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CALL TO ORDER

[Time: 00:00:03]

Mayor Lane: I WOULD LIKE TO CALL TO ORDER OUR REGULAR MEETING, MAY 14, 2013. IT IS APPROXIMATELY 5:00 O'CLOCK. WE WILL START WITH THE ROLL CALL PLEASE.

ROLL CALL

[Time: 00:00:10]

City Clerk Carolyn Jagger: MAYOR JIM LANE.

Mayor Lane: PRESENT.

City Clerk Carolyn Jagger: VICE MAYOR SUZANNE KLAPP.

Vice Mayor Klapp: HERE.

City Clerk Carolyn Jagger: COUNCILMEMBERS VIRGINIA KORTE.

Councilmember Korte: HERE.

City Clerk Carolyn Jagger: BOB LITTLEFIELD.

Councilman Littlefield: HERE.

City Clerk Carolyn Jagger: LINDA MILHAVEN.

Councilwoman Milhaven: HERE.

City Clerk Carolyn Jagger: GUY PHILLIPS.

Councilmember Phillips: PRESENT.

City Clerk Carolyn Jagger: DENNIS ROBBINS.

Councilman Robbins: HERE.

City Clerk Carolyn Jagger: ACTING CITY MANAGER DAN WORTH.

Acting City Manager Dan Worth: HERE.

City Clerk Carolyn Jagger: CITY ATTORNEY BRUCE WASHBURN.

City Attorney Bruce Washburn: HERE.

City Clerk Carolyn Jagger: CITY TREASURER DAVID SMITH.

City Treasurer David Smith: PRESENT.

City Clerk Carolyn Jagger: CITY AUDITOR SHARRON WALKER.

City Auditor Sharron Walker: HERE

City Clerk Carolyn Jagger: AND THE CLERK IS PRESENT.

[Time: 00:00:35]

Mayor Lane: FOR SOME ORDER OF BUSINESS ITEMS TO MENTION, WE DO HAVE CARDS IF YOU WOULD LIKE TO SPEAK ON ANY ITEM ON THE AGENDA AND/OR FOR PUBLIC COMMENT, THAT'S THE WHITE CARD THAT THE CITY CLERK IS HOLDING ABOVE HER HEAD, AND IF YOU WOULD LIKE TO GIVE SOME WRITTEN COMMENTS ON ANY OF THE AGENDA ITEMS, THE YELLOW CARD CAN BE COMPLETED AND WE WILL READ THEM THROUGHOUT THE PROCEEDINGS. WE DO HAVE SCOTTSDALE POLICE OFFICERS DAVE PUBINS AND TOM CLEARLY HERE TO ASSIST; THEY ARE STRAIGHT IN FRONT OF ME HERE AND TO THE BACK OF THE KIVA IF YOU HAVE A NEED FOR THEIR ASSISTANCE. THE AREAS BEHIND THE COUNCIL DAIS ARE RESERVED FOR COUNCIL AND THE STAFF BUT WE DO HAVE FACILITIES TO MY LEFT UNDER THE EXIT SIGN AND THAT RESTROOM SIGN.

PLEDGE OF ALLEGIANCE

[Time: 00:01:19]

Mayor Lane: TONIGHT, DUE TO A DOUBLE BOOKING, WE ARE DELIGHTED TO HAVE TWO SCOUT TROOPS HERE. WE HAVE THE BROWNIES AND THE JUNIOR GIRL SCOUTS OF TROOP 1680 AND A DAISY TROOP WITH THEIR LEADER. THEY ARE ALL GOING TO BE HERE. IF THEY WILL MOVE TO THE MICROPHONE TO LEAD US IN THE PLEDGE OF ALLEGIANCE.

Girl Scout/Brownie Troops: I PLEDGE ALLEGIANCE TO THE FLAG OF THE UNITED STATES OF AMERICA TO THE REPUBLIC FOR WHICH IT STANDS ONE NATION UNDER GOD INDIVISIBLE WITH LIBERTY AND JUSTICE FOR ALL.

Mayor Lane: THANK YOU. EACH OF YOU CAN INTRODUCE YOURSELF.

Daisy Troop Members: MY NAME IS CAMERON AND MY SCHOOL I GO TO IS CHEROKEE ELEMENTARY. MY FAVORITE SUBJECT IS CALENDAR AND MATH. MY NAME IS OLIVIA AND I GO TO CHEROKEE ELEMENTARY. MY FAVORITE SUBJECT IS ART AND CALENDAR. MY NAME IS JULIE, MY SCHOOL I GO TO IS CHEROKEE AND MY FAVORITE SUBJECT IS MUSIC. MY NAME IS KATE, I GO TO CHEROKEE, AND MY FAVORITE SUBJECT IS ART. MY NAME IS DANIELLE, I GO TO CHEROKEE ELEMENTARY AND MY FAVORITE SUBJECT IS PE.

Daisy Troop Adult: THIS IS AVA, SHE GOES TO MERCURY MINE, AND HER FAVORITE SUBJECT IS PE.

Brownie Troop Members: MY NAME IS VICTORIA AND I GO TO CHEROKEE ELEMENTARY AND MY FAVORITE SUBJECT IS WRITING AND READING. MY NAME IS SARAH I GO TO LIBERTY ELEMENTARY AND MY FAVORITE SUBJECT IS SOCIAL STUDIES. MY NAME IS JULIA, I GO TO LIBERTY ELEMENTARY AND MY FAVORITE SUBJECT IS SCIENCE. MY NAME IS AVA, I GO TO LIBERTY ELEMENTARY AND MY FAVORITE SUBJECT IS ART. MY NAME IS AUDREY, I GO TO LIBERTY ELEMENTARY AND MY FAVORITE SUBJECT IS SOCIAL STUDIES. MY NAME IS ANNIKA, I GO TO LIBERTY ELEMENTARY SCHOOL AND MY FAVORITE SUBJECT IS READING.

Junior Girl Scout Members: MY NAME IS MEGAN, I GO TO WILDFIRE ELEMENTARY AND MY FAVORITE SUBJECT IS WRITING. MY NAME IS CAMILLIE, I GO TO LIBERTY AND MY FAVORITE SUBJECT IS READING. MY NAME IS HANNAH, I GO TO LIBERTY ELEMENTARY AND MY FAVORITE SUBJECT IS SCIENCE. MY NAME IS CASSIDY, I GO TO LIBERTY ELEMENTARY AND MY FAVORITE SUBJECT IS MATH. MY NAME IS ERICA, I GO TO LIBERTY ELEMENTARY AND MY FAVORITE SUBJECT IS READING HONORS.

Mayor Lane: THANK YOU FOR YOUR MUCH LADIES.

INVOCATION

[Time: 00:05:33]

Mayor Lane: THE INVOCATION THIS EVENING IS PROVIDED BY PASTOR ROB GASCHLER OF PINNACLE CHURCH, PASTOR.

Pastor Rob Gaschler: LET'S PRAY. LORD GOD, WE THANK YOU FOR YOUR GRACE IT IS BY YOUR GRACE THAT YOU HAVE SAW THAT THE GOVERNMENT TO KEEP ORDER IN OUR SOCIETY. WE KNOW THE PROVERB SAYS WITHOUT COUNCIL OUR PLANS ARE FRUSTRATED BUT WITH THE COUNCIL OF MANY ADVISERS WE CAN SEE SUCCESS. SO WE THANK YOU FOR THE CITY COUNCIL, FOR MAYOR LANE AND WE PRAY FOR YOU WISDOM AND GUIDANCE AND EVERYTHING YOU DO FOR OUR GREAT CITY. AMEN.

MAYOR'S REPORT

[Time: 00:06:23]

Mayor Lane: WE HAVE A LITTLE REPORT ON SOME ACTIVITIES WE HAD LAST WEDNESDAY. WE HELD A STRATEGIC PLANNING WORKSHOP, INCLUDING AND IDENTIFYING KEY AREAS TO WORK ON. WE CONTINUE TO WORK ON THIS IN UPCOMING MEETINGS AND MORE INFORMATION WILL BE SHARED SOON. IF YOU ARE INTERESTING OF VIEWING THE WORKSHOP IT IS ONLINE AT SCOTTSDALEAZ.GOV.

WE WANT TO RECOGNIZE A DEDICATED EMPLOYEE WHO HAS BEEN WITH US AT EVERY COUNCIL MEETING. BRIAN HANCOCK, HE HAS ONLY MISSED THREE COUNCIL MEETINGS IN THE LAST 14 YEARS AND THAT IS WORTHY OF A ROUND OF APPLAUSE AND INCLUSIVE OF HIS BIRTHDAY. DO YOU WANT TO STICK YOUR HEAD OUT THERE? THANK YOU FOR YOUR DEDICATED WORK. COUNCILWOMAN LINDA MILHAVEN IS GOING TO SING FOR US. HAPPY BIRTHDAY BRIAN.

PUBLIC COMMENT

[Time: 00:07:40]

Mayor Lane: WE HAVE NO PUBLIC COMMENT CARDS BUT FOR THE RECORD I WILL SAY THIS IS THE TIME THAT IS RESERVED FOR PUBLIC COMMENT REGARDING NON-AGENDIZED ITEMS WHERE NO OFFICIAL ACTION IS TAKEN. THERE WILL BE ANOTHER OPPORTUNITY AT THE END OF THE MEETING, I AM SORRY WE DO HAVE ONE. NO OFFICIAL CAUSE OF ACTION WILL BE TAKEN ON THIS. THERE WILL BE ANOTHER TIME FOR PUBLIC COMMENT AT THE END OF THE SESSION. WE HAVE ONE COMMENT CARD SUBMITTED AND IT IS MR. CHRIS SCHAFFNER.

Chris Shaffner: HI CHRIS SCHAFFNER, 7346 EAST SUNNYSIDE. HAPPY BIRTHDAY BRIAN. I AM SURE YOU CAN'T THINK OF A BETTER PLACE TO SPEND IT. THANK YOU FOR YOUR SERVICE. I WANT TO THANK OUR TREASURER WHO I UNDERSTAND IS RESIGNING AND I CAN APPRECIATE HIS SERVICE.

I WANTED TO COMMENT ON THE GENERAL PLAN PROCESS THERE WAS HEADWAY MADE IN THE PREVIOUS SESSION. I WANTED TO, I HOPE AS MANY OF YOU AS POSSIBLE WILL ATTEND AS MANY MEETINGS AS YOU CAN. I ALSO HOPE AS WE GO THROUGH THE PROCESS WE WILL SPEND TIME MAKING THE PUBLIC AWARE THAT THE PROCESS IS GOING ON AND WHAT THE OPPORTUNITIES, BOTH TO WITNESS THE PROCESS AND PARTICIPATE IN IT, WILL BE. IT IS HARD IN A CITY LIKE OURS AND THE LEVEL OF COMMUNICATION WE GET TO KEEP PEOPLE INFORMED OF THIS. AS I REACH OUT TO PEOPLE, THEY AREN'T AWARE OF THE PROCESS AND HOW IT IS UNFOLDING. I WOULD SUGGEST A CITY MANAGER REPORT WOULD BE A GREAT OPPORTUNITY TO HAVE AN UPDATE AT EVERY COUNCIL MEETING AS TO THE STATUS, WHERE WE ARE WITH THE GENERAL PLAN UPDATE, WHAT HAS BEEN ACCOMPLISHED RECENTLY, WHAT IS ON THE HORIZON, AS WELL AS HOW THE RESIDENTS AND MEMBERS OF THE PUBLIC CAN BE INVOLVED. IF WE HAD A REGULAR AND SPECIFIC UPDATE THAT WOULD BENEFIT THE CITY GREATLY. I ALSO KNOW WE HAVE A GREAT COMMUNICATIONS AND PR STAFF AND I WOULD CHALLENGE THEM TO THINK OF BETTER WAYS TO GET THIS OUT TO THE PUBLIC. WE HAVE A LOT OF TIME AHEAD OF US. THANK YOU.

Mayor Lane: THAT COMPLETES PUBLIC COMMENTS.

[Time: 00:10:32]

Mayor Lane: THE NEXT ORDER OF BUSINESS WOULD BE APPROVAL OF MINUTES. DO I HAVE A MOTION TO APPROVE THE REGULAR MEETING MINUTES OF APRIL 16, 2013?

Councilman Robbins: MOVED.

Councilwoman Milhaven: SECONDED.

Mayor Lane: MOVED AND SECONDED. NO COMMENT. WE ARE READY TO VOTE ON MINUTES. ALL THOSE IN FAVOR, PLEASE INDICATE BY AYE AND THOSE OPPOSED WITH A NAY. AYE. UNANIMOUS ACCEPTANCE OF THE REGULAR MEETING MINUTES OF APRIL 16.

CONSENT AGENDA

[Time: 00:10:58]

Mayor Lane: MOVING ON TO OUR NEXT ORDER OF BUSINESS IS OUR CONSENT ITEMS 1-20. WE HAVE NO REQUESTS OR COMMENT CARDS OR REQUEST TO SPEAK ON THE SUBJECT. I WOULD ACCEPT A MOTION TO APPROVE. COUNCILWOMAN KORTE?

Councilmember Korte: I MOVE TO ACCEPT CONSENT AGENDA AS SUBMITTED.

Councilmember Phillips: SECOND.

Mayor Lane: IT HAS BEEN MOTION, APPROVED AND SECONDED FOR THE CONSENT ITEMS 1-20 AS PRESENTED. I SEE NO FURTHER COMMENTS OR REQUEST TO SPEAK ON IT, WE ARE READY TO VOTE ON THE CONSENT ITEMS. ALL THOS IN FAVOR PLEASE VOTE WITH AN AYE, ALL OPPOSED WITH A NAY. UNANIMOUS ACCEPTANCE OF CONSENT ITEMS 1-20.

IF YOU ARE HERE FOR CONSENT ITEMS YOU CAN STAY WITH US OR EXIT QUIETLY.

REGULAR AGENDA ITEMS

[Time: 00:11:54]

Mayor Lane: NEXT IS THE REGULAR AGENDA ITEMS 21-25. WE WILL START WITH 21 WHICH IS THE EPCOR WATER FRANCHISE AGREEMENT AND WE HAVE MR. EARLE WHO WILL GIVE US A PRESENTATION OF THAT TOPIC.

ITEM 21 – EPCOR WATER FRANCHISE AGREEMENT

[Time: 00:12:11]

Acting Public Works Executive Director Derek Earle: I WOULD LIKE TO GIVE YOU A BRIEF PRESENTATION TONIGHT CONCERNING A PROPOSED FRANCHISE AGREEMENT WITH EPCOR WATER COMPANY. MANY OF YOU MAY BE FAMILIAR WITH EPCOR. A FRANCHISE AGREEMENT IS AN AGREEMENT THAT ALLOWS A PUBLIC UTILITY COMPANY TO UTILIZE OUR STREETS. THE AGREEMENT WILL SPECIFY A FEE THAT THE CITY MAY COLLECT FOR THE PRIVILEGE OF THE RIGHTS. THE AGREEMENT

DISCUSSES THE RESPONSIBILITY OF BOTH PARTIES. BOTH STATE LAW AND SCOTTSDALE CITY CHARTER REQUIRE THAT A PUBLIC UTILITY FRANCHISE AGREEMENT BE APPROVED BY THE VOTERS.

A BRIEF HISTORY WITH EPCOR, THEY HAVE BEEN PROVIDING WATER TO PORTIONS OF SCOTTSDALE SINCE THE 1950s. EPCOR HAS FRANCHISE AGREEMENT IN OTHER CITIES. WE HAVE NOT PREVIOUSLY HAD A FRANCHISE AGREEMENT WITH ARIZONA AMERICAN OR EPCOR. OTHER UTILITY FRANCHISE AGREEMENTS THAT HAVE BEEN APPROVED BY COUNCIL INCLUDE THE SOUTHWEST GAS FRANCHISE IN MARCH 2012, AND THE APS FRANCHISE AGREEMENT IN NOVEMBER 2004.

THE SERVICE AREA FOR EPCOR IN THE SOUTHERN SCOTTSDALE AREA, SOUTH OF INDIAN BEND ROAD AS YOU CAN SEE HERE IN THE COLORED PORTION OF THIS MAP AND SOME AREAS A LITTLE BIT FURTHER SOUTH ALONG CHAPPARAL. THESE ARE THE EPCOR SERVICE AREAS ENCOMPASSING ABOUT 2,000 CUSTOMERS. THE PROPOSED FRANCHISE AGREEMENT ALSO COVERS A SUBSIDIARY OF EPCOR CALLED CHAPARRAL CITY WHICH SERVES IN THE CITY OF FOUNTAIN HILLS. PORTIONS OF THAT AREA COME TO SCOTTSDALE, CONSTITUTING 200 CUSTOMERS IN THE FAR EASTERN CITY OF SCOTTSDALE.

THE ELEMENTS OF THIS AGREEMENT, THIS WILL ALLOW EPCOR TO LOCATE AND OPERATE WITHIN OUR CITY RIGHT OF WAY. EPCOR WILL RELOCATE ITS UTILITIES FROM THE RIGHT OF WAY WHEN NECESSARY WHEN REQUESTED TO ACCOMMODATE A CAPITAL IMPROVEMENT PROJECT. THERE IS LANGUAGE THAT IS SPECIFIC. THERE ARE IN ALL CIRCUMSTANCES EPCOR WOULD BE REQUIRED TO PAY THE COST OF RELOCATION OF THEIR SERVICES. ON RARE OCCASIONS, ONE IS WHEN THEY HAVE A SENIOR PROPERTY RIGHT WHERE THEY WERE THERE BEFORE THE CITY RIGHT OF WAY WAS, IT MIGHT BE NECESSARY FOR THE CITY TO PAY FOR THE RELOCATION. IN CERTAIN CASES WHERE THE CITY HAS A PROPRIETARY LOCATION, THAT WOULD BE PLACES LIKE THE AIRPORT. ALL OF THE OTHER FUNCTIONS WE BELIEVE WOULD REQUIRE EPCOR TO RELOCATE IS CONSIDERED A GOVERNMENTAL FUNCTION. AS PART OF THIS, EPCOR WILL PAY A FEE OF TWO 2% OF GROSS REVENUES WHICH IS CONSISTENT WITH OUR OTHER FRANCHISE AGREEMENTS, SOUTHWEST GAS AND APS. THEY ARE REQUIRED TO PROVIDE INSURANCE POLICIES TO THE CITY. THE TERM OF THE AGREEMENT WILL BE 25 YEARS.

A QUICK UPDATE, LET ME TALK ABOUT THE ELECTION. I MENTIONED A FRANCHISE AGREEMENT IS APPROVED OR CONSIDERED BY THE VOTERS IN AN ELECTION. WE HAVE CALLED AN ELECTION FOR NOVEMBER, SO THIS WOULD BE ADDED ON TO AS A FIFTH QUESTION ON THE NOVEMBER ELECTION. THE COST TO EPCOR WOULD PAY FOR THE ELECTION IS BASED ON THE ONE QUESTION OUT OF FIVE WHICH IS 20% OF THE ESTIMATED COST OF THE ELECTION, \$90,000. THAT WILL BE HELD ON NOVEMBER 5 OF THIS YEAR. THE AGREEMENT WILL GO INTO EFFECT JANUARY 1 IF IT'S APPROVED BY THE VOTERS.

THE REQUEST TONIGHT IS TO ADOPT RESOLUTION 9405. IT DOES THREE THINGS: IT DECLARES THE WATER FRANCHISE AGREEMENT BENEFICIAL TO THE CITY; IT SUBMITS A QUESTION TO THE VOTERS IN NOVEMBER; AND IT CONFIRMS THE COST OF THE ELECTION AT \$90,000 DOLLARS AND AUTHORIZES THE AGREEMENT TO BE PUBLISHED. IF I CAN ANSWER ANY QUESTIONS BY WOULD BE GLAD TO.

Mayor Lane: THANK YOU. LET ME START WITH COUNCILMAN LITTLEFIELD.

[Time: 00:17:39]

Councilman Littlefield: I GUESS YOU RECYCLED THIS SLIDE FROM THE SOUTHWEST GAS PRESENTATION.

Derek Earle: YES, I DID. YES, WE WILL NOT BE GETTING SOUTHWEST GAS TO PAY THEIR SHARE.

Councilman Littlefield: IT IS NICE TO KNOW WE RECYCLE, EVEN OUR POWERPOINT SLIDES. YOUR PRESENTATION TOUCHED ON A NUMBER OF ISSUES THAT WE HAVE HAD WITH EPCOR BUT ONE OF THE ISSUES AS I REMEMBER WAS STILL OPEN. I WOULD LIKE TO KNOW IF IT WOULD BE COVERED IN THIS. THAT WAS THE WATER PRESSURE ISSUE. ONE-TIME SCOTTSDALE RESIDENTS IN EPCOR'S SERVICE AREA HAD A PROBLEM WITH HIGH WATER PRESSURE WHICH WAS CREATED IN ORDER TO MAKE THE FIRE HYDRANTS IN PARADISE VALLEY WORK BETTER. DID WE EVER RESOLVE THAT? TO THE LARGER QUESTION WHEN WE HAVE ISSUES LIKE THAT IF THEY GIVE THIS GUY A FRANCHISE AGREEMENT HOW WILL THOSE ISSUES BE DEALT WITH IN THE FUTURE? EVEN THOUGH WE ARE NOT SERVING THOSE CUSTOMERS THEY ARE SCOTTSDALE RESIDENTS SO WE HAVE SOME RESPONSIBILITY TO ENSURE THAT ARE TAKEN CARE OF.

Mayor Lane: THIS IS REMOTELY RELATED TO THE FRANCHISE AGREEMENT AS FAR AS WHAT STEPS WE HAVE RESOLVED ISSUES WITH THE LEVELS OF SERVICE. I WOULD ASK FOR AN IDEA WHETHER THIS IS THE PROPER LINE OF QUESTIONING FOR A FRANCHISE AGREEMENT.

City Attorney Bruce Washburn: THE QUESTION IS DOES THIS AGREEMENT ADDRESS THE ISSUE? IF I HAVE UNDERSTOOD THE QUESTION, I BELIEVE IT IS GERMAINE TO THE AGENDA ITEM.

[Time: 00:19:43]

Councilman Littlefield: DOES IT ALSO ADDRESS THE ISSUES IF THEY COME UP IN THE FUTURE?

Derek Earle: NO, THE FRANCHISE AGREEMENT DOES NOT SPEAK TO SERVICE LEVELS OR QUALITY OF SERVICE. AT THIS POINT IN TIME WE WILL CONSIDER THAT AN ISSUE BETWEEN EPCOR AND ITS CUSTOMERS. THE AGREEMENT SPEAKS SPECIFICALLY TO THE RIGHT OF WAY, SO IT DOES NOT SPEAK TO THAT ISSUE.

Councilman Littlefield: WOULD IT HAVE BEEN POSSIBLE TO HAVE ADDED TO THIS FRANCHISE AGREEMENT THOSE KINDS ITEMS INTO A FRANCHISE AGREEMENT SUCH AS HOW TO DEAL WITH THOSE ISSUES?

Bruce Washburn: NO, THE CITY'S CHARTER PROVIDES THAT THE CITY CAN SET THE TERMS AND CONDITIONS FOR FRANCHISES EXCEPT FOR COMPANIES THAT ARE REGULATED BY THE CORPORATION COMMISSION. SINCE THEY ARE CERTIFICATED, THE CITY DOES NOT CONTROL THE TERMS OF CONDITIONS.

Councilman Littlefield: SO WE HAVE NO DISCRETION TO DEAL WITH SERVICE ISSUES WITH ANY OTHER UTILITY IN REGARD TO THEIR SCOTTSDALE CUSTOMERS?

Bruce Washburn: WITH RESPECT TO CERTIFICATED FACILITIES MOST OF THEM EXCEPT FOR SOME OF THE TELECOMMUNICATIONS, YES THAT IS CORRECT.

Mayor Lane: THANK YOU COUNCILMAN. COUNCILMAN ROBBINS.

Councilman Robbins: WHY ARE WE DOING THIS NOW? WHY HAVE WE NOT DONE THIS IN THE PAST? WHAT BENEFIT IS IT TO THE CITY?

Derek Earle: IT IS HARD FOR ME TO ANSWER WHAT HAS HAPPENED OVER 50 YEARS. I DO KNOW THAT TWO YEARS AGO WE WERE IN DISCUSSIONS WITH THE AGREEMENT WITH ARIZONA AMERICAN AND AT THE TIME THEY DID NOT HAVE A FRANCHISE AGREEMENT AND WE BEGAN DISCUSSIONS WITH THEM. THAT WAS THE GENESIS OF WHERE WE ARE TODAY. I CAN'T SPEAK TO PREVIOUS HISTORY ON WHY IT WOULD NOT HAVE BEEN ADDRESSED FORMALLY.

Councilman Robbins: DO WE HAVE ANY OTHER SMALL UTILITIES THAT WE SHOULD DO THIS WITH? ANY OTHER ONES WE SHOULD CONSIDER?

Derek Earle: WE ARE TRYING TO KEEP A CLOSE EYE ON WHERE FRANCHISE AGREEMENTS MAY APPLY. TELECOMMUNICATION COMPANIES ARE NOT SUBJECT TO FRANCHISE AGREEMENTS. COX COMMUNICATIONS IS A MIDDLE GROUND. ONE WOULD ARGUE WHETHER OR NOT SRP SHOULD HAVE A FRANCHISE AGREEMENT BUT THAT BRINGS UP A LOT OF DETAILED, HISTORICAL INFORMATION WITH THEM CONCERNING THEIR WATER SERVICE AREA. THERE'S A LOT OF HISTORY WITH SRP IN TERMS OF THEIR PREVIOUS HISTORY WITH SERVING WATER TO SCOTTSDALE. THEY BELIEVE THAT THEY ARE EXEMPT BECAUSE PART OF THEIR OPERATION IS PART OF ANOTHER GOVERNMENT OPERATION. WE ARE WATCHING FOR ALL THE OPPORTUNITIES.

Councilman Robbins: OK, THANK YOU.

[Time: 00:23:29]

Mayor Lane: THANK YOU COUNCILMAN. COUNCILWOMAN MILHAVEN.

Councilwoman Milhaven: I AM STRUGGLING WITH THE TWO PERCENT. I UNDERSTAND THE VALUE OF THE FRANCHISE AGREEMENT. I KNOW THAT WE NEED TO HAVE A CONTRACT WITH EPCOR THAT OUTLINES WHERE IT'S AN OBLIGATION IN THIS RELATION TO WERE IT IS RUNNING THROUGH OUT RIGHT-OF-WAY. THE FOLKS IN SCOTTSDALE WHO ARE SERVED BY THIS COMPANY WANTED THE CITY TO TAKE OVER THIS WATER COMPANY, THAT WE AREN'T MOVING FORWARD TO DO THAT, AND YET WE WILL TURN AROUND AND CHARGE A FRANCHISE FEE THAT WOULD HAVE THE NET EFFECT OF INCREASING THEIR RATES. THIS IS NOT GOING TO BE A COST TO EPCOR THAT THEY ARE GOING TO ABSORB. THEY ARE GOING TO PASS THIS THROUGH TO THEIR RATE PAYERS. THEN THE OTHER IS WHERE WE PHASED OUT WHAT WOULD HAVE BEEN CONSIDERED A FRANCHISE FEED FOR THE PEOPLE WHO WERE SERVED BY THE CITY OF SCOTTSDALE WATER. DO WE NEED TO CHARGE TWO PERCENT OR, MY QUESTION IS DO WE HAVE TO CHARGE TWO PERCENT AT ALL?

Bruce Washburn: I THINK THERE ARE TWO PRINCIPLES AT PLAY IN DECIDING TO CHARGE A FEE. ONE IS AN EQUITY ISSUE BECAUSE OTHER FRANCHISES ARE CHARGED FEES AND IT WOULD BE DIFFICULT FROM A LEGAL STANDPOINT TO EXPLAIN WHY ONE FRANCHISE SHOULD BE CHARGED A FEE AND THE OTHER NOT. ALSO, THE USE OF THE CITY'S RIGHTS OF WAY IS A SCARCE RESOURCE, NOT EVERYONE CAN USE THE RIGHTS OF WAY AND, THEREFORE, THERE IS AN ECONOMIC VALUE PERMITTING SOMEONE TO USE THE CITY'S RIGHT OF WAY INCLUDING THE FRANCHISE. SO THERE IS AN ARGUMENT THAT THE CITY IS OBLIGATED TO CHARGE A REASONABLE AMOUNT TO THE VALUE PROVIDED.

Councilwoman Milhaven: WHAT WOULD HAPPEN IF THE AGREEMENT IS DEFEATED ON THE BALLOT?

Bruce Washburn: IN MY OPINION, THE FRANCHISE HOLDER WOULD BE OBLIGATED TO PRESENT ANOTHER AGREEMENT UNTIL ONE IS APPROVED BY THE VOTERS. THAT IS ANOTHER ISSUE GOING ON, THE CHARTER SAYS IF SOMEONE IS GOING TO OPERATE A FRANCHISE IN THE CITY OF SCOTTSDALE AND WANTS TO HAVE AN AGREEMENT, THE VOTERS GET A CHANCE TO VOTE ON IT AND IF THE CITY DOES NOT GO FORWARD WITH THE FRANCHISE, VOTERS ARE DEPRIVED OF THE OPPORTUNITY PROVIDED THEM BY THE CHARTER.

Councilwoman Milhaven: THEY HAVE OPERATED THIS WAY UP UNTIL NOW. IF THE CITIZENS SAY NO THEN WE JUST KEEP COMING BACK YEAR AFTER YEAR BUT MEANWHILE THEY GET TO DO IT FOR FREE?

Bruce Washburn: THE OTHER POSSIBILITY AS THE CITY YOU CAN SAY YOU CANNOT USE OUR RIGHT OF WAY BECAUSE YOU DO NOT HAVE A FRANCHISE. I DON'T THINK THAT IS A DESIRABLE WAY TO RESOLVE THIS. IT IS PROBABLY BETTER TO HAVE A FRANCHISE THAT THE VOTERS FIND ACCEPTABLE.

Councilwoman Milhaven: ARE THE OTHER FRANCHISES TWO PERCENT?

Derek Earle: THAT IS CORRECT. THEY ARE BOTH TWO PERCENT. SOUTHWEST GAS HAS AN ADDITIONAL HALF PERCENT CAPITAL RECOVERY FEE THAT I WOULD HATE TO ALMOST GO INTO DISCUSSION ON, BUT THEY ARE BOTH AT TWO PERCENT.

Councilwoman Milhaven: I UNDERSTAND THE ISSUE OF EQUITY, BUT OTHER PEOPLE GETTING WATER IN SCOTTSDALE ARE NOT PAYING THE FEE SO I AM STRUGGLING A LITTLE BIT. I ALSO STRUGGLE WITH THE TIMING OF THIS ELECTION SO I AM STILL UNDECIDED.

Mayor Lane: NOTE THAT THE CITY TREASURER HAS A COMMENT ON THIS.

City Treasurer David Smith: WE DO HAVE A FRANCHISE FEE FOR OUR WATER COMPANY AND, THEREFORE, THEIR CUSTOMERS. THE THING THAT PEOPLE ARE REMEMBERING THAT WE PHASED OUT WAS THE IN LIEU PROPERTY TAX AND OF COURSE WE HAVE MADE ADJUSTMENTS FOR WHAT WE CHARGE OUR WATER COMPANY FOR INDIRECT CHARGES FOR SERVICES WE PROVIDE AT THE CITY. BUT, THEY DO PAY A FRANCHISE FEE AND FOR OUR WATER COMPANY IT IS A 5 % FEE THAT ALL THE CITIZENS PAY, VERY SIMILAR TO WHAT THIS WOULD BE.

Mayor Lane: THANK YOU MR. SMITH. COUNCILMEMBER KORTE.

[Time: 00:28:37]

Councilmember Korte: I WOULD LIKE TO TALK ABOUT THE TIMING. IF WE APPROVE THIS TONIGHT WE WILL BE PUTTING THIS ON THE BALLOT FOR NOVEMBER 5TH, CORRECT? THAT SOUTHWEST GAS WILL PAY 20% OF THE COST OF THE ELECTION BECAUSE THERE WILL BE FIVE QUESTIONS ON THAT BALLOT?

Derek Earle I WAS TRYING TO WRITE EPCOR HERE.

Councilmember Korte: I AM SORRY, EPCOR. DO WE KNOW HOW THAT BALLOT IS GOING TO LOOK? MY CONCERN IS THAT BALLOT LANGUAGE. HOW ARE VOTERS GOING TO PERCEIVE FOUR QUESTIONS

RELATED TO BOND AND A FRANCHISE FEE AND HOW COULD THAT BE DIFFERENTIATED? I AM CONCERNED ABOUT THE CONFUSION FACTOR, JUST THE MISUNDERSTANDING THAT COULD HAPPEN HERE.

City Clerk Carolyn Jagger: WE HAVE CALLED THE ELECTION TO PUT THE BOND QUESTIONS FORWARD, SO IF THIS GOES FORWARD THE FRANCHISE AGREEMENT WILL BE CONSOLIDATED UNDER THE CITY BALLOT SO THE FIRST FOUR QUESTIONS WILL BE THE BOND QUESTIONS, THE FIFTH QUESTION WILL BE THE FRANCHISE AGREEMENT. I BELIEVE THE BALLOT LANGUAGE IS INCLUDED AS EXHIBIT B TO THE RESOLUTION. PERHAPS BRIAN CAN PUT IT ON THE ELMO SO YOU CAN SEE WHAT THE LANGUAGE WOULD LOOK LIKE. IT IS CLEAR WHEN YOU LOOK AT THE QUESTIONS THAT YOU APPROVED A MONTH AGO, IT IS CLEAR THEY ARE BOND QUESTIONS. WHEN YOU LOOK AT THIS IT IS CLEAR WHAT THEY ARE DOING IS APPROVING A FRANCHISE AGREEMENT.

Councilmember Korte: IF WE POSTPONE THIS AGREEMENT TO ANOTHER ELECTION CYCLE THEN WHEN WOULD THAT BE?

Carolyn Jagger: MY RECOMMENDATION WOULD BE BECAUSE IT IS COSTLY TO CALL A STAND-ALONE ELECTION AND IT MAY BE THAT THE EPCOR COMPANY IS RELUCTANT TO PAY THE FULL COST OF AN ELECTION, WHICH A STAND-ALONE ELECTION OUTSIDE OF THE NORM IS ABOUT \$500,000. SO, THEY WOULD PROBABLY ASK TO BE PUT ON YOUR REGULAR CYCLE, WHICH IS THE FALL OF 2014 WOULD BE THE NEXT ELECTION THAT THEY WOULD BE INTERESTED IN HAVING THEIR FRANCHISE BE CONSIDERED BY THE VOTERS.

Councilmember Korte: THAT WOULD BE NOVEMBER OF 2014 OR AUGUST?

Carolyn Jagger: IF THERE WAS A NEED FOR A PRIMARY THEY COULD CONSIDER AUGUST 2014 BALLOT OR IF THERE WAS NO PRIMARY IT WOULD BE THE NOVEMBER BALLOT.

[Time: 00:31:54]

Councilmember Korte: THANK YOU.

Mayor Lane: THANK YOU COUNCILWOMAN. COUNCILMAN LITTLEFIELD.

Councilman Littlefield: SO EPCOR IS HELPING US TO PAY FOR THE BOND ELECTION?

Carolyn Jagger: THAT WOULD BE CORRECT.

Councilman Littlefield: THAT'S A GOOD THING. I WOULD POINT OUT IN 2012 WE HAD TWO ITEMS ON THE MARCH BALLOT WHICH WAS THE GENERAL PLAN UPDATE, WHICH THE VOTERS DISAPPROVED AND THE SOUTHWEST GAS FRANCHISE WHICH THEY APPROVED. I DO NOT THINK EVERYONE SAID NO, SO, CLEARLY THE VOTERS WERE READING THE PAMPHLET. I DON'T THINK THERE IS A CONFUSION ISSUE AND, AT THE SAME TIME, THEY ARE HELPING US PAY FOR THE BOND ELECTION, SO I THINK THIS IS A GOOD IDEA. I WILL MOVE THAT WE ADOPT 9405.

Mayor Lane: MOTION TO APPROVE THE RESOLUTION. DO WE HAVE A SECOND? WOULD YOU LIKE TO SPEAK TOWARD THE SECOND COUNCILMAN?

THERE IS A MOTION TO ADOPT RESOLUTION 9405 DECLARING A PROPOSED EPCOR WATER FRANCHISE AGREEMENT, 2013-062-COS BENEFICIAL TO THE CITY SUBMITTING THE QUESTION TO THE VOTERS ON THE NOVEMBER 5, 2013 SPECIAL ELECTION. THE MOTION HAS BEEN MADE AND SECONDED. THERE IS NO FURTHER COMMENT INDICATED SO WE ARE READY TO VOTE. ALL THOSE IN FAVOR PLEASE INDICATE BY AYE AND THOSE OPPOSED THE A NAY. AYE. IT IS SIX TO ONE WITH COUNCILWOMAN KORTE OPPOSING.

ITEM 22 – PUBLIC HEARING AND ADOPTION OF FISCAL YEAR 2013/14 RATES AND FEES REQUESTS

[Time: 00:34:00]

Mayor Lane: MOVING TO THE NEXT ITEM WHICH IS ITEM 22, WHICH IS THE PUBLIC HEARING AND ADOPTION OF FISCAL YEAR 2013/14 RATES AND FEES. A LIST OF REQUESTS ON RESOLUTIONS AND ORDINANCES ONE THROUGH SEVEN ON OUR PRESENTED DOCUMENTS. WE HAVE MR. WORTH HERE TO PRESENT FOR US.

Acting City Manager Dan Worth: GOOD EVENING. AS THE MAYOR STATED THIS IS A PUBLIC HEARING AND HOPEFULLY SHOULD YOU CHOOSE THIS ADOPTION FOR RATES AND FEES FOR FISCAL YEAR 2013/14. JUST TO SET THE STAGE, WE HAVE BEEN IN FRONT OF YOU BEFORE WITH OUR PROPOSED RATES AND FEES FOR 2013/2014. WE MADE A PRESENTATION IN MARCH 5, WHICH WILL BE SIMILAR TO THE PRESENTATION I AM GOING TO RUN THROUGH TONIGHT WITH ONE NOTABLE EXCEPTION. THE NOTABLE EXCEPTION WAS THE AREA WHERE YOU GIVE US GUIDANCE BACK IN MARCH 5 AND THAT WAS THE AREA OF WATER AND WASTEWATER RATES AND CHARGES. WE HAVE INCORPORATED YOUR DIRECTION AND REVISED THOSE SO THAT IS WHAT YOU WILL SEE. WE ALSO HAD AN ACTION ON APRIL 9, A NOTICE OF INTENT, IS ANOTHER REQUIRED ACTION THAT HAS TO BE TAKEN PER STATUTE AT A MINIMUM OF 30 DAYS FOLLOWING THE NOTICE OF INTENT TO CHANGE THE RATES. THERE IS A REQUIRED PUBLIC HEARING AND THAT IS WHAT WE ARE DOING TONIGHT. AFTER THE PUBLIC HEARING WE ARE ALLOWED TO CONSIDER ADOPTION OF THE NEW RATES AND FEES. THAT IS WHAT WE HAVE ON THE AGENDA TONIGHT. IN ADDITION OF THOSE MEETINGS, WE ALSO PRESENTED THE REVISED WATER AND WASTEWATER RATES IN WHICH WE INCORPORATED YOUR COMMENTS FROM MARCH 5, SO YOU HAVE SEEN THAT AS WELL. BUT, IT WAS IN THE CONTEXT OF THE PRESENTATION. HOPEFULLY THERE ARE NO SURPRISES HERE. I WILL GO THROUGH THIS QUICKLY. IF YOU HAVE ANY QUESTIONS, PLEASE STOP ME AND IF THERE IS SOMETHING I CAN'T ADDRESS WE HAVE THE EXPERTS HERE.

JUST A QUICK REVIEW OF THE POLICY, THERE IS A POLICY FOR NON-ENTERPRISE RATE AND FEES AND A POLICY FOR ENTERPRISE RATES AND FEES. THE NON-ENTERPRISE RATES AND FEES SAY WE REVIEW THEM AND YOU DETERMINE AND ACCEPTABLE RECOVERY RATE FOR SERVICES THAT WE ARE CHARGING THE RATES AND FEES FOR.

THE RATES AND FEES THAT WE HAVE PROPOSED CHANGES FOR THIS YEAR FOLLOWING THESE DIFFERENT DIVISIONS. THE BIGGEST NUMBERS IS WESTWORLD \$400,000 NUMBER I WILL SHOW YOU SOME DETAILS BUT THAT NUMBER IS A COMBINATION OF INCREASES IN RATES FOR SOME OF OUR EXISTING FACILITIES AND NEW RATES FOR SOME NEW FACILITIES ASSOCIATED WITH THE TONY NELSSSEN EQUESTRIAN CENTER. GOING THROUGH EACH OF THE DIVISIONS IN TERMS OF ECONOMIC DEVELOPMENT ADJUSTMENTS TO THE RATES IN THE WIRELESS COMMUNICATION FACILITIES IN A

RIGHT-OF-WAY. THAT IS A NOMINAL INCREASE PROJECTED. WESTWORLD AS I MENTIONED, A COMBINATION OF ESTABLISHING RATES FOR THE NEW FACILITY WILL BE AVAILABLE BEGINNING HALFWAY THROUGH THE YEAR AND INCREASED RATES FOR EXISTING FACILITIES. THIS IS ALL CONSISTENT WITH YOUR DIRECTION WHEN YOU APPROVED THE TONY NELLSON CENTER OVER A YEAR AGO. PART OF OUR PROPOSAL TO YOU WAS THAT WE WILL BE ABLE TO ENHANCE REVENUE TO A COMBINATION OF NEW SHOWS. THIS SLIDE REPRESENTS THOSE CHANGES. IT ALSO REFLECTS RECOMMENDATIONS FROM THE AUDIT THAT WAS DONE ON WESTWORLD RATES AND FEES EARLIER THIS YEAR, WE HAVE PUT IN A NUMBER OF THOSE RECOMMENDATIONS. THIS HAS MORE OF THAT PLUS SOME OF THE NEW FACILITIES. THESE ARE THE DIFFERENT COMPONENTS OF THE PROJECT, THE NORTH HALL, SOUTH HALL, AND THE EQUIDOME ITSELF AND THE DIFFERENT CONFIGURATIONS THAT ARE AVAILABLE.

COMMUNITY SERVICE PROPOSES IN SOME CASES SOME NEW RATES, NEW FEES, NEW FEES FOR THE USE OF MCDOWELL MOUNTAIN SKATE PARK. SOME INCREASED FEES FOR SOME OF OUR OTHER FACILITIES. ONE OF THE ONES WE TALKED ABOUT WAS FEES ASSOCIATED WITH FILMING REQUESTS IN PUBLIC PARKS. A FAIRLY NOMINAL INCREASE ASSOCIATED WITH COMMUNITY SERVICE RATES AND FEES. THE DETAILS ARE THE SAME AS WHAT WE PRESENTED TO YOU IN MARCH. SOME NEW FEES ON THE BOTTOM OF THE SIDE AND ADJUSTMENTS TO EXISTING FEES ARE FOR USE OF THE SCOTTSDALE STADIUM. THIS IS A SIGNIFICANT CHANGE IN OUR APPROACH FOR THE SPRING TRAINING FACILITY AT INDIAN SCHOOL PARK. RATHER THAN CHARGING THE SAME RATE AS WE CHARGE AT OTHER FACILITIES WE ARE SCHEDULING IT DIFFERENTLY FOR THE ADULT LEAGUE USAGE AND CHARGING AN APPROPRIATE FEE. SOME ADJUSTMENTS AND A NEW RATE FOR THE SPORTS COMPLEX. AS I MENTIONED NEW FEES, THE FILM THE AND A REPLACEMENT FEE FOR LOSING CARDS FOR ACCESS TO FACILITIES. THEN SOME CORRECTIONS AT VARIOUS COMMUNITY SERVICE PROGRAMS.

FINALLY, PUBLIC SAFETY SOME INCREASES IN FEES ASSOCIATED WITH TRAINING CLASSES PROVIDED BY THE FIRE DEPARTMENT AND SOME INCREASES ASSOCIATED WITH OFF-DUTY POLICE COVERAGE.

[Time: 00:41:00]

AS PROMISED, THE ENTERPRISE PART OF THE PRESENTATION, AND I WILL NOT BE PRESENTING ANY NUMBERS FOR THE SOLID WASTE AND AVIATION ENTERPRISES, AS THEY ARE NOT ADJUSTING ANY RATES. THE WATER RATE CHANGE PROPOSAL, THIS IS WHAT IS NEW. THIS IS WHAT WE PRESENTED TO YOU. WE ARE CONTINUING TO MOVE FORWARD WITH AN ADJUSTMENT IN OUR WASTEWATER FEES, OUR RECLAMATION FEES, TO GENERATE ADDITIONAL 1.4 MILLION DOLLARS FOR THE WASTEWATER TO ACCOMMODATE CAPITAL IMPROVEMENTS AND REPLACEMENTS THAT ARE PROJECTED. WE ARE REDUCING WATER REVENUE TO OFFSET THE INCREASE. THERE IS A REDUCTION OF 1.6 MILLION ON THE WATER SIDE. THAT IS IN RECOGNITION THAT WE COLLECTED GREATER REVENUES THAN WE ANTICIPATED THIS YEAR WITH THE NEW CONSERVATION RATE STRUCTURE. THE REDUCTIONS ARE TARGETED ON THE LOWER TIERS AND, AS A POINT OF CLARIFICATION EVERYONE WILL BENEFIT BECAUSE EVEN THE HIGHER TIERED USERS GO THROUGH THE LOWER TIER RATES AS PART OF THEIR CONSUMPTION AS PART OF THEIR RATE. AGAIN, THE INCREASE FOR THE WATER RECLAMATION WAS MORE THAN OFFSET BY THE DECREASE IN RATES FOR WATER. YOU SEE THE NET CHANGE. A COUPLE OF GRAPHS TO SHOW THE UTILITY BILL, IT IS JUST THE WATER AND WASTEWATER COMPONENT. THE TWO CHECKERED BARS IN THE MIDDLE ON THE LEFT IS THE PROPOSAL, ON THE RIGHT IS THE CURRENT. THIS IS A SMALL USER, 11,000 GALLONS PER MONTH. THIS IS GENERALLY A FAMILY THAT IS SOMEWHERE AROUND 100 GALLONS PER CAPITA PER DAY. YOU CAN SEE THAT CURRENT BILL IS

\$61.12 PROPOSED. IT GOES DOWN SLIGHTLY, \$60.96, SO THEY WILL ACHIEVE A REDUCTION. A MEDIUM SIZED USERS 17,000 GALLONS, ESSENTIALLY THE SAME RATE. AS THE MAYOR MENTIONED THERE ARE SEVERAL SEPARATE RESOLUTIONS THAT WOULD ADOPT TO APPROVE THE PROPOSED RATES AND THIS POINT I WILL ASK IF THERE ARE ANY QUESTIONS.

Mayor Lane: THANK YOU MR. WORTH. WE HAVE SEEN MOST OF THIS AND I THINK WE RESOLVED MOST OF THE ISSUES. AT THIS POINT I DO NOT HAVE ANY QUESTIONS OR COMMENTS AND I WOULD THEN ASK IF THERE IS A MOTION. COUNCILMAN ROBBINS.

Councilman Robbins: I WOULD LIKE TO MAKE A MOTION THAT WE ADOPT THIS RESOLUTION 9374 AND ORDINANCE 4077, RESOLUTION 9358, RESOLUTION 9359, RESOLUTION 9383, RESOLUTION 9383 RESOLUTION AND 9387.

Councilwoman Milhaven: SECONDED.

Mayor Lane: THE MOTION AS BEEN MADE AND SECONDED. I THINK WE WILL VOTE ON A MOTION. ALL THOSE IN FAVOR PLEASE INDICATE BY AN AYE, THOSE OPPOSED WITH A NAY. MOTION PASSES 6-1, COUNCILMAN PHILLIPS OPPOSING. THANK YOU MR. WORTH

**ITEM 23 – PUBLIC HEARING ON AND ADOPTION OF PROPOSED FISCAL YEAR 2013/14 BUDGET
(TENTATIVE BUDGET)**

[Time: 00:45:04]

Mayor Lane: MOVING ON TO OUR NEXT ITEM, ITEM 23 WHICH IS A PUBLIC HEARING ON AND ADOPTION OF PROPOSED FISCAL YEAR 2013/14 BUDGET. THIS WOULD BE THE PUBLIC HEARINGS ON ADOPTION ON THE PROPOSED FISCAL YEAR BUDGET. THIS IS A TENTATIVE BUDGET AND THE REQUESTS ARE FOR THE COUNCIL TO SOLICIT AND RECEIVE PUBLIC INPUT RELATIVE TO THE ENTIRE PROPOSED 2013 BUDGET. THEN A SECOND ITEM ON THAT IS THE ADOPTION OF THE ORDINANCE AS PRESENTED OR AS MODIFIED BY COUNCIL ESTABLISHING THE TENTATIVE BUDGET FOR 2013/14. MR. SMITH.

David Smith: THIS IS TO REVIEW THE TENTATIVE BUDGET BOTH THE OPERATING BUDGET AND THE CAPITAL BUDGET THAT WERE REVIEWED WITH YOU A WEEK AGO. TONIGHT WE WILL UPDATE IT. JUST REMINDING THE LISTENERS WHAT I AM DOING, RECITING FOR YOU THE IMPACT OF THE BUDGET. I WILL SHOW YOU A SLIDE THAT MAY BE FAMILIAR TO YOU AND IT IS TO REMIND YOU THAT YOU ARE APPROVING A SPENDING BUDGET IN THE AMOUNT OF 1,000,000,193 .1 MILLION. THAT NUMBER IS THE AGGREGATION OF ALL OF THE SPENDING BUCKETS THAT ARE ON THIS DIAGRAM BELOW. IT IS A LITTLE HIGHER THAN WHAT YOU HAD SEEN LAST WEEK WHEN WE PRESENTED THIS. IN FACT THE GRAND TOTAL IS \$3.6 MILLION MORE THAN IT WAS AND I THINK THE COMPOSITION OF WILL NOT COME AS A SURPRISE. 2.5 MILLION YOU AUTHORIZED AS ONE-TIME MONEY TO BE SPENT FOR SALARY ADJUSTMENTS, I THINK THE CITY MANAGER HAS INTERPRETED YOUR INTENT TO BE THE POLICE DEPARTMENT AND PUBLIC SAFETY SALARY ADJUSTMENTS. SECOND, YOU AUTHORIZED \$600,000 DOLLARS FOR AN INCREASE IN STAFFING FOR STATION 602. YOU REQUESTED THAT BE FUNDED WITH ONE-TIME MONEY IN THE FIRST YEAR. YOU INCREASED \$100,000 FOR A DEPUTY FIRE MARSHAL IN CHARGE OF INSPECTIONS AND SO THAT IS ROLLED IN. THOSE THREE ITEMS TOGETHER ARE ABOUT \$3.3 MILLION. YOU WILL BE REMINDED ANYTIME WE INCREASE THE SPENDING IN THE GENERAL FUND

WE ALSO HAVE TO INCREASE THE RESERVE. THE FINANCIAL POLICY SAYS WE HAVE RESERVES EQUAL TO 10% OF WHAT WE ARE SPENDING IN ANY GIVEN YEAR SO, IF WE INCREASE THE SPENDING BY \$3.2 OR \$3.3 MILLION DOLLARS THEN WE HAVE ANOTHER 300,000 THAT WE HAVE TO SET ASIDE IN THE RESERVE IN COMPLIANCE WITH THAT FINANCIAL POLICY. SO, THE SMALL 300,000 OR SO GOES INTO THE BOX ON LINE TWO FAR RIGHT THAT SAYS CONTINGENCIES AND RESERVES. IT NOW READS 164.5. THE LAST TIME WE TALKED IT WAS 164.2 AND THAT IS THE 300,000 OF THE ADDITIONAL RESERVES BACKING UP THE SPENDING OF \$3.3 MILLION DOLLARS.

THE SPENDING ITSELF WILL OCCUR IN THE BOX ON ROW THREE AT THE LEFT-HAND SIDE, THE GENERAL FUND, BECAUSE THAT IS WHERE THE SPENDING OF BOTH ONGOING REVENUES AND ONE-TIME REVENUES OCCURS. THAT BOX WILL GO UP BY \$3.2 OR \$3.3 MILLION DOLLARS AND IT ALL CASCADES UP TO THE TOP AS I SAID, GRAND TOTAL \$1 BILLION, 193.1 MILLION DOLLARS WILL BE THE TOTAL SPENDING AUTHORITY. I KNOW YOU ARE FAMILIAR BUT MAYBE SOME OF THE FOLKS IN THE AUDIENCE ARE NOT, WE DO NOT EXPECT THE CITY TO SPEND THAT MUCH MONEY NEXT YEAR. IT IS THE SPENDING AUTHORITY WE ARE ASKING YOU TO GRANT. SOME OF THIS MONEY WILL NOT BE SPENT UNTIL FUTURE YEARS. SOME OF IT WILL NOT BE SPENT AT ALL BECAUSE THE RESERVE IS AGAINST FAIRLY CATASTROPHIC OCCURANCES.

[Time: 00:49:45]

THAT REFLECTS THE SPENDING AND THAT IS WHAT IS EMBEDDED IN THE AUTHORIZATION THAT YOU WILL BE LOOKING AT TONIGHT, THE RESOLUTION TO AUTHORIZE THE SPENDING OF \$1 BILLION 193.1 MILLION DOLLARS.

THIS IS A CHART WE HAVE PRESENTED IN THE PAST SHOWING THE SOURCES OF MONEY ON THE LEFT AND THE USES OF THE MONEY ON THE RIGHT. THESE NUMBERS ARE ALSO DIFFERENT FROM WHAT YOU HAVE SEEN BEFORE. ON THE SOURCES SIDE, YOU WILL SEE FOUR LINES DOWN AN ITEM CALLED THE UNRESERVED FUNDS APPLIED. THIS IS THE ONE-TIME MONIES, SAVINGS ACCOUNT, WHICH ARE BEING APPLIED AS A SOURCE OF MONEY FOR THIS YEAR'S BUDGET, \$9.6 MILLION DOLLARS. ON THE RIGHT SIDE THIS WOULD INCORPORATE THE CHANGES THAT YOU REQUESTED LAST WEEK, \$2.5 MILLION FOR THE SALARY PROGRAM, \$600,000 FOR THE FIRE PROGRAM AND SO ON AND SO FORTH. I THINK THE IMPORTANT THING TO NOTICE IS THAT THE TOTAL OF BOTH THE RIGHT AND LEFT COLUMN EQUALS ONE ANOTHER, \$248.4 MILLION DOLLARS. WHAT THAT TELLS YOU IS THAT THIS IS A BALANCED BUDGET, A LEGALLY BALANCED BUDGET. I EMPHASIZE THE WORD LEGALLY BECAUSE LEGALLY WE ARE ALLOWED TO USE SAVINGS, THESE UNRESERVED FUNDS WHICH ARE THE PRIOR YEAR SAVINGS, BY ARIZONA STATUTE 42-17151, WE ARE ALLOWED TO USE UNRESERVED SAVINGS FROM PRIOR YEARS AS A SOURCE OF MONEY IN BALANCING THE BUDGET. AT THAT LINE LEVEL IT IS A BALANCED BUDGET.

THE NUMBERS AT THE BOTTOM, THE FUND BALANCES THAT WE THINK WILL BE THERE AT THE END OF NEXT YEAR, IF EVERYTHING PLAYS OUT THE WAY WE PREDICTED, YOU WILL SEE THE NUMBER I HAVE HIGHLIGHTED HERE, \$1.8 MILLION DOLLARS WILL BE UNSPENT SAVINGS AT THE END OF NEXT YEAR IF EVERYTHING WORKS OUT THE WAY WE HAVE PLANNED. THAT NUMBER WAS A BIT HIGHER LAST WEEK WHEN WE PRESENTED IT TO YOU, PROBABLY ABOUT \$5.5 MILLION DOLLARS OR SO, BUT, IT WAS FROM THAT SAVINGS ACCOUNT THAT WE TOOK THE MONEY TO FUND TWO OF THE THREE INITIATIVES THAT YOU AUTHORIZED LAST WEEK.

THIS IS A PIE CHART OF THE SOURCES OF MONEY, THE SAME KIND OF MONIES THAT YOU SAW ON THE PREVIOUS SLIDE. I HAVE PULLED OUT A WEDGE AT THE 3 O'CLOCK POSITION WHICH IS THE APPLICATION OF THE UNRESERVED FUND BALANCE MONIES, \$9.6 MILLION DOLLARS. THE SAME NUMBER I TALKED ABOUT EARLIER. EVERYTHING ELSE IS CONSIDERED ONGOING RESOURCES THEY ARE PERIODIC RESOURCES FROM YEAR TO YEAR. THE PIECE I PULLED OUT, THAT IS THE ONE-TIME MONEY AND I WOULD REMIND YOU TRADITIONALLY WE SPEND THAT MONEY FOR ONE-TIME EXPENSES. THE AMOUNT COMING TO US FROM THE UNRESERVED FUND BALANCE IS \$9.6 MILLION DOLLARS.

[Time: 00:53:37]

THE NEXT SLIDE SHOWS THE SPENDING IT IS THE SAME DOLLAR AMOUNT IN TOTAL, \$248.4 MILLION DOLLARS AS THE HEADING SHOWS. WE HAVE INDICATED HOW THE UNRESERVED FUND BALANCE MONEY WILL BE SPENT. IT IS NOT EXACTLY THE SAME NUMBER, \$9.4 MILLION DOLLARS OF ONE-TIME USES AND I TOLD YOU WE ARE PULLING IN \$9.6 MILLION FOR UNRESERVED FUND SAVINGS. SO THAT MEANS \$200,000 MUST BE FUNDING SOME EXPENDITURES THAT ARE NOT, INFACT, ONE-TIME EXPENDITURES.

[Time: 00:54:24]

THE OTHER ITEMS YOU WILL NOTICE I THINK WILL BE FAMILIAR. \$3 MILLION DOLLARS IS A TRANSFER TO CIP, CLEARLY A ONE-TIME DECISION TO THIS COUNCIL. \$2.6 MILLION COVERS A WHOLE COLLECTION OF ACTIVITIES INCLUDING THE ONE-TIME COST OF THE ELECTION, THIS NOVEMBER \$500,000. THERE IS SOME ONE-TIME MAINTENANCE ACTIVITIES THAT THE CITY MANAGER HAS DETERMINED WOULD BE ONE-TIME EXPENDITURES. THE THIRD ITEM IS \$700,000 DOLLARS FOR A PORTION OF THE PAY FOR PERFORMANCE PROGRAM THAT THE CITY MANAGER HAS DESIGNED WHAT HE CALLS BY WAY OF REFERENCE, THE 2% PAY PROGRAM. YOU WILL RECALL SOME OF THAT WILL BE ROLLED INTO PEOPLE'S WAGES AND IT WILL CONTINUE TO OCCUR IN FUTURE YEARS, BUT A PORTION OF IT WILL NOT. A PORTION OF IT WILL BE PAID AS ONE-TIME BONUSES AND WILL NOT BE REPETATIVE IN THE FUTURE YEARS, THAT IS THE \$700,000 PIECE YOU SEE HERE.

FOLLOWING THOSE THREE LINES ARE THE TWO WE ADDED LAST WEEK AT YOUR DIRECTION, \$2.5 MILLION FOR PUBLIC SAFETY COMPENSATION. THE CITY MANAGER'S INTERPRETATION OF YOUR INSTRUCTIONS THAT THIS BE PAID FOR WITH ONE-TIME MONEY IT WILL BE ADMINISTERED AS A ONE-TIME EXPENSE. NO SALARIES WILL BE CHANGED, NO ONE WILL MOVE FORWARD IN A RANGE, AND IT WILL BE PAID AS ONE-TIME MONEY. IT WILL BE BONUSES BUT I UNDERSTAND IF OF COURSE DEPENDS ON THE STUDY THAT HE WILL COME BACK TO YOU AND REVIEW IN SEPTEMBER. IF ANY PORTION OF THIS ENDS UP BEING A SALARY CHANGE FOR SOMEONE, THEN IT WILL NO LONGER QUALIFY BY THE DEFINITION WE HAVE CONSIDERED TO BE ONE-TIME MONEY. IT WILL BE A SALARY CHANGE EFFECTIVE WHEN IT IS GIVEN AND IT WILL CONTINUE TO AFFECT FUTURE BUDGETS. FOR PURPOSES OF PRESENTATION IT IS ASSUMED IT WILL BE ADMINISTERED AS BONUSES ONLY WITH NO RESIDUAL OR REPETITIVE EFFECT IN 2014/15, THE YEAR FOLLOWING NEXT YEAR.

[Time: 00:57:17]

THE FINAL ITEM \$600,000, WHICH IS THE COST OF INCREASING THE STAFFING BY 8 PEOPLE IN STATION 602. YOUR DIRECTION WAS THIS BE PAID FOR WITH ONE-TIME MONEY THIS YEAR BUT YOU SAID YOU INTEND THIS COST TO CONTINUE IN FUTURE YEARS. AS CITY TREASURER I HAVE A LITTLE PROBLEM

CATEGORIZING THIS AS A ONE-TIME EXPENSE SINCE IT IS YOUR INTENT THAT THEIR SALARIES WILL CONTINUE. THE USE OF ONE-TIME MONEY BY THIS COUNCIL HAS BEEN ONLY FOR THE PURPOSE OF PAYING FOR EXPENDITURES WHICH WERE NOT EXPECTED TO REPEAT. WE ARE SPENDING SAVINGS HERE WE ARE NOT SPENDING ONGOING DOLLARS IN EXPECTED REVENUE.

THAT IS THE PRESENTATION. I GUESS YOU PAY ME FOR MY OPINION ON THE FINANCIAL BASIS AND MY OPINION IS, AS I HAD EXPRESSED IN WRITING, THIS BUDGET IS LEGALLY BALANCED BECAUSE BY LAW THE MINIMUM REQUIREMENT IS THAT WE CAN SPEND SAVINGS TO BALANCE THE BUDGET AS WE SEE FIT. I DID ALSO OPINE THAT IT WAS NOT A SUSTAINABLE BUDGET. MY CONCERN IS IN PART FOR THIS YEAR'S OPERATING BUDGET, IT'S EVEN MORE PROFOUNDLY FOR NEXT YEARS OPERATING BUDGET. YOU WILL RECALL FOR NEXT YEARS BUDGET WE HAD A MEAGER \$76,000 OF POSITIVE RESULT AT THE OPERATING LINE LEVEL. I QUESTIONED YOU EVEN THAT \$76,000 DID NOT HAVE RECOGNITION OF ANY UNAVOIDABLE INCREASES. IT HAD INCLUDED IN IT \$2 MILLION PROBLEMATIC REVENUES FROM WESTWORLD. BACK TO THIS YEAR'S BUDGET, I DO NOT CONSIDER THE GENERAL FUND OPERATING BUDGET SUSTAINABLE, BUT IT IS BALANCED. I HAVE TOLD YOU THE CIP BUDGET IS NOT SUSTAINABLE AND I WOULD REPEAT THAT CAUTION. I WOULD BRING YOU BACK TO DEREK EARLE'S SLIDE THAT WE SAW LAST WEEK WHEN HE TOLD YOU THE CIP GENERAL FUND BUDGET INCLUDED THE \$4.3 MILLION DOLLARS FOR WESTWORLD AND A MILLION DOLLARS FOR THE STADIUM AND SO ONE, WITH THE CONSEQUENCE WILL ALL THOSE ITEMS ADDED TOGETHER BROUGHT THE CIP PROPERTY FUND TO A NEGATIVE POSITION. IT COULD BE MITIGATED IF THE VOTERS APPROVE THE BONDS IN NOVEMBER AT THE MOMENT THAT IS THE SITUATION.

I WOULD EXPECT SOME OF YOU TO ASK WHAT EFFECT THESE BUDGETS WOULD HAVE ON THE CITY'S CREDIT RATING, AND IF YOU WERE TO ASK I WOULD SAY I DO NOT KNOW. WE HAVE ENJOYED A TRIPLE A RATING AND I HAVE NO REASON TO ASSUME IT WOULD NOT CONTINUE. WITH THAT SAID I WOULD SAY IT IS SENDING NEGATIVE SIGNALS. IT SENDS A NEGATIVE SIGNAL WHEN YOU APPROVE A BUDGET THAT USES SAVINGS FOR PAYING ONGOING OPERATING COSTS. IT SENDS A NEGATIVE SIGNAL WHEN YOU SHOW SOME CHANGE IN THE MANAGEMENT DIRECTION, WHICH IS TO START USING SAVINGS TO PAY ONGOING COSTS, IT SENDS A NEGATIVE SIGNAL ANYTIME WE WAIVE ONE OF THE ADOPTED FINANCIAL POLICIES FOR THE CITY. IF I SOUND UNCOMFORTABLE, I AM, BUT I WILL REPEAT IT IS A BALANCED BUDGET BY THE STATE MANDATES; IT IS NOT IN MY JUDGMENT SUSTAINABLE. THAT IS MY PRESENTATION.

[Time: 01:02:20]

Mayor Lane: THANK YOU. WE APPRECIATE THE WARNINGS, ADVICE AND PRESENTATION. OBVIOUSLY SOME DECISIONS HAVE ALREADY BEEN MADE AS YOU POINTED OUT AND EFFECTIVELY STAND TO EITHER WAIVE OR TO VIOLATE A POLICY YOU HAVE STATED IN YOUR MEMO TO US ON THIS TOPIC AND THAT IS FINANCIAL POLICY NUMBER 4 AND THAT READS, "THE BUDGET SHALL BE CONSIDERED BALANCED IF ALL SOURCES OF REVENUE HAS ESTIMATED OR EQUAL TO OR EXCEEDED THE TOTAL AMOUNTS OF PROPOSED TO BE USED IN THE OPERATING BUDGET FOR THE CURRENT FISCAL YEAR BY FUND. THAT IS A CONSERVATIVE POSITION THAT THE CITY HAS TAKEN AND EXERCISED UNDER FOR THE LAST FOUR YEARS THEN IS REQUIRED BY STATE LAW. WE ALSO KNOW THE REASON WE HAVE THAT POLICY IS BECAUSE SOME OF OUR BROTHEREN MUNICIPALITIES DID MORTGAGE THEIR FUTURE IN ANTIPIATION AND USED AND BUDGETED IN AN UNBALANCED WAY BY VIRTUE OF PERCEIVED FUNDS AND GOT CAUGHT OUT ON A LIMB WHEN THEY ENDED UP WITH SHORTAGES. WE ARE NOT ANTICIPATING THOSE IN EXPERIENCES. WE ALL HOPE AND PRAY THAT WE DON'T, BUT THE FACT

REMAINS THAT POLICY WAS PUT INTO PLACE TO MAKE SURE THE CITY WAS PROTECTED AND MORE CONSERVATIVE IN THE ALLOCATION OF THOSE FUNDS. I AM TALKING ABOUT THE ONE-TIME FUNDS. IT IS LIKE MORTGAGING THE FUTURE; YOU ARE COUNTING ON IT COMING UP NEXT YEAR IF YOU PUT IT TOWARD OPERATING EXPENDITURES. THAT POLICY HAS BEEN VIOLATED BY THE ONE WE ARE TALKING ABOUT THE CREWS AND THE FIRE CHIEF BECAUSE THAT IS CONSIDERED TO BE AN ADD TO THE BUDGET AND THERE IS NO DENYING THAT ELEMENT. WHEN WE HAVE TALKED ABOUT THESE THINGS IN THE PAST, WE HAVE ALWAYS LOOKED TOWARD, WHAT DO WE NEED TO SACRIFICE IN ORDER TO MAKE THOSE CHANGES? WE HAVE DONE EXACTLY THAT ON A NUMBER OF OCCASIONS. THESE ARE TOUGH DECISIONS AND WE HAD TO WORK HARD TO FIND THOSE THINGS. IT LEAVES US IN A LITTLE BIT OF A DILEMMA. WE KNOW WHAT IS ON THE TABLE RIGHT NOW. WE APPRECIATE YOUR ADVICE AND I MYSELF AM A BIT DISTURBED BY THE IDEA THAT WE ARE MOVING IN THAT DIRECTION AND WE WILL SADDLE OURSELVES WITH SPENT MONEY NEXT FISCAL YEAR NOT THIS ONE COMING UP WE ARE BUDGETING FOR BUT THE ONE BEYOND THAT THAT WE MAY OR MAY NOT HAVE FOR ITEMS THAT WE MAY NEED AT THAT POINT IN TIME.

THE ONLY OTHER THING I WOULD LIKE TO SAY IS THESE UNALLOCATED RESERVES REPRESENT THE SAVINGS BY THE ENTIRE CITY. SAVINGS ON A BUDGET THAT WAS PUT FORTH AND AUTHORIZED AND ADOPTED AND THAT EACH DEPARTMENT WORKED HARD, THEY HAVE DONE IT FOR THE LAST FOUR YEARS, THAT'S WHY WE HAVE HAD THE BENEFIT OF BEING ABLE TO APPLY THOSE KIND OF NEEDED ITEMS THAT WE HAVE HAD DEFERRED IN MAINTENANCE, WHERE WE COULD APPLY ONE-TIME MONEY TO MAKE SURE THE CITY PRESENTS ITSELF IN THE BEST OF POSSIBLE WAYS. THOSE MONIES WERE REFLECTIVE OF THE SAVINGS AT EACH DEPARTMENT IN THE CITY AND THEY WORKED HARD TO MAKE SURE WE STAYED WITHIN OUR BOUNDS. THAT IS NOT TYPICAL OF MUNICIPAL GOVERNMENTS. THEY GENERALLY SPEND EVERY DIME THAT THEY HAVE IN THEIR BUDGET AND IF THEY HAVE EXTRA MONEY AT THE END OF THE YEAR THEY GO OUT AND SPEND IT. WE HAVE HAD THE GREAT PRIVILEGE TO BE WORKING WITH A LOT OF CITY EMPLOYEES THAT HAVE NOT WORKED THAT WAY AND HAVE REALLY GOT ON BOARD TO MAKE SURE THE CITY MAINTAINED AND PROTECTED ITSELF FINANCIALLY WHICH HAS BEEN IDENTIFIED BY THE CREDIT RATING FIRMS AND THE INDIVIDUALS IN OUR BOND RATING AS WELL TO PUT US IN THE BEST OF STANDINGS.

I STAND IN THE SAME POSITION AS THE CITY TREASURER AND I APPRECIATE THE FACT THAT WE HAVE IDENTIFIED IT AND IT'S UP TO THIS COUNCIL WHETHER WE CONTINUE AND WE FOLLOW ON THAT WITHOUT IDENTIFYING SOME SOURCE OF REVENUES FOR THAT. AT THIS POINT WE HAVE COUNCILMAN LITTLEFIELD, HE HAS A COMMENT OR QUESTION.

[Time: 01:07:18]

Councilman Littlefield: IN YOUR OPINION BUDGET WAS BALANCED AND SUSTAINABLE UNTIL LAST WEEK WHEN WE ADDED THESE VARIOUS ITEMS ON?

David Smith: YES, THAT IS CORRECT.

Councilman Littlefield: HOW MUCH WOULD WE HAVE TO CUT TO MAKE IT SUSTAINABLE?

David Smith: BACK TO THE CHART THAT SHOWED SOME OF THE SPENDING OF ONE-TIME MONEY, THE \$100,000 FOR THE DEPUTY FIRE MARSHAL IS NOT AS SHOWN AS FUNDING BUT WITH ONE-TIME MONEY. THAT WAS JUST AN IMBALANCE IN THE BUDGET; IT WAS BLENDED IN WITH THE PUBLIC

SAFETY BUDGET, BUT THE \$600,000 WOULD HAVE TO BE, IN MY OPINION, IT SHOULD BE CUT SOMEWHERE ELSE OR FIND ANOTHER REVENUE SOURCE, AND IN SAYING THAT, I AM ASSUMING THAT THIS COUNCIL IS OF ONE MIND THAT THE \$2.5 MILLION WILL NOT BE A RECURRING COST.

Councilman Littlefield: I DOUBT WE ARE ALL ONE MIND ON ANYTHING. I THINK WE'VE MADE IT CLEAR THAT WAS A ONE-TIME COST AND YOU ARE TALKING ABOUT ONGOING COSTS THAT MAKE IT UNSUSTAINABLE. SO, HOW MUCH OF ON-GOING COSTS WOULD WE HAVE TO CUT IN ORDER TO MAKE IT SUSTAINABLE? THE \$2.5 MILLION WAS DESIGNED TO BE A ONE-TIME ITEM. THAT IS NOT CONTRIBUTING TO THE UNSUSTAINABILITY. SO HOW MUCH WOULD HAVE TO BE CUT FROM THE ONGOING ITEMS TO MAKE THIS BUDGET SUSTAINABLE? GIVE ME A NUMBER - ONE MILLION, TWO MILLION?

David Smith: \$800,000.

Councilman Littlefield: \$800,000 DOLLARS? SO IF WE CUT 800,000-DOLLAR ANYWHERE THIS BUDGET WOULD BE SUSTAINABLE?

David Smith: IN MY JUDGMENT.

Councilman Littlefield: ARE WE IN A POSITION TO GO BACK AND CHANGE ANY OF THE ALLOCATIONS THAT WE MADE EARLIER? CAN I PROPOSE AN \$800,000 CUT TO SAY; THE CULTURAL COUNCIL, WHICH I THINK IS LESS IMPORTANT THAN THE POLICE? IS THAT AN OPTION THAT IS ON THE TABLE TONIGHT?

Acting City Manager Dan Worth: IF WE ARE GOING TO REDUCE \$800,000 OUT OF THE PROPOSED GENERAL FUND BUDGET, THE CULTURAL COUNCIL WOULD BE A POSSIBILITY AS WOULD JUST ABOUT ANYTHING ELSE THAT IS REPRESENTED BY THE AREAS THAT WE ARE FUNDING OUT OF THE GENERAL FUND.

Councilman Littlefield: OKAY, I MOVE WE CUT THAT BUDGET BY \$800,000 DOLLARS.

Mayor Lane: A MOTION HAS BEEN MADE TO CUT THE CULTURAL COUNCILS BUDGET BY \$800,000. NOT HEARING A SECOND, BUT I WILL GO TO COUNCILMAN ROBBINS.

[Time: 01:10:52]

Councilman Robbins: LET ME FOLLOW UP. THAT IS NOT THE ONLY WAY TO BALANCE THIS BUDGET. BEFORE WE MADE THOSE DECISIONS IN THE LAST MEETING, WE WERE ON THE PATH OF USING ONE-TIME MONEY. WE HAD A PROPOSAL WHICH I MADE A MOTION TO DO TO FUND STAFFING OUT OF STATION 602 OUT OF ONE-TIME MONEY FROM OVERTIME. SO WE COULD RECHARACTERIZE THAT TO BEING FOR ONE-TIME MONEY THAT WOULD NOT IMPACT FUTURE BUDGETS. SO, THERE ARE A COUPLE OF THINGS WE CAN DO TO MAKE THIS "SUSTAINABLE" AND STILL USE THE ONE-TIME MONEY WITHOUT CUTTING \$800,000 BLINDLY FROM THE BUDGET. IS THAT CORRECT MR. SMITH?

David Smith: THAT IS CORRECT I WILL DEFER TO THE CITY MANAGER.

Dan Worth: I WOULD POINT OUT IF WE WENT TO THE ALTERNATIVE AND USED OVERTIME FUNDING IT WOULD BE SLIGHTLY BETTER, BUT WE WOULD SIT HERE A YEAR FROM NOW IN DECIDING WHETHER

OR NOT WE ARE GOING TO FUND THE SAME LEVEL OF STAFFING. SO, IT IS SIMILAR IN ITS PRACTICAL EFFECT.

Councilman Robbins: EXCEPT THAT THE REVENUES ARE DIFFERENT EVERY YEAR. THAT DETERMINES A LOT OF WHAT THE BUDGET COMES DOWN ON. THERE ARE A LOT OF FACTORS THAT GO INTO THAT FOR NEXT YEAR. I AGREE WITH MR. SMITH THAT THIS IS UNSUSTAINABLE, SO I WAS TRYING TO BRING US BACK INTO WHERE WE WERE BEFORE WE ADDED THESE THINGS AND MADE THIS AS WHAT I VIEW A BAD BUDGET.

David Smith: I THINK APPROVING IT AS AN OVERTIME PAYMENT, \$450,000, WOULD MAKE THIS MORE SUSTAINABLE IF YOU WILL THAN EMBEDDING SALARY AND BENEFIT INCREASES FOR THE 8 NEW FTE'S. I CAN CERTAINLY AGREE WITH THE CITY MANAGER IF WE THINK THERE IS AN OVERTIME PROBLEM THIS YEAR, BUT IT DOES GIVE A YEAR TO WORK ON A SOLUTION AND PERHAPS IN THAT YEAR A SOLUTION CAN BE IDENTIFIED.

Councilman Robbins: I UNDERSTAND WHAT YOU ARE SAYING, BUT WE ARE TRYING TO DIG OUT FROM THE RECESSION. WHAT WAS TOLD TO US BY CHIEF SHANNON WAS THE STATION HAD BEEN REDUCED AND NOW WE ARE TRYING TO GET THEM BACK TO THE LEVEL THAT THEY BELONG AT. IT MIGHT TAKE A COUPLE YEARS OF FULL OVERTIME OR ADDING TWO PEOPLE INSTEAD OF FOUR OR SIX.

Mayor Lane: THANK YOU COUNCILMAN. COUNCILMAN PHILLIPS.

[Time: 01:14:33]

Councilman Phillips: THERE ARE A COUPLE OF ITEMS THAT WE HAVE NOT TALKED ABOUT FOR NEXT YEAR. ONE IS THE TPT UPDATE WITH THE STATE. THE TWO AVAILABLE OPTIONS ONE COULD REDUCE OUR REVENUE BY TWO MILLION THE OTHER BY FOUR MILLION, SO THERE IS A REDUCTION NEXT YEAR. THERE IS ALSO POTENTIAL FOR THE CITY PORTION OF THE SRS. WE APPROVE THIS ONE-TIME FUND FOR THE FIREFIGHTERS, EIGHT FTE'S, BUT WE HAVE TO PAY FOR THAT EVERY YEAR. SO, WHAT WE ARE LOOKING AT NEXT YEAR IS ABOUT \$10 MILLION MORE. ON TOP OF THAT, WE ARE COUNTING ON THIS BUDGET TO BE SUSTAINABLE IS \$2 MILLION FROM WESTWORLD, OUR CIP IS IN DIRE STRAITS AS MR. SMITH POINTED OUT. WE ARE ALSO RELYING ON A VOTER-APPROVED BOND WHICH WE HAVE NO IDEA IF THAT WILL PASS. IF IT DOESN'T, WE ARE IN TROUBLE. IT LOOKS TO ME WHAT WE ARE SPENDING MONEY THAT WE DO NOT KNOW IF WE WILL HAVE IN THE FUTURE. I WILL BE HONEST THIS BUDGET SCARES ME. I DO NOT KNOW WHAT IS COMING DOWN THE PIPE, BUT I KNOW THAT WE ARE GOING TO HAVE A SHORTFALL. WE HAVE APPLIED \$9.6 MILLION OF THE UNRESERVED FUND BALANCE AND NEXT YEAR WE WILL ONLY HAVE \$1.8. IF THIS WAS MY FAMILY BUDGET AND THE FAMILY APPROVED IT, I WOULD SAY WE HAD BETTER GO GET A JOB BECAUSE I AM NOT MAKING ENOUGH TO COVER IT. SO I WOULD MOVE TO ASK THE CITY MANAGER TO GO BACK AND DEVELOP A BUDGET THAT IS BALANCED AND SUSTAINABLE AT THE ONGOING OPERATING LINE LEVEL.

Mayor Lane: MOTION HAS BEEN MADE, FAILS FOR LACK OF A SECOND, AS DID THE INITIAL ONE FROM COUNCILMAN LITTLEFIELD. I THINK THERE IS A PRETTY EASY ANSWER TO THIS. IF WE LEFT THE FUNDING FOR THE FIREFIGHTERS AND THE FIRE DEPARTMENT AS IT'S INDICATED AND WE CONSIDERED IT IS \$800,000 OR WHETHER WE TRANSITION THE ENTIRE AMOUNT OF MONEY A 3% INCREASE. HOW MUCH WAS THAT ACTUALLY FOR THE CULTURAL COUNCIL?

David Smith: THAT WAS \$124,000.

Mayor Lane: THERE IS NO ROOM IN THAT PARTICULAR AMOUNT OF MONEY FOR THE \$800,000? YOU COULD MOVE THAT TO ONE-TIME MONEY. THAT CERTAINLY WOULD NOT ADDRESS THIS PROBLEM. COUNCILWOMAN MILHAVEN.

Councilwoman Milhaven: NO DISRESPECT BUT I DISAGREE THAT THIS BUDGET IS UNSUSTAINABLE. WHETHER WE WANT TO CALL IT ONE-TIME MONEY OR NOT WE KNOW WE HAVE NO POLICY FOR CONTINGENCY. IF WE HAVE A TEN % RESERVE OF ABOUT \$25 MILLION DOLLARS, WE HAVE GOT RESERVES FOR CATASTROPHIC PROBLEMS NEXT YEAR. WE'VE GOT A 5 MILLION DOLLAR CONTINGENCY IF WE WANT TO CALL IT A BALANCED BUDGET, SO LET'S REDUCE THE CONTINGENCY BY \$800,000 BUT WE HAVEN'T SUBSTANTIALLY CHANGED THE BUDGET.

[Time: 01:18:50]

I AM GOING TO MOVE THINGS FORWARD AND I WOULD LIKE TO MAKE A MOTION TO ADOPT ORDINANCE 4087 ESTABLISHING THE TENTATIVE BUDGET FOR FISCAL YEAR 2013.

Mayor Lane: THE MOTION HAS BEEN MADE. FAILS FOR LACK OF A SECOND.

Councilmember Korte: I WILL SECOND THAT.

Mayor Lane: PARDON ME. WOULD THE SECOND LIKE TO SPEAK TOWARD IT? COUNCILMAN LITTLEFIELD.

Councilman Littlefield: AS I OFTEN SAY PEOPLE AT HOME MUST WATCH THIS AND SHAKE THEIR HEADS AND WONDER WHAT WE ARE DOING. WE JUST HAD A PRESENTATION WHERE THE CITY TREASURER SAYS THAT THE BUDGET IS UNSUSTAINABLE. SO, THE IDEA THAT WE ARE JUST GOING TO LET THIS GO BECAUSE WE DON'T HAVE A POLICY FOR THAT, SORRY, BUT IT IS OUR JOB TO MAKE THESE DECISIONS AND COME UP WITH PRIORITIES. THE IDEA ABOUT THE FIREFIGHTERS, THE REASON WE MADE A MOTION TO DEAL WITH THAT PROBLEM WITH STATION 602 WITH ONGOING MONEY AS OPPOSED TO ONE-TIME MONEY IS BECAUSE IT IS AN ONGOING PROBLEM. DOWNTOWN WILL GET MORE CROWDED. THE NEED FOR STAFFING AT THE STATION IS NOT ONLY GOING TO DECREASE IT IS GOING TO INCREASE. IT'S GOOD FISCAL MANAGEMENT WAS TO SOLVE AN ONGOING PROBLEM WITH ONGOING MONEY. THAT IS WHAT WE SHOULD HAVE DONE WITH THE POLICE TOO. SO, WE ARE CONCERNED ABOUT THE BUDGET OR NOT. TO SAY WE AREN'T GOING TO WORRY ABOUT IT TONIGHT IS A DODGE. IF WE ARE CONCERNED WE NEED TO DO SOMETHING TONIGHT. IF WE LET THIS GO BY, IT'S DONE. SO, IF WE ARE CONCERNED WE HAVE TO CUT \$800,000, NOT OUT OF ANY ONE-TIME ALLOCATION OF THE ONGOING ALLEGATIONS. IF YOU DON'T WANT TO TAKE IT OUT OF THE CULTURAL DEPARTMENT I AM OPEN FOR SUGGESTIONS. IF YOU PASS THIS RESOLUTION WE ARE KICKING THE CAN DOWN THE ROAD. IF YOU WANT TO FIX IT TONIGHT SOMEWHERE WE HAVE GOT TO TAKE \$800,000 OUT OF ONGOING EXPENDITURES. IT IS THAT SIMPLE AND I AM OPEN TO SUGGESTION.

[Time: 01:21:51]

David Smith: I WANTED TO CLARIFY ONE THING. WE DO HAVE \$5 MILLION IN THE BUDGET FOR CONTINGENCIES, BUT WE DO HAVE A FINANCIAL POLICY THAT GOVERNS THE SPENDING OF

CONTINGENCIES AND THAT IS FINANCIAL POLICY NUMBER 38. IT IS MAINTAINED TO OFFSET EVENTS THAT ARE THREATENING PUBLIC HEALTH AND SAFETY AND SHOULD BE USED ONLY AFTER ALL OTHER AVAILABLE FUNDS HAVE BEEN IDENTIFIED. I AM NOT SURE IF IT IS DESIGNED FOR FUNDING THIS KIND OF THE EXPENDITURE.

Mayor Lane: YOU GENERALLY DON'T START OUT IN THE CYCLE BY USING YOUR CONTINGENCY. THERE MAY BE DEFINED PRESCRIPTION AS TO HOW IT IS USED. I WANT TO EMPHASIZE SOMETHING THAT COUNCILMAN PHILLIPS MENTIONED BECAUSE I THINK IT IS A VALID POINT. WE ARE RIGHT NOW DOWN AT THE CAPITOL STRUGGLING WITH THE TPT TAX CHANGES THAT POTENTIALLY THREATEN UP TO \$14 MILLION DOLLARS, OBVIOUSLY WE HOPE THE DECISION IS LESS THAN THAT. THE TWO OPTIONS THAT ARE ON THE TABLE, ONE IS GOING TO BE A \$2.3 MILLION DOLLAR LOSS TO THE CITY AND THE OTHER IS A 4.6 I BELIEVE IT IS, SOMETHING IN THAT RANGE. THAT IS BEFORE WE GET INTO ANY OTHER NUANCES AS WELL AS THE ISSUES OF OTHER COST INCREASES. I WOULD ONLY SAY THAT THE CONTINGENCY FUND IS NOT SOMETHING WE WILL WANT TO JUMP INTO. WHAT COUNCILMAN LITTLEFIELD SAYS IS ACCURATE AND THAT IS THE FACT THAT WE HAVE GOT TO FIND IT SOMEWHERE. COUNCILMAN PHILLIPS.

[Time: 01:24:21]

Councilmember Phillips: THAT IS WHY I MADE A MOTION TO HAVE THE ACTING CITY MANAGER GO BACK BECAUSE WE DON'T KNOW WHERE THIS MONEY CAN COME FROM, BUT WE HAVE A LOT OF DEPARTMENTS AND I THINK THAT IS WHAT WE NEED TO GO BACK AND DO. THE BOTTOM LINE IS THE CIP FUND IS DEPLETED, I AM LOOKING AT IT MIGHT BE A MILLION TO 10 MILLION SHORTFALL NEXT YEAR, WE ARE RELYING ON A BOND WHICH MAY NOT PASS. I AGREE WITH THE TREASURER THAT IT'S NOT ONLY UNSUSTAINABLE, IT THREATENS OUR BOND RATING. THERE IS NO WAY I AM GOING TO VOTE FOR THIS.

Councilman Littlefield: I SECOND COUNCILMAN PHILLIPS' MOTION. FIRST OF ALL, IT IS LATE TO BE ASKING THE CITY MANAGER TO GO BACK. THIS IS ONE OF THE MILESTONES TONIGHT IN THE APPROVAL OF THE BUDGET. IF WE ARE GOING TO FIX THIS WE HAVE GOT TO FIX IT TONIGHT. NOW, WE ARE HERE AND WE HAVE GOT TO FIX IT TONIGHT. THE OTHER THING IS THE CITY MANAGER GAVE US HIS BUDGET. HE CAME UP WITH HIS IDEA OF WHAT WE SHOULD DO AND WE CHANGED IT, BY THE THE WAY, IS OUR PEROGATIVE. IT IS LATE TO BE ASKING THE MANAGER TO FIX WHAT IS OUR PROBLEM? WE HAVE GOT TO COME UP TO A SOLUTION. IF WE PASS THE MOTION, IT IS KICKING THE CAN DOWN THE ROAD. WE EITHER PASS THAT AND WE NOW HAVE AN UNSUSTAINABLE BUDGET OR WILL WE CUT \$800,000 OUT OF ONGOING REVENUE. SO IF IT IS NOT GOING TO BE MY SUGGESTION, I AM OPEN.

[Time: 01:26:26]

Mayor Lane: I WOULD LIKE TO OFFER AN ALTERNATIVE MOTION THAT WOULD BE THE PASSAGE OF ADOPTING ORDINANCE 4087 AS PRESENTED BUT MODIFIED BY THE COUNCIL IN THIS WAY. I WILL SPEAK TOWARD THIS, THAT'S THE MOTION WITH THIS MODIFICATION FIRST, IF THAT'S OKAY. CHIEF SHANNON SUGGESTED AND RECOMMENDED TO US AT A POINT IN TIME OF USING ONE-TIME MONEY FOR OVERTIME IN THIS POSITION UNTIL WHICH TIME AS WE RECKON HOW WE COULD DEAL WITH THIS AND FRANKLY WHETHER WE WOULD HAVE THE BUDGET NUMBERS TO MAKE IT SUSTAINABLE. SO THAT WAS ONE OF HIS SUGGESTIONS. THERE WAS CERTAINLY A CONCERN ABOUT THAT BECAUSE

IT ACTUALLY AMOUNTED TO MORE MONEY THAN HIRING INDIVIDUAL STAFFING ON IT AND IT WAS NOT A PERMANENT FIX, BUT IT DOES ANSWER AND RESPOND TO THE ISSUE OF USING ONE-TIME MONEY SPECIFICALLY TO PAY FOR OVERTIME TO COVER WHAT WE SAW AS A DIFFICULTY. THE ONLY ITEM THAT DOES NOT PLAY INTO THAT, AND I'M NOT SURE WHERE WE WOULD GET THIS PARTICULAR AMOUNT OF MONEY, AND THAT IS FOR THE ASSISTANT CHIEF POSITION FOR INSPECTIONS, BUT I WOULD SAY SOMEHOW OR ANOTHER THERE IS A PLACE TO FIND THAT AMOUNT OF MONEY FOR THAT

POSITION IF WE CAN GO AHEAD AND TAKE ONE-TIME MONEY FOR THOSE POSITIONS. SO, I WOULD MODIFY THE ALTERNATIVE MOTION. I WOULD MODIFY THE ADOPTION OF ORDINANCE 4087 BY CHANGING THAT ONE PROVISION FOR THE CREWS IN STATION 602, TO BE A ONE-TIME PAYMENT FOR OVERTIME RATHER THAN CREWS ON THAT. IF IT'S UNDERSTOOD THAT'S THE MOTION, I WOULD ASK FOR A SECOND ON THAT.

Councilman Robbins: SECOND.

[Time: 01:28:56]

Mayor Lane: THANK YOU COUNCILMAN ROBBINS, WOULD YOU LIKE TO SPEAK TOWARD IT?

Councilman Robbins: IT IS THE MOTION I MADE BEFORE WHICH WAS THAT CHIEF SHANNON HAD SUGGESTED WE USE OVERTIME TO PAY FOR THE ISSUE AT 602 AND THEN DEAL WITH IT NEXT YEAR. IT IS AN ONGOING PROBLEM BUT WE DON'T HAVE ONGOING MONEY TO PAY FOR IT. SO, I MADE THE SUGGESTION WE USE ONE-TIME MONEY TO PAY FOR OVERTIME THIS YEAR THEN WHEN WE COME AROUND TO OUR BUDGET NEXT YEAR, THAT IS AN ISSUE TO RESOLVE. THE FIRE MARSHAL ISSUE AS WELL I THINK WE SHOULD WAIT AND DO THAT NEXT YEAR AS WELL. I THINK WE GET BACK TO THE POINT WHERE THE BUDGET IS SUSTAINABLE UNTIL NEXT YEAR AND THEN WE HAVE SOME WORK TO DO OBVIOUSLY NEXT YEAR.

Mayor Lane: THANK YOU COUNCILMAN. TO THAT POINT, IF IT WERE TO BE SATISFACTORY TO YOU, LET'S LEAVE IT THE WAY IT IS RIGHT NOW. COUNCILMAN LITTLEFIELD.

Councilman Littlefield: ONCE AGAIN, THE FIRE STATION ISSUE IS SOLVING AN ONGOING PROBLEM WITH ONGOING MONEY. I AM STILL OPPOSED TO IT FOR THE SAME REASON. WE ARE JUST PUTTING IT OFF. THIS PROBLEM IS NOT GOING AWAY. DOWNTOWN IS GETTING MORE CROWDED; THERE WILL BE MORE PEOPLE DOWN THERE. ACTUALLY AS BAD AS IT IS, COUNCILWOMAN MILHAVEN'S ORIGINAL MOTION IS PREFERABLE TO THE ALTERNATIVE MOTION. HERE IS THE PROBLEM I HAVE OF BOTH THE MOTIONS. WE KNOW WHAT WE NEED TO DO WE NEED TO CUT \$800,000 OUT OF THE ONGOING BUDGET AND IT IS A QUESTION OF PRIORITIES. POLICE, FIREFIGHTERS ARE MORE IMPORTANT THAN THE CULTURAL COUNCIL. IF WE PASS EITHER OF THESE MOTIONS TONIGHT, WE ARE JUST PUSHING THE PROBLEM DOWN AND NOT ADDRESSING IT, WE HAVE A BUDGET BY OUR OWN TREASURER WHO SAYS IT'S UNSUSTAINABLE. WE HAVE GOT TO BE WILLING TO MAKE THE TOUGH CHOICES AND SAY THIS IS MORE IMPORTANT THAN THAT.

Mayor Lane: THANK YOU COUNCILMAN. COUNCILWOMAN KORTE.

[Time: 01:31:58]

Councilmember Korte: I THINK EVERYONE AGREES PUBLIC SAFETY IS OUR NUMBER ONE PRIORITY. I AGREE WITH THE COUNCILMAN IN THAT OUR DOWNTOWN IS INCREASING IN USAGE PRIMARILY ON THE WEEKENDS AND AT NIGHT, BUT IT IS ALSO DURING THE DAY WITH INCREASED HOUSING OPTIONS GOING IN AND INCREASED BUSINESS. SO, TO PUT 602, ADDITIONAL COMPANY AT 602, AS A KICK THE CAN, I AM HAVING A HARD TIME WITH THAT BECAUSE THAT IS A PRIORITY. CHIEF SHANNON I CONTINUE TO SUPPORT THAT INCREASE AT 602. SO, WHAT IS OUR OPPORTUNITIES HERE? WHAT CAN WE DO TO DECREASE EXPENSES OR DECREASE REVENUE? WHEN WE WERE DEVELOPING THE BUDGET THERE WAS AN OPPORTUNITY FOR A ONE PERCENT OR TWO PERCENT PROPERTY INCREASE THAT WOULD HAVE BROUGHT IN \$500,000. CAN YOU EXPLAIN THAT FOR ME FROM WHAT I UNDERSTAND THAT INCREASE IS ALLOWED BY THE STATE FOR INFLATIONARY PURPOSES AND WE ARE ALL EXPERIENCING INFLATION TODAY? CAN YOU REVISIT THAT?

Dan Worth: IT IS ALLOWED BY STATE STEP TO TAKE A TWO PERCENT INCREASE IN THE TOTAL PROPERTY TAX LEVY EACH YEAR. WE HAVE CHOSEN NOT TO DO THAT THIS YEAR AND EACH OF THE PAST TWO YEARS. THAT 2 % WOULD EQUATE TO \$500,000 DOLLARS ROUGHLY.

Councilmember Korte: BY TAKING THAT LEVY, DOES THAT CAUSE CONCERN WITH OUR RATINGS? WITH PERCEPTION?

David Smith: IT WOULD NOT CREATE A PROBLEM WITH THE RATINGS. IN FACT IT WOULD BE VIEWED POSITIVELY. I THINK THE AGENCIES EXPECT THAT CITIES WILL AVAIL THEMSELVES OF THAT. THERE WOULD BE NO NEGATIVE RATING IMPACT ON TAKING THAT ENTITLEMENT.

Councilmember Korte: I KNOW WE ARE TALKING ABOUT 630, 640 FOR THE 602 STATION IS THAT RIGHT CHIEF? SO, WHERE IS THE \$800,000, WHERE IS THE EXTRA 150, 160?

David Smith: \$100,000 WAS THE DEPUTY FIRE MARSHAL AND THE OTHER WAS THE AMOUNT THE NEGATIVE AMOUNT. THE COMMITMENT WAS THAT WE WILL FIND IT SOMEWHERE.

[Time: 01:36:09]

Councilmember Korte: I WOULD LIKE TO MAKE AN ALTERNATIVE MOTION. WE HAVE TWO MOTIONS ON THE FLOOR. SO WOULD THIS BE A SECONDARY MOTION?

Mayor Lane: DO WE HAVE A REQUIREMENT TO VOTE ON ANYTHING FIRST?

Bruce Washburn: THERE CAN BE NO MORE THAN THREE MOTIONS PENDING AT ONE TIME BUT NO MORE SO WE HAVE ROOM FOR ONE MORE.

Councilmember Korte: I MOVE WE INCREASE OUR PROPERTY TAXES TO A MAXIMUM OF TWO PERCENT AS ALLOWED BY STATE STATUTE.

Mayor Lane: THE MOTION HAS BEEN MADE. IT DIES FOR A LACK OF A SECOND. WE NOW HAVE THE ORIGINAL MOTION AND THE ALTERNATIVE MOTION ON THE TABLE. COUNCILMAN PHILLIPS.

Councilmember Phillips: I AM NOT ASKING TO START THE BUDGET PROCESS ALL OVER AGAIN. WHETHER IT IS 80,000 OF THE TEN DEPARTMENTS AND EACH ONE CONTRIBUTING THAT IS NOT FOR ME TO DECIDE. I WANT THE CITY MANAGER TO FIND A WAY. I THINK WE CAN DO THAT.

Mayor Lane: WE HAVE AN ORIGINAL MOTION AND AN ALTERNATIVE MOTION ON THE TABLE. WE WILL START WITH THE ALTERNATIVE MOTION.

Councilwoman Milhaven: MAYOR, COULD YOU JUST CLARIFY AGAIN WHAT THE MOTION IS?

Mayor Lane: TO ADOPT THE ORDINANCE 4087 AS PRESENTED BUT MODIFIED TO INSTEAD FUND WITH ONE-TIME FUND FOR OVERTIME IN STATION 602.

Councilwoman Milhaven: MAYOR, ARE YOU SAYING WE ARE NOT AUTHORIZING HIRING ADDITIONAL FIREFIGHTERS BUT GIVING THEM OVERTIME DOLLARS TO INCREASE THE STAFFING?

Mayor Lane: NO, ACTUALLY CONTINUE WHAT THEY ARE DOING RIGHT NOW.

Councilwoman Milhaven: YOU HAVE MORE HOURS WITH THE SAME PEOPLE? I CAN'T IMAGINE THAT MAKES SENSE TO PAY TIME AND A HALF INSTEAD OF STRAIGHT TIME.

Mayor Lane: WITH THE TRAINING REQUIREMENTS IT IS THE SAME COST. IN ANY CASE THAT IS THE MOTION AND IT HAS BEEN SECONDED. COUNCILMAN LITTLEFIELD.

Councilman Littlefield: I REPEAT WE ARE KICKING THE CAN DOWN THE ROAD. WE SHOULD CUT SOMETHING ELSE AND IF YOU DO NOT LIKE MY SUGGESTION TAKE SOMETHING ELSE. DON'T PICK ON STATION 602 WHICH NEEDS TO BE DONE. PICK SOMETHING ELSE, PARKS, HUMAN SERVICES, SOMETHING. DON'T PICK ON THE FIRE STATION ISSUE BECAUSE YOU WILL MAKE THE SITUATION WORSE AS TIME GOES ON.

Mayor Lane: I THINK WE ARE READY TO VOTE ON THE ALTERNATE MOTION. I ASK THAT ALL IN FAVOR INDICATE BY AYE AND REGISTER YOUR VOTE AND NAY IF YOU OPPOSE. AYE. THE MOTION HAS FAILED WITH VICE MAYOR KLAPP AND MYSELF AND COUNCILMAN ROBBINS IN THE AFFIRMATIVE. WE GO BACK TO THE ORIGINAL MOTION IF THE MOTION MAKER WOULD COULD YOU RESTATE THE ORIGINAL MOTION?

[Time: 01:40:48]

Councilwoman Milhaven: PART OF WHAT I THOUGHT I HEARD IF WE CALL THIS 800,000 ONE-TIME MONEY WITH THE UNDERSTANDING THAT WE NEED TO, WHEN WE GET TO THE NEXT BUDGET YEAR, FIND THE 800,000 IN ADDITIONAL COST SAVINGS THEN WE CAN CALL ADDING THE FTE ONE-TIME MONEY BUT RECOGNIZE IT IS A PRIORITY IN THE COMING BUDGET YEAR IN FINDING THE MONEY SAVED. THAT IS A LITTLE BIT OF KICKING THE CAN DOWN THE ROAD, BUT IT DOES GIVE US THE FIRE CREWS WE NEED TODAY AND BE RESPONSIBLE TO BALANCE THE BUDGET.

SO, I WILL MODIFY MY MOTION TO SAY ADOPT ORDINANCE 4087 WITH THE UNDERSTANDING THAT THE 602 AND FIRE MARSHAL ARE BEING PAID IN THE CURRENT BUDGET YEAR OUT OF ONE-TIME MONIES. OKAY, SO WE GO BACK TO MY OTHER MOTION WHICH IS TO ADOPT ORDINANCE 4087.

Mayor Lane: WE ARE READY TO VOTE ON THE MOTION. ALL THOSE IN FAVOR PLEASE INDICATE BY AYE, THOSE OPPOSED WITH A NAY. THE MOTION HAS FAILED 5/2 WITH COUNCILWOMEN KORTE AND MILHAVEN AFFIRMATIVE.

Mayor Lane: THAT HAS LEFT US NOWHERE.

[Time: 01:42:41]

Councilman Littlefield: WE HAVE GOT TO PICK SOMETHING THEN. SOMEONE HAS TO COME UP WITH AN \$800,000 CUT THAT WE CAN ALL LIVE WITH. I THINK IF WE GIVE THE CULTURAL COUNCIL \$4.5 MILLION A YEAR, PLUS WE GAVE THEM A THREE PERCENT INCREASE, WE CAN CUT \$800,00 FROM THEM, BUT I DIDN'T GET ANY SUPPORT FOR THAT, SO SOMEONE ELSE IS GOING TO HAVE TO COME UP WITH SOMETHING ELSE. I WILL TRY IT AGAIN, I MOVE WE CUT \$800,000 OUT OF THE ONGOING CULTURAL COUNCIL BUDGET.

Mayor Lane: THE MOTION HAS BEEN MADE. THERE HAS BEEN NO SECOND. COUNCILWOMAN MILHAVEN.

Councilwoman Milhaven: I MOVE THAT WE ADOPT ORDINANCE 4087 AND MODIFY THE BUDGET TO REDUCE CONTINGENCY FROM \$5.0M TO \$4.0M. AND WHILE WE HAVE A POLICY ABOUT HOW WE SPEND IT THERE IS NOT A POLICY ABOUT HOW MUCH THERE SHOULD BE AND WE'VE ALREADY GOT IN THE CURRENT BUDGET OVER ALMOST \$30.0 MILLION IN RESERVES CONTINGENCY. IN THE RECENT PAST WE HAVE SEEN CONTINGENCIES LOWER THAN THIS.

Mayor Lane: THE MOTION HAS BEEN MADE. THE MOTION HAS BEEN SECONDED. VICE MAYOR?

Vice Mayor Klapp: MY QUESTION IS OUR PROBLEM IS NEXT YEAR, NOT THIS YEAR. ACCORDING TO THE REPORT, SO IF WE REDUCE CONTINGENCY THIS YEAR HOW DOES THAT HELP NEXT YEAR?

Councilwoman Milhaven: IF WE REDUCE CONTINGENCY TO \$4 MILLION WE'VE ACCOMPLISHED ANOTHER ADDITIONAL \$1 MILLION OF REVENUE. WE COME BACK NEXT YEAR AND MAKE NEW ASSUMPTIONS NEXT YEAR BASED ON REVENUE.

Mayor Lane: A MOTION HAS BEEN MADE. SHE WAS GOING TO CHANGE THE CONTINGENCY RESERVE.

Councilman Littlefield: WILL THAT SOLVE YOUR CONCERNS?

David Smith: MR. MAYOR, MEMBERS OF COUNCIL. I HESITATE TO SAY IT WOULD SOLVE MY CONCERNS. THE CONTINGENCY BUDGET, AND I READ TO YOU WHAT IT'S FOR, IT'S TO BE USED FOR THE UNEXPECTED THINGS THAT ARISE DURING THE YEAR. I CAN'T PREDICE WHAT UNEXPECTED THINGS WILL ARISE DURING THE YEAR. THE CONTINGENCY BUDGET MATHEMATICALLY IS ABOUT 2% OF THE WHOLE GENERAL FUND BUDGET. IF YOU'RE SPENDING \$250 MILLION DOLLARS THEN YOU'RE LEAVING YOURSELF WIGGLE ROOM OF 2% WITH THE CONTINGENCY BUDGET. IF YOU ARE MORE COMFORTABLE WITH A CONTINGENCY BUDGET OF 1.75% I AM NOT SURE I CAN ARGUE WITH YOU BUT I CAN'T SEE THE FUTURE OF THAT CLEARLY.

[Time: 01:46:21]

Mayor Lane: THE STATEMENT WAS MADE THAT THERE IS NO STIPULATED AMOUNT FOR CONTINGENCY. THIS HAS BEEN A MATTER OF POLICY UNOFFICIALLY?

David Smith: THAT IS CORRECT. IT'S NOT IN THE FINANCIAL POLICY AS TO THE ACTUAL DOLLAR AMOUNT. IT HAS TRADITIONALLY BEEN \$5 MILLION. WE EVENTUALLY DECIDED ANYTHING LESS WOULD NOT BE A SMART MOVE.

Mayor Lane: SO IF WE WERE TO INCLUDE THE MOTION'S LANGUAGE RIGHT NOW, THERE ISN'T A POLICY THAT WE'RE CHANGING, THIS IS ON THE FLY TO PULL SOME MONEY OUT OF THERE TO REDUCE THE RESERVE AMOUNT.

David Smith: THAT IS CORRECT.

Mayor Lane: COUNCILMAN PHILLIPS?

Councilmember Phillips: THANK YOU MAYOR. ACTING CITY MANAGER, IF WE WENT BACK TO YOU AND ASKED YOU TO FIND A WAY TO TRIM \$800,000 FROM THE BUDGET COULD YOU DO THAT?

Dan Worth: THERE ARE A COUPLE OF APPROACHES WE COULD TAKE. APPROACH NUMBER ONE, I'LL GO BACK TO THE COMMENT THE VICE MAYOR MADE. IT'S REALLY A 14/15 PROBLEM. WE'VE GOT MONEY IN OUR SAVINGS AND UNRESERVED FUND BALANCE TO FUND EVERYTHING YOU'VE DIRECTED US TO PUT INTO THE BUDGET FOR FY 13/14, AND THE ISSUE IS FINDING ENOUGH MONEY FOR THE FOLLOWING YEAR. I WOULD POINT OUT THAT THIS YEAR YOU ARE GOING TO SEE SLIDES, OUR MONTHLY FINANCIAL UPDATE, WE ARE GIVING YOU PROJECTIONS OF THE YEAR AND ESTIMATES FOR WHERE WE WILL BE THIS YEAR. WE ARE PROJECTING WE WILL BE \$2.4 MILLION ON THE GOOD SIDE. THAT IS BETTER THAN WHAT WAS IN THE BUDGET YOU ADOPTED A YEAR AGO. WE DO ACHIEVE SAVINGS DURING THE COURSE OF A YEAR. I WOULD PROPOSE \$800,000, THERE IS A HIGH LIKELIHOOD WE COULD COME UP WITH THAT SAVINGS OVER THE COURSE OF THE YEAR AND TAKE SOME THINGS OUT OF THE BUDGET. I WOULD BE WILLING TO TAKE THAT CHALLENGE ON.

[Time 01:49:12]

Councilman Phillips: OKAY, SO WITH THEN I MOVE TO DIRECT THE ACTING CITY MANAGER TO, I GUESS I WOULD MOVE THAT WE ADOPT THIS BUDGET WITH A STIPULATION THAT THE ACTING CITY MANAGER FIND \$800,000 IN SAVINGS OVER THIS NEXT YEAR THAT IS SUSTAINABLE THROUGHOUT OUR BUDGET.

Mayor Lane: THE MOTION HAS BEEN MADE AND DIES FOR LACK OF A SECOND. COUNCILMAN ROBBINS?

Councilman Robbins: I THINK WE AS A COUNCIL CREATED THIS PROBLEM. WE'RE TRYING TO SPEND TOO MUCH MONEY. WE ARE TRYING TO HIRE NINE PEOPLE WE CAN'T AFFORD. IF WE WANTED TO HIRE THEM WE SHOULD HAVE DONE THAT IN THE BEGINNING INSTEAD OF AT THE 11TH HOUR. WHAT WE NEED TO DO IS GO BACK AND RECHARACTERIZE HOW WE ARE PAYING FOR THIS AND NOT HIRE PEOPLE WHO CAN'T AFFORD. THE ONLY WAY WE'RE GOING TO RESOLVE THIS WITHOUT PUTTING THE

BURDEN ON THE BACK OF THE CITY MANAGER, BECAUSE HE PRESENTED THIS BUDGET TWO AND A HALF MONTHS AGO AND WE'VE HAD PLENTY OF TIME TO FIGURE THIS OUT. WE CAN'T USE ONE-TIME MONEY TO PAY FOR ONGOING COSTS THAT IS WRONG. THAT IS NOT THE RIGHT WAY TO BUDGET.

Mayor Lane: THANK YOU COUNCILMAN. YOU KNOW, BUDGETS ARE A DISCIPLINE AND IT'S NOT SOMETHING WE'VE SORT OF, ARE FLEXIBLE THROUGHOUT THE YEAR. WE CAN GUESS AGAIN AND AGAIN IN AND TRY TO COME UP WITH DIFFERENT STORIES BUT RIGHT NOW WE ARE TRYING TO CREATE A BUDGET. WE ARE TRYING TO WORK WITHIN POLICIES. IS THAT A DISCIPLINE THAT CONTROLS US A BIT? IT IS AND IT SHOULD. I WOULD AGREE THERE IS ONLY ONE WAY AND WE HAVE TRIED THE IDEA OF MOVING IT TO ONE-TIME MONEY BUT, THE OBJECTION IS WHETHER OR NOT THAT IS THE RIGHT WAY TO APPROACH AN ONGOING PROBLEM. I DON'T THINK THERE IS ANY DEPARTMENT IN THIS CITY AND I SUPPOSE YOU COULD SPREAD THIS PRETTY THIN, THAT IS SOMETHING WE SHOULD HAVE DONE A WHILE AGO. I THINK THE WAY TO DO THIS IS TO REVERSE WHAT WE'VE DONE BEFORE AS FAR AS PUTTING THESE POSITIONS INTO THE BUDGET FOR THIS YEAR. COUNCILMAN LITTLEFIELD.

Councilman Littlefield: I WILL SAY ONCE AGAIN WE SHOULD HAVE DONE THOSE THINGS IN MARCH BECAUSE IF WE WERE DOING THIS RIGHT WE WOULD START OUT WITH OUR NUMBER ONE COMMITMENT. I STILL DON'T AGREE THAT THIS IS A SITUATION WHERE MOVE THESE GUYS TO ONE-TIME MONEY MAKES SENSE. THIS IS AN ONGOING PROBLEM. YOU SAY WE DON'T HAVE THE MONEY FOR THE FIREFIGHTERS. WE DO, WE WOULD, IF WE CUT SOMETHING LESS IMPORTANT. SOMEWHERE IN THIS MONEY THERE IS \$800,000 THAT IS LESS IMPORTANT THAN HIRING FIREFIGHTERS TO PROTECT OUR RESIDENTS. THE QUESTION IS, WHO IS GOING TO VOTE FOR IT? I PUT OUT MY SUGGESTION SOMEWHERE IN THE BUDGET THERE IS SOMETHING LESS IMPORTANT THAN STAFFING STATION 602. SO, I WON'T SUPPORT NOT STAFFING STATION 602. STAFFING IT IS AN ONGOING NEED.

Mayor Lane: THANK YOU COUNCILMAN. COUNCILMAN PHILLIPS.

[Time: 01:53:51]

Councilmember Phillips: BACK TO THE CITY MANAGER, IF YOU THINK CAN YOU FIND A WAY TO SAVE \$800,000, IF WE WENT BACK AND TOOK AWAY THESE EIGHT FTES, WOULD YOU BE ABLE TO JUST PUT THOSE BACK IN?

Dan Worth: IF I UNDERSTAND WHAT YOU ARE SUGGESTING I BELIEVE THAT WE CAN APPROVE THE POSITIONS. AS WE GO THROUGH THE YEAR I COULD IDENTIFY SOME REDUCTIONS POTENTIALLY. I AM NOT SURE I KNOW WHAT YOU ARE PROPOSING.

Councilmember Phillips: I THINK THAT WOULD SOLVE THE THING BECAUSE WE'RE STILL GETTING THE EMPLOYEES WITHOUT USING THE ONE-TIME FUNDS TO DO IT. WE ARE ACTUALLY REDUCING THE BUDGET WHICH IS WHAT YOU SAID YOU COULD DO.

Dan Worth: IF WE GO BACK TO WHAT WE DISCUSSED A WEEK AGO, IF WE ADD THE POSITIONS USING ONE-TIME MONEY OR NOT THEY ARE IN OUR STRUCTURE. WE HAVE ADDED STRUCTURE. WHEN WE ARE IN THIS POSITION A YEAR FROM NOW THAT IS THE STRUCTURE THAT WE'VE GOT. I'M GOING TO CALCULATE THE COST TO HAVE THAT STRUCTURE AND IF IT'S MORE THAN THE ANTICIPATED REVENUES I'M GOING TO FIND REDUCTIONS TO PROPOSE TO YOU.

Councilmember Phillips: RIGHT AND COULD IT BE REDUCTIONS SOMEWHERE ELSE, IT DOESN'T MEAN NECESSARILY REDUCTIONS IN PUBLIC SAFETY.

Dan Worth: ABSOLUTELY.

Mayor Lane: MR. Smith?

David Smith: JUST TO FOLLOW UP ON COUNCILMEMBER PHILLIPS' QUESTION. YOU CAN ACTUALLY ADD FTES DURING THE YEAR. IN OTHER WORDS, IF WE COME BACK TO YOU IN THREE MONTHS AND THE CITY MANAGER AND HIS STAFF HAVE FOUND \$800,000 IN SAVINGS, THEREFORE THEY WANT YOUR AUTHORIZATION TO ADD EIGHT FTES FOR THE PROGRAM THAT YOU WERE DISCUSSING. YOU CAN DO THAT MID-YEAR, WHICH IS PROBABLY A PREFERRED APPROACH. RATHER THAN ADDING THEM ON THE FRONT END AND HOPING THAT YOU CAN FIND THE SAVINGS.

Mayor Lane: IF I MAY, MR. Smith. IN THAT PARTICULAR CASE, WE WOULD NOT BE PUTTING THEM INTO THE BUDGET. WE'D BE RESPONDING TO SAVINGS LATER ON THAT WOULD BE APPLIED TO THOSE POSITIONS.

David Smith: MR. MAYOR, THAT IS CORRECT. MS. MCILROY WILL PROBABLY HAVE TO STRAIGHTEN ME OUT ON HOW WE WOULD PAY FOR THEM AT THAT POINT BUT I ASSUME YOU WILL HAVE ADOPTED A BUDGET THAT WOULD HAVE SUFFICIENT SPENDING AUTHORITY ONCE THE CITY MANAGER FINDS \$800,000 TO REDUCE SOMEWHERE, THEN YOU'LL HAVE THE SPENDING AUTHORITY TO ADD THESE POSITIONS AND SPEND THE MONEY IN THAT ALTERNATIVE WAY.

Mayor Lane: SO IF WE HAD SAVINGS OF \$800,000 WE WOULD OBVIOUSLY HAVE THAT DIFFERENCE BETWEEN OUR MAXIMUM SPENDING AUTHORITY THAT WE HOPEFULLY WILL BE VOTING ON TONIGHT, THROUGH SAVINGS THAT CAN BE REALLOCATED IF THE'RE BROUGHT BACK TO THIS COUNCIL TO SAY WE'VE FOUND THESE SAVINGS, THIS IS WHERE WE'RE GOING TO ALLOCATE THEM OR IS THAT NECESSARY.

[Time: 01:57:21]

David Smith: MR. MAYOR, MEMBERS OF COUNCIL, YOU ARE CORRECT AND YOU'RE ON THE RIGHT TRACK. IF YOU APPROVE THE BUDGET IN THAT MANNER YOU WOULD BE APPROVING A SMALLER AGGREGATE SPENDING THAN WHAT I DISPLAYED ON THE SCREEN BEFORE BY \$600,000 OR \$800,000. BUT YOU WOULD HAVE, IF THE CITY MANAGER CAN IDENTIFY \$800,000 OF OTHER SAVINGS EARLY OR SOON IN THE BUDGET THEN YOU'LL HAVE THE SPENDING AUTHORITY AND IT'S UP TO YOU TO ADD THE FTES THAT ACCOUNT FOR THAT SPENDING. BUT YOUR BUDGET AS ADOPTED WOULD BALANCE ON-GOING REVENUES AGAINST ONGOING EXPENSES.

Mayor Lane: THE TIME BETWEEN WHEN THOSE SAVINGS ARE FOUND AND THOSE POSITIONS ARE POTENTIALLY FILLED BECAUSE OF THOSE SAVINGS, HOW WOULD WE PAY FOR THE CONTINUING OPERATION OF STATION 602?

Dan Worth: MAYOR, I WOULD PROPOSE THAT IF WE HAVE NOT YET AUTHORIZED THE ADDITION OF THE STAFFING WE'LL CONTINUE TO OPERATE 602 AS WE HAVE BEEN OPERATING IT, WITH THE EQUIVALENT OF ONE COMPANY. THEY ARE CURRENTLY PROVIDING SERVICE, MEETING OUR

RESPONSE TIMES. THE REAL ISSUE IS THE OVER-RELIANCE ON OTHER COMPANIES TO COME INTO THAT AREA. BUT WE COULD CONTINUE TO DO THAT FOR A PERIOD OF TIME.

Mayor Lane: SO THERE HASN'T BEEN AN EQUIVALENT AMOUNT OF OVERTIME CHARGES TO THIS POINT IN TIME AS HAS BEEN SUGGESTED AS AN ALTERNATIVE THAT HASN'T BEEN INCURRED. IT'S BEEN ACTUALLY A SHIFTING OF THE BURDEN TO OUR AUTOMATIC AID PARTNERS?

Dan Worth: MAYOR, THAT'S CORRECT. WE HAVE NOT UPPED THE STAFFING TO THE EQUIVALENT OF TWO COMPANIES USING OVERTIME THIS YEAR. WE HAVE USED SOME OVERTIME, WE'VE GOT THE EQUIVALENT OF 1.1 COMPANY IF YOU'LL REMEMBER THE GRAPHICS THAT WE SHOWED YOU LAST WEEK. WE CAN CONTINUE THAT UNTIL SUCH TIME AS WE'VE MET THOSE CONDITIONS IF YOU DIRECT US TO DO SOMETHING LIKE THAT.

Mayor Lane: SO WE COULD CONTINUE UTILIZING AUTOMATIC AID PARTNERS AS WE HAVE BEEN WITH NO PARTICULAR ADDITIONAL COST AND OVERTIME AND UNTIL WHERE AS TIME AS WE FOUND THOSE SAVINGS IN THE BUDGET.

Dan Worth: MAYOR, LET ME CLARIFY A LITTLE BIT. LAST WEEK THE PROPOSAL WAS TWO DIFFERENT THINGS. ONE WHICH YOU DIRECTED US TO DO, THE EIGHT POSITIONS PLUS THE TRAINING COSTS, OF \$650,000 AND THE OTHER ALTERNATIVE WAS OVERTIME \$425,000. WE'RE NOT DOING THAT AT THIS POINT IN TIME.

Mayor Lane: SO THE THIRD ALTERNATIVE IS TO CONTINUE AS WE ARE.

[Time: 02:00:09]

Dan Worth: MAYOR, THAT'S CORRECT. THE THIRD ALTERNATIVE IS TO CONTINUE AS WE ARE, OR TO CONTINUE AS WE ARE UNTIL SUCH TIME AS WE ACHIEVE ADDITIONAL SAVINGS.

Mayor Lane: AND TO THIS POINT IN TIME OUR AUTOMATIC AID PARTNERS HAVE NOT REALLY, THAT HAS NOT CREATED ADD PROBLEM.

Dan Worth: MAYOR IT'S FOUR DIFFERENT COMPANIES THAT GENERALLY RESPOND TO THE STATION OF THE AREA, TWO OF THEM ARE OURS, STATIONS 1 AND 3. THOSE CREATE STRESS ON OUR COMPANY AS WELL BUT AT THIS POINT SOMEWHAT MANAGEABLE.

Mayor Lane: OKAY. SO THEN THE REASON THAT ALTERNATIVE AS COUNCILMAN PHILLIPS INDICATED THAT THE POSSIBILITIES THAT WE COULD AUTHORIZE SPENDING AT THE LEVEL ABSENT THE STAFFING AMOUNTS THAT WE ARE TALKING ABOUT AND LOOK TO TRANSITION TO THAT STAFFING AT WHICH TIME WE FOUND THE SAVINGS. UM, I WILL HOLD ON THAT BUT THAT MAYBE A RESPOND, AN OFFERING OF EMOTION THERE. COUNCILMAN LITTLEFIELD.

Councilman Littlefield: THE WAY TO PASS THE BUDGET AS IT TO BALANCE IT BY CUTTING BACK ON STATION 602 EITHER BY GOING WITH OVERTIME WHICH ONCE AGAIN SOLVING ON AN ONGOING PROBLEM WITH ONE-TIME MONEY. THE ONLY THING WORSE THAN THAT IS NOT DOING ANYTHING. WHAT A PICTURE. YOU KNOW SCOTTSDALE WON'T PAY TO PROTECT ITS OWN CITIZENS DOWNTOWN, HOW CRAZY IS THAT? SO I MEAN WE ARE ACTUALLY GETTING WORSE. WE ARE STARTING OUT

SOMETHING BAD AND WE ARE ACTUALLY GETTING WORSE. SO TO ATTEMPT TO REVERSE THAT TREND, I AM GOING TO GO AHEAD AND REMAKE COUNCILMAN PHILLIPS' ORIGINAL MOTION, WHICH IS TO GO AHEAD TO PASS THE BUDGET AND HOPE THAT THE CITY MANAGER CAN COME UP WITH \$800,000 BECAUSE WE ARE ACTUALLY MOVING IN THE WRONG DIRECTION NOW. SO I WILL EITHER SECOND HIS MOTION OR MAKE IT AND HOPE HE RE-SECONDS IT.

[Time: 02:02:15]

Councilman Phillips: YEAH, I WILL SECOND IT.

Mayor Lane: JUST SO I AM CLEAR COUNCILMAN LITTLEFIELD OF WHAT YOU HAVE JUST DONE, YOU'RE TALKING ABOUT PASSING THE ORDINANCE AS IT IS RIGHT NOW, THE BUDGET AS IT IS, THE EXPENDITURE LIMIT WITH NO CHANGES AND JUST IN HOPES THAT THE \$800,000 WILL BE FOUND

Councilman Littlefield: YES, EXACTLY.

Mayor Lane: SO WE'LL BE THEN VOTING FOR WHAT WE WOULD BE ACCORDING TO POLICY ON BALANCED BUDGET.

Councilman Littlefield: YES.

Mayor Lane: VICE MAYOR KLAPP.

Vice Mayor Klapp: WELL, I THINK I HEARD THAT WAS NOT ACCEPTABLE BEFORE, SO I AM NOT UNDERSTANDING WHY IT IS ACCEPTABLE NOW. I KIND OF LIKE THE LINE OF THINKING WE WERE ON THERE WHERE WE WERE TALKING ABOUT AUTHORIZING THE OVERTIME FOR 602, FOR WHATEVER THE AMOUNT WAS \$500,000 OR \$600,000. THAT WITH THE THOUGHT THAT IF THERE COULD BE SAVINGS IDENTIFIED IN THREE MONTHS OR FOUR MONTHS OR WHATEVER IT IS THAT WOULD JUSTIFY NOW GOING OUT AND RECRUITING HIRING FOR 602, I THINK THAT'S A REASONABLE APPROACH TO AUTHORIZE THE OVERTIME AS A ONE-TIME FUND WITH THE UNDERSTANDING THAT IF THERE IS SOME OPPORTUNITY DOWN THE ROAD IN THIS FISCAL YEAR, WE CAN HIRE THOSE PEOPLE AND STAFF UP 602. I THINK THAT'S A BETTER ALTERNATIVE THAN JUST GOING RIGHT BACK TO THE OBJECTIONS THAT WERE MADE BEFORE ABOUT THE BUDGET WASN'T SUSTAINABLE AND NOW WE ARE GOING TO SAY THAT WE HOPE THAT IT IS AND WE ARE HOPING FOR THAT. I DON'T GET THE MOTION. I THOUGHT I HEARD FROM COUNCILMAN PHILLIPS TO FIND THE MONEY DOWN THE ROAD TO STAFF UP 602. BUT TO JUST PASS IN MY MIND OVERTIME RIGHT NOW IN ORDER TO CONTINUE TO FUND WHATEVER COSTS THERE ARE IN PROVIDING BETTER STAFFING FOR 602 THROUGH OUR OWN PEOPLE BUT THEN BE ABLE TO HIRE PEOPLE DOWN THE ROAD IN THE NEXT THREE OR FOUR MONTHS. THAT I THINK IS A PALATABLE ANSWER FOR ME THAN DOING IT THE OTHER WAY.

Mayor Lane: THANK YOU. COUNCILWOMAN KORTE.

[Time: 02:04:52]

Councilmember Korte: WE'LL JUST SAY THIS IS A FRUSTRATING PROCESS OF UNDER STATEMENT. AND I THINK, A REAL FRUSTRATING POINT FOR ME. HERE WE ARE SITTING HERE SAYING THAT PUBLIC SAFETY IS A PRIORITY AND HOW COVERAGE FOR STATIONS 602 ARE APPROPRIATE COVERAGE WAS

NOT BUILT INTO THE BUDGET FROM THE GROUND FLOOR, I THINK THAT'S WHAT THE FRUSTRATING POINT HERE IS. I WOULD LIKE TO ASK CHIEF SHANNON REGARDING THE AUTOMATIC AID PARTNERS, IS OUR CURRENT USE OF OUR PARTNERS AND THAT INCLUDES OUR TWO STATIONS PLUS THE PARADISE VALLEY STATION AND THE PHOENIX STATION, ARE WE USING THEM PROPORTIONALLY OR FAIRLY?

Chief Shannon: I CAN TELL YOU THAT OUR STATISTICS INDICATE THAT OUR USE OF SURROUNDING COMPANIES IS SUBSTANTIALLY HIGHER THAN HAS BEEN THE CASE WHEN WE WERE PREVIOUSLY STAFFED WITH TWO COMPANIES OUT OF FIRE STATION 602. THAT WAS A PREDICTABLE SURPRISE IF YOU WILL WITH THE OPENING OF STATION 8, IN THE ABSENCE OF HIRING NEW FTE'S, WE WERE FORCED TO SPLIT UP OUR MULTICOMPANY STATIONS AND UNDERSTANDABLY WORKED WITHIN THE OVERTIME BUDGET ALLOWED. WE REALIZED QUICKLY THAT WAS NOT SUSTAINABLE. I DO NOT HAVE THE DATA TO TELL YOU COMPARATIVELY HOW OTHERS SURROUND ING SURROUNDING STATIONS ARE IMPACTED BY THE ABSENCE OF COMPANIES WHERE THERE SHOULD BE TWO BUT I CAN TELL YOU THAT OUR STANDARD OF COVER WHICH IS THE GUIDING DOCUMENT THAT WE USED AND IT WAS ADOPTED IN 2005/6, SUGGESTED THAT TWO COMPANIES WERE REQUIRED IN STATION 602 AND THE GROWTH THAT WAS PROJECTED AS A RESULT AS IT RELATED TO THE DOWNTOWN CORRIDOR HAS NOT ONLY, I BELIEVE BEEN MET BUT AS ALSO INDICATED SOME INCREASE IN DENSITY IF YOU WILL AND USE. SO THE INDICATORS WITHIN THE STANDARD OF COVERS SUGGESTS THAT, THAT DOCUMENT IS TRUE TO ITS ASSESSMENT. THE USE OF AUTOMATIC AID, THEREFORE, WOULD BE EXCESSIVE IN RECOMMENDATIONS TO THE STANDARD OF COVER WAS SUGGESTED. YOU SHOULD BE HANDLING YOUR FIRE SERVICE PROBLEM WITH THE RESOURCES ALLOCATED IN THE CITY.

Councilmember Korte: THANK YOU CHIEF. AS TO OVERTIME THAT'S ESTIMATED TO ALLOCATE OR APPROVE OVERTIME OF \$425,000, DOES THAT REALLY SOLVE THE PROBLEM?

[Time: 02:07:16]

Chief Shannon: WHAT THE \$425,000 DOES IS MINIMALLY STAFF BY PROJECTION BASED ON THE RELIABILITY OF AN EMPLOYEE. OUR EMPLOYEES ARE RELIABLE ABOUT 87% OF THE TIME. THEY'RE EITHER SICK OR ON VACATION THE REMAINING 13% OF THE TIME. WHAT OUR STAFF DID IS CALCULATE THE RELIABILITY OF AN EMPLOYEE AND PROJECT AS BEST WE COULD WHAT WE THINK THE OVERTIME COST WOULD BE TO MINIMALLY STAFF ENGINE 602 WITH TWO COMPANIES ON AN ONGOING BASIS .THAT'S PROJECTED TO BE \$425,000 ADDITIONAL TO OUR OVERTIME BUDGET AND BRINGING OUR OVERTIME BUDGET TO \$1.7 MILLION PLUS.

Councilmember Korte: THANK YOU.

Mayor Lane: THANK YOU COUNCILWOMAN. COUNCILMAN ROBBINS.

[Time: 02:09:12]

Councilmember Robbins: ALRIGHT, LET ME TRY TO OFFER AN AMENDMENT OR HEAR A MOTION THAT MAYBE WILL PASS. I MOVE THAT THE COUNCIL ADOPT ORDINANCE 4087 AND MODIFY IT THAT STATION 602 BE STAFFED WITH OVERTIME DOLLARS OF \$425,000, ONE-TIME OVERTIME DOLLARS, AND THEN AS THE CITY MANAGER SEES OPPORTUNITY TO SAVE ONGOING EXPENSES THEN WE HIRE FULL TIME FTE'S TO THE APPROPRIATE STAFFING LEVELS.

Vice Mayor Klapp: SECOND.

Mayor Lane: WOULD THE SECOND LIKE TO SPEAK TOWARD IT?

Vice Mayor Klapp: I WANT TO EMPHASIZE THAT I THINK EVERYBODY ON THE COUNCIL IS CONCERNED ABOUT 602. I THINK WE ALL LOOK AT IT IN A SLIGHTLY DIFFERENT FASHION AND WE ARE TRYING TO STRUGGLE TO FIND A WAY TO RESOLVE THE SITUATION. I THINK THIS IS COMPROMISE THAT PERHAPS CAN BE BETTER ACCEPTED BY SOME MEMBERS OF THE COUNCIL BECAUSE IT IS RECOGNIZED THAT WE HAVE A BUDGET RIGHT NOW THAT'S NOT SUSTAINABLE NEXT YEAR BECAUSE WE HAVE GOT SOME EXPENSES PUT IN THIS YEAR. THIS WOULD RESOLVE THAT SITUATION BY, I HAVE EVERY REASON TO BELIEVE THAT THERE IS GOING TO BE MONEY SAVED OVER THE COURSE OF THE NEXT FEW MONTHS IN THE CITY BECAUSE I SEE IT HAPPENING EVERY MONTH. MY FEELING IS THAT IF WE CAN PASS THIS BUDGET WITH THE OVERTIME FUNDS PLANNED IN THE BUDGET FOR NOW, BUT WITH THE UNDERSTANDING THAT WE ALL RECOGNIZE THAT WE NEED TO HIRE THE PEOPLE BUT WE HAVE TO HAVE THE MONEY TO DO IT THEN I THINK THIS IS A BETTER ALTERNATIVE SO THAT'S WHY I SUPPORT IT.

Mayor Lane: THANK YOU, VICE MAYOR. COUNCILMAN LITTLEFIELD.

Councilman Littlefield: NOBODY APPEARS TO ME IS GOING TO PROPOSE ANY CUTS EXCEPT TO STAFFING THE FIRE STATION THAT NEEDS TO BE FULLY STAFFED, WHAT THE HELL? THERE IS NOTHING LESS IMPORTANT IN OUR \$200 MILLION BUDGET THAN STAFFING THE FIRE STATION, NOTHING? IF YOU GUYS GET OUT HERE TONIGHT AND PASS THIS AND YOU TRY TO FIX THIS PROBLEM WITH OVERTIME MONEY, THAT'S EXACTLY WHAT THE CITY TREASURER SAID WAS WRONG. YOU'RE TRYING TO FIX IT. ONGOING PROBLEM WITH ONE-TIME MONEY. IS THERE NO OTHER CUT THAT ANYBODY UP HERE HAS THE COURAGE TO PROPOSE BESIDES CUTTING THE FIRE SERVICE? OH MY GOD, PEOPLE MUST THINK WE ARE CRAZY OUT THERE. I AM ABSOLUTELY OPPOSED TO TRYING TO SOLVE THIS PROBLEM WITH STATION 602 WITH ONE-TIME MONEY OR EVEN WORSE, DEPENDING ON PHOENIX TO FIX IT BECAUSE THEY'RE HOPING THAT WE'LL STAFF UP. COME ON, EVERYBODY UP HERE BUT ME VOTED FOR PUTTING MORE PEOPLE DOWNTOWN, THAT'S WHY WE NEED MORE FIREFIGHTERS DOWNTOWN AND NOW YOU GUYS ARE TURNING AROUND AND NOT FIXING THE PROBLEM. I'D RATHER PASS THE BUDGET AS IT IS AND SAY IT IS UNSUSTAINABLE AND WE'LL LIVE WITH IT AND GO AHEAD AND REVERSE COURSE ON THIS. YOU KNOW, WHAT, I WILL JUST MOVE, I WILL JUST PASS THE RESOLUTION AS IT IS, THAT'S MY MOTION.

[Time: 02:12:39]

City Clerk Carolyn Jagger: YOUR HONOR. WE ALREADY HAVE THREE MOTIONS ON THE...

Mayor Lane: OKAY. WE HAVE A MOTION, WE'LL BE VOTING ON THAT FIRST. NUMBER 1, I THINK THIS IS A REASONABLE COMPROMISE ON THIS, IT GIVES SOME CONSIDERATION OF THE FACT THAT THE CITY MANAGER FEELS THERE IS ABILITY TO FIND THOSE SAVINGS THROUGH THE COURSE OF THE YEAR. THESE FUNDS MAY NOT BE NEEDED FOR THE OVERTIME COST. WE ARE IN THE PROCESS OF OPERATING WITH THE CONCURRENT CONDITION WITHOUT OVERTIME PRESUMABLY WITH OUR AUTOMATIC AID PARTNERS WHICH WE PAY A GREAT DEAL FOR THE EXERCISE AND CERTAINLY THEY RECEIVE THE BENEFIT OF OUR SERVICES AS WELL. CHIEF SHANNON A QUICK QUESTION, I HAVE HAD A

COUPLE OF OCCASIONS, WHAT IS THE CRITERIA THAT'S SET FOR WHEN A SECOND COMPANY NEEDS TO BE ON THE SCENE. I HAVE BEEN TO TWO LOCATIONS WHERE WE DID HAVE AUTOMATIC AID PARTNERS ON THE SCENE ALONG WITH US AND DID NOT SEEM LIKE A NECESSARILY CALLED OUT FOR BUT I WONDER WHAT'S THE CRITERIA THAT WE SET FOR OURSELVES ON THAT?

Chief Shannon: MEMBERS OF THE COUNCIL, THERE IS A VARIETY OF REASONS THAT YOU SEE A NUMBER OF COMPANIES ON THE INCIDENT. IT COULD HAVE BEEN SIMPLE AS THERE WAS ONLY ONE PARAMEDIC ON THE TRUCK THAT ARRIVED FIRST. I COULD GIVE YOU A MILLION OTHER SCENARIOS THAT CAN EXPLAIN WHY THERE MAY BE TWO COMPANIES. IT CAN BE A BASIC LIFE SUPPORT COMPANY THAT GOT THERE FIRST, SAY A LADDER OR FROM AN ANOTHER COMMUNITY OR SOME OTHER SCENARIO AND WE HAD TO ADD RESOURCES, AND AS YOU MENTIONED THE BENEFIT OF AUTOMATIC AID IS THAT IT KEEPS SENDING RESOURCES UNTIL THE CALL TYPE HAS BEEN SATISFIED OR A RUN OF THE MILL EMS OR FIRE CALL.

[Time: 02:15:00]

Mayor Lane: SO THE RESPONSE IS BY VIRTUE OF THE AGREEMENT THAT WE HAVE ON AUTOMATIC AID. THERE MAYBE A CONDITION THAT THEY NEED TO BE ON THE SCENE BECAUSE THE STAFFING AS YOU ARE SAYING OF SOME SPECIFIC TYPE OF SKILL SET OR OTHERWISE OR FRANKLY BAC UP OR...I HAVE BEEN ON A NUMBER OF OCCASIONS WHERE THERE ARE TWO SCOTTSDALE ENGINE COMPANIES, ON THE SCENE AGAIN SEEMS LIKE A LITTLE BIT OF AN OVER DEAL BUT YOU KNOW, I GUESS WHAT I AM TRYING TO SAY IS WE HAVE BEEN OPERATING UNDER THE CURRENT CIRCUMSTANCE. IF WE NOW ALLOW MONEY TO PROVIDE FOR THE OVERTIME THAT MAYBE IT IS NECESSARY IN THE INTERIM. I THINK WHAT'S ON THE TABLE RIGHT NOW IS A REASONABLE COMPROMISE. AND I DON'T AGREE WITH COUNCILMAN LITTLEFIELD THAT THIS IS THROWING OUR HANDS IN THE AIR AND TRYING TO IGNORE THE FACT THAT THERE IS AN ONGOING NEED. YOU IDENTIFIED IT AND WHEN YOU FIRST SPOKE ABOUT IT YOU TOLD US THE OPTIONS THAT WERE AVAILABLE, CONTINUING AS WE WERE OVERTIME AND TO OUR STAFFING. I KNOW YOUR SUGGESTION WAS THE LATTER BUT IT WAS AN ADD LATER IN THE GAME SO THAT'S WHY WE ARE DISCUSSING IT AT THIS POINT IN TIME. IN ANY CASE, I SUPPORT THE MOTION THAT'S PUT ON THE TABLE AND IT CAN MOVE US FORWARD. COUNCILMAN PHILLIPS.

Councilman Phillips: BACK TO THE ACTING CITY MANAGER, THE POINT BEING IS THIS MOTION IS APPROVED AND WE DO THIS OVERTIME AND YOU COME BACK, YOU CAN COME BACK MAYBE IN A MONTH OR TWO MONTHS, I DON'T KNOW HOW LONG IT WILL TAKE YOU THAT WE WOULD NOT USE ALL THAT OVERTIME, IS THAT CORRECT? WE ARE ONLY USING THE OVERTIME UNTIL WE CAN FIND THE SAVINGS.

Dan Worth: MAYOR, COUNCILMEMBER PHILLIPS, I WOULD ATTEMPT TO COME BACK AS QUICKLY AS POSSIBLE BUT, IF IT'S AFTER THE BEGINNING OF THE YEAR YOU ARE GOING TO USE THE OVERTIME UNTIL SUCH TIME AND AFTER SUCH TIME AS WE APPROVE THE STAFFING, THERE IS A PERIOD OF TIME THAT TAKES TO RECRUIT, HIRE AND TRAIN THE FIREFIGHTERS. ESSENTIALLY, IF WE ARE GOING TO INCREASE THE STAFFING AND THE AMOUNT OF MONEY IS SIMILAR TO WHETHER WE DO IT WITH OVERTIME OR WITH STAFFING, IT IS WHETHER WE DO IT PERMANENTLY IS THE ISSUE.

Councilmember Philips: WHAT I AM SAYING IS IF YOU CAN FIND THE SAVINGS, WE WOULD NOT BE USING ALL THE OVERTIME BECAUSE YOU AREN'T GOING TO USE ALL THE OVERTIME UP IN ONE MONTH, IT IS GOING TO BE OVER A PERIOD OF TIME.

Dan Worth: CORRECT, I FIND THE SAVINGS SOMEWHERE ELSE, IT MAY BE AN ITEM THAT WE HAVE BEEN SPENDING ON SO YOU WOULD NOT GET A FULL YEAR OF SAVINGS IN ORDER TO GET A YEAR'S WORTH OF REDUCTION IN THE BUDGET.

Councilmember Phillips: ONE THING THAT WORRIES ME AND I DON'T WANT TO VOTE FOR THIS AND YOU FIND A SAVINGS IN PUBLIC SAFETY THAT MAKES UP FOR IT, IT DOES NOT WORK. THE OTHER THING THAT I AM WORRIED ABOUT IT, I DON'T WANT IT TO FADE AWAY AND NEVER HIRE ANYBODY AND NEXT YEAR WE HAVE TO COME BACK AND HOW WE NEED MORE OVERTIME MONEY AND COVERING THE FTE'S AGAIN. I DON'T KNOW IF I CAN MAKE AN AMENDED MOTION ON THAT TO INCLUDE THAT THE CITY MANAGER HAS TO COME BACK WITHIN SIX MONTHS WITH \$800,000 IN SAVINGS, OTHERWISE I'M WORRIED IT'S JUST GOING TO DIE AND THEN WE'LL NEVER SEE IT.

[Time: 02:18:29]

Vice Mayor Klapp: I'D LIKE TO CALL FOR THE QUESTION.

Mayor Lane: THE ONE THAT WOULD BE VOTED ON.

Councilman Littlefield: WE DON'T EVEN KNOW WHICH ONE.

Mayor Lane: IT IS THE THIRD ALTERNATIVE. YES.

Councilman Robbins: LET ME JUST IN ORDER TO ADDRESS THAT CONCERN, HOW ABOUT IF WE MAKE THE CITY MANAGER COME BACK QUARTERLY AND REPORT ON WHERE HE IS ON THAT SO THAT THAT'S DEALT WITH SO THAT HE HAS A DEFINITE TIME FRAME TO COME BACK TO US EVERY QUARTER AND TELL US WHERE HE IS ON THAT, ON THIS PROGRAM SPECIFICALLY.

Councilmember Phillips: WHICH WOULD BE FINE BUT THAT'S STILL SCARY BECAUSE HE MIGHT COME BACK EVERY QUARTER AND SAY NO, I COULD NOT FIND ANY MONEY.

Mayor Lane: IS IT AN ACCEPTABLE AMENDMENT, WOULD IT MAKE A DIFFERENCE TO YOU OR SHOULD WE JUST LEAVE IT THE WAY IT IS.

Councilmember Phillips: I THINK HE HAS TO FIND THE SAVINGS.

Mayor Lane: THAT AMENDMENT WOULD NOT SATISFY YOU.

Councilmember Phillips: BECAUSE OTHERWISE YOU JUST SAID HE HAS NO PREROGATIVE TO DO THAT. HE COULD SAY HE COULD NOT FIND A SAVINGS.

Mayor Lane: WE HAVE A CALL FOR THE QUESTION. ALL THOSE IN FAVOR OF CALLING FOR THE VOTE?

Carolyn Jagger: DO WE HAVE A SECOND ON THAT MOTION?

Mayor Lane: WE HAVE A SECOND. ALL THOSE IN FAVOR?

Councilmember Korte: SORRY, I HAVE LOST THE MOTION. I KNOW THAT ONE.

Mayor Lane: OKAY, ALL IN FAVOR OF VOTING. OKAY, THAT MOTION PASSES WITH COUNCILMAN LITTLEFIELD AND COUNCILMAN PHILLIPS OPPOSING. OKAY, SO WE DO HAVE THE LAST OF THE THREE ALTERNATE, THE SECOND ALTERNATIVE MOTION THAT WAS COUNCILMAN ROBBINS' MOTION. IF YOU WOULD FOR THE RECORD IF YOU WOULD NOT MIND RESTATING THAT.

Councilman Robbins: IT WAS TO APPROVE THE ORDINANCE 4087 WITH THE MODIFICATION THAT ONE-TIME OVERTIME BE USED IN THE AMOUNT OF UP TO \$425,000 TO STAFF STATION 602 AND DIRECT THE CITY MANAGER TO FIND SAVINGS, ONGOING SAVINGS TO HIRE FULL TIME FTE'S TO FULLY STAFF 602.

Mayor Lane: OKAY. I THINK WE ARE READY TO VOTE ON THAT. ALL IN FAVOR PLEASE INDICATE AYE, MOTION PASSES 5-2 WITH COUNCILMAN LITTLEFIELD AND COUNCILWOMAN MILHAVEN OPPOSING. OKAY, THAT TOOK A LITTLE WHILE BUT I HOPE THAT ACCOMPLISHES BOTH ENDS TO THAT SPECTRUM AS BEST WE COULD. NEXT ITEM IS TOURISM DEVELOPMENT AND MARKETING STRATEGIC PLAN. WE HAVE STEVE GEIOGAMAH WITH THE PRESENTATION.

ITEM 24 – TOURISM DEVELOPMENT AND MARKETING STRATEGIC PLAN

[Time: 02:22:08]

Tourism Development Coordinator Steve Geiogamah: GOOD EVENING, WE ARE PRESENTING TO YOU THE TOURISM DEVELOPMENT MARKETING STRATEGIC PLAN AND AS YOU MAY RECALL IN FEBRUARY, WE CAME AND PRESENTED THE PLAN IN DETAIL, IDENTIFYING THE OBJECTIVES AND TACTICS AND WE SAID THAT WE'LL COME BACK WITH THREE ACTION ITEMS FOR COUNCIL CONSIDERATION AND WE HAVE THOSE HERE THIS EVENING. SECOND WE WOULD IDENTIFY FUNDING SOURCES TO MOVE THE FIRST YEAR FUNDING OF THE PROJECT AND OF THE UPCOMING SCHOOL YEAR AND WE ALSO IDENTIFIED THE PROCESS OF IDENTIFYING A LEADERSHIP GROUP WHICH WAS IMPORTANT TO MOVE THE PLANS. WE HAVE THOSE HERE HERE FOR YOU. YOU MAY RECALL THE TACTIC OUTLINE HERE, WE WANT TO IDENTIFY A PLAN THAT IS INNOVATIVE. ALSO, ONE THAT'S GOING TO ALLOW US TO REMAIN COMPETITIVE IN THE MARKETPLACE, KIND OF LAYING THE FOUNDATION OR THE MAP IF YOU WILL FOR THE TOURISM ADMINISTRATOR FOR SCOTTSDALE IN THE NEXT FIVE YEARS. WE HAVE SPENT A COUPLE WEEKS NOW LOOKING AT THE PLAN AND MOVING IT FROM A PLAN TO AN IMPLEMENTATION PLAN AND UTILIZING THE CATEGORIES. AND THESE FOUR ITEMS HERE REALLY IDENTIFIED THAT, WE LOOKED AT DOES THE TACTIC MAXIMIZE THE ECONOMIC IMPACT AND WE LOOKED AT OTHER RESOURCES. WE WANT TO LOOK AT THE COMPLEXITY OF THE ELEMENTS ITSELF WHETHER IT IS GOING TO TAKE SOME TIME TO PUT IN PLACE OR EASY TO MOVE FORWARD, WE LOOKED AT THAT AS WELL AND ALSO THE RETURN OF INVESTMENT. THE CITY STAFF AS WELL AS THE SCOTTSDALE CONVENTION AND VISITORS BUREAU, IN REGARDS TO THE UPCOMING FISCAL YEAR, THIS KIND OF SUMMARIZES OF WHERE WE ARE GOING THIS YEAR. AT THIS TIME I'D LIKE TO INVITE VALERIE LEBLANC WITH PLACES CONSULTING TO COMING UP AND TALK ABOUT WHAT WE ARE FOCUSING ON THIS TIME OF THE FISCAL YEAR.

Valeri LeBlanc from Places Consulting: THANK YOU COUNCILMEMBERS. WHAT I SAY IS WE SPENT A LOT OF TIME WITH YOU ALL DISCUSSING WHAT WE ARE GOING TO BE FOCUSED ON A SERIOUS LOOK AT HOW TO MAKE DOWNTOWN MORE ATTRACTIVE TO VISITORS AND RESIDENTS AND RESULTING REVENUES RELATED TO BEING ABLE TO DO THAT. WORK WITH TOURS AND BUSINESSES TO DEEPEN THEIR UNDERSTANDING AND TO CREATE ANIMATED EXPERIENCE DOWNTOWN TO MAKE IT MORE LIVELY AND ATTRACTIVE. WHAT I'D SAY AS AN OVER VIEW IS THIS IS A VERY SUCCESSFUL TOURISM DESTINATION AND A VERY SUCCESSFUL ECONOMIC DEVELOPMENT PROGRAM TIED TO IT THAT YOU HAVE ENJOYED FOR 30 OR 40 YEARS. VISITORS COME HERE AND ENJOYED THE RESORTS AND WHAT YOU HAVE TO OFFER AND THEY CAME BACK AND BROUGHT THEIR BUSINESSES, DECIDED TO MOVE HERE AND YOU HAVE CREATED A REALLY STRONG ENGINE. WHEN WE LOOKED AT IT, WE COULD NOT FIGURE OUT ANYTHING ABOUT THAT ENGINE THAT WAS GOING TO GIVE YOU A MAXIMUM HIT BY JUST TWEAKING THE ENGINE. WE REALLY THINK YOU NEED ANOTHER LAYER AND THAT LAYER IS AN URBAN EXPERIENCE TIED TO THE DESERT EXPERIENCE. THAT IT WILL SERVE THE EXACT SAME PURPOSES THAT YOU HAD FOR TOURISM IN THE WAY YOU DID BEFORE, WHICH IS YOU HAD PEOPLE COME AND THEY DECIDED TO STAY AND THEY DEVELOPED A VERY STRONG ECONOMY BASED ON THAT. SO THIS IS AN EXTENSION OF WHAT HAS BEEN VERY SUCCESSFUL FOR YOU BUT A NEW PRODUCT OFFERING IF YOU WILL AND THE NEW PRODUCT OFFERING IS THE URBAN EXPERIENCE PLUS THE DESERT EXPERIENCE AND IT IS TUNED TOWARDS NEXT GENERATION, TECH, GREEN, EMPLOYEES AND LIVE WORK EMPLOYEES AS WELL AS THE TOURISM FOR THE NEXT GENERATION AND THE BABY BOOMERS. SO IT IS THE PLACE WE THINK WHERE WE CAN PUT IN THE LEVER AND GET OUT OF PROPORTION RETURNS FOR WHAT WE ARE INVESTING. THAT'S WHAT WE PROPOSED FOR OUR STRATEGIC PLAN AND IT IS WHAT WE BELIEVE YOU WILL SEE AND YOU WILL SEE IT PRETTY FAST BECAUSE DOWNTOWN IS NOT BROKEN, IT CAN JUST BE TWEAKED AND IMPROVED ALONG THE LINES OF WHAT WE DISCUSSED. THAT'S WHAT WE'RE ENDEAVORING TO DO. I THINK THE MOST IMPORTANT THING ABOUT IT IS AS YOU GO FORWARD YOU DON'T WANT TO LOSE THIS, YOU DON'T WANT THIS TO MOVE INTO THE REALM OF A TECHNICAL PLAN OR SOMETHING LIKE THAT, YOU WANT IT TO STAY LIVELY, YOU WANT TO KEEP THE CITIZEN ENGAGEMENT PART OF IT AS PART OF WHAT YOU ARE DOING AND YOU WANT TO MAKE SURE THAT YOU ARE DOING A LOT OF CROSS OVERS BECAUSE THIS IS A COMPLEX SALE, YOU WANT TO BE ABLE TO SELL TOURISM AND MORE EXPERIENCES FOR TOURISM AND YOU WANT TO BE ABLE TO CONTINUE TO PROMOTE YOUR CITY AS A HIGH VALUE FOR THE CITY FOR PEOPLE TO MOVE AND BRING IN BUSINESSES.

Councilman Robbins: MAYOR, CAN I ASK YOU A QUESTION. MAYBE YOU CAN HELP ME ENVISION WHAT YOU ARE SAYING. I AM TRYING TO WRAP MY ARMS AROUND AN URBAN EXPERIENCE AND A DESERT EXPERIENCE COMING TOGETHER. THE URBAN EXPERIENCE IS MORE DENSE CLOSE-KNIT AND THE DESERT EXPERIENCE IS MORE OF AN OPEN SPACE. HOW DO YOU BRING IN THE OPEN SPACE INTO THE URBAN SETTING AS AN EXAMPLE?

[Time: 02:29:02]

Valeri LeBlanc: YOU DO HIGH VISIBILITY ACCESS TO WHAT PEOPLE SEE DOWNTOWN SO YOU CREATE THE KIND OF ENTICEMENT DOWNTOWN AND SOME THINGS WE RECOMMENDED. ONE OF THEM IS WORKING ON GETTING MORE OF THE OUTFITTER AND MORE OF THE PEOPLE THAT MIGHT PROVIDE THE EXPERIENCE DOWNTOWN SO IF YOU ARE HERE FOR A COUPLE OF DAYS AND YOU ARE NOT READY TO DO THAT, IT IS PART OF YOUR AWARENESS AND PART OF WHAT YOU EXPERIENCE FOR SCOTTSDALE. AND THE SECOND IS TO MAKE THOSE TRAILS THAT ARE AVAILABLE THROUGHOUT THE CITY HAVE A STARTING POINT OR A BEGINNING POINT DOWNTOWN AND THAT WOULD SERVE TWO

PURPOSES. THE FIRST IS YOU CAN RENT A BICYCLE AND TAKE THEM OUT THERE OR SOME OTHER THINGS BUT IT ALSO HAS A PSYCHOLOGICAL ADVANTAGE. I AM STANDING IN THIS FUN, URBAN LIVELY EXPERIENCE BUT AT ANY MINUTE I CAN GO OUT INTO THE DESERT INTO THE OTHER EXPERIENCE, AND SO WHILE YOU HAVE THE DISADVANTAGE OF DISTANCE, IF YOU HAVE THE PSYCHOLOGICAL ADVANTAGE OF CONNECTION YOU HELP TO BRIDGE THAT. AND THE THIRD IS I THINK THAT BEING ABLE TO INTERPRET ALL OF THE NATURAL SETTING, I MEAN SOMEBODY SAID TO ME A COUPLE OF DAYS AGO, WHEN I FIRST MOVED HERE I LEARN TO ORIENT MYSELF BY THE MOUNTAINS. I DON'T THINK VISITORS REALLY UNDERSTAND THAT, THEY DON'T HAVE THAT KIND OF EXPERIENCE. IT IS NOT READILY AT HAND, SO, REALLY MOVING TO A PLACE THAT YOU START INTERPRETING THAT. IF YOU ARE LOOKING AT ARRIVAL EXPERIENCE AS WE TALK ABOUT IF YOU GO TO THE RENTAL CAR PLACE AND THAT'S YOUR MEANS OF TRANSPORTATION, WHAT COULD YOU BE DOING IMMEDIATELY TO ORIENT PEOPLE. WHAT COULD YOU MAKE AS PART OF THE EXPERIENCE ON THE DESERT SIDE? ON THE URBAN SIDE, DO YOU FEEL I NEED TO ANSWER SOME QUESTIONS ABOUT THAT?

Councilman Robbins: NO, THANK YOU.

Mayor Lane: COUNCILMAN PHILLIPS.

[Time: 02:31:20]

Councilmember Phillips: I HAVE TWO QUESTIONS. YOU ARE DOING THESE PLANS IN OTHER CITIES?

Valerie LeBlanc: YES.

Councilman Phillips: HOW DOES THIS COMPARE TO OTHER PLANS THAT YOU HAVE DONE?

Valeri LeBlanc: I THINK THE PLANS THAT I HAVE WORKED ON HAVE BEEN QUITE DIFFERENT BECAUSE I START FROM THE BENEFIT OF NOT HOW TO BUILD TOURISM BUT HOW TO BUILD TOURISM IN A PLACE, AND THAT DICTATES WHAT THE DIRECTION IS. THIS RESEMBLES ON THE URBAN SIDE SOME OF THE WORK THAT WE DID IN NEW ORLEANS AND SOME IN BATON ROUGE, THEN I SAW IN PITTSBURGH ON THE URBAN SIDE. IN PHILADELPHIA, IT DIDN'T HAPPEN IN THE SAME WAY. WE HAD TO BUILD THE LEISURE SIDE OF THE BUSINESS. WE DID NOT HAVE A LOT OF THE INDEPENDENT TOUR OPERATORS AT THE TIME THAT WE WERE WORKING THERE, BECAUSE IT HAS BEEN SO BUSINESS ORIENTED. SO IF YOU DID NOT HAVE TEN PEOPLE THAT WERE GOING, YOU COULD NOT GO. SO WE HAD TO REALLY BUILD THE LEISURE SIDE OF THINGS. AND IN TERMS OF THE EXPERIENCE OUT, WE REALLY DID SOME STRONG WORK ON THAT IN CANADA, ON HOW TO GET THAT EXPERIENCE IF YOU ARE IN TORONTO, HOW DO YOU IMAGINE GOING OUT IN THE BAY AND WHAT'S THAT IS ALL ABOUT, SO IF YOU FOLLOW OF ANY OF THE BRUCE PENINSULA AND ANY OF THE WORK THERE, THAT'S BEEN A PIECE OF WORK THAT WE HAVE DONE. AND WE SET UP A SUCCESSFUL PROGRAM IN PENNSYLVANIA. IT WAS SUCCESSFUL ENOUGH THAT IT REALLY OUT PACED THE REST OF THE STATE FOR PR FOR THE EXPERIENCES OF NIGHT SKIES AND SOME OF THE OTHER ATTRACTION THINGS THAT WE IDENTIFIED. IT'S GOT ELEMENTS OF THINGS THAT WE WORKED ON OTHER PLACES BUT IT IS NOT A COOKIE CUTTER, IT IS NOT EXACTLY WHAT'S HAPPENING.

Councilmember Phillips: I DID NOT MEAN A COOKIE-CUTTER. MORE LIKE HOW DO YOU FEEL ABOUT THIS PLAN?

Valeri LeBlanc: I THINK IT IS GOING TO BE REALLY SUCCESSFUL AND I HAVE TWO REASONS FOR THAT. ONE IS I KNOW HOW SUCCESSFUL IT IS WHEN YOU REALLY GET BACK TO WHO YOU ARE. AND I FEEL LIKE YOUR INDUSTRY HAS MOVED AWAY FROM THAT. AS A MATTER OF FACT I HAD AN INTERESTING COPNVERSATION AT A PRESENTATION THAT I GAVE, I DON'T REMEMBER THE GUY'S NAME, HE WAS A REGIONAL MANAGER FOR SOME MAJOR PROPERTIES AND HE SAID, YOU KNOW IT IS INTERESTING WHAT YOU SAID, WE USED TO HAVE, WE USED TO PROMOTE IN THIS PARTICULAR PROPERTY, CAMELBACK. WE USED TO HAVE IN ALL THE ROOMS A LITTLE THING ON CAMELBACK AND WHAT KIND OF ROCK IT IS. HE SAID WE DON'T DO THAT AND WE HAVE NOT DONE IT FOR TEN YEARS. I DON'T KNOW WHY WE QUIT DOING IT. OKAY, I AM GOING TO OFFER YOU A HYPOTHESIS. MY HYPOTHESIS IS THE TOURISM INDUSTRY GOT SO BUSY WITH THE WEB AND ITS ABILITY TO BE A SALES CHANNEL THAT WE FORGOT ABOUT THE DESIRABILITY OF PLACES. WE STARTED SELLING ROOMS, WE STARTED SELLING A BUNCH OF OTHER THING AND WE MOVED AWAY FROM IN THAT MAJOR CHANNEL IS SELLING, GIVING REAL THOUGHT PROVOKING AND INTERESTING CONTENT. I AM NOT SAYING THAT YOUR PROMOTION IS UNDER SERVICED. THE LOCAL MARKET, YOU DON'T HAVE THOSE RESTRICTIONS AND YOU ARE NOT DOING IT.

Councilmember Phillips: I WOULD AGREE WITH YOU ON THAT AND THEN HAVE YOU MET WITH THE LOCAL EVENT GROUPS?

[Time: 02:35:28]

Valeri LeBlanc: YES. I HAVE, I HAVE MET WITH A NUMBER OF LOCAL EVENT GROUPS AND I THINK THERE IS A REAL OPPORTUNITY TO MOVE SOME OF THE LOCAL EVENTS INTO MORE PROMINENCE AS TOURISM EXPERIENCES.

Councilmember Phillips: HOW ABOUT PARADA DEL SOL?

Valeri LeBlanc: THAT WAS PRIMARILY ONE OF THE ONES I WOULD THINNK OF THAT WAY. AND, I DON'T KNOW THAT THE EVENT DOESN'T HAVE TO HAVE MORE COMPONENTS AND ELEMENTS AND A LARGER TIME FRAME OR MORE TIME FRAME THAN WHICH ADDITIONAL EXPERIENCES COULD BE ADDED ON BUT I THOUGHT FROM THE VERY EARLY DAYS WHEN I FIRST MET THEM AND SAW THE MATERIALS THAT THEY HAD THE REAL SOURCE OF BEING ABLE TO DO IT. AS A MATTER OF FACT, IF YOU THINK OF YOUR ORIENTATION AS THE WEST'S MOST WESTERN TOWN WHICH WE HAD PLENTY DISCUSSION ABOUT IN THE COURSE OF ALL THESE MEETINGS THAT THE PLACE THAT THAT LIVES THE MOST IS IN THE EQUESTRIAN EXPERIENCES AND IN THE POTENTIAL FOR SOMETHING LIKE PARADA DEL SOL. AS A MATTER OF FACT, THERE WAS A POTENTIAL MUSEUM. I SAID OKAY, THE THING THAT WOULD MAKE THAT STRONGER FOR US IF YOU WERE INTERPRETING THE WESTERN STORY TELLING EXPERIENCE. THAT COULD BE A REAL ASSET FOR SCOTTSDALE IF YOU CAN DO THAT. A LOT OF US LEARNED ABOUT THE WEST FROM WATCHING GUNSMOKE AND A BUNCH OF OTHER THINGS AND YOU KNOW YOU CANNOT EXPRESS ENOUGH HOW THAT INFLUENCES OF WHAT PEOPLE UNDERSTAND.

Councilmember Phillips: THE PARADA DEL SOL USED TO BE A HUGE DRAW, BUT IT HAS REALLY FLOUNDERED OVER THE YEARS AND THAT'S ONE THING I WAS HOPING TO BRING BACK.

Valeri LeBlanc: I THINK YOU CAN AND I THINK YOU NEED TO LOOK AT THOSE KINDS OF THINGS FOR OTHER KINDS OF DEVELOPMENTS. DO WHAT THEY DO, BUT TAP THEIR BRAIN POWER AND FIGURE OUT OTHER THINGS THAT THEY CAN CONTRIBUTE.

Councilmember Phillips: THANK YOU.

Mayor Lane: THANK YOU COUNCILMAN. THANK YOU, VALERI. I APPRECIATE IT.

[Time: 02:37:42]

Steve Geiogamah: IN REGARDS TO OUR NEXT ITEM, I AM HEARING THE TOURISM DEVELOPMENT COMMISSION RECOMMENDATIONS. THEY IDENTIFIED SOME FUNDING SOURCES TO MOVE FORWARD THE ELEMENTS THAT VALERI JUST PRESENTED TO US HERE. THIS REPRESENTS THE TOURISM FUND ALLOCATION FOR THE NEXT FISCAL YEAR. I WOULD SAY THE TALLER BAR GRAPH REPRESENTS FINANCIAL 21A. THE PINK BAR GRAPH REPRESENTS TOURISM MARKETING. AND THE SMALLER CHART THERE WITH THE WIDER PRESENTATION REPRESENTS THE CARRYOVER BAR. THE TOURISM DEVELOPMENT COMMISSION RECOMMENDATION IS TO UTILIZE THE CAPITAL SWING AS WELL AS THE OPEN PORTION OF THE ALLOCATION FUNDING. THAT'S NOT TO SAY THAT WE'LL UTILIZE BOTH FUNDS COMPLETELY IN MOVING THESE PROJECTS FORWARD. WE WOULD BRING THOSE FORWARD TO COUNCIL AND THE CITY PROCESS WE DO WITH OTHER PROJECTS AND EVENTS. IN REGARDS TO THE THIRD ACTION, APPROVAL OF THE PROCESS TO IDENTIFY THE ADVISORY TASK FORCE AND THE ADVISORY TASK FORCE REALLY PLAYS A KEY ROLE, WE REACHED OUT QUITE A BIT TO THE COMMUNITY. IT IS IMPORTANT TO CONTINUE THE RELATIONSHIP WITH THE COMMUNITY, IT IS A VERY BROAD PLAN IN ITS APPROACH BUT IT IS BASED IN TOURISM SO WE FELT REACHING OUT TO DIFFERENT BACKGROUNDS AND RESOURCES WAS IMPORTANT TO DO THAT. I'M GOING TO SHOW SOME OF THE CRITERIA WE WOULD USE TO SELECT THE INDIVIDUALS. THE ADVISORY TASK FORCE ARE CUSTODIANS OF THE PLAN'S VISION AND STRATEGIES, COMMUNICATE WITH STRATEGIC LEADS AND CITY COUNCIL, ENSURE THE PLAN IS ACHIEVING OBJECTIVES AND MILESTONES, AND PROVIDE THE COMMUNICATION STRUCTURE. NOT ONLY FOR COUNCIL OR FOR THE CITY BUT ALSO FOR THE PUBLIC AT LARGE IN TERMS OF PLANS AND MOVING THAT FORWARD. IN TERMS OF WHAT WE ARE REQUESTING AND THE STAFF PROPOSING AND ALSO RECOMMENDED BY THE TOURISM DEVELOPMENT COMMISSION AN APPLICATION PROCESS TO IDENTIFY A 9 GROUP MEMBERS FOR THE BACKGROUND IDENTIFIED HERE. TOURISM INDUSTRY, BUSINESS DEVELOPMENT, ARTS AND CULTURE AND NEXT GENERATION AS WELL AS ENVIRONMENTAL AND WHICH MAKES CONSIDERATION FOR TRANSPORTATION AND CIVICALLY ENGAGED.

[Time: 02:40:31]

THE PLAN IDENTIFIES EIGHT TACTICS WHICH WE HAVE HEARD TRANSPORTATION AND DOWNTOWN. SO WE IDENTIFIED EIGHT MEMBERS POTENTIALLY WITH THOSE BACKGROUNDS AND THESE AS WELL AS WELL AS ONE LEADERSHIP ROLE TO CARRY FORWARD THE PLAN. SO THEY WOULD PLAY AN IMPORTANT PART OF THIS. THIS IDENTIFIES THE OTHER GROUPS THAT THEY WOULD BE WORKING WITH THROUGH THE STAFF, OF COURSE. THE TOURISM DEVELOPMENT COMMISSION, OR TDC, ROLE IS TO IDENTIFY OR RECOMMEND FUNDING. THEY'LL STILL PLAY THAT ROLE, BRINGING THAT TO CITY COUNCIL. THE PLAN ADVISORY IS DIFFERENT. THEIR GOAL IS TO STEER THE OBJECTIVES AND VISIONS AND COMMUNICATE THAT SO THERE IS A DISTINCT DIFFERENCE BETWEEN THE TWO. YOU SEE CITY COUNCIL OF COURSE, STILL PLAYS THE ROLES OF PROJECT FUNDING AUTHORITY. THE MIDDLE THERE IS THE KEY IN TERMS OF TOURISM PLANS. AS WELL AS PLACES CONSULTING CONTINUES IN THAT REPRESENTATION AS WE MOVE FORWARD WITH THE PLAN. WORKING WITH OTHER CITY COMMISSIONS, AS WELL AS TASK FORCE AND CITY PLANS, MAKING SURE THAT ROLES ARE NOT TAKEN

OUT OF LINE. SO THAT CONCLUDES MY PRESENTATION ON THE PLAN, I'M HERE TO ADDRESS ANY QUESTIONS THAT YOU MIGHT HAVE AND VALERI IS HERE AS WELL REGARDING TO SOME OF THE DETAILS.

Mayor Lane: THANK YOU, I DON'T SEE ANY QUESTIONS RIGHT NOW FROM THE COUNCIL SO I PRESUME THAT ON THE BASIS OF THAT GREAT PRESENTATION WE HAVE MAYBE A MOTION TO BE MADE UNDER TOURISM DEVELOPMENT MARKETING STRATEGIC PLAN. COUNCILMEMBER KORTE.

Councilmember Korte: THANK YOU, MAYOR. I MOVE TO ADOPT RESOLUTION 9404. THE 2012 MARKETING AND STRATEGIC PLAN AND IMPLEMENTATION, ESTABLISHMENT OF SPECIFIC FUNDING FOR THE FISCAL YEAR AS DEFINED AND THE CREATION OF THE ADVISORY TASK FORCE.

Councilmember Phillips: SECOND.

Mayor Lane: MOTION IS MADE AND SECONDED. I SEE NO FURTHER COMMENTS THEN WE ARE READY TO VOTE? ALL IN FAVOR SAY AYE AND OPPOSED, NAY. THANK YOU VERY MUCH VALERI AND STEVE. ALL RIGHT, THE NEXT FINAL ITEM FOR THE EVENING IS THE MONTHLY FINANCIAL UPDATE. WE HAVE JOYCE GILBRIDE HERE FOR US.

ITEM 25 – MONTHLY FINANCIAL UPDATE

[Time: 02:44:00]

Accounting Director Joyce Gilbride: THIS IS THE MONTHLY FINANCIAL UPDATE AS OF APRIL 30TH 2013. WE ARE SHOWING A 3% FAVORABLE VARIANCE TO DATE OR \$5. 1 MILLION AND AS WE HAVE SEEN IN THE PAST SEVERAL MONTHS, THAT'S BEING DRIVEN PRIMARILY BY OUR MISCELLANEOUS REVENUE, SHOWING A \$4 MILLION POSITIVE VARIANCE. FOR THE MONTH OF APRIL BUILDING PERMITS COME IN ABOVE OUR FORECAST AT 9%. REFLECTED IN THE TOTAL FOR THE MONTH IS A FINAL PAY OUT TO THE GENERAL FUND IN THE AMOUNT OF \$464,000. THIS IS THE INVESTMENT THAT THE CITY TOOK A LOSS ON BACK IN 2002. WE RECEIVED SEVERAL PAYOUTS OVER THE PAST NINE YEARS. MOVING TO THE GENERAL FUND SALE TAX COLLECTIONS BY CATEGORY, WE ARE SHOWING AN UNFAVORABLE VARIANCE OF 2% OR \$1. 1 MILLION AT THE END OF APRIL. IF YOU ARE LOOKING AT THE FISCAL YEAR TO DATE, ACTUAL IS \$72.8 MILLION. WE DO SEE ABOUT A 5% INCREASE IN THOSE REVENUES. AND LOOKING AT THE CATEGORIES OF THE VARIANCES THAT ARE REFLECTED HERE IS PRETTY MUCH WHAT WE HAVE SEEN THE LAST COUPLE OF MONTHS, NO NEW CHANGES OR SIGNIFICANT INFORMATION TO PROVIDE THIS MONTH. AND THEN THIS SLIDE SHOWS THE YEAR OVER YEAR CHANGE JUST FOR THE MONTH OF APRIL 2013 COMPARED TO APRIL 2012 AND WE DO SHOW ABOUT A 4.7% INCREASE IN OUR COLLECTIONS MONTH TO MONTH.

AND THEN MOVING TO GENERAL FUND OPERATING USES, TOTAL PERSONNEL SERVICES IS SHOWING AN UNFAVORABLE VARIANCE OF \$2 MILLION. THIS IS IN THE OVERTIME CATEGORY THAT'S SLIGHTLY OFFSET BY SOME OF SAVINGS THAT WE HAVE. IT IS CAUSED PRIMARILY BY OVERTIME OF THE POLICE DEPARTMENT. FISCAL YEAR TO DATE THEY'RE AT ABOUT \$759,000 OVER BUDGET. FOR THE MONTH OF APRIL THEY DID SLIP A LITTLE BIT. CONTRACTUAL COMMODITIES AND CAPITAL OUTLAY CONTINUES TO SHOW A FAVORABLE VARIANCE OF \$3.3 MILLION. AND BOTTOM LINE OUR TOTAL OPERATING EXPENSES ARE REFLECTING A 2% FAVORABLE VARIANCE OR \$3 MILLION.

AND THEN LOOKING AT THE OPERATING USES BY DIVISION, ALL DIVISIONS ARE EITHER FLAT WITH THE BUDGET OR SHOWING A FAVORABLE VARIANCE. MAYOR AND COUNCIL, AND CHARTER OFFICERS ALL HAVE FAVORABLE VARIANCES. COMMUNITY SERVICES WITH A 6% FAVORABLE VARIANCE, THEY'RE RECOGNIZING SAVINGS IN ALL CATEGORIES. PUBLIC SAFETY FIRE HAS SOME SALARY SAVINGS REFLECTED IN THE \$.3 MILLION. PUBLIC SAFETY POLILCE IS REFLECTING A \$.3 MILLION FAVORABLE VARIANCE. HOWEVER, THEY DO HAVE THAT SIGNIFICANT VARIANCE OF ABOUT \$1 MILLION NOW. BUT THAT'S BEING OFFSET BY A FAVORABLE VARIANCE OF ABOUT \$1.3 MILLION IN CONTRACTUAL AND COMMODITIES.

AND FINALLY PUBLIC WORKS, WITH A \$.1 MILLION FAVORABLE VARIANCE. THE NEXT COUPLE OF SLIDES ARE UNCHANGED FROM LAST MONTH. THEY'RE SHOWING OUR YEAR END ESTIMATES FOR THE GENERAL FUND SO IN TOTAL WE ARE EXPECTING TO DO ABOUT \$2.4 MILLION BETTER IN OUR REVENUES BASED ON THE FORECAST THAT WAS INCLUDED IN THE TENTATIVE BUDGET. AGAIN ON THE EXPENDITURE SIDE, A TOTAL 1% INCREASE OR \$3.5 MILLION. THAT CONCLUDES THE PRESENTATION FOR APRIL AND I WILL BE HAPPY TO ANSWER ANY QUESTIONS YOU HAVE.

Mayor Lane: THANK YOU VERY MUCH, THAT WAS EXCELLENT, LOOKS LIKE WE DO HAVE QUESTIONS COMING FROM COUNCILMAN ROBBINS.

[Time: 02:49:10]

Councilman Robbins: I HAVE A QUICK QUESTION ABOUT BUILDING PERMITS. AND THAT'S ONE OF THE THINGS THAT'S DRIVING THAT INCREASE. DO YOU RECALL OR SOMEBODY ON STAFF RECALL, WHAT ARE WE PROJECTING THIS YEAR FOR BUDGETS OF BUILDING PERMITS, WHAT KIND OF INCREASE THERE JUST SO I CAN GET IN IN MY MIND OF WHERE WE ARE GOING?

City Treasurer David Smith: IF YOU CAN JUST KEEP ON TALKING FOR ANOTHER 30 SECONDS.

Councilman Robbins: OKAY, I HAVE ANOTHER MOTION ON THE BUDGET. JUST KIDDING.

David Smith: I THINK THE NUMBER THAT WE ARE FORECASTING FOR THIS YEAR, TEN AND A HALF MILLION, WE ARE EXPECTING IT TO DROP TO \$9.9 MILLION NEXT YEAR. THIS YEAR WE ARE BOLSTERED BY TWO OR THREE LARGE DEVELOPMENT PROJECTS AND THOSE ARE NOT FORECASTED OR OTHER PROJECTS OF THAT MAGNITUDE ARE NOT FORECASTED FOR NEXT YEAR.

Councilman Robbins: OKAY, SO WHEN THE 12/13 IS AT 8.7 AND THE FORECAST IS TO BE AT 10.5. AND THEN YOU ARE SAYING SO I AM MISSING... SO THE 13/14 IS 9.9? SO WE HAVE A 1.2 INCREASE FOR THIS NEXT BUDGET. OKAY, ALL RIGHT, THANK YOU.

Mayor Lane: THANK YOU, COUNCILMAN. WE HAVE NO FURTHER QUESTIONS, THANK YOU. SO THAT WAS JUST FOR INFORMATION AND DISCUSSION OF POSSIBLE DIRECTION, NO DIRECTION GIVEN. WE HAVE NO ADDITIONAL PUBLIC COMMENTS.

ADJOURNMENT

[Time: 02:51:32]

I WOULD ACCEPT A MOTION TO ADJOURN. ALL IN FAVOR OF ADJOURNMENT PLEASE INDICATE BY SAYING AYE, THANK YOU VERY MUCH EVERYONE.