4.2 remaining. That is funded by Bond 2019 in general fund. The transportation expansion project, \$26.2 million budget, \$2.2 funds spent, \$23.8 remaining budget funded by solid waste rates. And the 68th Street sidewalks, \$3 million budget with \$.2 funds spent with \$2.7 remaining budget funded by transportation .2% sales tax. So, with that, if you have any questions, I would be happy to answer.

Mayor Borowsky: Councilwoman McAllen.

Councilwoman McAllen: Thank you, Mayor. Thank you for the report, Alison. I am so excited about the Thompson Peak Parkway. I mean the Thompson Peak Park and dog run finally being done as well as the 68th

Street sidewalk. I grew up south of that and that has been needed for decades obviously. But most importantly the street overlay, which everyone is all excited, you see it happening so thank you for that but the next thing is people are asking where can they find the information, when is the area being paved next. Can you remind the citizens where they can find that information?

Alison Tymkiw: Yes, Mayor and Councilwoman McAllen. We do have a dashboard, a public facing dashboard on our city website where residents can go to see what is planned for the spring paving program that is going on right now. We will be adding a full program, and we are finalizing our 10-year paving plan and once that is finalized, we will add that to the website as well.

Mayor Borowsky: Councilwoman Dubauskas.

Councilwoman Dubauskas: Thank you, Madam Mayor. This morning at the gym a gentleman asked me when will the dog park be ready? What is the date? What are we looking at, I told him end of summer, early fall.

Alison Tymkiw: That is correct. Yes, Councilwoman Dubauskas, we are targeting August, September completion for that.

Councilwoman Dubauskas: Perfect. In the video I lost a number, how many miles of paving? 232?

Alison Tymkiw: I think it was 237.

Councilwoman Dubauskas: Great job, thank you very much. Great work.

Mayor Borowsky: Thank you very much, Alison, appreciate it and Sonia. That concludes the work study session, and I would like to ask if any Councilmembers have a report? Anyone have a report? Vice Mayor.

COUNCILMEMBER REPORTS

[Time: 03:12:17]

Vice Mayor Kwasman: Thank you, Madam Mayor. Three quick things. First of all, it is always fun to play a tourist in your own town and in your own existence. Being a City Councilman is incredible, it's amazing and sometimes it is good to step back and smell the roses. Being Vice Mayor was amazing. I am so grateful for that opportunity but I recommend doing when you have the turn to be a Vice Mayor and the Mayor gets to do this whenever she wants to do this, I recommend the following thing to do is write a letter to your children, as it that title. I think it is one of the things I am looking forward to doing next week is writing that letter and saying and being part of the city government is so awe-inspiring that they deserve to know your thoughts. That is one. Congratulations, Maryann.

Number 2, congratulations to Scottsdale resident and physician Dr. Benjamin Benson, who testified just last week when I was out of town, he had during the Council meeting his wife had a baby boy. There is a new

Scottsdale resident, brand-new Scottsdale resident, congratulations to baby boy Benson. The triple B.

And finally, I want to reiterate what was said before. We fully believe in first amendment and first amendment rights, at this Council and the government and municipal government. Mr. Ishac has a right to say without other than fighting words and those very small exceptions he has a right to say whatever he wants and it could be hurtful, it could be mean, all those things, we are big boys, we have big boy pants, we can wear them and be up here. We have got to take control of the decorum at this Council or else we will continue to have the reputation that we have and that means gaveling down behavior that is out of order. And I really want to say that we will change the rules again because they are abusing a system, the same four people abusing the system every time, I want to make sure that we preserve rights but we have got to create and put our heads together to make sure we create order in our meetings, everybody will benefit from this. With that thank you.

[Time: 03:14:58]

Councilwoman McAllen: Thank you Mayor. I just want, tomorrow we will be saying goodbye to our Assistant Fire Chief, Kerry Swick. I can't believe I am going to cry. It has been over three decades of service, and I encourage all of you who can make it tomorrow to come say goodbye to our Assistant Fire Chief Kerry Swick, who has served our city loyally.

Mayor Borowsky: Thank you. Councilman Graham.

Councilman Graham: Thank you, Mayor. I want to congratulate all the families out there with young kids that are wrapping up their calendar years. I am kind of new to that. My boys are finishing their first year of preschool, and I was a proud papa and it got me thinking about all of the families, whether it is preschool, middle school or high school, we have something like 180 schools in Scottsdale with our public schools, our private schools, our parochial schools, so that was a proud achievement for me.

And I also want to report to you Wallet Hub did an intense study on cities across the country and it rated their happiness, measured how happy are those cities. Would you know what Scottsdale ranked as far as happy? Looking at cities, 182 cities across the country, anybody guess? Kathy guessed third and the study was we were the third happiest city in America. So, Kathy Littlefield is in tune with the happiness level of her constituents. Thank you.

Mayor Borowsky: Thank you and with that this concludes our meeting and I will move to adjourn.

Councilwoman McAllen: Second.

Mayor Borowsky: Thank you, all right.

ADJOURNMENT

[Time: 03:16:55]