

**SUMMARIZED MINUTES
SCOTTSDALE CITY COUNCIL
REGULAR MEETING
TUESDAY, FEBRUARY 26, 2013**



**CITY HALL KIVA
3939 N. DRINKWATER BOULEVARD
SCOTTSDALE, AZ 85251**

CALL TO ORDER

Mayor W.J. "Jim" Lane called to order a Regular Meeting of the Scottsdale City Council at 5:05 P.M. on Tuesday, February 26, 2013, in the City Hall Kiva.

ROLL CALL

Present: Mayor W.J. "Jim" Lane
Vice Mayor Suzanne Klapp
Councilmembers Virginia L. Korte, Robert W. Littlefield, Linda Milhaven,
Guy Phillips, and Dennis E. Robbins

Also Present: Acting City Manager Dan Worth
City Attorney Bruce Washburn
City Treasurer David Smith
City Auditor Sharron Walker
City Clerk Carolyn Jagger

PLEDGE OF ALLEGIANCE – Junior Girl Scout Troop 1131, Troup Leader Sharla Godbehere

INVOCATION – Pastor Kurt Notehelfer, Paradise Christian Church

MAYOR'S REPORT – None

CITY MANAGER'S REPORT – Planning, Neighborhood, and Transportation Administrator Randy Grant provided a brief update on the General Plan process.

PRESENTATIONS/INFORMATION UPDATES – None

PUBLIC COMMENT – None

NOTE: IN ACCORDANCE WITH PROVISIONS OF THE ARIZONA REVISED STATUTES THE SUMMARIZED MINUTES OF CITY COUNCIL MEETINGS ARE NOT VERBATIM TRANSCRIPTS. THESE MINUTES ARE INTENDED TO BE AN ACCURATE REFLECTION OF ACTION TAKEN BY THE CITY COUNCIL. DIGITAL RECORDINGS OF CITY COUNCIL MEETINGS ARE ON FILE IN THE CITY CLERK'S OFFICE.

ADDED ITEMS

A1. Added Items

Consent Item No. 15A was added to the agenda February 22, 2013.

Request: Vote to accept the agenda as presented or continue the added item(s) to the next scheduled Council meeting, which is March 5, 2013.

MOTION AND VOTE – ADDED ITEMS

Councilman Robbins moved to accept the agenda as presented. Councilwoman Milhaven seconded the motion, which carried 7/0.

MINUTES

Request: Approve the Regular Meeting Minutes of January 22, 2013.

MOTION AND VOTE - MINUTES

Councilman Robbins moved to approve the Regular Meeting Minutes of January 22, 2013. Vice Mayor Klapp seconded the motion, which carried 7/0.

CONSENT AGENDA

1. Pearl Live Liquor License (129-LL-2012)

Request: Consider forwarding a recommendation to the Arizona Department of Liquor Licenses and Control for a series 12 (restaurant) liquor license for an existing location with a new owner.

Location: 20715 N. Pima Road, Suite F-100

Staff Contact(s): Tim Curtis, Current Planning Director, 480-312-4210,
tcurtis@scottsdaleaz.gov

2. Buzzberry and Bistro Liquor License (3-LL-2013)

Request: Consider forwarding a recommendation to the Arizona Department of Liquor Licenses and Control for a series 12 (restaurant) liquor license for a new location and owner.

Location: 5959 N. Granite Reef Road

Staff Contact(s): Tim Curtis, Current Planning Director, 480-312-4210,
tcurtis@scottsdaleaz.gov

3. Wild Knight Liquor License (4-LL-2013)

Request: Consider forwarding a recommendation to the Arizona Department of Liquor Licenses and Control for a person transfer of a series 6 (bar) liquor license for an existing location with a new owner.

Location: 4405 N. Saddlebag Trail

Staff Contact(s): Tim Curtis, Current Planning Director, 480-312-4210,
tcurtis@scottsdaleaz.gov

4. Permanent Extension of Premises for Jalapeno Inferno (1-EX-2013)

Request: Consider forwarding a recommendation to the Arizona Department of Liquor Licenses and Control for a permanent extension of premises for a series 12 (restaurant) liquor license.

Location: 23587 N. Scottsdale Road, Suite C-11

Staff Contact(s): Tim Curtis, Current Planning Director, 480-312-4210, tcurtis@scottsdaleaz.gov

5. El Rancho Development Agreement and Conditional Use Permit (19-UP-2012)

Requests:

1. Adopt **Resolution No. 9326** authorizing Development Agreement No. 2013-034-COS, the first amendment to a development agreement with JM, Inc., to allow live entertainment.
2. Adopt **Resolution No. 9321** approving a Conditional Use Permit for live entertainment at an existing 2,600± square-foot restaurant with Central Business District (C-2) zoning.

Location: 3030 N. 68th Street (Southwest corner of E. Avalon Drive and N. 68th Street)

Staff Contact(s): Randy Grant, Planning, Neighborhood, and Transportation Administrator, 480-312-2664, rgrant@scottsdaleaz.gov

Mayor Lane opened public testimony.

The following individuals spoke in support of granting the Conditional Use Permit:

- Margo Makris, Scottsdale citizen
- Rod Schrengohst, Scottsdale citizen

The following individual spoke in opposition to granting the Conditional Use Permit:

- Bob Porter, Scottsdale citizen

Mayor Lane closed public testimony.

Discussion:

- Current Planning Director Tim Curtis reported that the conditional use permit was appropriately noticed in accordance with city procedures. The applicant also e-mailed residents inviting them to an open house to obtain public input regarding the proposal.
- Mr. Curtis confirmed that there is a stipulation requiring windows and doors to be closed during the specified hours of live entertainment.

6. Verizon PHO Sundown Conditional Use Permit (23-UP-2012)

(Item 6 was moved to the Regular Agenda, page 6)

7. Herb Box Outdoor Dining License Agreement

Request: Adopt **Resolution No. 9211** authorizing Outdoor Dining License Agreement No. 2012-158-COS with Southbridge Scottsdale Investors LLC for an outdoor dining patio.

Location: 7134 E. Stetson Drive, Suite 200

Staff Contact(s): Derek Earle, Acting Public Works Executive Director, 480-312-2776, dearle@scottsdaleaz.gov

- 8. Water Booster Station Improvements Engineering Services Contract**
Request: Adopt **Resolution No. 9318** authorizing Engineering Services Contract No. 2013-031-COS with GHD, Inc., in the amount of \$213,000, to provide design services for the Water Booster Pump Station 42B and Site 71 Well Site and Water Booster Pump Station Project.
Staff Contact(s): Derek Earle, Acting Public Works Executive Director, 480-312-2776, dearle@scottsdaleaz.gov
- 9. Intelligent Transportation Systems Construction Services Contract**
Request: Adopt **Resolution No. 9317** authorizing Job Order Contract No. 2013-030-COS with CS Technologies, LLC for citywide intelligent transportation construction and repair projects.
Staff Contact(s): Derek Earle, Acting Public Works Executive Director, 480-312-2776, dearle@scottsdaleaz.gov
- 10. Regional Community Network Intergovernmental Agreement**
Request: Adopt **Resolution No. 9286** authorizing Intergovernmental Agreement No. 2013-003-COS with Maricopa Association of Governments for the Regional Community Network Project equipment maintenance.
Staff Contact(s): Derek Earle, Acting Public Works Executive Director, 480-312-2776, dearle@scottsdaleaz.gov
- 11. Tempe Transit Fuel Intergovernmental Agreement**
Request: Adopt **Resolution No. 9206** authorizing Intergovernmental Agreement No. 2012-157-COS with the City of Tempe for the purpose of purchasing transit vehicle fuel and funding associated costs.
Staff Contact(s): David Meinhart, Transportation Director, 480-312-7010, dmeinhart@scottsdaleaz.gov
- 12. Fire Department-Delivered Training and Education Intergovernmental Agreement**
Request: Adopt **Resolution No. 9284** to authorize:

 1. Intergovernmental Agreement No. 2013-001-COS with the Maricopa County Community College District (MCCCD) to provide college credit for Fire Department-delivered training and education.
 2. A budget authority transfer of \$25,000 for FY 2012/13 from the General Fund operating contingency to the Fire Department's General Fund operating budget for the costs associated with providing college credit for Fire Department-delivered training and education. MCCCD will reimburse the City for all costs resulting in a net \$0 impact.

Staff Contact(s): Alan Rodbell, Public Safety Executive Director, 480-312-1900, arodbell@scottsdaleaz.gov
- 13. Fire Department Arson Investigators Code Amendment**
Request: Adopt **Ordinance No. 4067** adding Section 23-4 to the Scottsdale Revised Code to authorize existing Fire Department personnel to be designated as arson investigators.
Staff Contact(s): Alan Rodbell, Public Safety Executive Director, 480-312-1900, arodbell@scottsdaleaz.gov

14. McDowell Sonoran Preserve State Land Use Permit

Request: Adopt **Resolution No. 9334** authorizing Contract No. 2013-037-COS, a two-year agreement with Arizona State Land Department, for a Special Land Use Permit allowing the City to construct gates and fencing to manage non-motorized recreational access on State Trust Lands adjoining the McDowell Sonoran Preserve.

Staff Contact(s): Kroy Ekblaw, Strategic Projects/Preserve Director, 480-312-7064, kekblaw@scottsdaleaz.gov

15. Community Services of Arizona Legal Services Contract

Request: Adopt **Resolution No. 9328** authorizing Professional Services Contract No. 2012-082-COS-A2 with Gust Rosenfeld, PLC, in an amount not to exceed \$50,000, for the provision of legal services related to negotiations with Community Services of Arizona, Inc., including drafting, reviewing, and revising relevant real estate and related documents. This amount is in addition to funding approved under Contract Nos. 2012-082-COS and 2012-082-COS-A1.

Staff Contact(s): Bruce Washburn, City Attorney, 480-312-2405, bwashburn@scottsdaleaz.gov

15A. 7220 and 7224 E. Belleview Land Acquisition

Request: Adopt **Resolution No. 9346** authorizing the acquisition by dedication, donation, purchase, or the exercise of the power of eminent domain that real property generally described as 7220 and 7224 E. Belleview, Scottsdale, Arizona, for the purpose of providing affordable rental housing to low income households.

Staff Contact(s): Bruce Washburn, City Attorney, 480-312-2405, bwashburn@scottsdaleaz.gov

City Attorney Bruce Washburn explained that the City is liable for \$825,000 of Community Development Block Grant (CDBG) Funds that were advanced to Community Services of Arizona in 2006. Those funds were for the purchase of two, four-plex residential properties for use as affordable housing. CDBG funds and monies obtained by the City from the Federal Government Department of Housing and Urban Development (HUD) have to be used for "national objectives," which include affordable housing. The loan on the property that was issued through Johnson Bank went into default, and the property transferred to Lili Rubin Investments Inc. through a trustee sale on February 13, 2013. The City has been unable to reach an understanding with Lili Rubin Investments Inc. regarding the use of these properties for affordable housing. Adoption of Resolution No. 9346 authorizes the City to acquire the properties and to work with private entities and HUD to accomplish the national objectives for affordable housing.

MOTION AND VOTE – CONSENT AGENDA

Vice Mayor Klapp moved to approve Consent Items 1 through 15A, absent Item 6, which was moved to the Regular Agenda. Councilman Robbins seconded the motion, which carried 7/0.

REGULAR AGENDA

6. Verizon PHO Sundown Conditional Use Permit (23-UP-2012)

Request: Adopt **Resolution No. 9322** approving a new Type 4 Alternative Concealment Wireless Communication Facility (WCF) to be located within a new 26-foot-tall artificial cactus, with associated ground mounted equipment, with Service Residential (S-R) zoning, subject to the stipulations; and finding that the conditional use permit criteria have been met.

Location: 8202 E. Cactus Road

Staff Contact(s): Randy Grant, Planning, Neighborhood, and Transportation Administrator, 480-312-2664, rgrant@scottsdaleaz.gov

Senior Planner Keith Niederer gave a PowerPoint presentation (attached) on the Verizon PHO Sundown Conditional Use Permit.

Mayor Lane opened public testimony.

The following individuals spoke in opposition to the use permit:

- Jim Haxby, Scottsdale citizen
- Chris Schaffner, Scottsdale citizen

Mayor Lane closed public testimony.

Discussion:

- Verizon Wireless Communications Representative Rick Shaw emphasized the importance of having backup generators during an emergency and the efficiency of diesel fuel. He explained that the generators will only be run during weekly tests or in the event of an emergency.
- Mr. Shaw said Verizon has a nationwide policy to install diesel generator backup systems at all of their sites. There are currently 55 Verizon sites in Scottsdale.

MOTION NO. 1 - ITEM 6

Councilman Littlefield moved to continue the item until a broader policy to address these types of requests is developed. Councilmember Phillips seconded the motion.

Discussion:

- In response to whether the Wireless Communication Facility (WCF) Ordinance covers generators, Current Planning Director Tim Curtis said this is not the first WCF to propose a diesel fuel backup generator, which the City has consistently considered to be part of the WCF equipment. In this case, it is part of the equipment and is enclosed behind a wall. Mr. Curtis pointed out that a broader policy will affect all types of private businesses, not just WCFs.
- Mr. Shaw reported that a 200 gallon tank provides backup services for approximately two to four days.

VOTE ON MOTION NO. 1 - ITEM 6

The Council vote on the motion to continue the item until a broader policy to address these types of requests is developed failed 2/5, with Mayor Lane, Vice Mayor Klapp, and Councilmembers Korte, Milhaven, and Robbins dissenting.

Keith Niederer confirmed that there are approximately a dozen cell sites in the City that currently have a diesel generator.

MOTION NO. 2 AND VOTE - ITEM 6

Councilwoman Milhaven moved to find that the conditional use permit criteria have been met and to adopt Resolution No. 9322 approving a new Type 4 Alternative Concealment Wireless Communication Facility to be located within a new 26-foot-tall artificial cactus, with associated ground mounted equipment, with Service Residential (S-R) zoning, subject to the stipulations. Councilmember Korte seconded the motion, which carried 5/2, with Councilmembers Littlefield and Phillips dissenting.

16. Alta Scottsdale Non-Major General Plan Amendment and Rezoning (6-GP-2012 and 11-ZN-2012)

(Continued to March 19, 2013 at the request of the applicant)

17. Scottsdale's Museum of the West Management Agreement Requests:

1. Adopt **Resolution No. 9307** authorizing Museum Management Agreement No. 2013-025-COS with Scottsdale Museum of the West, Inc.
2. Adopt **Ordinance No. 4071** waiving certain financial policies and governing guidance related to municipal financing of Scottsdale's Museum of the West.

Presenter(s): Rob Millar, Strategic Programs Manager; David N. Smith, City Treasurer
Staff Contact(s): Derek Earle, Acting Public Works Executive Director, 480-312-2776, dearle@scottsdaleaz.gov

(Item 17 was heard together with Item 18)

18. Scottsdale's Museum of the West Pre-Construction Services Contract

Request: Adopt **Resolution No. 9285** to authorize:

1. Design Build Manager Pre-Construction Services Contract No. 2013-002-COS with Core/LGE, in the amount of \$683,415; a joint venture for Scottsdale's Museum of the West.
2. A new CIP project titled Scottsdale's Museum of the West to record all related financial transactions.
3. A budget appropriation transfer totaling \$6,528,409 from project D0211, Loloma District Museum, to the new CIP project to be funded by MPC bonds.

Presenter(s): Derek Earle, Acting Public Works Executive Director

Staff Contact(s): Derek Earle, Acting Public Works Executive Director, 480-312-2776, dearle@scottsdaleaz.gov

Strategic Programs Manager Rob Millar gave a PowerPoint presentation (attached) on the Scottsdale Museum of the West Pre-Construction Services Contract.

ConsultEcon Vice President Robert Brais gave a PowerPoint presentation (attached), providing an overview of the project, the Scottsdale Museum of the West (SMoW) market potential, and projected operating expenses.

City Treasurer David Smith gave a PowerPoint presentation (attached) on the proposed Bed Tax allocation and the current funding recommendation for the project. He presented a comparison of the operating support estimates submitted by the SMoW and those submitted by ConsultEcon.

Scottsdale Museum of the West Chairman Jim Bruener thanked the City for its support and said the museum has been a dream for Scottsdale since Herb Drinkwater was Mayor.

Mayor Lane opened public testimony.

The following individuals spoke in support of the Scottsdale Museum of the West:

- Wayne Ecton, Scottsdale citizen
- Mike Fox, Scottsdale Museum of the West
- Richard Hayslip, Scottsdale citizen
- Ned O'Hearn, Scottsdale Museum of the West
- Abe Hays, Scottsdale Museum of the West
- Jon Stuart, Scottsdale citizen
- Scott Jones, Scottsdale citizen
- Paul Messinger, Scottsdale Museum of the West
- Orme Lewis Jr., Scottsdale Museum of the West
- Dewey Schade, Scottsdale citizen
- Gordon Dudley, Scottsdale citizen

Dan Semenchuk, Scottsdale citizen, did not speak in support or opposition to the Scottsdale Museum of the West project, but suggested that concepts related to Baseball and Spring Training might be more relevant to Scottsdale:

Mayor Lane closed public testimony.

MOTION - ITEM 17

Mayor Lane moved to:

- (1) Adopt Resolution No. 9307 authorizing Museum Management Agreement No. 2013-025-COS with Scottsdale Museum of the West, Inc., with the following amendments: (a) change Paragraph 5 to include the words "and the Specialty Work" after the words "the Shell Work"; (b) amend Paragraph 5.2, to change the word "Manager" to "City" in both places; and (c) strike Paragraph 3.2.2.3.2.
- (2) Direct staff to reserve \$2,000,000 from the bed tax carryover to provide up to \$400,000 in matching funds each year for the next five years.
- (3) Direct staff to transfer \$900,000 from bed tax carryover funds to the Debt Service Fund to provide a debt service reserve equal to one year's debt service.
- (4) Find that the proposal consists of two separate projects and the debt service reserve has been met; thus, the need to waive the financial policies has been eliminated and Ordinance No. 4071 does not need to be adopted. Councilman Robbins seconded the motion.

Discussion:

- A Councilmember sought clarification on whether the SMoW Board wanted changes to the contract regarding matching fundraising limitations and start-up costs. Mr. Bruener expressed a preference for eliminating the \$50,000 per donor matching fund limitation and agreed to use the alternate language provided by the City Attorney.
- It was suggested that details regarding the matching funds limits and timing be revisited and amended by mutual agreement at a later date.
- Admiration and appreciation were expressed for the people involved in the project.
- Mr. Bruener said that there are people associated with the art district, galleries, and foundations who have contributed seed money to the Museum of the West in the past. These people will be encouraged to participate further, once the City has committed to participation in the project.
- Mr. Bruener clarified that the City's matching funds contribution is for up to \$400,000 annually for the first five years, regardless of the limitations put on donations.
- Mr. Washburn asked Mr. Fox to confirm that the City has his authorization to change the agreement that he had already signed and that Mr. Fox has the authority from the SMoW Board to grant that permission. Mr. Fox responded affirmatively for the record.

VOTE ON MOTION - ITEM 17

The Council vote on the motion to:

- (1) Adopt Resolution No. 9307 authorizing Museum Management Agreement No. 2013-025-COS with Scottsdale Museum of the West, Inc., with the following amendments: (a) change Paragraph 5 to include the words "and the Specialty Work" after the words "the Shell Work"; (b) amend Paragraph 5.2, to change the word "Manager" to "City" in both places; and (c) strike Paragraph 3.2.2.3.2.
- (2) Direct staff to reserve \$2,000,000 from the bed tax carryover to provide up to \$400,000 in matching funds each year for the next five years.
- (3) Direct staff to transfer \$900,000 from bed tax carryover funds to the Debt Service Fund to provide a debt service reserve equal to one year's debt service.
- (4) Find that the proposal consists of two separate projects and the debt service reserve has been met; thus, the need to waive the financial policies has been eliminated and Ordinance No. 4071 does not need to be adopted, carried 7/0.

MOTION AND VOTE - ITEM 18

Mayor Lane moved to adopt Resolution No. 9285 authorizing: (1) Design Build Manager Pre-Construction Services Contract No. 2013-002-COS with Core/LGE, in the amount of \$683,415; a joint venture for Scottsdale's Museum of the West; (2) A new CIP project titled Scottsdale's Museum of the West to record all related financial transactions; and (3) A budget appropriation transfer totaling \$6,528,409 from project D0211, Loloma District Museum, to the new CIP project to be funded by MPC bonds. Vice Mayor Klapp seconded the motion, which carried 7/0.

19. Active and Retired Employee Medical Plans and Premiums

Request: Adopt **Resolution No. 9313** to authorize:

1. Fiscal Year 2013/14 medical and dental plan contribution rates for active and retired employees.
2. Payment of an incentive to active employees who are covered for medical benefits and participate in the City's wellness screening program.

Presenter(s): Ken Nemec, Human Resources Manager

Staff Contact(s): David N. Smith, City Treasurer, 480-312-2364, dasmith@scottsdaleaz.gov; Bernadette La Mazza, Acting Human Resources Executive Director, 480-312-7237 blamazza@scottsdaleaz.gov

Human Resources Manager Ken Nemec gave a PowerPoint presentation (attached) on the City's self-insured medical plans and wellness incentive program.

MOTION AND VOTE - ITEM 19

Vice Mayor Klapp moved to adopt Resolution No. 9313 authorizing Fiscal Year 2013/14 medical and dental plan contribution rates for active and retired employees and payment of an incentive to active employees who are covered for medical benefits and participate in the City's wellness screening program. Councilwoman Milhaven seconded the motion, which carried 7/0.

20. Fiscal Year 2013/14 Goals and Objectives

Request: Presentation, discussion, and possible direction to staff regarding the draft FY 2013/14 key objectives developed to further the City's mission and strategic goals.

Presenter(s): Brent Stockwell, Strategic Initiatives Director

Staff Contact(s): Dan Worth, Acting City Manager, 480-312-2811, dworth@scottsdaleaz.gov

Strategic Initiatives Director Brent Stockwell gave a PowerPoint presentation (attached) on the Fiscal Year 2013/14 Goals and Objectives.

Discussion:

- A Councilmember took exception with the inclusion of the Desert Discovery Center (DDC) because Council has not given direction to move forward with that project. Mr. Stockwell explained that the DDC was included to show that staff will continue to support ongoing efforts relative to that project.
- A Councilmember commented on attracting new development and jobs to Scottsdale, which includes the downtown and the Bell and McDowell Road corridors, and implementing an enhanced staff outreach program designed to attract new and retain/expand existing businesses. The Councilmember felt that the topics should be further clarified through Council dialogue and a more specific economic development plan. Further dialogue would assist the community and City staff in understanding what is desired for those areas.
- It was noted that Council will be having a strategic planning session, which will give Councilmembers an opportunity to discuss tactical strategies.
- Acting Public Works Executive Director Derek Earle said the Thomas Road Improvements project will go out to bid in the fall; therefore, it is appropriate for the project to be listed on the Fiscal Year 2013/14 Goals and Objectives. Mr. Stockwell noted that the Thomas Road Streetscape element is included under Scottsdale's Unique Lifestyle and Character.

21. Legislative Update

Request: Receive an update, discuss, and provide possible direction regarding current and pending State legislative issues and policies.

Presenter(s): Brad Lundahl, Government Relations Director

Staff Contact(s): Brad Lundahl, Government Relations Director, 480-312-2683,
blundahl@scottsdaleaz.gov

Government Relations Director Brad Lundahl gave a PowerPoint presentation (attached) on current and pending State legislative issues and policies.

Discussion:

HB 2657 - Transaction Privilege Tax (TPT)

- Under the proposed bill, Scottsdale would lose the ability to collect and administer the Transaction Privilege Tax, which accounts for approximately 39% of the City's General Fund, and would have to rely on the State to administer those funds.
- There is currently a Single State Audit in place, which is a multi-jurisdictional audit process. He advised that the process, as it is currently structured, is not supported by the business community.
- A Councilmember reported that the Governor's office is working with City leaders to find a way to simplify sales tax for the business community and cities. A meeting is scheduled for later in the week to discuss alternatives.
- Mr. Lundahl said the proposed changes to the Prime Contracting TPT classification will convert the tax on gross receipts to a tax on building materials at the retail level. Scottsdale ranks third in the State for TPT construction sales tax revenue collected. The City would receive a small amount of shared revenue from the conversion, but stands to lose nearly all of the construction sales tax. The shared revenue would not be enough to offset the loss of TPT revenue.

22. Monthly Financial Update

Request: Receive, discuss, and provide possible direction on the City Treasurer's monthly financial presentation as of January 2013.

Presenter(s): Joyce Gilbride, Accounting Director

Staff Contact(s): David N. Smith, City Treasurer, 480-312-2364,
dasmith@scottsdaleaz.gov

Accounting Director Joyce Gilbride gave a PowerPoint presentation (attached), outlining the City's financial status as of January 2013.

Discussion:

- Ms. Gilbride explained that the favorable variance under Public Works comes from natural gas and water; electric indicates an unfavorable variance.
- A Councilmember asked that a comparison of Scottsdale's tourism and entertainment statistics, as compared to comparable communities, be provided as part of the next financial update.

PUBLIC COMMENT - None

CITIZEN PETITIONS

23. Receipt of Citizen Petitions

Request: Accept and acknowledge receipt of citizen petitions. Any member of the Council may make a motion, to be voted on by the Council, to: (1) Direct the City Manager to agendaize the petition for further discussion; (2) direct the City Manager to investigate the matter and prepare a written response to the Council, with a copy to the petitioner; or (3) take no action.

Staff Contact(s): Carolyn Jagger, City Clerk, 480-312-2411, cjagger@scottsdaleaz.gov

No citizen petitions were received.

MAYOR AND COUNCIL ITEMS - None

ADJOURNMENT

With no further business to discuss, the Regular Meeting adjourned at 9:17 P.M.

SUBMITTED BY:



Carolyn Jagger
City Clerk


Officially approved by the City Council on April 9, 2013

CERTIFICATE

I hereby certify that the foregoing Minutes are a true and correct copy of the Minutes of the Study Session of the City Council of Scottsdale, Arizona held on the 26th day of February 2013.

I further certify that the meeting was duly called and held, and that a quorum was present.

DATED this 9th day of April 2013.



Carolyn Jagger, City Clerk

Item 6

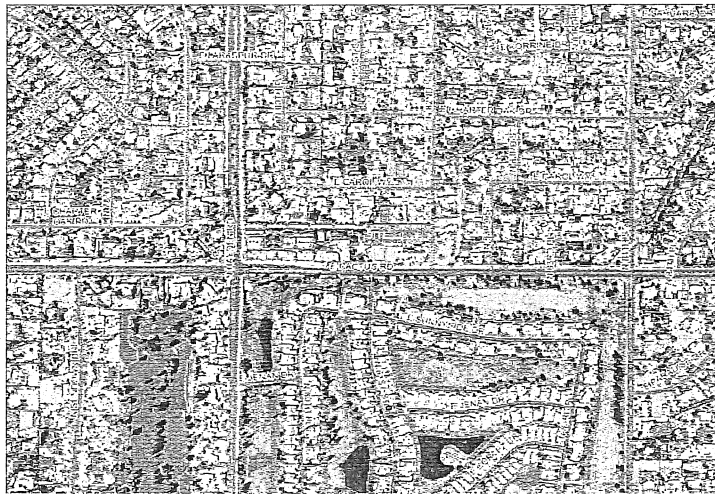
Verizon PHO Sundown

23-UP-2012

Coordinator: Keith Niederer

February 26, 2013

Verizon PHO Sundown



CONTEXT AERIAL

23-UP-2012

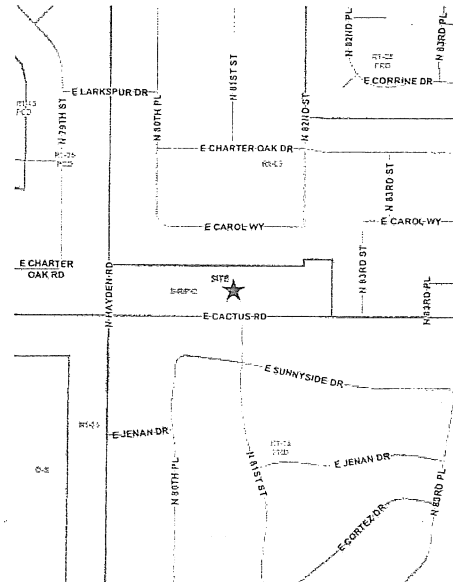
Verizon PHO Sundown



CLOSE AERIAL

23-UP-2012

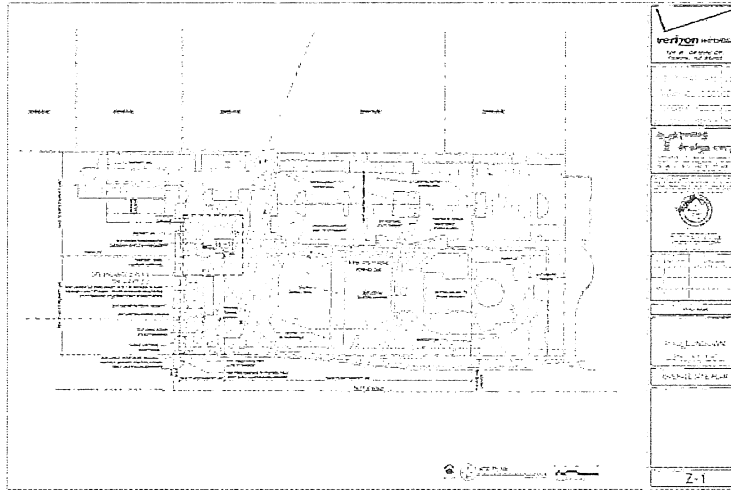
Verizon PHO Sundown



ZONING

23-UP-2012

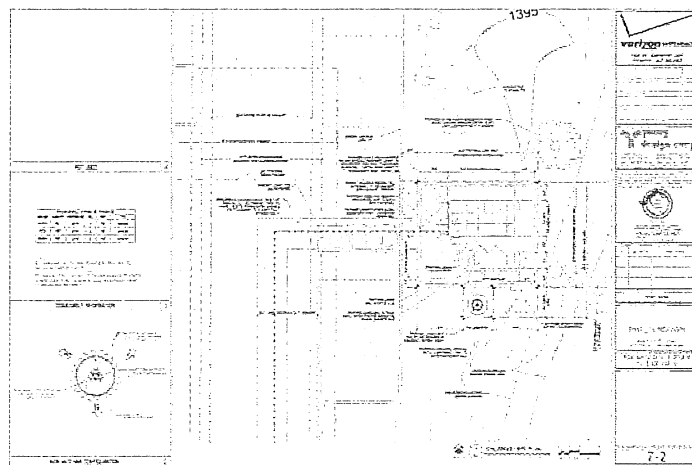
Verizon PHO Sundown



SITE PLAN

23-UP-2012

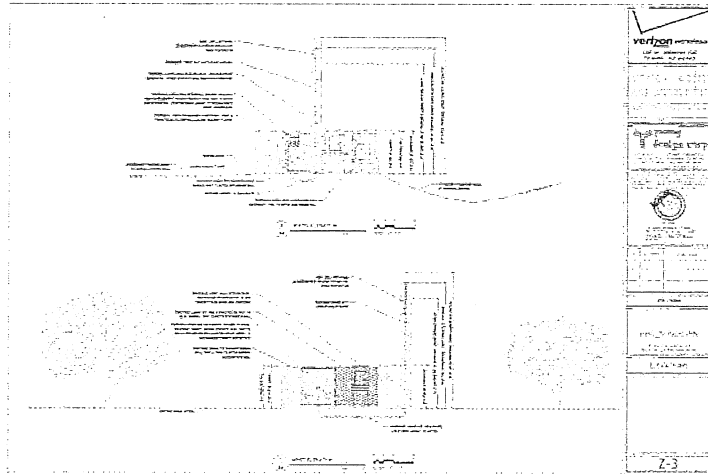
Verizon PHO Sundown



EXPANDED SITE PLAN

23-UP-2012

Verizon PHO Sundown



ELEVATIONS

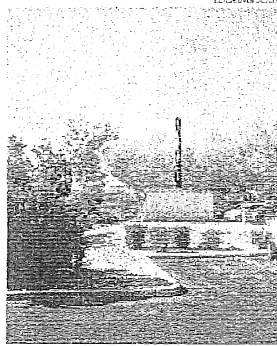
Verizon PHO Sundown



PHO SUNDOWN



EXISTING VIEW -
LOOKING SOUTH



PROPOSED DAY-TIME PHOTO WITH PROPOSED ANTENNA
ARRAY, ADDITION OF EQUIPMENT COMPOUND WITH CABINETS
AND GENERATOR, AND RELOCATION OF EXISTING PAILO VERDE



YOUR DESIGN CORP. 11000 W. 110TH ST. SUITE 100, OVERLAND PARK, KS 66213

2/3

PHOTO SIMULATION

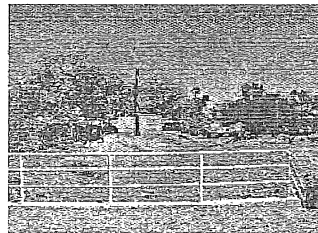
Verizon PHO Sundown



PHO SUNDOWN



EXISTING VIEW -
LOOKING NORTH



PHOTOGRAPHIC SIMULATION -
LOOKING NORTH

PROPOSED STEEL STRUCTURE WITH PROPOSED ANTENNA ARRAYS,
ADDITION OF EQUIPMENT COMPOUND WITH CABINES AND GENERATOR,
AND RELOCATION OF EXISTING FENCE LINE.



YOUNG DESIGN CORP. 12501 W. 15th St. Suite 100, Golden, CO 80401

3/12

PHOTO SIMULATION

Items 17 & 18

Museum Management Agreement

City Council

February 26, 2013

Requested Action

Adopt Resolution 9307 authorizing Museum Management Agreement 2013-025-COS with Scottsdale Museum of the West, Inc. and adopt Ordinance NO. 4071, which waives certain financial policies and governing guidance related to municipal financing of the Scottsdale Museum of the West.

Presentation Overview

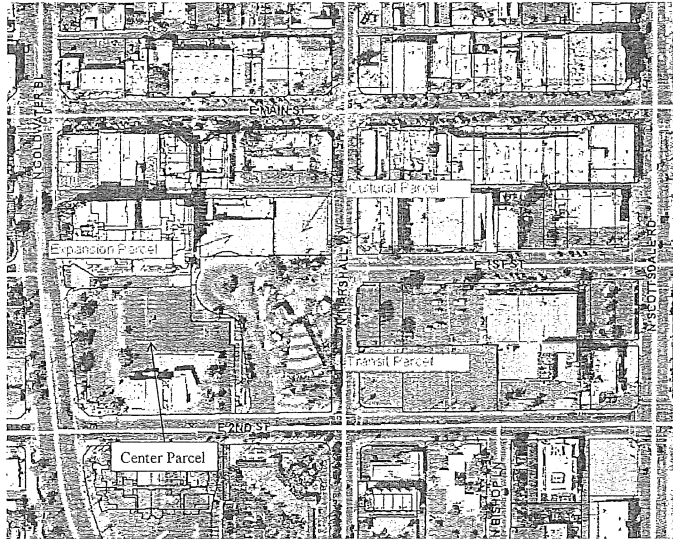
1. Western Museum Background
2. Analysis of Existing Market and Operating Plans
3. Management Agreement
4. Funding Plan

WESTERN MUSEUM BACKGROUND

October 2, 2012 - City Council Work Study Session staff presented to the City Council results from the May 25, 2012 RFQ process, which included:

- Statement of Qualifications from Scottsdale Museum of the West, Inc.
- 40,000 square foot museum, including a sculpture garden and existing Laloma Transit Facility
- Estimated \$12 million in development costs (capital and tenant improvements)
- Estimated \$1.2 million in annual operating costs

Site Aerial



WESTERN MUSEUM BACKGROUND

Council directed staff to:

1. Develop financial plan scenarios for capital and TI cost estimates
2. Extend the ten-percent (10%) allocation of the city's portion of the Tourism Development Program funds as long-term debt support for a western museum project until July 31, 2013
3. Begin development of a city design/build solicitation for construction of a western museum, contingent on City Council financial plan approval
4. Initiate the development of an operating agreement with SMoW for the operation of a western museum, contingent on City Council financial plan approval

Independent Analysis of Market and Operating Plans

- Scottsdale Museum of West Statement of Qualifications
 - Projected annual attendance
 - Operating costs
 - Earned and received revenue
 - Endowment establishment
 - Staffing levels
- ConsultEcon, Inc., independent consulting company that provides economic, feasibility, management and planning services to non-profit organizations, public agencies and private agencies, was contracted by the city to evaluate SMOw's statement of qualifications
- Review proposed operating plans and market conditions and to provide an independent evaluation of SMOw's market potential

Scottsdale City Council Meeting on Scottsdale Museum of the West (SMoW)

Presented by:
Robert E. Brais, Vice President

ConsultEcon and Project Overview

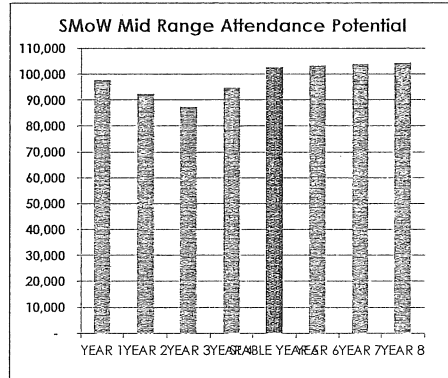
- We are economic and management consultants, focused on the cultural facilities, visitor attractions, tourism and community planning.
- Founded in 1991 and completed over 700 assignments, including many in Arizona and in Scottsdale
- Retained to review past SMoW market studies and operating plans and to prepare operating scenarios for potential future attendance and operations
- Reviewed:
 - Existing data, analyses and plans
 - Resident and tourist market context
 - Area cultural attractions and comparable museum experience
 - Conferred with SMoW leadership and with Scottsdale project managers
- Prepared:
 - Attendance scenarios
 - Operating assumptions
 - Preliminary project pro formas

SMoW Market Overview

- SMoW will attract visitors from both resident and tourist markets.
- Resident market: Phoenix Metropolitan Area
 - Growing to 4.5 million by 2016 (5.8% increase from 2011)
- Tourist market: Scottsdale/Paradise Valley
 - 7.5 million day visitors in 2010 (86.8% of total)
 - 1.1 million hotel visitors in 2010 (13.2%)
 - 230,000 visiting friends and relatives estimated to Scottsdale

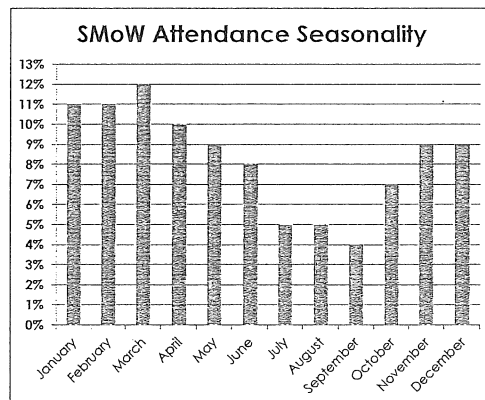
SMoW Visitation Potential

- Preliminary mid-range attendance potential is estimated at 103,000 in a stabilized year of operation – Stable Year is Year 5
- Attendance potential range of 87,000 to 118,000 based on quality of operations and market response



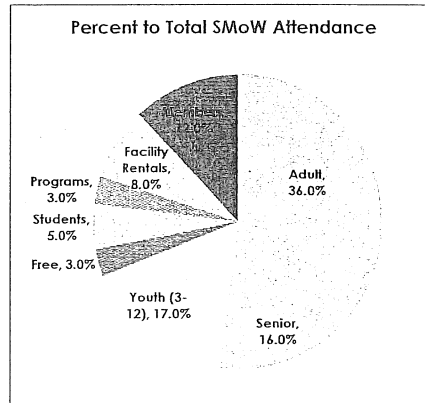
SMoW Visitation Potential

- Seasonal attendance pattern
- Mix of resident and tourist visitation



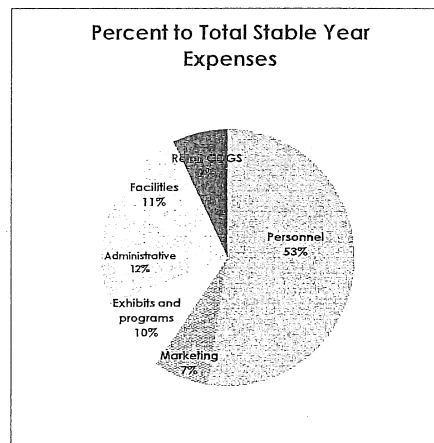
SMoW Visitation Potential

- Ticket prices assumed at \$11.00 adult and \$7.50 youth
- Estimated 5,000 students receive discounted admission
- Family memberships priced at \$85.00
- Estimated 2,060 total memberships
- Estimated 78 facility rentals



SMoW Operating Expenses and Staffing

- Based on the operating plan, total estimated operating expenses in current dollars would grow from \$2.30 million to \$2.77 million between Year 1 and Year 5 (stable year)
- Personnel expenses represent largest cost
- Personnel increase from 22 FTE's in Year 1 to 29.5 FTE's by Year 5 (stable year)

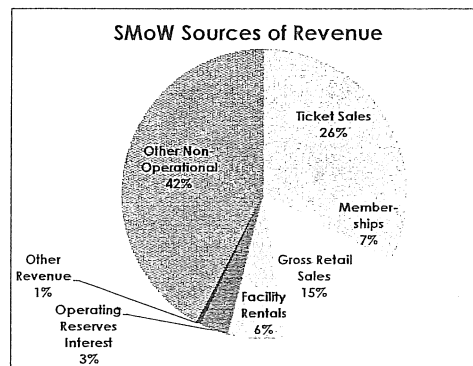


SMoW Revenue Potential

- A multi-year organization ramp up from initial opening until a stable year of operations in year 5 is assumed based on SMoW's proposed organization development approach.
- Operational Revenues are strong during the initial attendance surge after opening and stabilize by year 5
- In current dollar value, the need for other Non-Operational Revenues would grow from approximately \$750,000 in year 1 to \$1.26 million in year 5
 - Other Non-Operational Revenue requirement set at break-even operations

SMoW Revenue Potential

- \$1.51 million in Operational Revenue potential based on the mid-range attendance for a stable year and in current dollar value
- \$1.26 million in other Non-Operational Revenue required for stable year mid-range attendance scenario in current dollar value. Includes City support for several years and ongoing and increasing museum fundraising.



SMoW Operating Potential

- During the first few years SMoW is expected to build up to its stabilized attendance level based on word of mouth advertising, staff and volunteer competency growth and reputation.
- City contribution to non-Operational Revenues is essential to achieve this plan based on project sponsor's estimates of its fund-raising capacity
- Benchmarking of the market and operating characteristics of eight western history and art museums contributed to the evaluation and to the development of the operating plan
- The overall analysis and experience of the benchmark museums indicate that there is a good opportunity for operating success for SMoW
- Ultimately the quality of the museum, its exhibits, programs, staff, marketing and operations; along with its success in generating community support and contributions will dictate the extent of its success

Museum Management Agreement

The operating agreement serves as the contract between the City of Scottsdale and the operator, Scottsdale Museum of the West (SMoW).

SMoW (Manager) Responsibilities

1. Participate in museum design and construction.
2. Contract and manage exhibit and graphic consultants to develop western themes.
3. Art Collection: Ownership of the Manager's collection to be conveyed to city if SMoW ceases to operate.
4. Naming Rights: Initial name of the museum shall be "Scottsdale's Museum of the West". City has sole and absolute discretion as to name, payments for naming rights, payment of all or a portion of naming rights payment to the City.

Museum Management Agreement

5. Management & Operation

- Open for 300 days a year minimum
- Open during downtown events like Art Walk
- Establish business operations and gift shop retail outlet
- Comply with federal, state and local tax requirements
- Board Membership- City has right to appoint and replace not less than 15% of the voting members on Manager's governing board

6. Term of Agreement: 10 years with three (3) additional ten (10) year extension options.

7. Financial Commitments

- Engage in Fundraising to provide new shows
- Develop program for five year city matching donation program
- Pay all museum staff salaries contractual service and utility bills
- Letter of Credit- establish \$500,000 within first five years

Museum Management Agreement

- Annual plan due to City by October 1 each year, to include:
 - Exhibits, shows and programming
 - Attendance and memberships
 - Finances, expenses and revenues
 - Art, artifacts, in-kind, and other donations
 - Volunteers and staffing
 - Operating tasks and expenses
 - Program quality, education outreach, civic engagement and financial accountability
 - Maintenance, repair and other work to the facility
 - Other matters relevant to this Agreement or the Facility as requested by the City
 - Manager's mission, vision and goals to provide the City with the Planning, development, production, operations and managerial services required of it under the agreement

Museum Management Agreement

City of Scottsdale Responsibilities

1. Selection and contract award to Design Build Manager
2. Design and construction of the building shell, tenant improvements and Specialty Work
3. Submittal and approval of necessary city planning and Plan Review
4. Resolve ownership of Loloma Transit Center
5. Provide payments up to \$400,000 annually to match funds donated to the museum.

Funding Plan

History of Funding Discussions: Western Museum

- September 20, 2011:
 - Tourism Development Commission approved the recommendation for a 10% (\$600,000/yr) allocation of Tourism Development funds for long-term debt support.
- October 18, 2011:
 - Council directed staff to develop a lease for Council approval and
 - Reserved a ten-percent (\$600,000/yr) allocation of the city's portion of the Tourism Development Program funds as long-term debt support.
- June 19, 2012:
 - Tourism Development Commission voted to extend the 10% (\$600,000/yr) reserve from July 31, 2012 to December 1, 2012
- On October 2, 2012:
 - Council extended the 10% (\$600,000/yr) reserve until July 31, 2013.

Funding Plan

Current Funding Recommendation: Western Museum

- Municipal Property Corporation (MPC) bonds issued in FY13/14 to fund estimated \$13.6 million museum and cultural plaza development costs, plus \$1.0 million as a debt service reserve required by financial policy:
 - Annual debt service for 20 years estimated at \$1.0 million/yr (\$900,000 without debt service reserve).
 - MPC debt service provided by Bed Tax capital funds.
- Matching Grant Program to incentivize private donations and insure operating viability:
 - Up to \$400,000 per year for first five years
 - Dollar match equal to private donations
 - Funds not required to subsidize operations to be "banked" for future years
 - Funded by non-capital Bed Tax funds.

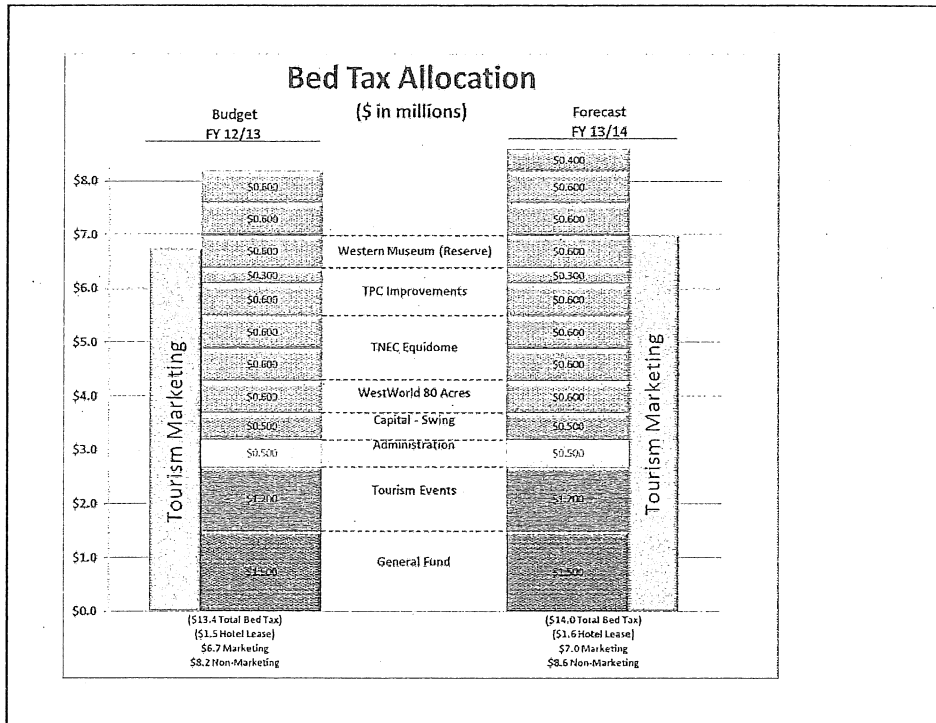
Funding Plan

Funding Plan Actions: Scottsdale Museum of the West

Adopt Ordinance No. 4071 which will waive two financial policies as related to the Scottsdale Museum of the West project:

- Waive Financial Policy No. 21A (that limits tourism capital project commitments to \$600,000 per project), and
- Waive Financial Policy No. 37 (that requires a debt service reserve)
- Authorize the commitment of \$900,000/yr of Bed Tax capital fund support

Direct staff regarding use of non-capital Bed Tax funds for matching grant support up to \$400,000 per year for the first five years.



Tourism Development Commission Economic Development Subcommittee

- On February 19, 2013 the Tourism Development Commission voted in favor of the Western Museum and requested capital and matching grant funding.
- Economic Development Subcommittee on February 21, 2013.

Item 19

Active and Retired Employee Medical Plans and Premiums

City Council Meeting
February 26, 2013

Overview – City’s Self-Insured Medical Plans

	<u>Number Enrolled</u>	<u>Percent Enrolled</u>
Employee Medical		
Aetna Select	1,900	82%
Aetna Choice	248	11%
Aetna Choice + HSA	81	4%
Public Safety Disability Retirees	31	1%
Retirees	42	2%
Total	2,302	

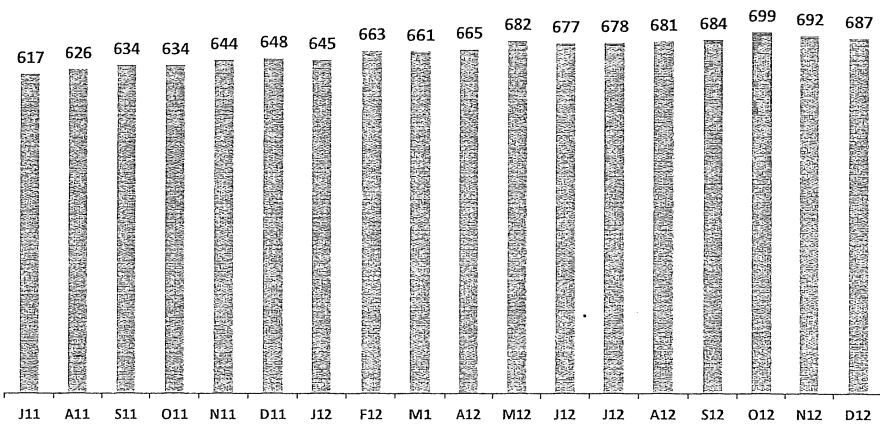
Key Issues To Address

- A. Employee Rates
- B. Employee Wellness Incentive
- C. Retiree Rates
- D. Public Safety Disability Retiree Rates
- E. Federal Reinsurance Fee – \$.38 m (2%) included in employee and retiree rates
- F. Federal Tax Law Change – Increase Choice+HSA plan deductibles
- G. Dental – No changes to either self-insured or HMO plans

3

Is an increase to rates needed?

12-month Rolling Average – Per Employee Per Month Claims Costs



4

Why Pay A Wellness Incentive ?

- Aetna and Hays recommended next step for City – encourage healthy employee behavior including wellness visits.
- Not only employees but spouses as well – spouse costs increasing faster than employee costs.
- This year’s program involves a wellness visit with PCP and completion of an Aetna health risk assessment.
- More accurate test results and improved follow up care for problems identified.
- The incentive is \$120 for employee coverage or \$240 for employee and spouse coverage
- The incentive is all or nothing, both employee and spouse must participate to qualify for any incentive payment.

5

Wellness Visits Year Over Year

Plan Year	Male Employee	Male Spouse	Female Employee	Female Spouse
2009/10 <i>No Incentive</i>	25.5%	26.7%	55.2%	46.6%
2010/11 <i>\$120 Incentive</i>	↓ 24.6%	↓ 22.0%	↑ 59.4%	↑ 52.5%
2011/12 <i>\$100 Incentive</i>	↑ 26.4%	↑ 29.1%	↓ 52.3%	↓ 48.9%

6

Key Issues - Rates

	<u>Number Enrolled</u>	<u>Percent Increase</u>	<u>Change for City</u>	<u>City Total</u>	<u>Change for Insured</u>	<u>Insured Total</u>
A. Employee Rates	2,229	6%	\$1.09 m	\$19.01 m	\$.29 m	\$5.40 m
B. Employee Wellness Incentive		-	.15 m	.15 m	.04 m	-.19 m
C. Retiree Rates	42	6%	-	-	.03 m	.48 m
D. Public Safety Disability Retiree Rates	31	6%	\$.02 m	\$.27 m	\$.03 m	\$.28 m
E. Federal Reinsurance Fee – \$.38 m (2%) included in employee and retiree rates						
F. Federal Tax Law Change – Increase Choice+HSA plan deductibles						
G. Dental – No changes to either self-insured or HMO plans						

7

Proposed Monthly Rate Increases

	<u>Total Number Enrolled</u>	<u>Percent Enrolled</u>	<u>EE-Only</u>		<u>EE+Fam</u>	
			<u>City</u>	<u>EE</u>	<u>City</u>	<u>EE</u>
Employee Medical						
Aetna Select	1,900	82%	+\$21	+\$5	+\$62	+\$19
Aetna Choice	248	11%	+19	+4	+56	+15
Aetna Choice + HSA	81	4%	+20	+2	+54	+14
Public Safety Disability Retirees (Aetna Select)	31	1%	+25	+26	+77	+81
Retirees (Aetna Select)	42	2%	\$0	+\$51	\$0	+\$159
Total	2,302					

8

Example of 6% Rate Increase For Employees

<u>Aetna Select</u>	<u>Employee Pays FY 2012/13</u>	<u>Employee Pays FY 2013/14</u>	<u>Change</u>
Employee	\$87	\$92	\$5
Employee + Child	176	186	10
Employee + Spouse	213	226	13
Employee + Family	\$316	\$335	\$19

Increase can be offset by participating in Wellness Program.

9

Council Action Requested

Adopt Resolution No. 9313

1. Approve medical and dental contribution rates for active employees
2. Approve monthly benefit premiums for City retirees
3. Approve monthly benefit premiums for public safety accidental disability retirees
4. Approve incentive to active employees (and spouses) who are covered for medical benefits and participate in the City's wellness screening program
5. Implement medical plan design change to increase Choice+HSA deductibles per IRS regulations.

10

Supplemental Information - How Hays Companies Calculates Medical Premiums

1. Review most recent 12 months of paid claims (Medical & Rx)
2. Take out any specific Stop Loss claims (claims over \$325,000)
3. Adjust for any plan design changes
4. Apply trend factor for the coming year (8.7%)
5. Add back in large claims up to Stop Loss deductible
6. Divide expected claims by enrollment to get the
Per Employee (Active or Retired) Per Month (PEPM) cost
7. Add back in:
 - Stop Loss premium/Cigna Behavioral Health Premium
 - PPACA Reinsurance Fee
 - Administration Fees
8. Compute the per employee/retiree per month cost and
set rates at that level

Item 20



FY 2013/14 Strategic Goals and Key Objectives

February 26, 2013 City Council Meeting

Tonight's Agenda Item



- 1. Review the listing of key objectives**
- 2. Do you have questions or need more information?**
- 3. Are there any objectives you want to add, change or delete?**



Strategic Goals



Value Scottsdale's Unique Lifestyle and Character



Preserve Meaningful Open Space



Support Economic Vitality



Seek Sustainability



Enhance Neighborhoods



Advance Transportation

from CityShape 2020 and 2001 General Plan

3

Value Scottsdale's Unique Lifestyle and Character



- A1. Provide significant opportunities for widespread citizen involvement as General Plan process moves forward**
- A2. Enhance roadside appearance and bicycle accessibility through Thomas Road streetscape and bike lanes**
- A3. Open Tony Nelssen Equestrian Center expansion by hosting new, larger events and expanding existing shows**
- A4. Continue efforts to develop new attractions such as the Desert Discovery Center and Museum of the West**



4

Support Economic Vitality



- B1. Attract new development and jobs to Scottsdale, including Downtown, Bell and McDowell road corridors
- B2. Improve online ChooseScottsdale.com and marketing efforts promoting Scottsdale and targeted industries
- B3. Implement enhanced staff outreach program designed to attract new and retain/expand existing businesses
- B4. Regularly contact Downtown business/property owners to gauge if programs and events meet their needs
- B5. Coordinate activities of new five-year Tourism Development and Marketing Strategic Plan



5

Enhance Neighborhoods



- C1. Update five-year human services plan to address community needs identified by residents and agencies
- C2. Finish renovation of community center at Chaparral Park that serves persons of all ages with disabilities
- C3. Update online maps to improve customer usability on mobile devices including smartphones and tablets
- C4. Respond to community concerns and crime trends through increased prevention and enforcement activities
- C5. Utilize fifth courtroom with pro tem judges to decrease driving under the influence (DUI) case backlog



6

Preserve Meaningful Open Space



- D1. Acquire 2,400 acres of mountainous State Trust land in the southern area of the Preserve
- D2. Complete first phase of two trailheads north of Dynamite: Granite Mountain and Fraesfield
- D3. Field locate and complete first phase of construction of the northern Preserve trails



7

Seek Sustainability



- E1. Increase investment in city assets, infrastructure, and employees through balanced and sustainable budgets
- E2. Reduce deferred maintenance backlog by providing timely on-demand maintenance/repair to city facilities
- E3. Stabilize fuel costs, emissions and dependence on foreign oil by increasing alternative-fuel vehicle fleet
- E4. Negotiate long-term landfill contract to ensure sustainable disposal location for resident and business refuse
- E5. Complete Advanced Water Treatment Plant expansion improving reclaimed water for irrigation/recharge



8

Advance Transportation



- F1. Expand access to transit by opening Thunderbird Park & Ride, Mustang and SkySong transit centers
- F2. Improve traffic flow through Airpark area by completing Northsight Roadway extension
- F3. Complete Scottsdale Road improvements between Thompson Peak and Pinnacle Peak roads



9

Tonight's Agenda Item



1. Review the listing of key objectives
2. Do you have questions or need more information?
3. Are there any objectives you want to add, change or delete?

10

Item 21

State Legislative Update

February 26, 2013

Legislative Update

- Today is the 44th day of the First Regular Session of the 51st Legislature.
- Last week was the deadline to have a bill heard in the house of origin.
- 1145 bills have been introduced. Approximately 1300 bills last year at this time.

HB 2526 – Street Light Improvement Districts

- Authorizes cities and towns to adjust the Street Light Improvement District (SLID) annual levy to recover municipal costs incurred for Operation and Maintenance of SLIDs.
- Introduced by Representative Michelle Ugenti (Scottsdale).
- Passed House Government Committee on February 12th.
- Will be heard in the House Committee of the Whole this week.

HB 2657 – Transaction Privilege Tax

- HB 2657 makes numerous changes to the structure and administration of the Transaction Privilege Tax (TPT).
- Result of Governor's Transaction Privilege Tax Simplification Tax Force recommendations.
- Task Force made 10 recommendations.
- Unanimous support for 7 of the 10 recommendations.
- Cities and towns on record opposing 3 recommendations.

HB 2657 – Transaction Privilege Tax

- Remaining 3 recommendations are basis for HB 2657.
 1. Statewide Administration of TPT taxes
 2. Single Audit Provision
 3. Conversion of Construction Sales Tax to Retail

Statewide Administration of TPT

- HB 2657 would require the Arizona Department of Revenue (ADOR) to administer TPT on behalf of the State and all municipalities.
- There are currently 18 “non-program” cities that collect their own TPT. Scottsdale is one of the 18 cities.
- Under HB 2657, Scottsdale will lose the ability to collect and administer TPT.
- TPT accounts for approximately 39% of City’s General Fund.

Single State Audit

- HB 2657 eliminates the ability of cities and towns to perform TPT audits and requires the ADOR to provide all TPT auditing functions.
- The current multi-jurisdictional audit coordinator (MJAC) process has been in place for more than ten years, offering every taxpayer the right to a single audit if they opt in.
- Few taxpayers take advantage of the MJAC single audit opportunity.

Construction Sales Tax; Prime Contracting

- HB 2657 eliminates the prime contracting TPT classification and changes how construction activities are taxed.
- Instead, taxes will be paid on construction materials at the point of sale (retail).
- Under prime contracting, a contractor pays TPT based on 65% of gross receipts.

Construction Sales Tax; Prime Contracting

Example of Prime Contracting TPT on \$200,000 building

\$200,000	State:	6.6%
<u> x .65</u>	County:	0.7 %
= \$130,000	<u>Scottsdale:</u>	<u>1.65%</u>
<u> x .0895</u>	Total =	8.95%
= \$11,635		

\$2,145 in taxes to City of Scottsdale

\$8,580 in taxes to the State of Arizona

Construction Sales Tax; Prime Contracting

- The City of Scottsdale is the third highest city in collection of construction TPT revenue.

FY 11/12 TPT Contracting Revenues

1. Phoenix	\$44.1 million
2. Tucson	\$14.5 million
3. Scottsdale	\$13.9 million
4. Chandler	\$10.9 million
5. Tempe	\$6.8 million

Total all Cities and Towns = \$169.1 million

***Construction Sales Tax; Prime Contracting
Discussion points***

- There will be additional state shared revenues to cities from increase in retail activities. Shared revenues are distributed based on population.
- State is assuming a 31% non-compliance rate of TPT payments by construction industry.
- Unknown information
 - Where are materials currently being purchased?
 - Is 31% non-compliance accurate?
 - How much material is being purchased out of state?

***Construction Sales Tax; Prime Contracting
Moving Forward***

- HB 2657 passed House Ways & Means Committee on February 18 (vote 8-0).
- Will be heard next in House Appropriations Committee.
- Mayor Lane stakeholders group
 - Developed alternative principles
 - Provides for tax simplification without financial risk
 - Provides solutions to 9 of the 10 Task Force recommendations

***HB 2657 – Transaction Privilege Tax
Online Portal***

- HB 2466 required the creation of an “Online Portal” to allow one online location for taxpayers to pay State and local TPT taxes.
- When fully implemented the Online Portal will:
 - Provide a single point of contact for paying TPT taxes and obtaining licenses (non-program cities).
 - Allow multi-jurisdictional taxpayers to submit all necessary returns with one web-based form (non-program cities).
 - Must be fully operational by January 1, 2015.

HB 2657 – Transaction Privilege Tax

- Remaining 3 recommendations are basis for HB 2657.
 1. Single Audit
 2. Statewide Collection of TPT taxes
 3. Convert Construction Sales Tax to Retail
- HB 2657 was introduced by Representative Debbie Lesko (Glendale) and passed the House Ways & Means Committee on February 18 (Vote 8-0).

SB 1210 – Municipalities; Policies; Shared Revenue

- Requires the State Ombudsman-Citizen Aide or an independent auditor to investigate a complaint alleging that a municipality has willfully violated its personnel or purchasing policies.
- If the municipality is found to be in violation and fails to cure the violation, the State Treasurer is required to withhold at least 10 percent of the municipalities distribution of State Shared Revenues.
- SB 1210 was introduced by Senator Judy Burges (Sun City) and passed the Government Committee on February 5th (vote 4-3).

Any Questions?

Monthly Financial Update

As of January 31, 2013

City Council
February 26, 2013
Prepared by: Finance and Accounting Division

General Fund Operating Sources

January 2013: Fiscal Year to Date

(in millions: rounding differences may occur)

Sources Category	FY 10/11	FY 11/12	FY 12/13	FY 12/13	Actual vs. Budget	
	Actual	Actual	Actual	Budget	Fav/(Unf)	%
Sales Tax: 1.0% General Purpose	\$44.9	\$47.6	\$49.3	\$50.1	(\$0.8)	(2%)
0.1% Public Safety	4.3	4.6	4.8	4.9	(0.1)	(2%)
State Shared: Sales Tax	9.9	9.5	9.9	10.1	(0.2)	(2%)
Revenue	13.3	10.7	13.0	13.0	-	-
Auto Lieu Tax	4.6	4.3	3.8	4.3	(0.5)	(12%)
Property Taxes (Primary)	13.1	14.4	14.6	13.4	1.1	8%
Franchise Fees/In-Lieu Tax	7.7	7.9	8.2	7.8	0.4	5%
Other: Licenses, Permits & Fees	4.7	4.7	4.6	4.5	0.1	3%
Fines & Forfeitures	4.0	4.0	3.8	4.0	(0.2)	(4%)
Miscellaneous	4.7	4.4	4.9	3.0	1.9	63%
Building Permits	4.3	4.7	6.3	4.6	1.7	37%
Interest Earnings	1.4	0.6	0.7	0.7	-	-
Indirect Cost Allocations	7.8	5.0	4.1	4.1	-	-
Transfers In	8.4	6.7	5.5	5.3	0.2	4%
<i>Subtotal Operating Sources</i>	<u>\$133.1</u>	<u>\$129.2</u>	<u>\$133.4</u>	<u>\$129.7</u>	<u>\$3.7</u>	<u>3%</u>
Bond Proceeds* shown for debt offset	-	-	29.2*	29.2*	-	-
Bed Taxes (gross)	5.4	5.6	-	-	n/a	n/a
<i>Total Operating Sources</i>	<u>\$138.5</u>	<u>\$134.8</u>	<u>\$162.6</u>	<u>\$158.9</u>	<u>\$3.7</u>	<u>2%</u>

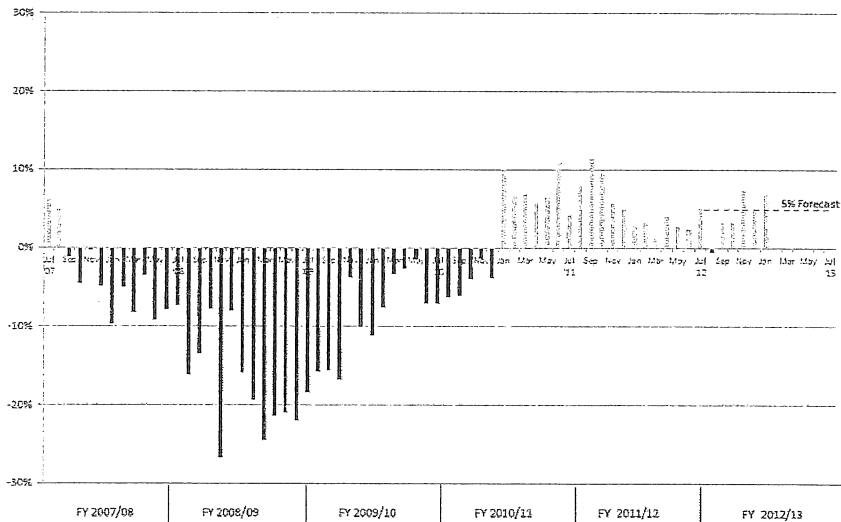
* To cover the Nordstrom Garage Lease Payoff

General Fund Operating Sources: Sales Tax January 2013: Fiscal Year to Date

(in millions: rounding differences may occur)

1.0% Sales Tax Category	FY 10/11	FY 11/12	FY 12/13	FY 12/13	Actual vs. Budget	
	Actual	Actual	Actual	Budget	Fav/(Unf)	%
<u>Consumer Spending:</u>						
Small retail stores	\$7.2	\$7.9	\$8.2	\$8.5	(\$0.3)	(4%)
Large retail stores	5.2	5.3	5.4	5.6	(0.2)	(4%)
Misc goods & services	3.0	3.2	3.7	3.4	0.4	11%
Grocery & convenience	3.5	3.6	3.6	3.7	-	-
Auto sales & maintenance	4.9	5.3	6.0	5.9	0.1	2%
<u>Tourism/Entertainment:</u>						
Hotel lodging & misc sales	1.9	1.9	1.9	2.0	(0.1)	(4%)
Restaurants & bars	3.7	4.0	4.1	4.3	(0.1)	(2%)
<u>Business:</u>						
Construction	4.1	4.8	4.9	5.5	(0.5)	(10%)
Rental	6.8	6.8	7.1	6.9	0.2	2%
Utilities	2.7	2.7	2.7	2.8	-	-
Licenses, penalties/interest	1.4	1.5	1.5	1.6	(0.1)	(8%)
<i>Subtotal 1.0% Sales Tax</i>	<i>\$44.3</i>	<i>\$47.1</i>	<i>\$49.3</i>	<i>\$50.1</i>	<i>(\$0.8)</i>	<i>(2%)</i>
Large Audit Adjustments	0.5	0.4	-	-	-	-
<i>Total 1.0% Sales Tax</i>	<i>\$44.9</i>	<i>\$47.6</i>	<i>\$49.3</i>	<i>\$50.1</i>	<i>(\$0.8)</i>	<i>(2%)</i>

General Fund Sales Tax: 1.0% General Purpose – Year over Year Change (excluding large audit adjustments)



General Fund Operating Uses: by Category January 2013: Fiscal Year to Date

(in millions: rounding differences may occur)

Category	FY 10/11	FY 11/12	FY 12/13	FY 12/13	Actual vs. Budget	
	Actual	Actual	Actual	Budget	Fav/(Unf)	%
Personnel Services*:						
Salaries & Wages	\$68.6	\$64.9	\$65.2	\$65.3	\$0.2	-
Overtime	3.2	3.3	3.8	3.2	(0.6)	(18%)
FICA	4.7	4.4	4.4	4.5	-	-
Retirement	7.6	7.8	9.0	9.0	(0.1)	(1%)
Health/Dental & Misc	5.8	8.0	8.8	8.9	0.1	2%
<i>Total Personnel Services</i>	<u>\$89.9</u>	<u>\$88.4</u>	<u>\$91.2</u>	<u>\$90.9</u>	<u>(\$0.3)</u>	<u>-</u>
Contractual, Commodities, Capital Outlay	32.0	29.1	31.7	34.4	2.7	8%
<i>Total Operating Expenses</i>	<u>\$122.0</u>	<u>\$117.5</u>	<u>\$122.9</u>	<u>\$125.3</u>	<u>\$2.4</u>	<u>2%</u>
Debt Serv. & Contracts	2.5	6.8	33.9*	32.6*	(1.2)	(4%)
Transfers Out	2.8	3.0	3.3	3.0	(0.3)	(10%)
<i>Total Operating Uses</i>	<u>\$127.2</u>	<u>\$127.3</u>	<u>\$160.1</u>	<u>\$161.0</u>	<u>\$0.9</u>	<u>1%</u>
*Pay Periods thru January:	15	15	15			

* The Nordstrom Garage Lease Payoff

General Fund Operating Uses: by Division January 2013: Fiscal Year to Date

(in millions: rounding differences may occur)

Division	FY 10/11	FY 11/12	FY 12/13	FY 12/13	Actual vs. Budget	
	Actual	Actual	Actual	Budget	Fav/(Unf)	%
Mayor & Council, Charter Officers	\$10.9	\$9.6	\$10.1	\$10.8	\$0.6	6%
Administrative Services	8.3	8.1	8.4	8.7	0.2	3%
Comm. & Econ Development	15.7	14.1	13.6	13.9	0.2	2%
Community Services	19.3	17.3	18.7	19.3	0.6	3%
Public Safety - Fire	14.9	15.1	16.6	16.8	0.1	1%
Public Safety - Police	44.5	44.8	45.9	46.0	0.1	-
Public Works	8.3	8.6	9.4	10.0	0.5	5%
<i>Total Operating Expenses</i>	<u>\$122.0</u>	<u>\$117.5</u>	<u>\$122.9</u>	<u>\$125.3</u>	<u>\$2.4</u>	<u>2%</u>

General Fund Results: Summary January 2013: Fiscal Year to Date

(in millions: rounding differences may occur)

	FY 10/11	FY 11/12	FY 12/13	FY 12/13	Actual vs. Budget	
	Actual	Actual	Actual	Budget	Fav/(Unf)	%
Sources	\$138.5	\$134.8	\$162.6*	\$158.9*	\$3.7	2%
Uses	127.2	127.3	160.1*	161.0*	0.9	1%
Change in Fund Balance	\$11.3	\$7.5	\$2.5	(\$2.1)	\$4.6	

* The Nordstrom Garage Lease Payoff paid for with bond proceeds.

General Fund Operating Sources January 2013

(in millions: rounding differences may occur)

Sources Category	FY 10/11	FY 11/12	FY 12/13	FY 12/13	Actual vs. Budget	
	Actual	Actual	Actual	Budget	Fav/(Unf)	%
Sales Tax: 1.0% General Purpose	\$8.5	\$8.6	\$9.0	\$9.1	(\$0.1)	(1%)
0.1% Public Safety	0.8	0.8	0.9	0.9	-	-
State Shared: Sales Tax	1.5	1.4	1.5	1.5	-	-
Revenue	1.9	1.5	1.9	1.9	-	-
Auto Lieu Tax	0.6	0.8	0.5	0.6	-	-
Property Taxes (Primary)	0.9	0.9	1.1	0.9	0.2	17%
Franchise Fees/In-Lieu Tax	2.5	2.7	2.6	2.6	-	-
Other: Licenses, Permits & Fees	1.3	1.3	1.4	1.2	0.3	22%
Fines & Forfeitures	0.6	0.6	0.6	0.6	-	-
Miscellaneous	0.9	0.5	1.8	0.3	1.5	nm
Building Permits	0.4	0.6	0.7	0.7	-	-
Interest Earnings	0.5	-	0.1	0.1	-	-
Indirect Cost Allocations	1.1	0.7	0.6	0.6	-	-
Transfers In	0.6	0.5	0.5	0.5	-	-
<i>Subtotal Operating Sources</i>	<i>\$22.1</i>	<i>\$20.9</i>	<i>\$23.1</i>	<i>\$21.3</i>	<i>\$1.8</i>	<i>8%</i>
Bond Proceeds* shown for debt offset	-	-	29.2	29.2	-	-
Bed Taxes (gross)	0.9	0.9	-	-	n/a	n/a
<i>Total Operating Sources</i>	<i>\$23.0</i>	<i>\$21.8</i>	<i>\$52.3</i>	<i>\$50.5</i>	<i>\$1.8</i>	<i>3%</i>

* To cover the Nordstrom Garage Lease Payoff

General Fund Operating Sources: Sales Tax January 2013

(in millions: rounding differences may occur)

1.0% Sales Tax Category	FY 10/11	FY 11/12	FY 12/13	FY 12/13	Actual vs. Budget	
	Actual	Actual	Actual	Budget	Fav/(Unf)	%
<i>Consumer Spending:</i>						
Small retail stores	\$1.6	\$1.8	\$1.8	\$1.9	(\$0.1)	(5%)
Large retail stores	1.1	1.1	1.1	1.2	(0.1)	(5%)
Misc goods & services	0.8	0.7	1.2	0.9	0.3	36%
Grocery & convenience	0.7	0.7	0.7	0.8	-	-
Auto sales & maintenance	0.8	0.9	0.9	1.0	-	-
<i>Tourism/Entertainment:</i>						
Hotel lodging & misc sales	0.3	0.3	0.3	0.3	-	-
Restaurants & bars	0.6	0.7	0.7	0.7	-	-
<i>Business:</i>						
Construction	0.7	0.7	0.7	0.7	(0.1)	(8%)
Rental	1.1	1.0	1.1	1.1	-	-
Utilities	0.3	0.3	0.3	0.3	-	-
Licenses, penalties/interest	0.3	0.2	0.2	0.3	(0.1)	(20%)
<i>Subtotal 1.0% Sales Tax</i>	<i>\$8.3</i>	<i>\$8.5</i>	<i>\$9.1</i>	<i>\$9.1</i>	<i>-</i>	<i>-</i>
Large Audit Adjustments	0.2	-	(0.2)	-	(0.2)	
<i>Total 1.0% Sales Tax</i>	<i>\$8.5</i>	<i>\$8.6</i>	<i>\$9.0</i>	<i>\$9.1</i>	<i>(\$0.1)</i>	<i>(1%)</i>

General Fund Operating Uses: by Category January 2013

(in millions: rounding differences may occur)

Category	FY 10/11	FY 11/12	FY 12/13	FY 12/13	Actual vs. Budget	
	Actual	Actual	Actual	Budget	Fav/(Unf)	%
<i>Personnel Services*:</i>						
Salaries & Wages	\$9.2	\$8.7	\$8.5	\$8.5	-	-
Overtime	0.6	0.5	0.6	0.6	-	-
FICA	0.7	0.6	0.6	0.6	-	-
Retirement	1.0	1.1	1.3	1.2	-	-
Health/Dental & Misc	0.8	1.2	1.3	1.3	-	-
<i>Total Personnel Services</i>	<i>\$12.2</i>	<i>\$12.1</i>	<i>\$12.2</i>	<i>\$12.3</i>	<i>\$-</i>	<i>-</i>
Contractual, Commodities, Capital Outlay	4.5	4.1	4.3	5.1	0.8	16%
<i>Total Operating Expenses</i>	<i>\$16.8</i>	<i>\$16.2</i>	<i>\$16.5</i>	<i>\$17.3</i>	<i>\$0.8</i>	<i>5%</i>
Debt Serv. & Contracts	0.4	(1.0)	31.1*	29.4*	(1.7)	(6%)
Transfers Out	0.4	1.0	0.3	-	(0.3)	n/a
<i>Total Operating Uses</i>	<i>\$17.6</i>	<i>\$16.2</i>	<i>\$47.9</i>	<i>\$46.8</i>	<i>(\$1.1)</i>	<i>(2%)</i>
*Pay Periods in January:	2	2	2			
* The Nordstrom Garage Lease Payoff						

General Fund Operating Uses: by Division January 2013

(in millions: rounding differences may occur)

Division	FY 10/11	FY 11/12	FY 12/13	FY 12/13	Actual vs. Budget	
	Actual	Actual	Actual	Budget	Fav/(Unf)	%
Mayor & Council, Charter Officers	\$1.7	\$1.3	\$1.3	\$1.5	\$0.2	14%
Administrative Services	1.0	1.1	0.9	1.1	0.1	14%
Comm. & Econ Development	2.1	2.0	1.8	1.9	0.2	8%
Community Services	2.6	2.3	2.6	2.7	0.1	5%
Public Safety - Fire	1.9	2.0	2.2	2.2	-	-
Public Safety - Police	6.3	6.3	6.4	6.6	0.2	3%
Public Works	1.2	1.3	1.3	1.3	-	-
<i>Total Operating Expenses</i>	<u>\$16.8</u>	<u>\$16.2</u>	<u>\$16.5</u>	<u>\$17.3</u>	<u>\$0.8</u>	<u>5%</u>

General Fund Results: Summary January 2013

(in millions: rounding differences may occur)

	FY 10/11	FY 11/12	FY 12/13	FY 12/13	Actual vs. Budget	
	Actual	Actual	Actual	Budget	Fav/(Unf)	%
Sources	\$23.0	\$21.8	\$52.3*	\$50.5*	\$1.8	3%
Uses	17.6	16.2	47.9*	46.8*	(1.1)	(2%)
Change in Fund Balance	<u>\$5.4</u>	<u>\$5.6</u>	<u>\$4.4</u>	<u>\$3.7</u>	<u>\$0.7</u>	

* Nordstrom Garage Lease Payoff paid for with bond proceeds.