

STATE OF THE CITY – JANUARY 2021

Mayor W.J. “Jim” Lane looks back on Scottsdale’s accomplishments of the last 12 years

As I close out my elected public service to my fellow citizens of Scottsdale, I am proud of the many accomplishments during my time as mayor. While there are far too many specific outcomes to list here, overall Scottsdale’s evolution and improvement as a community over the past 12 years is something that we can all take pride in.

As I took office, there were four areas of strategic focus that I believed were the keys to our future. We rolled up our sleeves and worked hard in these areas, and Scottsdale is a better place as a result.

Responding and recovering to the Great Recession

The sub-prime loan debacle and the inevitable collapse of the artificial economy it created was a deeply impactful event for our nation, and Scottsdale was not immune. When I took office in January 2009, Scottsdale was in the early throes of this recession, with several very difficult years to come.

With a citizen budget review commission alongside, we took a very honest and challenging look at the city’s finances. Revenues were tumbling, and the only effective course of action was to reduce government costs and spending accordingly. It was not an easy or simple task, but we worked through it.

We avoided the trap of focusing on short-term survival during the early months of the crisis. Instead, we made fundamental fiscal and operational changes to become more efficient, and to provide a realistic financial plan to deliver core services to the community within the actual financial constraints of the time. The city reduced its workforce, streamlined its management structure, and found hundreds of other ways to save. Those efficiencies continue today, and Scottsdale has frequently appeared on lists of the best run cities in the country, thanks in no small part to these actions.

We evaluated our debt portfolio and recovered millions of scheduled tax payment dollars to a developer by restructuring a development agreement to support the revitalization of Old Town public infrastructure. Our smart choices led to Scottsdale achieving (and since maintaining) top bond credit ratings. The result is that Scottsdale borrows money at the lowest possible rates, and we have saved millions of dollars, both through refinancing existing debt at better rates or when issuing new debt.

Increasing taxable activity, rather than increasing tax rates, was another key point of focus. A primary tactic in this regard has been our strategic use of voter-approved bed tax dollars to strengthen our tourism industry.

Using tourism-generated dollars to improve city-owned facilities at WestWorld, TPC Scottsdale and Scottsdale Stadium, we invested in our future, as the continued growth of events and activity at those venues shows.

We also built an entirely new facility that had been envisioned since the Scottsdale Town Enrichment Program of the 1960s – Scottsdale’s Museum of the West. That world-class facility has rapidly established an international reputation and has become a key element in our Old Town arts and culture scene. Additional investment in Scottsdale Arts’ Canal Convergence has helped that uniquely Scottsdale

event grow from an interesting weekend to a full week of incredible artworks that attracted nearly 300,000 people to Old Town Scottsdale in 2019.

We cannot overstate the importance of a vibrant and diverse array of options for people who want to visit our community. The tourism industry is and remains a lynchpin of Scottsdale's economy.

The Great Recession reminded us, however, that the city's economy needs to be strong in other areas as well. To grow other industry sectors and diversify our economic base, Scottsdale has continued collaborate business development activities with partners at the Arizona Commerce Authority, Maricopa County, the Greater Phoenix Economic Council and other public and private organizations.

By using the site selection criteria that businesses use when determining their preferred locations, Scottsdale's economic development efforts have guided the city in enhancing, improving or creating the right environments for business success.

The struggling McDowell Corridor evolved from the old "motor mile" into a newly thriving location for start-ups and established companies. The city's partnership with the ASU Foundation to create SkySong, the ASU Scottsdale Innovation Center, is the reason why.

SkySong is always buzzing with activity and continues to attract incredibly bright people and innovative companies to its unique environment. This technology hub enjoys proximity and a perfect synergy with nearby Old Town Scottsdale – together, these areas anchor a new southern Scottsdale core, which provides a highly desirable "live, work and thrive" environment for companies and their workforce.

The environment is equally attractive to businesses and to tourists seeking a bit of "urban cool" to their Sonoran Desert experience. Reimagining and recreating Old Town Scottsdale and the McDowell Corridor has taken vision and perseverance – but those are qualities Scottsdale has never lacked.

We see it continuing today in those areas, and also in other parts of Scottsdale. The Scottsdale Airpark remains among the largest employment centers in the Valley of the Sun, and it, too, grows stronger. The success and growth of the Scottsdale Quarter in recent years is evidence, as are the development of Cavasson – the new regional headquarters for Nationwide, and the newly-approved headquarters for Axon.

I am proud of my role in launching the "Scottsdale Cure Corridor" in 2013 to bring attention to and celebrate, the amazing array of health care companies in Scottsdale which are accomplishing incredible things. We saw the evolution of Scottsdale Healthcare to HonorHealth, growing stronger and continuing to serve the community from their Scottsdale roots.

We also welcomed the continued growth of Mayo in Scottsdale, including launch of the Mayo Clinic Med School (in partnership with Arizona State University) in 2017.

With so much emphasis on industry sectors and our record of accomplishment as a desirable place for businesses of all types, we cannot forget that underpinning all of Scottsdale's success is a community that is truly a great place to live. I do not want to leave this portion of this look back without mentioning the importance of our neighborhoods, and Scottsdale has many wonderful neighborhoods.

Neighborhoods, too, suffered through the Great Recession, and in my office we became increasingly aware of how many people were struggling to maintain their homes, whether they were "upside-down"

in their mortgages as a result of the recession, or whether they had called Scottsdale home for generations, but had lost the financial or physical ability to take care of their properties.

So I made it a priority to take our “code cares” program that could provide limited assistance and energize it along with the private sector and the power of volunteers to re-launch as “Operation Fix It.”

As “neighbors helping neighbors”, our like-minded sponsors and supportive volunteers work together to provide help people stay in their homes, and take care of minor repairs and upkeep so they can continue living as proud residents of Scottsdale. Thanks to so many supportive sponsors, we have raised more than \$100,000 for Operation Fix It through my annual State of the City Address luncheon. This is one truly shining example of how generous and caring our community truly is.

Overall, it may have been enough to merely survive the Great Recession, but Scottsdale took the opportunity of that crisis to become a smarter and more efficient government, while focusing on creating a diverse and robust local economic environment without forgetting the wonderful neighborhoods that comprise this amazing place. Our collective efforts are paying real dividends today, and that will continue in the future.

Charter reforms support better government for the community

Among the angst and analysis of our local response to the Great Recession, concerns about how Scottsdale city government was operating arose. Scottsdale had been tagged as a “culture of secrecy” by the Arizona Attorney General’s Office, and it was readily apparent to me that we needed to become a more transparent government to better serve the community.

With the support of my City Council colleagues, I created a Charter Amendment Task Force to review the city charter (Scottsdale’s “constitution”) and recommend improvements that would go to the voters for consideration. This was no small task and while it did not carry big price tags or result in highly visible changes in the community, it was an incredibly thorough and thoughtful effort that had a very positive impact for Scottsdale, thanks to voter approval at the polls.

Creating an independent City Treasurer/Chief Financial Officer was one of these actions. With this position in place, the City Council is in a much better position to get the unbiased information needed to make better decisions.

This change has also resulted in better communication between the City Manager’s team, the other charter officers and the City Council – which has created a more transparent government for the citizens of Scottsdale.

Evidence of our success is seen in the city’s triple-A bond ratings across the three rating agencies. Citizen support of bond packages in 2015 and 2019 speak to their confidence in how the city manages finances and cares for infrastructure. The city’s enterprise funds – specifically Solid Waste and Water – have similarly developed infrastructure to support the community, paid through our local utility rates.

We have also made sure that Scottsdale receives its fair share of regional funds (which are supported by Scottsdale taxpayers), such as the regional transportation funds administered by the Maricopa Association of Governments.

The culture of secrecy, if it ever existed, is a thing of the past. In recent years we have taken very intentional steps to get independent review and analysis of how we are doing.

One such effort is the What Works Cities Certification program, a national standard of excellence in city governance. This process assesses how well cities are managed by measuring the extent to which city leaders incorporate data and evidence in their decision-making. Scottsdale earned bronze certification in 2019 and improved that to silver certification in 2020. The city was recognized for adopting a business mindset to run a well-managed government, embracing transparency, embedding data in decision-making and a number of other specific accomplishments.

Overall, the City Council and Scottsdale's professional staff have embodied accountability, working together through many difficult situations so that Scottsdale residents get the best possible outcomes. It's never perfect, but your city government continues to strive for excellence. I am very proud of the progress we have made over the past 12 years.

Achieving the community's vision for Scottsdale's McDowell Sonoran Preserve

If we stand at the Gateway Trailhead today, it is clear that Scottsdale's McDowell Sonoran Preserve is a singular accomplishment – among the largest permanently protected areas in any urban area in the world. However, there was a time when the excitement and momentum that started Scottsdale's preserve movement had stalled.

If the preserve were ever going to achieve its full vision and potential, we needed some big changes to facilitate big action. A patchwork approach to land acquisition relied too much upon a hoped-for state land reform effort that was an even steeper climb than scaling the sheer granite face of Tom's Thumb.

Instead, we focused upon the things we could do ourselves to make it happen.

In 2010, we changed our approach and adopted the first strategic plan for land purchases in the preserve, with the support of the city's Preserve Commission. Through the Preserve Commission, the City Council also approved a formal memorandum of understanding with the McDowell Sonoran Conservancy to legally establish that organization's standing to work in the preserve on behalf of the city and its citizens.

With these administrative steps in place, it was time to get even busier and more creative acquiring preserve land. Thanks to continued voter support through several initiatives at the ballot box, since 2009, Scottsdale has purchased 16,000 acres of State Land for the preserve, for a total cost of \$250 million.

We also increased our purchasing power in buying all available land designated by the Arizona Preserve Initiative as suitable for conservation. With our acquisition plan in hand, Scottsdale was able to leverage \$86 million in Growing Smarter Grants from Arizona State Parks as part of those \$250 million land purchases.

In addition to buying land, we placed an emphasis on creating more access to the Preserve, so that the people who created it could enjoy it. Since 2009 nearly 180 miles of multi-use (non-motorized) trails have been added to the Preserve.

We have also built and opened five trailheads since 2009 – Gateway (May 2009), Tom's Thumb (Oct 2012), Brown's Ranch (October 2013), and Fraesfield and Granite Mtn (October 2019), and a sixth is under construction at Pima/Dynamite with expected completion in summer 2021.

With increased access also comes increased responsibility to ensure that the Preserve is cared for, so that it's Sonoran splendor can be enjoyed for generations to come. Solidifying the partnership with the McDowell Sonoran Conservancy not only accommodates all the new trails and trailheads that they help the city steward, it also recognizes the critical role the Conservancy plays in studying and monitoring the ecological health of the Preserve

Hundreds of thousands of people enjoy the Preserve each year. Among them are those who have expended incredible effort to take the Preserve from idea to reality. The bootprints of those people on the dusty trails don't last beyond the next few gusts of wind, but their legacy of our accomplishment will remain forever. I am extraordinarily grateful to so many people involved in this effort, and proud of my role as well.

Weathering the COVID-19 storm

As gratifying as it may be to look back upon the last dozen years, within all those accomplishments are many challenges that had to be overcome. As I write this, we remain fully engaged and focused upon weathering the storm of the COVID-19 global pandemic – an even unlike anything we have seen. Every government emergency response plan accounted for a situation like this, but none could truly anticipate what this has been like. COVID went from curiosity, to concern, to complete disruption within a matter of weeks

As for the final year of my 12-year tenure, it could not have possibly presented a stronger contrast between the exceptionally strong economic growth we had enjoyed the past several years to the extraordinary nosedive of economic contraction that came along with the invasion of the COVID-19 coronavirus.

That record-breaking growth in business activity before the onset of the pandemic, some immediate budget cuts and conservative projection of future revenues and necessary expense reductions helped us maintain our critical community safety and sustainability standards. City government made the immediate course corrections necessary to weather the current storm. Scottsdale's focus on expanding and diversifying our economic base, a hard lesson learned during the Great Recession, helped soften the impact of the dramatic drop in tourism that the pandemic brought.

Because it changed everything about our personal and professional lives, the response had to be coordinated among every level of government, with both speed and thoughtfulness. Scottsdale's emergency declarations supported steps advised at the federal, state and county levels, and our close coordination with the governor's office and neighboring communities was essential as we managed the evolving crisis.

First responders in Arizona, and in Scottsdale particularly, were already very accomplished in this regard. When you put together an event like the Waste Management Phoenix Open each year, the public safety and operations teams build experience that carries forward throughout the community year-round. Our pandemic response certainly has benefited from that experience.

Up and down Scottsdale's municipal organization, city government has managed the critical and essential operations to continue to serve the city's residents while also educating and coordinating with businesses and residents to ensure adherence to federal, state and county guidelines and mandates.

Major stress has been placed on our public and private critical infrastructure and other essential service personnel in many industries. In managing each element of decision your city government gave consideration for the direct and the consequential impact of each action on the private economy, social order, public health safety and political governance.

Our concerns have been many, and constantly changing. Early supply chain issues were managed and pushed aside by an economic crisis as businesses struggled to stay open and provide work for employees. We continue efforts to slow the spread of the virus and manage the impact on a hospitals and health care workers who have performed heroically but are stretched to the breaking point.

In the name of safety protocols damage has been done to business owners and their employees in efforts to identified and restrict business operations where person to person transmission of the virus is most likely. This conscious strategy continues as part of the very important effort to keep our medical resources from being overwhelmed and complicating further our overall healthcare capabilities.

The federal CARES Act made various recovery program funding available to mitigate the damage incurred by these businesses and their employees. When more than \$29 million was designated for Scottsdale, we were among the first cities in Arizona to turn these funds around to work for the community.

Direct support for residents was among our top priorities, and programs created and implemented with these dollars are providing things like meals and services for seniors and low-income families, rent and utility assistance, and programs for individuals experiencing homelessness.

The Council's initial action also designated \$5 million to support local businesses including loans, grants, commercial utility assistance and expanded marketing campaigns to help Scottsdale businesses get back on their feet.

In addition to those programs, event venues like Scottsdale Center for the Performing Arts, Scottsdale Stadium and WestWorld are among 30 city buildings that will receive health-friendly upgrades including automatic doors and faucets, ultraviolet disinfection of air handling systems and expanded technology systems for remote work. Facilities to be upgraded also include libraries, senior centers, community centers and City Hall.

As is the case with many of our efforts throughout the pandemic response, these upgrades help us deal with the circumstances of the day, but they also make us better prepared for the future.

Reputations are forged in times of crisis. I believe the way your city government has responded during this pandemic has strengthened Scottsdale's reputation for thoughtful, responsive and effective government.

It has not been easy, but we have managed this situation professionally while never forgetting the personal toll it has taken on our community. Thousands of Arizonans have been lost, many Scottsdale residents among them.

We are struggling collectively, as a community and as a society, to manage our mental and emotional wellbeing while accepting the changes that remain in place to help us beat this virus. With a tier system of structured state, county and Scottsdale safety protocols in place, coordinated enforcement, far better data and data analysis, new therapeutics, a reduced average hospitalization, a building base of immunity, and with vaccines in distribution there is real reason to see a light at the tunnel.

Throughout this pandemic we have demonstrated our commitment to the residents of this community, operated with flexibility while faced with constantly changing circumstances, achieved balance to deploy the right amount of government at the right times, and remained optimistic knowing that we will get through this difficult time together.

Thinking back upon 12 years of service to Scottsdale

The previous pages represent the major themes that come to mind when I consider my past 12 years as mayor of Scottsdale. This community has accomplished so many things, and I believe sincerely that we are much stronger today than we have been at any point in our past.

That is not because of me. The mayor is part of it all, and I am proud of the part I played: guiding, connecting, collaborating and working hard to help Scottsdale achieve its goals.

I look back upon my elected service to Scottsdale with satisfaction and pride. I always said that I had the best job in the world, mayor of Scottsdale, the greatest city in the world. As I pass that title to Scottsdale's next mayor, I do so with absolute confidence in our community's great future.