

## **State of Scottsdale 2024**

THEME: “Every new year—every new day— I find more to love in Scottsdale

Thank you, Mark. Thank you, Scottsdale Area Chamber of Commerce for once again hosting this event.

Thank YOU HonorHealth – our title sponsor for the second consecutive year and for your exemplary involvement in Scottsdale in addition to the excellent healthcare you provide.

Special thanks to the Mayor’s Youth Council – who learn many facets of the city and volunteer at the same time.

Living in Scottsdale for over 45 years, I can honestly say that every year – every day – I find more to love in Scottsdale!

One year ago, at this event we previewed the rebirth of the new Scottsdale Civic Center, and we were immersed in Scottsdale Super Season. Eyes of the world gravitated to Scottsdale – to The World’s Greatest Collector Car Auction, Parada Del Sol, to the Waste Management Phoenix Open – non-stop to Super Bowl 57, National Arabian Horse Show, Cactus League Spring Training and Scottsdale Rodeo. All events set new records.

Today, three new outdoor stage venues at the Civic Center draw entertainment performers and casual crowds to Old Town. And families gather at the playground – rocking on bench gliders and frolicking at the splash pads next to Civic Center Library.

We shuffled several large public art pieces and added 142 new shade trees linking Scottsdale Stadium and Old Town. And we moved the LOVE sculpture just enough to make the Central lawn bigger.

Today, once again, we are soaring into high season – with many logistical and public safety challenges which are managed by our outstanding Police and Fire Department in cooperation with Valley-wide law enforcement agencies. Hundreds of thousands of residents, guests and visitors rely on their vigilance and professionalism. Every day – everywhere in Scottsdale.

Our Scottsdale Police Department is nationally accredited and exemplary in Arizona. This morning, we recognize the Scottsdale Police Officer of the Year and Fire Fighter of the Year.

Police Officer Kurt Farner is Officer of the Year. He covers the McKellips area which borders Tempe.

And we salute Firefighter of the Year Captain Marty Armstrong who trains engineers. Engineers drive the fire trucks at our fifteen fire stations.

Officer Farner and Captain Armstrong – please stand and be recognized. And all police and fire personnel in the room – please stand.

Recently, at the December Scottsdale Firefighters Induction and Promotion Ceremony, I had the honor to administer the oath to 40 new Firefighters, and promotions of New Engineers, Captains and Officers. Enthusiastic Firefighter families proudly stood with the newest generation of first responders. Fire Department Chaplin Yule gave the benediction upon the class – noting that Firefighters form a strong family bond.

Tragically, Fire Captain Kory Yule, the son of Chaplin Yule, lost his battle with cancer – cancer attributable to inhalation of toxins in the line of duty. Fire Captain Kory Yule exemplified kindness, honor, dedication and insightful mentorship, which he offered to everyone. We extend our condolences to the Yule family.

Why is Scottsdale so phenomenal?

Because 2,600 employees and city charter officers work together with the Council and because we hold true to our values. We are accountable. For 50 consecutive years the city of Scottsdale has earned many accolades including the stellar Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers' Association and we maintain the highest municipal bond rating of Triple A.

The city of Scottsdale is recognized as the region's Healthiest Employer by the Phoenix Business Journal, is ranked as a Best Place to find a Job, the Best Place for ADA Accessibility in Arizona and is the No. 1 Dog Friendly City in the U.S. We are designated Tree City USA, winner of many Arizona Forward Environmental Awards and are the first in Arizona to adopt the Green Building Code.

And we are a highly ranked best city for women entrepreneurs.

The city of Scottsdale maintains high standards with community support – every day.

Scottsdale is beautiful. Scottsdale is safe. Scottsdale is clean. Scottsdale is health driven. And we are financially robust and strong. These are hallmarks of our great city.

The stellar attributes of Scottsdale did not evolve by chance. Rather, they are intentional, foundational, based on decades of community dialogue, conservative financial decisions, careful planning and as steadfast stewards of our land and water resources. We shaped our Scottsdale reputation – our vibrant business environment, our Western spirited hospitality, high property valuations, which together, build upon and guide our destiny.

There are two over-arching drivers--established when Arizona became the 48<sup>th</sup> state.

Two grand bargains shaped Arizona and the destiny of Scottsdale, and today, the same two constants direct my actions as mayor. One is land policy, and the other is water.

Upon statehood, Arizona vested cities with authority to design and regulate zoning to balance harmoniously. And Upon statehood, 9.4 million acres of Federal lands were transferred to the Arizona State Land Trust – restricted to fund public K to 12 education.

Over time Arizonans recognized that some pristine State Trust Land was worthy of conservation. Arizona state land could be considered for down-zoning – eliminating development completely. In 1996, the Arizona Preserve Initiative was passed, and the city of Scottsdale entered negotiations with the State Land Trust Department. Approximately 36,000 acres in Scottsdale was considered for reclassification. Scottsdale voters approved the purchase of 36,000 acres and the McDowell Sonoran Preserve became a reality.

By law the State Land Trust must be made whole so that assets benefitting education could not be reduced in value. In Scottsdale –development densities – when removed from Preserve land – then needed to be transferred to other state land adding value there.

The grand land bargain which arose from statehood, by mutual consent, allowed the city of Scottsdale to down-zone open space land to save the McDowell Mountains and foothills and simultaneously up-zone densities further downhill. Scottsdale leveraged planning tools to benefit our community.

Highly prized state land also saddles the Arizona 101 Highway corridor which crosses Scottsdale. Large parcels with state granted entitlements have been sold spurring commercial opportunities. More than 500 acres of commercial State Trust Land remain at the 101. Parcels totaling 200 acres recently sold in Scottsdale for over 200

million dollars – cash – whereas in comparison in Apache Junction 20,000 acres of state land sold for 200 million dollars on time payments.

The grand bargain to down-zone land which created the Preserve should not be violated by commercialization – or a Discovery Center complex within the Preserve. There should be no doubt – Scottsdale will honor the reclassification agreement with the State Land Trust and leave the Preserve pristine.

The grand land bargain truly shaped Scottsdale and configures Scottsdale today. But there are two bargains.

The second grand bargain – prior to statehood – was sealed with the Federal Bureau of Reclamation in concert with the Salt River Project.

Roosevelt Dam was constructed and completion of 131 miles of canals accelerated development in Scottsdale.

But it was the Central Arizona Project – enacted by the U.S. Congress in 1965 – which eventually delivered Colorado River basin water to Scottsdale in 1987.

It is the CAP water, which has propelled development of private and public land in Scottsdale. Scottsdale Water facilities then deliver water to 250,000 residents in Scottsdale.

Also very significant, in 1986 the city of Scottsdale signed a trilateral agreement between the Bureau of Reclamation and Salt River Project. Salt River Project undergrounded power lines and the city of Scottsdale paid for improvements to create the Scottsdale Canal waterfront. Dusty service roads along the Arizona Canal became a pedestrian promenade – a treasured Scottsdale destination which boosted private investment in Old Town.

The city of Scottsdale – residents and stakeholders have invested billions of dollars in open space at the Greenbelt and 44 parks and for the Preserve. And we have spent billions on water facility infrastructure. Indeed, stewardship of land and water are critical – especially during a mega drought.

Every month I receive hundreds of messages, but one which stands out is from Trace, who lives near Agua Linda Park. He wrote:

“Dear Mayor Ortega – Ever since the drought started, I’ve been worrying that Arizona is going to go thirsty. Can you please guide Arizona through this? Sincerely, Trace.”

Yes, Trace. Since Arizona was an upstart and as you are aware today, water has been our priority.

Your worry is also our concern because we live in the desert. Scottsdale has been spreading the message that we must use water wisely. Of course, our Council agrees that we all must take actions to conserve water.

Trace – it is up to us. In our homes, in every school, at every business, church and park and sports field to not waste water and measure our progress. Nine-year-old Trace gets it – and so do we.

Scottsdale Water has a diverse portfolio of water resources from SRP, CAP and ground water and the newest source – recovering return water for purification – making it clean enough to drink.

Since 2019, Scottsdale Water has operated ultrafiltration, ozone, reverse osmosis, and sanitizing ultraviolet rays at our water-treatment facilities. Our Scottsdale Water facilities can recapture recycled water, eliminate solids and purify that water for domestic use. We have the proven technology and extensive testing which has been reviewed by the State of Arizona and Federal agencies.

And we are expecting agency approvals in 2024 for direct potable use. For years we have purified up to a maximum of 20 million gallons of reclaimed water per day but then injected it – this safe drinkable water – underground – or give it to beer brewers and distillers.

The State of Arizona and many other Arizona cities are rushing to follow our lead.

I hope that Trace will consider a career working in Scottsdale as a lab scientist, zoning planner, transportation engineer, or even in the Office of the City Attorney. There are hundreds of jobs at the city of Scottsdale.

Speaking of water and law, a year ago at my State of the City I warned that outside interests were trying to take control of Scottsdale Water facilities. Last year non-Scottsdale residents in unincorporated wildcat developments outside of Scottsdale sued us to force our city to serve them. And a year ago before my State of the City remarks, Arizona Legislators filed two bills, which demanded that water should be turned off at the houses of the mayor and council if we did not serve wildcat subdivisions. Another bill dictated that 10 million dollars of Scottsdale revenue would be withheld by the state to pay for facilities to serve “wildcat” development. These pieces of legislation failed.

A year ago, I said we would stand our ground and the council held firm. We defended the lawsuit, which cost us 43,000 dollars in attorney fees to defend against the frivolous claim.

And council offered water temporarily on our terms to Maricopa County, but they ignored the offer. The State of Arizona legislature created a shell standpipe district and forced our city to temporarily sell water to it until December 2025.

In 2022, the Arizona Corporation Commission received an application and in 2023, the ACC granted the water service franchise to EPCOR, a Canadian company, to serve the unincorporated area. Maricopa County is the only jurisdiction that can grant utility right-of way to EPCOR to make this permanent service a reality. EPCOR has pledged to fast-track water service with water provided by SRP. I expect EPCOR to complete installation ahead of schedule to serve the unincorporated area by the summer of 2025. Then we will no longer have to tolerate bulk truckers and private haulers traversing on our streets and neighborhoods.

The unanimous council acted to protect Trace and all water users within Scottsdale city limits.

Kids ask great questions. Students from Laguna Elementary sent me letters and I visited them to answer their concerns about air pollution, food insecurity, alternate energy and bike safety. And they asked me, “What is it like to be the mayor of Scottsdale?”

Three students asked me the same question, “What are you doing about homeless people and their homeless pets?”

Our council has worked to find solutions. Hundreds of Scottsdale residents, especially seniors, veterans and single-parent families have been guided off the streets over the last three years with the help of our human service specialists and non-profit partners. Scottsdale provided temporary lodging to unsheltered people, generally for thirty days, until they could find a place to live. By providing emergency bridge housing, in the last year alone 109 children and adults have had successful exits from the program and have been spared the trauma of homelessness.

I told the class that I had spoken to a lady who told me she and her children were all helped successfully and returned to stable housing. She told me that even her dog was welcome, and the dog was quiet and respectful of the emergency lodging. Persons experiencing homelessness who go through our bridge housing program must

agree to 14 rules and sign a contract to be admitted. Yes, the bridge housing program accepts their pets, too. So far, the Scottsdale bridge housing program has an 84 percent success rate.

Scottsdale has beautiful land, secure and clean water, safe and clean neighborhoods and business districts and most of all, Scottsdale is health driven. Scottsdale has very active residents and visitors with double the open space of other cities. Our abundant sports facilities and aquatic centers keep every generation fit.

We're proud of our accomplishments and we're equally proud to support Blue Zone Scottsdale – an initiative which encourages longer and happier lives. Scottsdale is the first Blue Zone city in Arizona and 78th city in the world.

Land, people and water are the Scottsdale legacy. Before we go to the 2024 outlook, let's hear about the original Scottsdale events and places we all enjoy. I asked my colleagues what Scottsdale event is your favorite and why? Here are their favorites:

(VIDEO)

My favorite is San Francisco Giants Spring Training at Scottsdale Stadium. Fifteen teams make up the Cactus League and Scottsdale Old Town is the favorite hang-out for fans of every team.

Every year spring training brings 400 million dollars to the Valley and tens of thousands of visitors. This year, Spring Training opening day begins with the Giants versus the Cubs. And the last game is the Giants versus the Diamondbacks. And our loyalty goes to the D-Backs all the way to the World Series!

Scottsdale is gaining momentum with best-in-class companies and projects such as AXON-Taser World Headquarters and the Crowd Strike flagship campus and the proposed ASM North America Headquarters – all located at the 101 Corporate Corridor. There also is the 16th Fire Station under construction right now.

At Scottsdale Airport construction of several corporate and charter jet hangers is underway. Truly, Scottsdale is the touchpoint for corporate executive decisions and leisure charter travel.

I have initiated dialogue with school district partners and Scottsdale Community College and major private sector technology leaders to grow student tech labs here in Scottsdale. More than 2,000 technology related companies base here, and we will see more young students thrive in world-class tech labs.

In Old Town two new hotels will open in 2024 just in time for peak season. Our public investments co-generate private participation with the 12-million-dollar expansion at Scottsdale's Museum of the West and planned expansion of the Scottsdale Center for the Performing Arts – both made possible thanks to the support of individual donors.

Throughout Scottsdale private investment is high and unemployment is very low. The city earned multiple awards over the past year. Here are some of our earned awards.

(ROLL AWARDS)

The 2024 outlook is bright as more Capital Improvement Projects and Bond 2019 projects are completed, prepare for construction or are progressing in design stage. Go to our website for an even bigger list.

In 2022 the City Council appointed nine residents to the Protect and Preserve Scottsdale Task Force. After dozens of community meetings, the Task Force will report to the Council recommendations to maintain, refurbish and to

improve safety in the Greenbelt, in 44 city parks and in the McDowell Sonoran Preserve. We look forward to hearing their report in February.

We have experienced five years of negative consequences due to short-term rentals. Scottsdale was instrumental in advocating for the passage of Senate Bill 1168, which became law in 2022. This granted cities the authority to require that STRs have a business license and incur penalties for violations. We immediately created that program, which requires local accountability for those businesses.

Last fall, I presented additional reform legislation at the Arizona League of Cities and Towns conference. Our agenda to end the proliferation of short-term rentals was adopted by 91 cities and towns.

As of last week, several Legislators representing Scottsdale including Senators Marsh and Kavanaugh and Representative Terech entered bills restoring our rights as a city. Measures include restoring local authority to establish a cap on the total number of short-term rentals in each community, provisions to limit the density of short-term rentals in specified areas and a measure to establish separation requirements between short-term rentals.

Remember the grand land bargain? Ever since statehood, cities have been vested with the authority to determine all zoning criteria and our right to do so was wrongly taken away. The Arizona Legislature has to fix the short-term rental problem they created.

Our council is vigilant to get results in the 2024 Legislative Session. We must restore the quality of life that Scottsdale neighborhoods enjoyed before the Arizona Legislature stripped away our tranquility. Scottsdale zoning codes prohibit short-term rentals in neighborhoods and our authority should not be swept aside.

Looking ahead in 2024, we will encounter some known and some unknown challenges. Last summer, we were alarmed to see a tower of smoke that obscured the McDowell Mountains.

What would become known as the Diamond Fire had started just outside the Preserve and in the dry summer heat it quickly spread. Thankfully, Scottsdale Fire and assisting agencies converged quickly to battle the blaze and Scottsdale Police assisted to evacuate homes in the area. Thankfully there were no injuries.

Many times, we hear of a tragic fatality involving a bicyclist, and a beautiful day in Scottsdale instead is etched in sorrow. At my request, a team of traffic engineers, Scottsdale Police and the Parks department are working in partnership with Scottsdale Unified School District to launch a bicycle public safety campaign aimed at preventing injuries and fatalities of bicyclists in Scottsdale.

You will hear more about this initiative which is highlighted by the return of the Tour de Scottsdale in April. Scottsdale has long been a Gold-level bike friendly community. Our goal is to bring fatalities in Scottsdale to zero. Scottsdale has an amazing network of pathways, trails and known routes. Together we can focus on safety – zero bike fatalities.

There is one question I left for last. I am asked almost every day and a third grader at Laguna Elementary asked me, “What is like to be mayor of Scottsdale?”

Busy. My calendar and days are full of meetings, events, new ideas from visitors, business proposals, opportunities to work with human service agencies and of course, groundbreaking and ribbon cuttings arranged by the Scottsdale Area Chamber of Commerce. Our city council works hard to keep Scottsdale beautiful, safe and secure with wonderful neighborhoods, diverse and innovative businesses and the best restaurants and entertainment in the Valley.

What is it like being Mayor of Scottsdale?

My days are mostly scheduled, but everyday has a joyful surprise.

Every year, every day, each one of us can find more to love in Scottsdale!

Thank you and drive safely!