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#### **CALL TO ORDER**

[Time: 00:00:03]

Mayor Lane: Good afternoon, everyone. It's nice to have you here. We are ready to call to order our June 16<sup>th</sup>, 2015, city council meeting. It's a regular meeting and it's approximately, well, 5:10, thereabouts. Pardon us for being a little late getting started. We just finished another meeting. So we'll start with a roll call, please.

#### **ROLL CALL**

[Time: 00:00:23]

City Clerk Carolyn Jagger: Mayor Jim Lane.

Mayor Lane: Present.

City Clerk Carolyn Jagger: Vice Mayor Linda Milhaven.

Vice Mayor Milhaven: Here.

City Clerk Carolyn Jagger: Councilmembers Suzanne Klapp.

Councilwoman Klapp: Here.

City Clerk Carolyn Jagger: Virginia Korte.

Councilmember Korte: Here.

City Clerk Carolyn Jagger: Kathy Littlefield.

Councilwoman Littlefield: Here.

City Clerk Carolyn Jagger: Guy Phillips.

Councilman Phillips: Here.

City Clerk Carolyn Jagger: David Smith.

Councilman Smith: Present.

City Clerk Carolyn Jagger: Acting City Manager Brian Biesemeyer.

Acting City Manager Brian Biesemeyer: Here.

City Clerk Carolyn Jagger: City Attorney Bruce Washburn.

City Attorney Bruce Washburn: Here.

City Clerk Carolyn Jagger: City Treasurer Jeff Nichols.

City Treasurer Jeff Nichols: Here.

City Clerk Carolyn Jagger: City Auditor Sharron Walker.

City Auditor Sharron Walker: Here.

City Clerk Carolyn Jagger: And the Clerk is present.

[Time: 00:00:47]

Mayor Lane: Thank you. We do have some cards if you would like to speak on any item on the agenda. The white card, the city clerk, Ms. Jagger is holding up over her head. If you would like to have any written comments on any of the items on the agenda, which we will read during the course of the proceedings this evening, that's the yellow card she has over her head right now and you can still file to speak on it, or give us some written comments on any of those items. We do have Scottsdale police officers Tom Cleary and Dave Schurr here to assist. They are directly in front of me up on the mezzanine. And we also have a representative from the fire department, who is with us here as well, if you have any need for assistance on that nature. Not fires necessarily, but they are paramedics and we were not expecting any fires but you never know. So the areas behind the council dais are reserved for council and staff. We have facilities over here to my left under the exit sign for your convenience.

**PLEDGE OF ALLEGIANCE**

[Time: 00:01:54]

Mayor Lane: And today, we have the Camelback Scout Pack, and their leader Jason Campbell and pardon me, Jason for not meeting you as we went through the lineup there, but they are here to lead us in the pledge. So gentlemen, if you want to move to the microphone, and if you are able, please rise for the Pledge of Allegiance, led by our pack here. Gentlemen, any time you are ready.

Camelback Scout Pack: 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. And you can turn that microphone around so you are facing the crowd. It looks like you have already done this in the normal efficiency of boy scouts. Just introduce yourself, give your name, the school you go to and maybe what your favorite subject might be.

Gavin Fuller: I'm Gavin Fuller, and I go to Hopi and my favorite subject is reading.

Dean: I am Dean. I go to Hohokam. My favorite subject is reading.

Simon: My name is Simon. I go to Hopi, and my favorite subject is science.

Blake Behr: My name is Blake Behr and I go to Pima. My favorite subject is reading.

Henry Gubler: My name is Henry Gubler, I go to Hopi and my favorite subject is history.

Daniel: My name is Dan. Is that loud enough? My name is Daniel, I go to Hopi and my favorite subject is math.

Drew: My name is Drew. I go to Engleside and my favorite subject is history.

Mayor Lane: Working together. Do you want to just say your name. Son, do you want to say your name? Just say your name. Okay. We got it.

Alex: My name is Alex, and I go to AMLC and my favorite subject is math.

Zachary Young: My name is Zachary Young. I go to Savano Elementary. My favorite subject is science.

David Hollub: My name is David Hollub and I go to Hohokam, and my favorite subject is science and history.

**INVOCATION**

[Time: 00:05:18]

Mayor Lane: Thank you very much, gentlemen. And now Rabbi Arielle Shoshan will provide us with an invocation. Rabbi?

Rabbi Ariel Shoshan: Almighty got instill within our mayor and the members of this great council the deep understanding of the potential that this day holds, as they work together for the common good of all people, residents and visitors in our great city and valley. Our father in heaven we ask that you bestow your blessings on our mayor and this council so that their deliberations be just guide them with your kindness and open their hearts to respond to those. Bless us with a life filled with honor and dignity, a life in which our heart's desires are fulfilled for good. We give thanks to God for our lives, which are entrusted into your hands for your miracles which are with us every day and wonders and favors at all times. You are good for your compassion never fails. Your compassion never ceases. We are thankful to make this place our home. This body will be blessed to create our portion of a world worthy of God's presence and God's blessings. Amen.

#### **MAYOR'S REPORT**

[Time: 00:06:56]

Mayor Lane: Amen. Thank you, Rabbi. Well, just a little note of interest, Scottsdale recently topped -- hmm. I should have pre-read this -- Wallethub's list of best city for staycations. It looks at golf courses, cultural attractions and spas, Scottsdale was ranked fourth on a list of the 100 most populated cities in America. Earning high marks in food and entertainment, and rest and relaxation. AAA also named the Sonoran splash at the Fairmont Scottsdale Princess as one of the top four best resort pools in Arizona. So if you are looking for a summer getaway, you might consider staying right here in Scottsdale. Enjoy all the amenities that a world-class community has to offer. So that's a plug for our tourism community. It is great. My wife and I do that often. It's a great thing to do I mean, when it's 113 out, which we're coming up to this, I mean, you will be looking for some cool place to relax, other than cranking up your own air conditioning. No further presentations.

#### **PUBLIC COMMENT**

[Time: 00:08:15]

Mayor Lane: Public comments regarding non-agendized items. Speakers are limited to three minutes each. The maximum of five speakers and there will be an opportunity at the end of this meeting for additional public comment if they are so needed. We have two requests for public comments and we start with Nathan Rhotan.

Nathan Rhotan: Thank you mayor and council. My name is Nathan Rhotan, very close. I am the co-chair of equality Arizona, but I'm more than that. I'm a business owner, an employer, an A.S.U. alumni, a former Scottsdale resident, but I also join nearly 65% of Arizonans that still lack basic legal protections from discrimination at home, at work, and in public places, such as the city of the Scottsdale. While I thank you all for your decision to promote diversity by marketing the unity pledge, a great tool for promoting diversity, it's simply a proclamation. We need real policy in Scottsdale that holds everyone accountable, similar to other cities in Arizona, from landlords and managers to restaurant servers, no one deserves to be treated differently because of who they are or

who they love. On March 31<sup>st</sup>, you heard from the business community asking you to be regulated on this specific issue. You also heard from clergy and Scottsdale residents about why a nondiscrimination ordinance in Scottsdale is important. I would like to thank Councilmembers Korte and Milhaven for understanding the request from the community, the faith leaders to take the first step in ensuring that everyone in Scottsdale is protected equally. I bring with me 100 postcards from people who live, work, have family or visit Scottsdale regularly asking you to support a nondiscrimination ordinance in Scottsdale. Please consider moving forward with the public outreach process, for a nondiscrimination ordinance in Scottsdale. Thank you.

[Time: 00:10:31]

Mayor Lane: Thank you Mr. Rhotan. Next would be Benita Yacenda.

Benita Yacenda: Compliments. That's the first time someone said my name right. My name is Benita Yacenda. I live in Papago Parkway and we are neighbors to the Wheel Inn Ranch. I'm here representing the residents in Papago Parkway. We take great pride in our tight knit community M.H.P. served Wheel Inn Ranch seniors with evictions as of January 31<sup>st</sup>, 2016 and M.H.P. Scottsdale said Wheel Inn Ranch is almost 60 years old with deteriorating infrastructure. Yeah, Wheel Inn ranch is almost 60 years old, so are our homes. We love our vintage homes and, yes, the park is deteriorating. Ryan Hartman no longer irrigates or maintains the grounds. A year ago, it was well kept, beautiful landscaping, flowers, citrus trees that were trimmed and attractive. He let the property deteriorate, into deplorable conditions, brown law, debris and chopped down trees. We as a community went on June 6<sup>th</sup> and mowed lawns and pulled weeds, spent our morning working to clean up the park and give these seniors a nice place to live again. We get letters and fines if we let our property go. Another quote from M.H.P. Scottsdale, the park is located in a redevelopment area and future development plans are being considered. For the time being the park will remain an R.V. mark and service full-time. Ryan Hartman is changing the use of the park to a mobile home park to an R.V.-only park. Why evict senior residents and allow R.V.ers only? Why not let future residents stay. It makes no sense. Until you see pricing on the Internet for Scottsdale R.V. ranch. Formerly Wheel Inn Ranch. R.V. summer rates \$1,050 a month if paid daily, winter rates \$1,650 a month paid daily or \$1,180 if paid weekly. So why evict seniors and allow R.V.s only, dollar signs.

Ryan Hartman is thinking dollar signs and not south Scottsdale. Scottsdale is the friendly city not the greedy city. What are we allowing to happen, evicting seniors so one man can make more money? We appreciate redevelopment in south Scottsdale. Art work on corners and enhanced sidewalks and crosswalks and new landscaping. Our community looks great and our home values are rising. Why are we allowing Ryan Hartman to evict our neighbors and destroy Scottsdale history? For what? An R.V. park? In the future more apartments? This is not redevelopment. R.V. park is going backwards. An R.V. park will decrease our property value and create unchecked noise and water. He's not maintaining the park now. It will be an eye sore. You represent us. We have a right to know what happens to our neighborhood and to have a say. Let's restore the park and improve our community and keep this important part of south Scottsdale history alive. Yes, redevelop our community, please! But keep this quaint mobile home park. The residents are quiet, friendly, not a detriment in any way to our community. There's a better way to redevelop our community. Thank you.

Mayor Lane: Thank you, Ms. Yacenda. I appreciate it. I would appreciate if you would refrain from clapping.

**CONSENT AGENDA**

[Time: 00:14:40]

Mayor Lane: All right. That completes our public comment section and we'll move on to the consent items 1 through 38, and I think that -- let's see, no cards on that, but I do have a request by councilwoman Littlefield to -- for a question on item 38. Do we have someone here who might be able to respond to a question on 38 for Councilwoman Littlefield? I presume that's Mr. Grant who is in position. Councilwoman Littlefield.

Councilwoman Littlefield: Thank you, mayor. Question 38 on the consent agenda is referring to the Galleria parking garage request to increase the heights up to 90 feet, in order to put additional levels of parking on top of the garage that's currently this. I want a confirmation tonight, verbal, that this is only for the parking garage, no other land use, no other building, no other anything other than the parking garage that is located at the Galleria.

Planning and Development Services Manager Randy Grant: Mayor Lane, councilwoman Littlefield, that's correct.

Councilwoman Littlefield: Thank you.

Mayor Lane: Okay. That takes care of the item on 38. We do have a request by Councilwoman Korte to --

Councilmember Korte: Phillips.

Mayor Lane: I'm sorry, Councilman Phillips to move 18 to the regular agenda for special discussion and separate vote. So we have consent item 1 through 38. I'm going to ask that item 33 that involves a request by the world affairs council, which is also global ties, which I am on the board of, that I will recuse myself from that. So I would ask that we have a motion for items 1 through 38 absent 18 and 33.

Councilwoman Klapp: So moved.

Mayor Lane: Okay. We have a motion.

Do I have a second?

Councilmember Korte: Second.

Mayor Lane: That was for regular agenda items 1 through 38, absent item 18 and 33. We will move 18 to the regular agenda. All that I will ask on 33, as I will recuse myself as I have before on this. -- I'm sorry, we first have to make the vote on this. So we are ready then for a vote on these

items as has been qualified. All those in favor, please vote by aye. And those items pass unanimously as seen on the board.

**ITEM 33 – WORLD AFFAIRS COUNCIL OF ARIZONA CONTRACT**

Mayor Lane: So I will, for a moment, and I will ask the Vice Mayor to take over for this one vote. I will recuse myself for it.

Vice Mayor Milhaven: Do you have any discussion? Can I get a motion on item 33?

Councilmember Korte: So moved.

Councilwoman Klapp: Second.

Vice Mayor Milhaven: Any discussion? Okay. We are ready to vote. And the item passes unanimously.

Mayor Lane: In that case a lot of symbolism of me removing myself from the dais, but nevertheless, effectively accomplishes the task. Thank you, Vice Mayor. I appreciate that.

**ITEM 18 – RIGHT-OF-WAY ACQUISITION – MUSTANG TRANSIT IMPROVEMENTS ALONG 90<sup>TH</sup> STREET**

[Time: 00:18:40]

Mayor Lane: We will move on to the regular agenda items, 39 through 42, but we now have item 18. I would ask that item 18 is for the record, a right-of-way acquisition, Mustang transit improvement along 90 Street and it's a request to adopt resolution 10151, authorizing the acquisition of right-of-way and various easements to allow construction of transit improvements along 90<sup>th</sup> Street between Mountain View Road and Shea Boulevard. I don't know if Mr. Worth is here. He might be able to speak to it. Mr. Earle?

City Engineer Derek Earle: Mayor Lane, this is for purchase of temporary construction easements and permanent easements and right-of-way for the transit project, known as the Mustang -- or Mustang transit project. This is located on 90<sup>th</sup> Street, adjacent to the Mustang Library. This involves construction of dedicated transit lanes, bus lanes essentially, roundabout and improved traffic flow throughout the area. I would be glad to answer any specific questions that you may have.

Mayor Lane: Thank you, Mr. Earle, I will turn this over for questions. I know he has, and that is Councilman Phillips.

Councilman Phillips: Well, Mr. Earle, I guess my question acquiring this property, and mostly for the roundabout, I don't remember voting on this roundabout. Has the council voted to approve this roundabout?

City Engineer Derek Earle: Mayor, members of council, this would be your first action on this project. I don't think we brought any construction actions forward on this. So this would be the initial action

you would be taking on this project.

Councilman Phillips: Well, it seems like it's putting the cart before the horse acquiring property for something that we will most likely do, but we haven't decided we will do. I think we should wait until the council decides this is what we want to do before we go ahead and decide to acquire property. So I understand your position, Mr. Earle. I'm not talking back to you about that, but that was my point. And also, you know, we have a bond coming up. And here we are putting in a double lane roundabout, you know, that's not included in a bond. We are spending the money on that. So it just seems kind of funny that we would do something like that, and, you know, we -- like I said, we put the cart before the horse. We buy this property. We do these -- you keep bringing it to us, forward, forward, on consent agenda items to when it comes to the roundabout well, we already spent \$5 million on these other things and it would be crazy not to do it at this point. I would make the motion that we -- I'm not sure how we would do this.

Mayor Lane: You could --

Councilman Phillips: I would say to move it to a time when after the council decides that we are going to go ahead with this project.

City Attorney Bruce Washburn: Councilmember, if you are asking me for the appropriate motion, it seems to me, you could do one of two things. You could continue this until after the further approvals of the project, and then staff would just bring it back at that time, or you could just vote to deny it at this time and staff would have to bring it back and start over. You get to the same place both ways.

[Time: 00:22:13]

Councilman Phillips: I will move to deny it at this time, thank you.

Councilwoman Littlefield: Second.

Mayor Lane: Motion has been made and seconded. I have a question from the city treasurer, Mr. Earle.

City Engineer Derek Earle: Mayor, I do want to -- and councilman, I do want to clarify, this is not actually the first action, because there were a couple of actions approved previously. Number one, the fact that this was put in the C.I.P. It was part of your C.I.P. approval previously. I don't have the exact date the design services contract would also be approved. I did want to make you aware of this, that this is not first time it was in front of council.

Councilman Phillips: Well, that's my point that we just keep moving along and moving along without ever approving the project itself until we reach the point where we say, well, we already put so much time and money into it. I guess we will just go ahead and do it. At some point we have to say no to this kind of thinking. You have to approve the project first and then we can go ahead with the steps that it takes to do the project. That's why I brought that up.



Mayor Lane: Thank you, Councilman. We do have a first and a second on that, but I do have a request by Councilman Smith to speak towards this.

[Time: 00:23:26]

Councilman Smith: Thank you, Mr. Mayor. Derek, did you mention how much money you want for this or are you in the process of describing the project?

City Engineer Derek Earle: Mayor, members of council, this is budgeted within the project. The amount, it will be based on the appraisal. We go off the appraisal amount and if there are any significant variances to the appraisal amount in the requested settlement, then we will bring it back to council. I don't have the actual budgeted amount for the land acquisition purchased on the tip of my tongue. I can look that up for you.

Councilman Smith: I think it would be interesting for the public to know since the agenda did not disclose that. And I have a follow-up question once he finishes his research.

Mayor Lane: It was my overlook on Councilwoman Littlefield's second. Councilwoman Littlefield, we will hold on that, if you would and have you address your second.

Councilwoman Littlefield: Thank you mayor. Thank you, Councilman Smith. I just wanted to make a comment. I don't think that this is ready for a vote tonight. I think we need to get some of this information. We haven't determined whether up here on the dais, whether it's two-lane roundabout is appropriate for that area. It's right in front of the Mustang Library. Will it hinder traffic? Will it help traffic? We haven't gotten a price. A lot of work has to be done. I will support Councilman Phillips' motion until we can come back with a full understanding of what it is that we want to do, what the costs will be, and time frame, where the money is coming from. Thank you.

[Time: 00:25:15]

Mayor Lane: Thank you, Councilwoman. David, you had a second part of your question?

Councilman Smith: And maybe I have an answer to the first part.

City Engineer Derek Earle: Mayor, Councilman Smith, the budget for the acquisition of right-of-way is about \$700,000.

Councilman Smith: I think as a suggestion to staff, when we are going to spend money, we should disclose that to the public, because the public doesn't always read the supporting information. Speaking the supporting information, do you have the slides that were the supporting information loaded into the magical machine up here so that you could show the picture that was the last page of the package submission?

City Engineer Derek Earle: Mayor, Councilman Smith, are you referring to the legal descriptions --

Councilman Smith: No, the aerial view of the area, the last page -- last item in the submission.

City Engineer Derek Earle: Mayor, Councilman, there were quite a few legal descriptions. That was very late in the process, unless Brian has found that specifically. I have not been able to paginate down to the bottom yet.

City Attorney Bruce Washburn: It looks like it's page 342.

City Engineer Derek Earle: I'm apparently not as good at navigating through this as originally expected. Do you have a question?

Councilman Smith: It's something I would like to have shown to the public so you finding it may not be the solution as much as displaying it on the screen for the public. While you are -- maybe someone is coming one a method for displaying this. And I'm not sure the public will be able to determine from this picture but my question is this, and you, perhaps, might want to turn this so it's north-south for the delay, rather than east-west. It's my understanding that Shea Road is the -- is the road at the top of the screen, and we lost the picture. So now if you scoot it down just a little bit so that Shea road and I think viewers can then appreciate the screen picture. Shea is on the top, and I guess that's 90<sup>th</sup> Street or 91<sup>st</sup> that's going north-south.

What -- there was nothing in the package that indicated from this picture or anything else, where you were going to build a roundabout and, indeed, most of the acreage that you seem to be including in this picture is acreage along Shea road, Shea Boulevard and then east of what I think is the Cancer Center there. None of that can have anything to do with a roundabout. Could you explain what this picture has to do with the future plans?

City Engineer Derek Earle: Mayor, Councilman Smith, the roundabout will be right in front of the Mustang Library. Part of the issue of right-of-way goes with the path and the trail system. This is a transit-oriented project. So part of that is tying into and including upgrades to the multiuse path, and that is what some of the acquisition along Shea Boulevard is doing. In addition, along 90<sup>th</sup> Street we will look at areas to widen the road out. The roundabout will be located in front of Mustang Library, right in this area. Am I showing that on there?

Councilman Smith: He actually has the electronic picture, the map up there now.

City Engineer Derek Earle: Yeah, right about where the cursor is right now is where the roundabout will be located, in front of the library.

Councilman Smith: And again to the question to what does acreage up on Shea Boulevard has to do with the project?

City Planner Derek Earle: The area will connect down to the city's existing path and trail system. There we go. In this particular area the camelback wash multiuse path goes along, I guess, between the hospital buildings in this area. They are connections to this multiuse path, along Shea Boulevard if you can see where the cursor is going at this point and those connect down into the wash bottom.

Councilman Smith: Well, I guess I'm -- I'm probably in the same camp as some others here, that this

is a project of complexity and dimension and scope and whatever that seems far beyond anything that's been described or approved by council. And while I'm not necessarily opposed to, it I do think maybe we have the cart before the horse if we are going out and acquiring land for a roundabout that's not displayed on the picture and maybe -- and I don't know whether we are acquiring this land to the north that will connect to the trails, whether that's part of what we are talking about as well. I just don't understand the project, and I think that's what you are hearing from some others. So I think it probably is appropriate to delay this until we have some better understanding of really what we are going to do. Thank you.

[Time: 00:32:17]

Mayor Lane: Thank you, Councilman. Councilmember Korte.

Councilmember Korte: Thank you, mayor. Mr. Earle, when was -- how long has this been in our C.I.P. project, does anyone know?

City Engineer Derek Earle: Mayor, Councilwoman Korte, it's been in the C.I.P. two to three years at least. This project has been contemplated for at least five years. It's evolved in time in terms of what it was originally to be. It was originally parking and parking and ride facility and it evolved into the transit improvements along 90<sup>th</sup> Street.

Councilmember Korte: So what other -- so this is like the third step in the process from what you have told us and could you better identify what those steps are and what we spent on it?

City Engineer Derek Earle: Mayor, Councilwoman Korte, obviously, through the process of approving it each year in the C.I.P., that would have been one council touch on this. Another touch would be when we did the engineering services, the design services agreement on this, which I believe was about a year ago. I can confirm that date for you. Excuse me. This is the next item, because it tends to be long lead time, land acquisition is one of the long lead items. So at an earlier date we try to start land acquisitions. We already have draft designs and layouts for this. What I believe I have hear Councilman Smith saying is that the packet itself was not complete in terms of showing the layout of the facility. The next time council would see this would be in some type of construction agreement for the facility, some type of construction contract.

Councilmember Korte: And I know you are not a traffic engineer and neither am I. I happen to like roundabouts. How is this roundabout -- so I frequent 90<sup>th</sup> Street every day, whether it's shopping, typically Fry's, and I know the traffic is an issue on 90<sup>th</sup> Street. Do you have a -- any numbers on how that roundabout will improve traffic flow on 90<sup>th</sup> street?

City Engineer Derek Earle: Mayor, Councilman Korte, I don't have the traffic numbers. I don't know if anybody from transportation is here that would like to give the representation on those. I think we do have somebody that might be available. I can't give you the exact traffic numbers. George, would you be --

Principal Traffic Engineer George Williams: Mayor, Councilwoman, we don't -- I don't have the exact numbers in front of me. We looked at the analysis on this quite a bit, far the roundabout versus the

traffic signal. And we would have significantly less delay using the roundabout. We also get the slow speeds with the geometrics because of the transit facility. And because of the expected bikes and peds related to that. So when we did the analysis through consultant and internally through the staff, the roundabout was far superior.

Councilmember Korte: Thank you. Thank you, Mayor.

[Time: 00:35:40]

Mayor Lane: Thank you, Councilwoman. I might just ask you as well on something that may pertain to the stats, when we voted for and under some similar circumstances, as far as the acceptable of the roundabout there at Northsight and Hayden, we have had probably at least a year and half or so of information, and I do understand most of what the analysis. The pre-effect came to be very positively portrayed in reality, with regard to that intersection. Do you have any of the stats with regard to how that actually affected that intersection?

Principal Traffic Engineer George Williams: Mayor, yes we do. The traffic volumes on Hayden and Northsight. The crash rate has gone down by about 25%. Also the stacking or the cuing length of the northbound Hayden left turn used to be approximately equivalent with the northbound right turn. It backed all the way back to Northsight and it backs up half of that distance and a lot of that traffic is using the north site extension as we hoped and expected. We did get some preliminary analysis through a consultant when we were looking at another project, and the travel time on Frank Lloyd Wright also decreased with that because we were allowed with that project, we were able to give more green time to Hayden. So the volumes are up. The collisions are down and the traffic is moving over where we had hoped and expected that it would.

Mayor Lane: If I were to say a couple of other things, one environmentally, it's easier on the environment with regard to emissions, but also the fact that -- and this is anecdotal. Through the prime course of the season, that intersection used to be a perennial complaint problem area, and I didn't hear anything about it this year.

Principal Traffic Engineer George Williams: Mayor, we had the same experience. We had, you know, significant backups at times and the backups at Northsight and Hayden have gone away. Some of them remain up at Frank Lloyd Wright and Hayden, but it is better. So we are having less cuing, less delay and less emissions based on that project.

Mayor Lane: Thank you. One other question, and Mr. Earle, are there any Prop 400 monies or federal monies involved with any of these projects?

City Engineer Derek Earle: Mayor, yes. This does have Prop 400 funding. I believe it also has a federal FTA grant that is paying for -- I don't believe it has Prop 400 funding. It does have city transportation tax and I believe the rest of the funding is a federal F.T.A. grant. I apologize for that.

[Time: 00:38:46]

Mayor Lane: Thank you both very much for those answers. Councilwoman Klapp.

Councilwoman Klapp: A couple of things. I do have a question for you, but the packet does indicate that the cost for the project is \$700,000. It's right in the packet and it also gives the amount of the federal grant of \$5.2 million. So that information is in the packet. But my question is that I also travel 90<sup>th</sup> a lot and there's very short turn lane into Mustang library on 90<sup>th</sup>. How will that improve -- is that an accident-prone area? In front of Mustang since that area where you are turning left -- if you are heading south on 90<sup>th</sup> Street, is that accident prone in that area?

Principal Traffic Engineer George Williams: There have been a number of accidents along the corridor at several of those intersections. It's the left side, the driveways either from the library or the hospital or the commercial centers on either side. Trying to slow the traffic down on that corridor with the roundabout but, again, reducing delay benefits that driveway and some of the other nearby driveways. You have a lot of pedestrians that go back and forth between the hospital and walk over and get food at least watching it. You also have, you know, some of that back and forth, because there's really no controlled crossing from Shea all the way down to Mountain View. So not really conducive to walk either direction. We think this will benefit those left turn collisions, the slower speeds and the corridor itself, not just the intersection improvements.

Councilwoman Klapp: I recall when we had the vote at the council related to the Northsight roundabout that I was somewhat hesitant to vote for it the first time but I came back and better understood after talking to the engineer about the improvements for pedestrians that roundabouts allow and so that's what has caused me to believe that roundabouts are an improvement and in many cases, over street lights. So I can see where improving the pedestrian experience at that particular spot would be top of my mind. Thank you.

[Time: 00:41:02]

Mayor Lane: Thank you, Councilwoman Klapp. Councilman Phillips.

Councilman Phillips: The point of pulling it was cart before the horse idea. And if everybody loves roundabouts and it's such a wonderful thing, let's vote for the roundabouts and get it over with and then we can approve these. All I'm saying is that we are approving items for it, without the approval of the major project itself.

Mayor Lane: Councilwoman Korte.

Councilmember Korte: Call for the question.

Mayor Lane: Very good. I don't know do we have a second for the call to the question?

Vice Mayor Milhaven: Second.

Mayor Lane: Okay. Then we will end it at that. I just would want to just remind the council that the motion that's on the table is to deny item 18, that right-of-way acquisition that is whatever actions that are required for roundabout, but also for the connective issues for the trail system. That's the motion on the table. I think we are then ready to vote. It's two components in the right-of-way

acquisition. The amount for the acquisition for the roundabout, as well as for the -- that's correct, right? That's included within it? Mr. Earle? It's the trail connection, as well as the right-of-way required for the roundabout?

City Planner Derek Earle: Mayor, the request is to adopt resolution 10151, which is for the right-of-way acquisition for both the trails and the easements.

Mayor Lane: That's the only clarification I was seeking to make. I'm sorry if I wasn't clear on that. So if you are in favor the denial, please indicate by aye. And opposed with a nay. Nay. Register your vote, please. The motion passes 4-3, with Councilman Smith, Littlefield, Phillips and Smith for it. I'm sorry. For the motion. The motion was denied to -- to deny. And now we need another motion.

Councilmember Korte: Mayor, I would like to move to adopt resolution 10151 authorizing the acquisition of right-of-way and various easements to allow transit improvement along the 90<sup>th</sup> Street between Mountain View and Shea.

Vice Mayor Milhaven: Second.

Mayor Lane: The motion has been made and seconded. Would the second like to speak to it at all?

Vice Mayor Milhaven: No thank you.

Mayor Lane: I have one request to speak on that. Councilman Phillips? Okay. I think we are in favor of voting it. All in favor, aye and opposed with a nay. Motion passes 4-3, as you can see on the screen. That completes that item. Thank you very much, gentlemen, for all of that input.

### **ITEM 39 – EAST VALLEY PARTNERSHIP MEMBERSHIP**

[Time: 00:44:18]

Mayor Lane: So we move -- I'm sorry. We are moving on to the regular agenda, which is item 39, East Valley Partnership membership. Which is the adoption of resolution 1017 authorizing the city's payment of membership dues in the amount of 7,500 to the East Valley Partnership for the period of July 1, 2015, through June 30<sup>th</sup>, 2016. We have with us Danielle Casey.

Economic Development Director Danielle Casey: A couple of very brief slides for you to remind you why we are here. In terms of the membership renewal consideration, just a little refresher on the east valley partnership and who they are. They are a Regional C-6 organization, a nonprofit coalition that's been around for a great deal of time in the east valley, and worked to advocate for the business climate and the overall quality of life. Currently, community members, meaning municipal members are Apache junction, Chandler, Gilbert, Mesa, Queen Creek, Scottsdale, Pinal and Maricopa County and they are working on a number of initiatives, Phoenix East Valley, Superstition Vistas and other efforts to brand the assets of the region.

A little bit of history. Not a terribly long history but last November, Mr. Roc Arnett who is here with

us this evening appealed to the city council encouraging and inviting them to consider joining and becoming a full participating member. In January the city council, as you all will recall approved joining for a period of six months for half a year up until this period of time, and at that point, in the discussion, staff committed to coming back with an update and activities and engagement we have seen with the east valley partnership so that mayor and council can consider and give direction on how you would like to move forward in the future fiscal year.

So a little bit of information on the membership investment activity we have seen over the past six months. Two committee meetings have actually been held in Scottsdale since we have joined. One of them was at the new Museum of the West, which was a great deal of fun because we were able to expose 30 plus individuals to seeing that great asset and holding an economic development community meeting this. We initiated dialogue regarding workplace think tanks. It's working with individuals and being put in contact with individuals really due in part to many Arnett's efforts so that we can talk on a greater level about the issues of talent attraction and workforce. And there have been a number of special event opportunities that have been held, the Governors Breakfast, SRP forum, we're working to partner on future events. There were a few who attempted to hold them in Scottsdale, either due to space, or they were booked up, they also offered a seat opportunity on the board of directors.

Tonight's request is for adoption of resolution 10179 to move forward with payment membership dues for the next year. I welcome any questions or comments and I do believe we may have a speaker card from Mr. Arnett.

[Time: 00:47:58]

Mayor Lane: Thank you, Danielle. I appreciate that. Thank you. We may have some questions for you. Mr. Roc Arnett, if you would please.

Roc Arnett: Mr. Mayor and council, thank you very much for the opportunity to be in beautiful Scottsdale, I take the opportunity to invite you to continue to be with us. I could give you hours of conversation. Let me just visit with one -- make one point and I think I can do it in the time allotted of -- we had a visit with your economic development team and one of the things that we learned that you have a member of your team that has talked about business retention in Scottsdale, and one of the things that he found out as he has made his 150 plus visits to the businesses in Scottsdale, I asked the question, what is the single most need that you are finding and the single most important need was finding skilled workforce. And the gap between what's coming out of our education system and the educated and the available workforce seems to be the problem. So we have made a connection and we are bringing your economic development team to our education think tank, the east valley think tank, which is an education think tank of all the superintendents and presidents of the community colleges in the east valley, to talk about what can be done to help develop those skills and have those skills ready for your workers. And that's just an example of one of the things that we have done.

We have a -- we put before you our profile that talks about the east valley, your part of -- in our opinion, you are a part of the great east valley, 1,400,000 residents and this is a great place to work, live and play and come to, and we would love to have your participation. I would be happy to answer

any of your questions.

Mayor Lane: Thank you, Mr. Arnett. I don't have any questions of you right at the moment. So thank you.

Rock Arnett: Thank you.

[Time: 00:50:30]

Mayor Lane: Well, since I don't have any other questions from the council at the moment, I guess as soon as I say something like that, they pop up. I was going to just go ahead and lead with one, but in any case, Councilmember Korte.

Councilmember Korte: Thank you, mayor. Ms. Casey, I know when we signed on to this six months ago, we talked about a trial period to kind of put the toe in the water, and identify the value proposition for us to be part of this. Can you better describe that value proposition for us?

Economic Development Director Danielle Casey: Mr. Mayor, Councilmember Korte when we look at the membership investment activity, we are looking to council a little bit to see what your interests are in regional cooperation and partnership. I will be frank, you know, the East Valley Partnership is not in the same business as GPEC and so it's a different proposition and engagement activity. If there is interest from the council and the community to engage with this organization to be at the table and part of all the discussions that they are having and what Roc is heading the charge on in the East Valley to better align these communities, I think that's extremely valid.

If it's a question on whether it's absolutely critical to moving our strategic plan forward, we can certainly move forward either way, depending on council's direction this evening, but we are seeing some nice activity again. One of the things that I will give the East Valley Partnership folks great credit for is going above and beyond to make sure that they try to hold events in Scottsdale and working with us and getting people exposed to the community and entering into the community and, again, seeing things like the Museum of the West.

So I hate to turn the question back at you all, but, really, you know, if council is interested in that type of engagement, and being at the table, then I think absolutely. If you are looking to focus more on base economic development activity, Mr. Arnett could answer probably more specifically that's not exactly what they do, but they run regional initiatives like the Superstition Vistas like the initiatives related to branding and I will tell you, just in a simple way, he's an amazing connector.

Councilmember Korte: Thank you.

[Time: 00:52:57]

Mayor Lane: Thank you, councilwoman. Councilman Smith.

Councilman Smith: Thank you, Mr. Mayor. Well, you know when we discussed this six months ago, as Councilmember Korte says, we were looking for what's going to be the payoff for the value or



whatever. I know we -- I recall we had a considerable amount of discussion about the branding exercise, and you mentioned that again in your first slide, that that's one of the major projects of the group, is to brand the assets of the region, and as I recall, the discussion we had at the time was that we're not quite sure that we want a brand different than the brand Scottsdale already has. We are not sure we want to redefine the brand in a broader sense to be an east valley brand as opposed to a Scottsdale brand. You didn't address particularly whether anything has happened in six months on that positively or negatively. I guess I should pause and let you answer. Is there anything on the branding exercise that I should be aware of?

Economic Development Director Danielle Casey: Mr. Mayor, Councilman Smith, Scottsdale, when we engaged with East Valley Partnership actually indicated that that would be an initiative that we would not be looking to engage in at a significant level, because there is an additional cost associated.

Councilman Smith: Well, then looking at your last slide of what has been the activity, you said you had a couple of the meetings in Scottsdale. I wouldn't necessarily pay \$7,500 to have meetings in Scottsdale. If they occur here, that's great. The board of directors seat I think is something that you get automatically being a city, is that right?

Economic Development Director Danielle Casey: Mr. Mayor, councilman, I can't answer that question. I see a nod that that is correct, that municipal members are offered a board of directors seat opportunity.

Councilman Smith: I guess I'm just -- I will borrow the words of Councilmember Korte, the value proposition, I know we were looking for some kind of return on investment, something that wouldn't dilute our efforts, something that wouldn't divert our attention, and I know a lot of these events may be fun, but we are not just supposed to have fun with taxpayer money. We are supposed to advance the taxpayers' interests. I'm not sure I see the return on investment. If as you say you are putting back to us whether we want establish a regional relationship or have a regional partnership or whatever, I'm not sure that this is meeting my expectations. Thank you. Thank you, Mr. Mayor.

[Time: 00:55:54]

Mayor Lane: Thank you, Councilman Smith. You know, I would just maybe echo a couple of things that have been mentioned. My concern is the investment that Scottsdale has put into the branding of Scottsdale, somewhat exclusively and we are a group of cities across the valley in general that work hard to work together on a regional basis. And to subdivide ourselves, it doesn't may well with the MAG and GPEC and the other organizations that we are very much involved with, but my primary concern really is how we appear within -- even if we don't participate in the branding process the east valley, we will become branded with the east valley. I think the east valley is a great place, and I'm not -- there's no slight whatsoever involved as far as the east valley cities are concerned but we do and maybe this is by virtue of the fact we are elected by the citizens of Scottsdale but we have worked and spent a great deal of money and resources on making sure that we are a little bit -- a little bit different in the way we are presented. And how we are viewed, and commingling us or diluting that look with the east valley, I don't think is something that we would be paying to do, an additional payment. That's my concern. I think -- so that's why I in the past have not supported this, and I wouldn't this evening. Councilman Phillips.

[Time: 00:57:41]

Councilman Phillips: Thank you, Mayor. All good points. Yeah, when I -- I know that I voted for it the first time and I said, okay, you know, we'll see how this benefits Scottsdale and it does look like after six months, how has it benefited Scottsdale and I don't see if we continue on how it will benefit Scottsdale. And I don't know if this is a fair question to you, but do you feel that this is benefiting Scottsdale somehow? I mean, I guess we can be at their table. But how is that helping Scottsdale? The branding issue is way beyond it. As far as any group or community with other cities, what does this benefit to us?

Economic Development Director Danielle Casey: Mr. Mayor, and Councilman Phillips, connecting with other groups is something that we underlined in our development strategy, to make sure that we are working with all of our development partners. Depending on the type of return of investment, that's a focus for Scottsdale and what level of independence. It's a very tough question for staff to ask. As I mentioned in the slides, originally this is brought forward because of an appeal to full council for council consideration, in partnership.

What I would, though, like to point out is that prior to our membership, through our membership, and I'm sure in the decision, the East Valley Partnership and Mr. Arnett have been strong supporters of our efforts and activities and have spoken extremely highly of our work and the community and one of the other pieces of material that they haven't had a chance to update because it's an annual piece, in the last six months, is a data set and the promotional piece that Mr. Arnett showed you that they have produced to promote the area. So six months is a difficult period of time to look at exact dollar for dollar R.O.I., so, again, it's really a question of the level of engagement with different groups that are having different conversations and many have similar conversations. Some have unique ones and I guess the question is: From council's perspective, you know, which ones do you want to take an active part in on a regular basis?

Councilman Phillips: Okay. And I agree six months isn't a very long time, but it just doesn't appear to me that at this time, it's -- it's of much value to Scottsdale and this is taxpayer money we are talking about, so I guess I wouldn't continue maybe in the future we can come back and look at if there's new development that may help the Scottsdale part of it. Thank you.

[Time: 01:00:24]

Mayor Lane: Thank you, Councilman. Councilwoman Littlefield.

Councilwoman Littlefield: Thank you. Yeah, I too voted for this last time. I felt like it would be worth giving it a try, seeing what it was, see if it would help Scottsdale. I think we have learned a lot about the organization, much of it good, and that will never hurt us to know, but I do believe that there is a possibility here of diluting our efforts and our staff and our time. We have a great investment right now in GPEC and I think that has helped us and helped with our branding as destination place for people to come. And at this point in time, this may have been something a little ahead of ourselves, and I believe that I will not be supporting this right now, but it's something we could keep in our back pocket and possibly look at in the future. Thank you.

Mayor Lane: Thank you, councilwoman. There's no further requests to speak on this. I would just add to, it the East Valley Partnership organization has been around a good, long time and we are very fortunate to have a strong economic development department led by Ms. Danielle Casey standing at the podium, and frankly, if, in fact, things were to change, it might make a difference as far as that is concerned for us on the overall because we have some great strength in it, but aside from that and something I mentioned several times and that is even as a basis for our tourist community, we do sort of consider ourselves a little bit of a set aside, a little bit of a difference. We do work regionally, very closely with M.A.G.'s economic development committee and with the Phoenix -- Greater Phoenix Economic Council, as well as the A.C.A., the Arizona Commerce Authority. So while I don't know -- I look for a motion, Councilwoman Korte if you have a comment or a motion.

[Time: 01:02:24]

Councilmember Korte: I have a comment and another question. So 7500. So Ms. Casey, so \$7,500 invested in this organization, how invested have we been personally? So engagement, have -- have you or other members of your staff been engaged with this organization?

Economic Development Director Danielle Casey: Mr. Mayor, Councilmember Korte, thank you for the question. When we held the committee meetings in Scottsdale, one of the economic development council meetings, I was able to speak and present and talk to the whole group about our economic development strategy and give them an update on what was going on. So it's good to spread the word and promote that level of activity. Mr. Arnett mentioned Bob Tunis on our team who I assigned to do business retention, he's doing a fantastic job because my schedule did not allow, spent time having a meeting and discussions on this whole think tank related to talent acquisition and talent attraction. So we had discussions open that side -- on that side.

In terms of attending some of the special event opportunities, I don't have a list on whether any council leaders were present at those certain meetings or events. I was unable personally to attend those events, but they are great opportunities that are open to all in the community, all of us to attend those activities. So I would focus on the committee meetings of economic development meetings. I'm looking over to Mr. Arnett to see if I forgot anything. I don't believe so.

The kickoff meeting, the first thing we did after we had our initial approval and the membership, we reached out in unison, where we talked about what we were doing and shared strategies and ideas and brainstormed moving forward and this was great engagement to make sure things kicked off quickly and appropriately.

Councilmember Korte: Thank you, Ms. Casey. See, I am as opposed to some of the others that have spoken to earlier, I am a supporter of regional collaboration, always have been. I believe it's important for us to be at the table. I believe it's important for us to be involved in the dialogue and be present. I do not believe that Scottsdale can continue to afford the "I am an island" concept. I believe we are part of the region and that is important for our economic viability, and our workforce development, and all of those important things that will sustain Scottsdale in the future. So I think I'm in the minority on this one but I will stand tall. Thank you.

Vice Mayor Milhaven: Do we have a motion?

[Time: 01:05:29]

Mayor Lane: Not yet. I would just want to say. I would want to say, I don't think anyone who is at the table who has spoken before Councilwoman Korte has indicated that we are in any way anti-regional efforts. We are certainly well engaged with our regional efforts and we have identified those as a very important aspect. We do think that we probably hold somewhat of a different position than some other communities, but regionally, we are involved in the greater Phoenix economic council which is a major economic development arm for the region and we are in that association with all the east valley cities and all the west valley cities and you will the central valley cities and beyond, in the Phoenix general area. So it's been a very strong component for us. As is M.A.G.'s economic development committee, which I'm a member of as well, or I'm sorry, now it's been moved to Councilman Smith, where we are engaged, again on a regional basis. We are very, very strong in that regard but there are an awful lot of efforts and sometimes you can spread yourself just a little bit too thin. We also have, I think, and I said it before, and it's a possibility of over exaggerating the compliments, we have an excellent economic development department that does work with our regional partners very, very well, and I do think that we have a great deal to add to best practices and things and innovations and things and how we handle that. So I think we are very willing and deliberate partner in that regard.

So I was going to make the motion myself that we not continue the relationship of the east valley partnership, and leave it at that.

Councilman Smith: Second.

Mayor Lane: The motion has been made. Would the second like to speak to it? Unless there's any other comment, I think we are ready vote. The motion in favor to reject, please vote. The motion -- my motion passes 5-2, with Vice Mayor Milhaven and Councilwoman Korte opposing.

Thank you very much for the presentation, thank you, Roc for being here for us and giving us the background. With all due respect, all -- not that she didn't say a lot of good things about the East Valley Partnership. Certainly you as a connector is a solid statement, and frankly, if you are ever getting away from the East Valley Partnership, let us know. But in any case, we very much appreciate the past participation with the east valley partnership and frankly, even our intermittent relationship with it as it has been through the years. So we hope to be able to continue in a positive way.

**ITEM 40 – INDOOR VEHICLE LEASING, SALES OR RENTAL IN I-1 TEXT AMENDMENT (6-TA-2014)**

[Time: 01:08:34]

Mayor Lane: So that completes item 39. That moves us on to item 40, which is the indoor vehicle leasing, sales or rental in I-1 text amendment, that's 6-ta-2014, a request to adopt ordinance 4173 approving a text amendment to the city of Scottsdale zoning ordinance 455, to amend table 5.1803, use table to allow indoor vehicle leasing, sales or rental in conjunction with restoration services without outdoor display and finding the proposed zoning text amendment is consistent and conforms

to the adopted general plan. Mr. Bloemberg.

Senior Planner Greg Bloemberg: Mayor Lane, city council, Greg Bloemberg, to give you information to this text amendment, 6-TA-2014. This is a privately initiated application and it would be applicable citywide and anyone in the I-1. It's can the restoration service use, which is currently a permitted use within the restoration district. The way it's structured it would maintain the emphasis on employment by keeping everything internalized in the building. Indoor sales and no outdoor display.

A couple of things for you. A few things for you to consider as you mull this text amendment over. If this does engage the private sector in the zoning ordinance updates which is a very positive thing. It responds to market trends and the expanding horsepower industry, which is -- has become quite a niche market here in Scottsdale. It expands business opportunities in the I-1 district while preserving the employment core. The vast majority of I-1 zoned properties are in and around the airpark area. There has been extensive community outreach involved with this, including some open houses, the usual ads in the paper and mailings and the Planning Commission voted unanimously to support this text amendment 7-0.

And real quickly, I just wanted to kind of update you on where we stand with this particular applicant. These are the remaining options available to this applicant. You may recall they came forward with a request to rezone their property to C-4, which was unsuccessful. The remaining two options are the text amendment before you, which would allow the vehicle sales only with the restoration service operation, and would not allow outdoor display. The other option is a rezoned C-2 which has been talked about. If that was to come forward, some things to keep in mind with that are that Cc-2 allows vehicle sales with indoor or outdoor display, with a conditional use permit. It could restrict flight plan with C.U.P. approval. Could you restrict -- you could have some say in how the operations occur open that site. It allows many other commercial uses. C-2 allows a variety of uses from bars to restaurants to adult uses and pawn shops. Now whether this location is supported -- is ideal for any of those uses, remains to be seen but it's a possibility if the C-2 is granted for this site and a rezone to a C-2 does not address I-1 to others who can't rezone to C-2 we are talking about tenants of buildings in the I-1 district. That concludes staff's brief presentation. I know the applicant has a presentation as well. Staff is available nor any questions you -- for any questions you may have.

[Time: 01:12:48]

Mayor Lane: Thank you very much, Mr. Bloemberg. And it looks like we have several cards to speak on the subject. If the applicant is in -- I see that he is. So we will go ahead and start with Mr. Court Rich who has donated time from Anthony Skervo and Stacey Pearson. So Court, figure with that, five minutes.

Court Rich: If I can ask a question before I start, does this screen not work here? Should it be on? That's all right. I can see it over there. Good evening, mayor, members of the council for your record, it's Court Rich, with the Rose Law Group here on behalf of the Barrett Jackson Collector Car auction. I wanted to start out and talk about what we have been asking for the whole time with regard to this process. We have been asking -- when I say we and I say the neighbors, I mean, my clients, I mean the actual next door neighbors to this site, the Arabian horse show has weighed in on this and others in the area. We have been asking the same thing all along. It's not don't do this.

It's do it the right way. And so I think that's one of the most important things I want to get across.

One of the things that's been important throughout has been that this should be indoor only. And I will talk a little bit more about that later. But the solution that we want provides us with that opportunity. Don't change the zoning for the entire city for the benefit of one landowner. There's a more narrow solution here and I will talk about that as well. We have been consistent that's what we have been asking the whole time. This is not some NIMBY, don't do it, don't let the applicant get it. In fact we have been saying over and over again there's appropriate way to do this and we believe that would be the way for this to be done. These are decisions that the applicant has decided not going down the path of what the neighbors have sought. And we have been clear about that from day one.

So here's just an email that was exchanged with the applicant back in December, and we made it clear, look, we don't want outdoor display of vehicles and that you not move forward with the I-1 text amendment. This is clearly conveyed to the applicant since December. The text amendment is bad when a more narrow option exists. I will take you through some slides here. Here's a map of the city of Scottsdale. Here's various areas that are zoned I-1. Pima Road and Cave Creek, you zoom in on that, and there's homes all around that. You zoom in, Scottsdale road and deer valley, and the point of this is that there are unintended consequences and I will take you through several of these.

When you change the law for the entire city. We would have you allowed to do a landfill in every location in the city, and they would say, well, we will probably not do one there. That's not the situation there. We have all over the city, areas that are adjacent to residential where this would have unintended consequences whether today, tomorrow or in the future. I-1 was developed for a particular reason. I'm sorry this is taking longer than I thought. There are more areas than you would normally think of when you think of I-1 in the city. The point is clear, lots of areas impact it and I think there's a much more narrow solution that can be done. You are changing something because the language doesn't work in the statute or the ordinance here in town. Here you are just adding a use. There's no reason to add this use in this location, or in all locations in the city. You are adding a retail use to I-1.

Here's -- this was the applicant himself sent this out in an email talking about what he does on his site, regarding himself as a full service dealership in the email and this is today, when you are first of all not even allowed to do the car dealership in the location, but this is just showing that outdoor is happening under in I-1 today, and you are going to potentially unleash this on the entire city. So the more narrow alternative exists. C-2 with the use permit that restricts outdoor sales. That's what everyone has been asking for all along. Something that gets us to that point. It's what the applicant, frankly has promised in the past. It's what we have been requesting. C-2 is compatible with the area.

Here's a map I showed last time we were here, when they were asking for C-4. There's C-2 just north of it, and C-2 just south of it it's not possible to say C-2 is not compatible with that area. And importantly, there's a master plan currently going on for this area. Why would we change the law for the entire area, not just this area but the rest of the city when we are currently master planning it? Why not be specific and deal with this site specifically? And even in the past, staff -- and this is an excerpt of April email from Mr. Grant in November of 2014 said we consider the C.U.P. to be the most appropriate and then they went through and talked about the I-1 text amendment, and the others.

Why do this and change all of this, when you can just do this, and there's one little star in there on the spot that we want to deal with?

My understanding is you might hear from a couple of other people in the I-1 district tonight that would maybe benefit from this but there are all kinds of membership dues in all kinds of zoning districts that would benefit from zoning changes give them greater flexibility. I would submit there's a path to victory and there's a win/win that can get the applicant what he wants and we are happy to be supportive of it and I hope you will be too. Thank you.

[Time: 01:18:57]

Mayor Lane: Thank you, Mr. Rich. David, I thought I saw a card in here for you. Do you want to speak on behalf of the applicant? No, please go ahead. That would be the proper order. Now, if this is officially an applicant, I think we give some additional time for that. Is that how this has been applied? Randy is this officially an applicant for this?

Planning and Development Services Director Randy Grant: Yes, that's correct.

Applicant Representative David Gulino: Well, thank you. I probably won't need the extra time. I think this case has been beat to death it's relatively simple. I think my words will be fairly short. I want to thank you for the opportunity to come before you and present the case. My name is David Gulino. I have been working with owners and the staff on this project for almost a year now. Anyhow, I must say it's certainly been a unique journey on this particular case. From a land use perspective, I just really never expected for this to create such a stir.

And I wanted to give you a little bit of a history which you already heard from the city staff presentation. But as I said, this started back in August of 2014, when Browns Classic Autos was in the DRB process because they had planned on building a new facility on Bahia just east of the 101. During that process, they were moving their facility because they needed to expand. During that process, all of their auto sales are done on the Internet and the I-1 zoning category does not allow for on-site vehicle sales.

So the question was asked, how can we change that? And so, essentially, you know, at that point, they were two options. One is you could rezone the property to a category, and we have heard what those categories are and what those options are in detail. The other was, of course, doing a text amendment.

So pursuant to our discussions with city staff, it was agreed that the most appropriate solution would be to do the text amendment you have before you today. And as you can see in the language, it's very specific. It allows -- it's really only a transactional change. It allows for on-site vehicle sales, with the restoration operation. It doesn't allow outdoor display. It doesn't allow dealerships as we think of dealerships.

So anyhow so we moved forward with the text amendment application. We went through the city staff, of course. We went through the Planning Commission with the unanimous approval and recommendation for approval. Then we were scheduled to come before the city council in mid- to

late November. At that point, it came to our attention of the concerns that the opposition had raised. Long story short, we went through. We decided to continue the case to try to work out a solution that was amenable to everyone. We thought we had. Well, we saw that that doesn't work out in April, when we came forward to the C-4 zoning and it was denied.

And a couple of things I want to point out again and I can't emphasize enough that I really think this is such a minimal change that I don't believe that it's going to create a problem. So, again, it simply allows vehicle sales on site, with the restoration business, no outdoor display. The -- obviously the changes apply only to the I-1 category. The I-1 category, right now or currently, there is less than 2% of the properties within the city carry the I-1 zoning district. So although it obviously does affect all I-1 zoned property, there is not a proliferation of that particular zoning in the city and you saw on the map where the I-1 currently exists. It's predominantly in the airpark area, where there are some pieces. There's a little piece up at Desert Mountain and a little bit in south Scottsdale.

So in my opinion, I think an important issue to consider in any text amendment, and I know they are not one of the favorite mechanisms of this council, but I think an important question to ask is how does the recommended change fit in with the current code? And so in any opinion, this fits in very closely with the current code, in that we are taking the allowed use. The vehicle restoration is an allowed use today, and we are simply adding the ability to be able to buy and sell cars on site. In addition, that then subjects or allows for the city to collect the transaction tax. So it is an economic benefit to the city. In context, this change, I think, is very minimal, in that when you think about some of the other uses that are currently allowed in the I-1, right now we have equipment storage, which is allowed. We have taxi service and an emission testing facility. I find it hard to believe that by allowing someone to buy and sell car -- buy and sell cars within a building in an I-1 district that that will create a problem.

So as I mentioned, back in the end of April, we came forward with the C-4 zoning request, rezoning request, and we were denied, and at that time, we walked away with a feeling we had fairly clear direction from the council to either pursue the text amendment or the C-2 with the conditional use permit. There are other people involved and I have been approached over the last several months by people who found this to be a benefit and so for that reason, and the fact that the I-1 case obviously was already ready to go, we decided to move forward with a completion of this request. So at the sake of repeating myself, it's a simple request. And as I have said to people, it's really a question of whether there's a cash register in this building or not. And so for that, I ask for your support and I'm happy to answer any questions. Thank you.

[Time: 01:26:38]

Mayor Lane: Thank you Mr. Gulino. We will continue with -- there are some additional requests to speak on the subject. Now, Joe Vallone.

Joe Vallone: Good evening mayor and city council. My name is Joe Vallone and I'm a property owner in the city of Scottsdale. All three of the properties I own are under a different zoning restriction. My home is zoned residential, with N.O.S. space. And my business is in the McDowell Business Park, which has I-1 zoning. All the original owners built their buildings. The third property is a C-4 zoned area near Adobe and Scottsdale Rod area. My partners and I specifically purchased to



have the least restrictions of what we could use the space for. If I drive around all three properties, I see significant differences in the neighborhoods and the surrounding buildings as we would all expect. The city of Scottsdale has a master plan. All of these different zoning regulations for the reason and it was not difficult for me or my partners to find the right zoning for each of our needs. The idea of changing zoning across all of Scottsdale for a specific group in my opinion is outlandish and offensive to the property owners who follow by the rules, and follow the master plan of the city of Scottsdale. I thank you.

Mayor Lane: Thank you, Mr. Vallone. I believe it's Shawnee Barrett. Okay. Tom Galvin. Chris Hynes. Okay.

[Time: 01:28:29]

Mayor Lane: Let me note this. I did all you out, and -- you didn't want to shame me into it. Chris?

Chris Hines: Hi, I'm Chris Hines. Resident of Scottsdale. I have two businesses in I-1 zoning for Scottsdale. Both in conjunction with the restoration services. The only thing this does for me is it allows me to expand my business and it allows extra tax revenues for the city of Scottsdale. This is the only thing it does for me. It's a benefit to my company. I have been in business for 13 years at 7745 East Devons in the I-1 zoning in the airport.

Mayor Lane: Thank you, Mr. Hines. That completes the public testimony and the request to speak on this subject. We do have some questions or comments from the council, from the dais here. We will start with Councilman Phillips.

[Time: 01:29:43]

Councilman Phillips: Thank you, Mayor. So two questions for Mr. Gulino. My first question is: Why not C-2?

David Gulino: Well, as I mentioned, there is -- there has been some outreach to me on other property owners and tenants that find benefit in this text amendment - that was one reason. Another is that since we have been at this for so long, we are trying to put this to bed. The I-1 was ready to go. We had staff approval, with the I-1. And it was their preferred solution to this, as you heard in the staff presentation, they have some reservations about a C-2 zoning because of some of the retail it brings into the area. We are fearful that with a rezoning, as what happened with us in April, that we're looking at -- looking at having to get 6 out of 7 votes if we come back with a C-2 with a conditional use permit and that didn't work out very well for us in April. So for all of those reasons we felt the I-1 was the best solution.

Councilman Phillips: Okay. There's also the C-2s are pretty major cost involved in applying for c-2?

David Gulino: Well, that's all relative. Compared to what we spent to date, no. This is, you know, an application fee. I think it's around \$4,000 or \$5,000. There's obviously all the efforts and printing and whatnot involved in pulling the application together and processing it, but, you are looking at probably could be as much as \$50,000 depending on where we go with it. I mean --

Councilman Phillips: To start over.

David Gulino: If it was to process as has been easily as implied here tonight, then it wouldn't be near that much. But I will be honest, I'm a little gun shy at this point.

Councilman Phillips: Okay. And if I heard you right, did you say you started -- the original property was on the corner of Bahia and then he moved as his business got bigger?

David Gulino: That's correct. It was a vacant lot and he was going to build a new building and for whatever reason, which I'm not aware of, he decided to buy an existing building, which is the one that we discussed here tonight.

Councilman Phillips: So he had a vacant lot there on the corner. Do you know what that was zoned as?

David Gulino: That was an I-1 as well.

Councilman Phillips: That was I-1 also. I can't second guess the applicant. I don't know if he knew this was going to come up, or like the gentlemen spoke, go find a property that allows you to do that and try to spend the money and the time to change it, to allow that, it just seems like an exercise of futility to me. Thank you for that. I have a couple of questions for staff also. So staff, whoever wants to speak, is -- I think you mentioned at the beginning that C-2 would allow adult shops, is that correct?

Planning and Development Services Director Randy Grant: Mayor Lane, Councilmember Phillips, C-2 allows a number of uses, some of them are allowed outright and some allowed by conditional use permit. The bars and adult uses would be conditional use purposes.

Councilman Phillips: So it would have to come to us to allow that?

Planning and Development Services Director Randy Grant: Yes.

Councilman Phillips: Okay. Thank you. And okay, that answered my second question. Thank you very much.

[Time: 01:33:41]

Mayor Lane: Thank you, Councilman. Vice Mayor Milhaven.

Vice Mayor Milhaven: Thank you, Mr. Mayor. What I heard Mr. Bloemberg tell us, and Mr. Grant reinforced, the C-2 has allowed far more uses than doing the text amendment and even though it may be a C.U.P., we are not allowed to be arbitrary, when we grant the C.U.P., we have to say if this business meets these criteria, then we have to grant the C.U.P. We can't be arbitrary and don't say that we don't like adult businesses. So we don't have as much flexibility as we thought. And Mr. Hines, expanding your business and expanding tax revenue sounds good to me. We look at what

the impact is to the neighbors. I can't imagine allowing someone to do a retail sale on the inside of their building will in some way shape or form compromise the neighbors. We were here considering commercial zoning. We heard folks who spoke against this text amendment, suggested text amendment was the better way to go. Staff said they will thought the text amendment was the best way to go.

I have one question before I make a motion. And is there anywhere in the city today where anyone is allowed to do restoration and retail sales?

Planning and Development Services Director Randy Grant: Typically the restoration is an industrial use. There's authorizing the acquisition to be use -- so it gives us sales. There are a number of these uses that are restoration uses that have located to I-1 areas. And so the impact of having those properties have to rezone to C-2, some of those uses are in tenant spaces that can't rezone to C-2.

Vice Mayor Milhaven: Okay.

Planning and Development Services Director Randy Grant: So we may be setting up an expectation that properties that are already in business and want to simply sell out of the interior of the building, would not be able to meet.

Vice Mayor Milhaven: Okay. In that case I would like to make a motion to adopt ordinance 4173 approving a text amendment, to the city of Scottsdale Zoning Ordinance, number 455, for the purpose of amending table 5.1803, land use table in the industrial park district I-1 to allow indoor vehicle leasing sales and rental in conjunction with restoration without outdoor display, finding that the proposed zoning text amendment is consistent and conforms with the adopted general plan.

Councilmember Korte: Second.

Mayor Lane: Motion has been adopted and seconded. Councilwoman Korte?

Councilmember Korte: No.

[Time: 01:36:25]

Mayor Lane: Councilman Smith.

Councilman Smith: Thank you, Mr. Mayor. Well, I'm not real keen on text amendments. I think I made that clear. Because it spreads throughout the city, the change in zoning that as someone spoke to, what they could do and what they could not do and to suddenly change this for people, change what they can do and change what their neighbors can do, is sim my something I think that is inappropriate to do through a text amendment. It's been described as a minimal change, but it's -- I'm not sure this is such a thing as a minimal text change because it has far reaching consequences in terms of its impact on the zoning sensibilities and uses. I heard the applicant say that others want it. That may be true and if so, the others should come forward and seek the same kind of changes that we're talking about here and not a change in the text amendment, but a change in zoning for their property if they think that's appropriate.

I wasn't keen on putting this under C-4 when we looked at it in April. You can see that the C-4 just didn't fit with the area. I'm not prejudging what we should do with C-2, if that application comes back, but, again, visually, you can see that C-2 would at least be more consistent with what other areas are around this -- around this particular property.

And I guess I would say also I'm frankly not here to generate profits for the city. I recognize I certainly want the businesses to grow. I want them to expand and prosper and whatever, and if coincidentally the city generates more tax revenues from that, that's great. But I think our driver, our mission here, my mission, is not to figure out more ways to collect tax for the city. I'm trying to figure out how to preserve the way of life and the livability for all of our citizens, whether they are in residential zoning or I-1 zoning or C-2, C-4, whatever.

So I think it's inconsistent to do this through an I-1 zoning. I would much prefer to be able to issue a C.U.P. to an applicant and be able to specify in that C.U.P. exactly what they can and cannot do. So for all of those reasons, I will not be supporting this motion to make a quote/unquote minimal change by text amendment.

[Time: 01:39:40]

Mayor Lane: Councilwoman Klapp.

Councilwoman Klapp: I will support all the reasons stated by Vice Mayor Milhaven. I don't have to go over them again. I have listened to what the staff has said about their recommendations for this property, and it appears to me that I-1 property with this addition as a text amendment would make more sense to me. I know that businesses are operating within I-1 offer restoration services and we know that Internet sales is growing greatly in a lot of business models. I can see why there is a need to have retail sales for this kind of service.

I don't believe that this is going to affect the livability of the area. Most all of this business would be contained within, with C-2, it's a whole different ball game. Now we are now allowing zoning for properties that would do indoor and outdoor sales with C-2 and you can do it with a C.U.P., but I don't believe that that's the most appropriate use for a C-2 zoning in this instance. So I believe the I-1 zoning, the text amendment for the I-1 zoning makes more sense to me. It's more in line with what the applicant has asked for. It resolves the problem.

We had a real dilemma in this last meeting, where there didn't seem to be much sense on what would be the most appropriate and I had to listen to the staff who said that the most appropriate zoning would have been text amendment and they would have preferred that to have come to us when we talked the last time about C-4. So I will vote for this text amendment today.

[Time: 01:41:31]

Mayor Lane: Thank you, Councilwoman. You know, I just want to say that my greatest concern with this type of thing, and I voted against this amendment the first time it came to us, and what I found through the course of history with these types of text amendments, unlike the technical

amendments or clarity or more other reasons, really to make the zoning more understandable and more interpretive, these kinds of text amendments in the past have frequently encouraged in unintended consequences not only in changing the overall use of the property, but they have also been perceived by the public in some instances as a way to circumvent the normal process of this. So that is my greatest concern, and on that basis, I will not be supporting the motion as it is on the table. Councilmember Korte.

[Time: 01:42:26]

Councilmember Korte: Thank you, Mayor. Well, Mr. Gulino, I imagine you feel a little bit like a ping pong ball right now.

David Gulino: A little bit. A little bit like a punching bag too.

Councilmember Korte: A punching bag too. I apologize for that. I find this to be an unprofessional process. We get pressured to continue the I-1 in November and you go back and try to some consensus, and come back with C-4, which was more -- which was a zoning change, and we turned that down because we didn't feel we -- there are some that didn't feel it was compatible, nor -- and it would open it up to other uses that perhaps we didn't want to that area. We talked about C-2 at that spring meeting and we also came to the conclusion with the help of staff that C-2 would perhaps allow other uses that were not desirable in the area, and so now we are back to square one, which I-1, which is probably the most restrictive use, as far as the text amendment, and it's unfortunate. So I hold by my second on the motion and believe that this is the most appropriate route to take for this use.

Mayor Lane: Thank you, councilwoman. Councilman Smith. Okay. All right. Seeing there are no further questions from the council, Mr. Gulino, you can take a seat. I appreciate your presentation and receiving those questions. The motion on the table is to accept the provision within item 40 to adopt the ordinance of 4173, which would have the effect as has been described. Those in favor, please indicate by aye, and those opposed with a nay. Register your vote. The motion fails 4-3, with -- Vice Mayor Milhaven, Councilwoman Klapp and Councilwoman Korte in the affirmative. That completes item 40. I thank everyone for their input and for the staff for their presentations. Thank you.

#### **ITEM 41 – SCHOOL RESOURCE OFFICERS INTERGOVERNMENTAL AGREEMENT**

[Time: 01:45:13]

Mayor Lane: So next item is our item 41, of course, school resource officers intergovernmental agreement. And this is a request to adopt resolution 10174 authorizing contract 2012-085-cos-a1 with the Scottsdale Unified School District for provision of Scottsdale police officers to serve as school resource officers. And there are two options that are cited, but I'm sure the chief will probably go through those specifically. So I will leave that to him. Chief Rodbell.

Police Chief Alan Rodbell: I'm Alan Rodbell, the police chief. I'm here to present item 41, the resource officers intergovernmental agreement in conjunction with the Scottsdale Unified School

District. We have been requested to take a look at our agreement with Scottsdale Unified School District because of some financial hardship. Our request is to reduce our contract by \$300,000 and I will explain a little bit about what that is about.

Just very briefly, we have nine SROs with the Scottsdale Unified School District. Four are in our high school settings and five are handled both middle schools and elementary schools, to the tune of 15 schools at that level. Just to go over it briefly, what impact the SROs have in the middle schools and the elementary school, they spent over 6200 hours in those schools during the school year. Of that, there's about over 380 hours that are dedicated to the classroom education, impacting over 11,000 students. They also take on the average of about 172 reports during the school year. Those reports run the gamut of reports involving all kinds of criminal activity, including drug use and unfortunately crimes that occur at home. So that, additionally 112 reports or supplemental reports for follow-up. They have taken close to 90 field interrogation or field information citations or tickets. Those are basically reports that don't arise to the level of actual police report, but is documenting something that may become significant later, but has more information comes to our attention. Suspicious person on campus. They later find out that there was something taken out of a car or a vehicle in a parking lot, thinking we will re-contact that person to see if they were involved. And then they handle traffic, to the tune of 350 contacts a year.

So the impact of this request is basically three SROs which the school system is proposing would come out of the middle school, the elementary school compliment. We estimate that would be an impact of about 3700 less hours of officer presence actually on school campuses. That's 230 less hours in classroom, and approximately 6700 students who would have less contact with law enforcement. Additionally, it would push some calls for service to the street. You can see a list of those on the board and in your packet. There's a risk of less crimes being reported, crimes against children being reported.

We know with officers on campus, the familiarity with the officer, the comfort level, the students will come up and talk to them about things that are later on crimes that need to be reported but may not have been reported if that relationship did not exist. We would have a decreased police presence obviously in school partnerships and lack of time on the SROs and then we would have an increased miss response from the street if, in fact, an emergency did occur, having officers obviously there, they are there at the moment in time, officers have to respond to the emergency. And then quite frankly, they handle an awful lot of traffic issues at schools, imagine at the beginning of the school year, they are involved in the flow of traffic that doesn't just impact the school itself and the safety of the students who are walking, but also impacts the neighbors trying to get out of their neighborhood to work.

In response to their request, the staff has drafted two possible amendments to the current I.G.A. Option A, is adopting a resolution, improving an amendment to the agreement, that would provide provision of Scottsdale moistures service serve as the school resource officers maintaining the current staffing levels and reducing the school district's payment for fiscal year '15/16 by the sum of \$300,000.

Option B is that the officers serve as SRO, reducing the current staffing levels by three officers and reducing the school district's payment of \$300,000. And with that, I have Dr. David Peterson here who would like to address you as well.

Mayor Lane: Thank you, chief.

Police Chief Alan Rodbell: I will be available for questions.

[Time: 01:51:06]

Mayor Lane: Dr. Peterson, please. And welcome.

Dr. David Peterson: Good evening. I would like to thank chief Rodbell and staff, and our city manager Fritz, hopefully he's doing better, for helping work with us and bringing this forward. This is not a position I like to be in. This is not a position that I like to have to stand before you. I would like to be able to celebrate the successes of Scottsdale schools. We are the highest performing school district in the state of Arizona. This year, very late unexpectedly, the state legislature did reduce our budget that we did not know was going to happen. And when that happened, we lost over \$3 million. We have made up some major reductions to make that happen. And this is one of the final items in order for us to balance our budget.

So I come asking for your help, but not just help for the school districts' budget, help for our children. As Chief Rodbell said, the school resource officers serve an incredibly valuable mission and job and position in our schools. They develop relationships. We talk about better quality of life. They provide that better quality of life for our families. There are students who would never reach out to an officer, except that they -- a police officer except they built a relationship in the school for them. We need that help. We are asking for this year only.

We had agreed to fund 80% of the cost, even though we could debate whether school resource officers spend 80% of the time or the whole year in the district. We believe it's valuable, and it's an investment. It's an investment in our children and our community. And it's safe for our schools. Our office referrals have dropped drastically the last several years and it's because our school resource officers are an integral part of making sure that education and that support and those relationships and it's vital.

So I would just like to quickly ask also James Dorer, our chief of security to quickly talk about that relationship. He was a school resource officer. He's retired Scottsdale police sergeant and he can share that experience. He's done a great job of building those relationships with our officers and Chief Rodbell has been a huge supporter of us. So we would like to say thank you.

[Time: 01:53:34]

James Dorer: Thank you Dr. Peterson. Mr. Mayor and members of council, my name is James Dorer. I retired from the city of Scottsdale after a little over 20 years of service with the police department and I serve as the chief security officer for the Scottsdale Unified School District. Properly more importantly, I live in the city of Scottsdale and I'm the father of two children that are either attending or my daughter just graduated from SUSD schools. I also happen to notice that every one of the little cub scouts that spoke here tonight attend SUSD schools.

So I'm here to highlight the incredible partnership that the school district has with the city of Scottsdale. And I say that not only from the police department perspective, also from our partnership with parks and rec, the transportation department. We work hand in hand in projects all throughout the year. From the police department perspective, I travel the state, teaching school safety courses. Relationship that we have with our SROs is second to none. They are an incredible part and valuable part of our school communities.

As the chief mentioned as Dr. Peterson mentioned, school budgets can be challenging. I think we may debate whether or not we are 49<sup>th</sup> or 50<sup>th</sup> in the nation, but I think we can all agree that we are not number one when it comes to per pupil spending and budgeting from the state. We do pay 80% of the police officers' salary and benefits, and in addition for the nine SROs, we also pay 72% of the supervisors' salary and benefits which total for annual costs runs us \$812,000 per year through the city of Scottsdale for those officers being placed on our campuses. So item 42, I hope you maintain the current staffing level of our SROs. They are an invaluable resource to the school district and more importantly to the community.

Mayor Lane: Thank you. You can go ahead and take your seats if you would then and chief if you could stand by for questions if we have those. And I will start with Vice Mayor Milhaven.

[Time: 01:56:12]

Vice Mayor Milhaven: In the spirit of an ounce of prevention is worth a pound of cure, would imagine there's an offsetting cost for the city to respond to calls, not having resource officer in there and so, while it may look like we are giving up \$300,000 to do this, it's actually probably something much smaller than that.

So I will go ahead and make a motion to adopt resolution 10174, authorizing the contract with the school district and option a, which maintains the current staffing reduces the school district's payment by 300,000.

Councilwoman Littlefield: Second.

Mayor Lane: Would the second like to speak towards it?

Councilwoman Littlefield: I think having talked to a number of people about this, this is a good ounce of prevention. We don't need to have come back after something terrible happened because we don't have a police officer. It's only for one year. We will talk again. I think it's something we should do for our children.

Mayor Lane: Councilmember Korte.

Councilmember Korte: I will be supporting this motion. It's all about how the city and our Scottsdale Unified School District partners and partners to make the schools the best we can make them. This is good for the schools and our citizens just as our little Webelos speaking or leading us in the pledge, they are going to be leading us in the future, and we need to continue to provide a safe place for them to learn and grow.



[Time: 01:58:06]

Mayor Lane: Thank you. Thank you, Councilwoman. I would want to make a -- I have a couple of questions, chief, of yourself. It seems through the course of time, we have reduced the percentage that the school district has paid for this, at least one time. Do I have that correct? Have we reduced this at some time from 100% down to 80% 72 and I thought it was lower than.

Chief Rodbell: We did, in fact, reduce -- somewhere it may have been a -- maybe in 60/40 or 58/42, it was somewhere in those lines but then bounced back to 80/20. That's the highest it's been and in some of that, response, we actually included now the cost of the supervisor. So we didn't have the cost of the supervisor in this at one time, and now they pay 78%.

Mayor Lane: So we did reduce it on a temporary basis and then it went back to it, and this may have been some different combination of items included or not included?

Chief Rodbell: Yes, sir, that's correct. We just did it one time but we are back up to 80/20.

Mayor Lane: How long have we supplied this level of resources for the Scottsdale Unified School District?

Chief Rodbell: I have been your chief now for 12 years, and I have been here for 13 and we had an SRO program when we got here. I will have to ask the guys who have been here longer than me if they know when the SRO program started. Back in the '80s or '90s.

Mayor Lane: So the same level that we are doing that now?

Chief Rodbell: I can't answer that. I can tell you that the commitment has, I guess, increased with the level of the number of schools that exist. But I think we have had that commitment to the school system for that length of time, yes, sir.

Mayor Lane: Well, one other thing before I get to that question, and that is do we do this we provide this service for any other schools or school districts.

Chief Rodbell: Yes, sir, we do. In fact, you will see an agreement coming one in Cave Creek that we have to do every year. We have one SRO assigned to Cave Creek schools and they are on an 80/20 agreement as well.

Mayor Lane: Okay. And when you say there's one, is that for one school?

Chief Rodbell: They have their schools in a cluster, sir. So it's one person and one location.

Mayor Lane: Okay. Gotcha. So as far as the level of resource officers that are provided even in that case, with a cluster for sure, but for a high school, they had a different level than Scottsdale Unified?

Chief Rodbell: That would be correct, yes.

Mayor Lane: So are these two at each of the schools for Scottsdale Unified?

Chief Rodbell: No, sir. There are nine total for Scottsdale Unified. Four are in the high schools, unit each and five are in the middle schools and elementary schools. And that adds up to 15 schools being handled by those five.

[Time: 01:59:57]

Mayor Lane: Okay. Budget. Where is this coming from?

Chief Rodbell: Well, if you are asking me, can I absorb the \$300,000 in my budget, I would say no. I would ask if there's conversation with the city manager.

City Treasurer Jeff Nichols: The expenditure authority is in the budget. The request is to cut the revenues that the city would receive from the Scottsdale Unified School District. The only thing I would mention is if we do this, if the council adopts the motion is made, that we will no longer have what we consider the structurally balanced budget, meaning our expenses will exceed our revenues, however, it still complies with state statute and it would use our unreserved fund balance to make up the difference.

Mayor Lane: Okay. So we would take it out of the -- well, as you said the unreserved fund balance, which is a source of all items that we may not have any provision or contingency for. This doesn't qualify for contingency.

City Treasurer Jeff Nichols: That's correct, Mr. Mayor.

Mayor Lane: Okay. Any talk at all about making this temporary?

Chief Rodbell: I believe the request is for this year and the upcoming fiscal year and the upcoming fiscal year only. We would -- I would suspect if there was a request for an extension, we would be back here to talk about that.

Mayor Lane: As expensive as sometimes as our officers are, is there an alternative that they have considered, as far as security or is this more about having Scottsdale police officers on the campuses?

Chief Rodbell: Mayor Lane, members of the council, I would ask Dr. Peterson to answer that direct question, but I would come up with some other contingent plan on how I would respond and partner with and liaison with schools, those schools that were not covered. We had not had a conversation of what the options would be. If, in fact this is not approved, we would follow it up with a conversation about what can we do with the two remaining SROs that will be in the middle school and the elementary school, supplemented by officers who are working the shifts.

Mayor Lane: Yes.

Chief Rodbell: But your first question I would ask Dr. Peterson to respond to.

Mayor Lane: Dr. Peterson, if you wouldn't mind going to the microphone for that. I think you pretty much answered it.

Dr. David Peterson: We tried to hire off duty officers and paying the off-duty rate and looked at supplemental security. At the end of the day and through our whole analysis, a regular, sworn, on duty officer, because of all the other incidents that take place on those campuses, makes the most sense and that's why we came back and met with the city staff and asked for that. But we looked at all the other alternatives and, frankly, they just were not good fits. So it was -- yes, it's about money, but it's more importantly about serving the kids and having a strong community and that we are able to address those needs. An off-duty officer cannot respond to some of the issues that go on. And so we be calling in patrol officers and then we would be doubling up. So that's not a good way to do business.

Mayor Lane: Dr. Peterson, is this more about having Scottsdale police officers this to sort of communicate and be with the communities or is it that heightened level of security that's needed that requires our police officers versus some other alternative?

Dr. David Peterson: Thank you, Mr. Mayor. It's both.

Mayor Lane: Okay. So there is a heightened need for security?

Dr. David Peterson: Absolutely. When you listen to the citizen advisory committee talk about some of the drug use and some of the things that are on the rise, we have to be vigilant and we have to have the kids just the police officers and, and I believe they do.

Mayor Lane: Thank you, Dr. Peterson. Councilman Smith.

[Time: 02:05:22]

Councilman Smith: Thank you, Mr. Mayor. Well, I too will support option a I think one of the things that we do in the city and we do it with responsibly and because it is our first responsibility is public safety. And the public safety certainly extends to the schools. I understand as Dr. Peterson explained that there are some things that can be done by our officers that cannot be done by off-duty police or even the internal security folks. And I'm also sensitive to the fact that the schools have certainly taken a hit in a variety of different ways and that will affect education in ways that are not going to be helpful to our community or to our state and certainly to the extent we have got a little money in the unreserved fund balance, and the request is only for one year, I think this is a worthy use of that money for the city and for our citizens. So I will be supporting Option A. Thank you.

Mayor Lane: We do have a motion on the table and a second. So we are ready to vote. I would only just say that I have sort of looked at this from the standpoint of we do have a significant relationship with the Scottsdale Unified School District, almost exclusively and it's a careful area when we think about others that may be applying for the same thing and, of course, our own budget as well. So I'm always cautious about that. I would sort of look at this as a one-year situation, and hopefully

everybody's fortunes change as we go forward but I do too think it's a worthy endeavor to make sure we have good, secure schools and certainly the relationship building that he is the reason I posed that question. I think it's equally important item. I don't know that we want to get to the point where we have police officers on every campus for every school system and every school that we have in the city, but at the same time, I do understand the nature of the size and the scope of the SUSD's campuses and I think it probably is more needed there. So I will be supporting the motion as well.

So we are now ready to vote. All of those in favor, please indicate with an aye. Those opposed with a nay. As you can see, it's unanimous. Thank you very much.

**ITEM 42 – MONTHLY FINANCIAL UPDATE**

[Time: 02:07:48]

Mayor Lane: And our next item is the item 42 and the monthly financial update. We are here to receive, discuss and provide possible direction to the city treasurer if any is needed. It's not -- it doesn't say that here, Jeff, but in any case, for the monthly financial preparation of May of 2015. Mr. Nichols, our city treasurer.

City Treasurer Jeff Nichols: Mr. Mayor, members of the council, thank you. Here to provide the monthly financial update as of May 31<sup>st</sup>, 2015, we'll start off with general operating fund sources. I will try and keep this rather short. There's not a whole lot to report that hasn't been reported in months past. What I would like to point out in the bottom right-hand corner is you see various -- I'm sorry. I'm wondering why my slides are out of order.

Mayor Lane: Direction one.

City Treasurer Jeff Nichols: I think the slides are out of order. This is not year-to-date. This is the month of May. There is a fiscal year-to-date. All right. Let me start then with the areas that I'm looking at, the '16, if you look at about the middle portion of the slides, licenses, permits and fees, at 16%, positive variance, but 1.3 million. As we had reported before, there's several reasons for this. Most of them, it's just -- it's a budget issue, of things that we did not budget for and I want to make that clear. Certain things happen at the WestWorld facilities that were not budgeted, that are now -- will be budgeted in fiscal year '15/16. We received some receipts related to the prior year from the PMT ambulance contract. They were budgeted last year. We didn't receive them. We are receiving them this year. We also have some increase in some recreation fees in this area.

The other area, and the miscellaneous, you see about a 30% positive variance or 2.3 million, we have some favorable variances related to the property rentals down at SkySong. We also have some favorable variances related to intergovernmental agreements, Palomino Library and the Scottsdale Unified School District that we received a payment from them. We also have about \$100,000 favorable variance and I want to point this out in our passport fees. The passport fees are no longer done by the city clerk's office. They are over in business services. And let me tell you, by the commotion that's been caused in the first floor of one civic center, they are a very robust operations. We have actually had to try to limit it because it's starting to interfere somewhat with our building permit application process. So we are trying to be good neighbors and work with them.

The final thing on the resources, the building permits continue to stay up. 2.9 million or 27% positive variance and, again, most of those are related to the multifamily and a pick up in the single family residential area. Going -- drilling down into the Scottsdale -- the 1% sales tax category, I would like to focus just on really two areas, to bring it to your attention, about a \$600,000 favorable variance in the auto sales and maintenance 5%. And that's due the dealerships that have come online are performing better than anticipated, of course, that's when you bring a new dealership online, it's kind of a guesstimate of what you think the other dealerships are doing and what these may do. It's also a little pick up in business, at the balance of the other dealerships as well. As you see under business construction, about a \$1 million variance or 10%, and, again, this is construction sales tax related to the activity that we are seeing in the building area, the building permit area.

This slide I really want to focus on, or at least bring to your attention as you see something that you haven't seen for quite some time and that's the month over month increase and you see a reduction of 1.9%. And this is the product of, we believe, the change in the construction sales tax that began January 1<sup>st</sup>, 2015. We believe it's not the total change. What I'm being told by the sales tax staff or the staff and the tax audit is that some of the people in the construction industry are modifying their monthly filings. They now understand how they are supposed to file, where they are supposed to file, and so it may not be the full effect. We are also seeing, we believe, this is being masked somewhat by the increase in construction sales taxes overall, because of the activity in the area. But one month does not a trend make and so we will sit and we will wait and we will see what June looks like when we get there. We believe that's the cause of the decrease.

[Time: 02:13:13]

Mayor Lane: Pardon me Mr. Nichols, referencing that, if that's the case, what if it can be -- I'm trying to find it right now. Construction sales tax, would it then be in a negative position for under sources?

City Treasurer Jeff Nichols: If you go down to, I believe, it's slide 12, let me try to get there, where it's just May. If you look under the construction sales tax, you will see there for actual '13/14, we had about \$1 million. It's -- Mr. Mayor, I have the slide up here too, if you want to -- and now in '14/15, we are seeing approximately \$700,000 for the month of May. And we do believe that that's related to the change in methodology that people in the construction business are now paying their taxes at the point or the source of where they are buying their materials instead of where the building is taking place.

Mayor Lane: So I'm sorry, just from my own edification and trying to tie this together with your graph, is that 1% actually 1.9% or am I misreading?

City Treasurer Jeff Nichols: I'm sorry. Let me get back to the slide.

Mayor Lane: Total 1% sales tax.

City Treasurer Jeff Nichols: I'm comparing the '13/14 fiscal, of the \$1 million actual to the '14/15 of \$700,000 and so when we go back up to the category, we are off by approximately -- and we are not off, you actually see, as far as budget and we are actually above fiscal year '13/14 actual when you

compare '14/15 actual and again, we think the increased activity in this area is masking it. If we didn't have the increased area in the construction sales tax, we believe that that 1.9% would be even greater in May. That that reduction would be greater.

Mayor Lane: Okay. You know, and I'm probably just crazy enough to ask how I'm tying these schedules together when I'm looking at a 1.9 or nearly 2% drop, month over month on the 1% general purpose, year over year change, I don't -- I have yet to be able to see that in the charts. I'm talking about with the year-to-year, the fiscal year-to-date, with the '13/14 versus '14/15.

Budget Director Judy Doyle: Mayor and members council, perhaps I could shed some light. If we go to slide 12, I think the 1% you are referring to --

Mayor Lane: For future reference, I can't find any number on these. But in any case, slide 12, if somebody will identify it.

Budget Director Judy Doyle: That's the 1% variance you are referring to?

Mayor Lane: Well, actually, what I'm talking about is on the chart, on the bar graph that we have got here, it shows a 1.9%. Or nearly 2% year-over-year, which is fairly substantial and it's notable. And I'm trying to listen to the explanation and then trying to chart it and find it in one of these -- one of the measurements of year-to-year for the month of May, on one of these and I haven't yet been able to find a 1.9%, and that is the 1% that I was referring to. Did it get rounded down?

Budget Director Judy Doyle: No, what you are looking at in terms of the 1% is the budget to the actual variance.

Mayor Lane: Budget.

Budget Director Judy Doyle: What you are seeing on the chart is the actual to actual.

Mayor Lane: But I do have actual of '13/14 to '14/15 and I'm looking at under construction -- okay. \$300,000 difference in the drop. Does that constitute a 1.9% drop month over month.

Budget Director Judy Doyle: Mayor and members of the council, yes, it does.

Mayor Lane: All right. That's the explanation. Thank you.

[Time: 02:17:24]

City Treasurer Jeff Nichols: Thank you, Ms. Doyle. Under general fund operating uses, by category, again, most of these things we have talked about before. I would just like to point out, again, overtime, \$1.8 million negative variance, the vast majority of that is being caused by public safety police and public safety fire. Again, I would also like to point out the positive variance of \$700,000 in salary and wages. A large contributor to that is the police department. There's been a number of retirements, and they are filling those positions at a lower level. So they aren't salary savings that we sweep. It's leading to a positive variance. Also the positive variance of \$100,000 in the retirement

account is related to public safety retirement being the payments, the actual being somewhat less than what was budgeted, but overall, you can see very, very close to total operating uses, actual no variance, only \$100,000 positive variance and expenses.

Looking division by division, one division I would like to point out, community and economic development, just so you understand, they have not been remiss in managing their budget. We took all of the Super Bowl expenses of approximately a little bit over \$800,000 that we had been collecting and we had to find a house for those, a home for those, if you will and so we put those in the community and economic development division, and it's creating the negative \$500,000 variance there. Again, we have talked about public safety police and fire, those negative variances being driven by overtime, and then public works, we discussed this before, the sale of the properties that the city sold and the moving of staff, the and the sale of the properties are the expenses related to the movement of staff was not budgeted. So public works is showing a negative variance related to that.

Overall, general fund sources are year-end estimate at this point in time, we're going to finish the year \$6.6 million better than we had predicted when we approved the budget and on general fund uses. We feel at this point in time, there will be approximately \$1 million that will not be spent. That, we still feel is a low number. We feel that at the end of the year, that may come in a little bit higher. We need to trust staff and the various divisions when we tell us how they are going to perform as far as their expenses. That will probably be the floor. So overall, general fund results for the year end, we feel will finish about \$7.5 million better than when we approved budget and we are showing a \$5.5 million negative. And with that, I would be happy to take any questions.

Mayor Lane: Thank you very much, Mr. Nichols. Yes, we do have some questions or comments and we will start with Councilman Smith.

[Time: 02:20:33]

Councilman Smith: Thank you, Mr. Mayor. Go back to the sales tax slide year-to-date. And on the hotel and the lodging about halfway down the page, this year's actual is 4.9, last year's actual was 4.5. I'm looking at this year versus last year. What we hear from the tourism people is a higher number than that. They talk about 2% gain in occupancy and a 12% gain or something in rate. So an overall rate advantage for them, combined of double digit. Does anybody have any sense of why our number is not tracking sort of what we hear from the tourism industry? I would expect to see the 4.9 year-to-date, something more like 5.4 or something like that.

City Treasurer Jeff Nichols: Mr. Mayor, Councilman Smith, I don't believe there's ever been a reconciliation of between what we budgeted and the numbers that they are reporting. I never asked them where they are getting their numbers from. Some of the numbers I hear outside of our professional staff, I'm a little bit suspect on. I believe that our numbers are accurate.

Councilman Smith: I'm sure they are. It might be interesting if somebody has the time to have them send a memo out of what does reconcile the two because we would expect them to track more closely than that.

City Treasurer Jeff Nichols: Mr. Mayor, Councilman Smith, we would be happy to do that.

Councilman Smith: The other question I have is at some point in time, we usually have an exercise where we look at the unreserved fund balance at the end of the year and we make determinations of how we are going to authorize the spending of x number of dollars for C.I.P. and x number of dollars for other one-time expenses just like this -- just like this school resource officer thing that we just discussed. When do we do that exercise?

City Treasurer Jeff Nichols: Mr. Mayor, Councilman Smith, I will defer to Judy, but I believe it's when we have much more firmer numbers.

Budget Director Judy Doyle: Mayor and members of the council, that's correct. We will generally bring to you in Octoberish the year-end results and at that time, we will have a definitive unreserved balance for you that you are welcome to allocate as you see necessary.

Councilman Smith: I thought Ms. Doyle, we used to do an estimate of the unreserved fund balance as part of the budgeting process and the ongoing expenditures we also want to set aside \$2 million for this and \$2 million for that, thinking that we are going to have an unreserved fund balance of some amount. Did we skip that this year or --

Budget Director Judy Doyle: Mayor and members of the council, I think we had a general discussion of the unreserved fund balance, as that number was changing through the process. We have used some for transferring to C.I.P., but we did not have a specific discussion as you may have recalled in the past.

Councilman Smith: Well, it seems to -- I don't know what the rest of the council sense -- what their sense of it is, but I think at some point, I would like to see the council able to weigh in on how we will be able to spend that money. It's now \$7.5 million more than we thought it was going to be in the budget.

City Treasurer Jeff Nichols: Mr. Mayor, Councilman Smith, if you recall, I think -- and correct me if I'm wrong, Ms. Doyle, it was during the budget process where we had estimated that the carry forward fund balance would be somewhere in the neighborhood of about \$18.9 million, about \$19 million. We had also brought forward the fact that two years from now, so fiscal year '16/17, that we would have an extra pay day, that would basically eat up a considerable amount of that fund balance. But you are right, in the past, I believe that if I recall the -- we called them out-of-budget packages and we have been really discouraging people from coming forward outside of the budget process for council's consideration for expenses. If you would like us with a June monthly financial update, we would be happy to provide an estimate knowing that it is an estimate. We would probably also provide the uses that we know that we already have in the five-year plan regarding that unfunded, unreserved fund balance.

Councilman Smith: Well, I'm speaking for one of seven here, but I would find that valuable. Even knowing that some of them may be required in future years for the extra payroll year, but what we typically did with that is if we had some one-time expenditures for maintenance of playground or whatever it might have been, that was where we were able to catch up on some of the city's needs. So I would like to do that, but --



City Treasurer Jeff Nichols: And Mr. Mayor, Councilman Smith as Ms. Doyle had mentioned, we did increase the transfers to the C.I.P. above and beyond the 25% of the construction sales tax, both last year and I believe in fiscal year '15/16 as well.

Budget Director Judy Doyle: Mayor and members of the council, that's correct. I also just wanted to remind you that our city manager had committed to coming back when we had a firm number. For example, we had a discussion related to the Scottsdale center for the arts and some of their requested items and we were going to have that conversation.

[Time: 02:27:03]

Mayor Lane: Thank you, Councilman. Councilman Phillips?

Councilman Phillips: Thank you, Mayor. Well, I kind of like the way we are doing it now. And I think that as far as the C.I.P. goes and the unreserved fund balance, I think we should have some type of financial policy so we don't just willy-nilly just decide what we are going to do with the leftover money every year. But Mr. Nichols, my question was that 1.9% in favorable on that bar graph, do you think that -- I don't know if the rest of the year will reflect that or will it get worse, but do you think next year when the state finally gets sending us back some of that, that it will go up?

City Treasurer Jeff Nichols: Mr. Mayor, Councilman Phillips, not related to those changes, we are not planning for it. I think I reported before, we are planning for timing issues related to the fact when ADOR finally takes over collection but that's not a change in the calculation of the tax that would be due the city, it's just the fact that the people would be paying it to the state and then we have to wait for the state to forward it to us. This is a change in the way and the methodology, where construction businesses were paying their taxes. We are not a city with a bunch of construction material warehouses where these big businesses are buying their products from.

Councilman Phillips: All right.

Mayor Lane: I'm not surprised that we may be getting hit from odd ball numbers from the construction and the prime contractor situation, because from what I understand from a lot of the contractors, and frankly, Councilman Phillips could probably speak towards this too, it's somewhat of a chaos involved as to what they are supposed to be doing and how they are supposed to be handling and I don't think anybody is going to be able to measure what loss takes place in this interim, and, of course, we are still struggling and working with that.

My second question on this is to sort of back on Councilman Smith's comment with regard to hoteliers and the resorts' numbers and their presentations. Frankly, even the accolades and all that we talked about with regard to the return on investment for the money we spent in our greatest tourist season in the history of the company. I guess I should go to my copy to see it all. No, I meant on the graph, I'm looking at over here in the month of May and this is April. I'm looking at the line there when I would have figured -- the tax receipts would come in for that activity in January, which I'm presuming would -- it's probably March, is that fair to say?

City Treasurer Jeff Nichols: Mr. Mayor, I believe --

Mayor Lane: January's. If I were to just focus on January.

City Treasurer Jeff Nichols: In January, I believe that would be for the activity that took place in November.

Mayor Lane: No, no, I'm talking about when would we receive 80% or more of the receipts from January? What line would that be represented on? If I back it up, I believe it would be March.

City Treasurer Jeff Nichols: I believe it is March, sir.

Mayor Lane: So whatever the quantification is on that line is probably a direct correlation as far as what we're talking about with regard to January. I guess I'm wondering now as to how -- as we look coming off that month, we are dropping down steadily to a point of being negative from that point. But anyway, just the comment is really -- as to whether we have some kind of position to be able to check and see the representations that are made as to level of activity during our tourist season.

City Treasurer Jeff Nichols: If you recall, Mr. Mayor, the changes that happened on the construction sales tax, we said that the impact would be felt for five months this fiscal year and we had estimated that impact at approximately \$1 million for the five months. Next fiscal year, we have -- we have reduced our revenue projections in this area by approximately \$2.4 million for a full year. So that is the impact we expect for the full year.

Mayor Lane: Yeah. You are talking about the adjustment that we estimated.

City Treasurer Jeff Nichols: That's right.

Mayor Lane: The impact of the TPT.

City Treasurer Jeff Nichols: Yes.

Mayor Lane: And as things are going, we are not quite sure exactly how that will really calculate out, for the better or for the worse.

City Treasurer Jeff Nichols: Mr. Mayor, as you noted, I think this was a lot of confusion. My understanding with the people that I have been talking with, at state level through the league of cities, there was actual talk in the construction community about going back to the legislature and undoing what they had done, there was so much confusion. That did not happen. So the confusion still reigns and as people get educated and they will probably modify some monthly reports that they have given us when they figure out what they were supposed to be doing.

Mayor Lane: Well, in fact, that the implementation had to be partially delayed has just added to the confusion on this as well.

City Treasurer Jeff Nichols: Yes, sir. That's correct.

Mayor Lane: Okay. Well, thank you Mr. Nichols. There doesn't seem to be any further questions. Thank you for the presentation. I appreciate it.

City Treasurer Jeff Nichols: You're welcome.

[Time: 02:32:47]

Mayor Lane: Okay. That takes care of our regular agenda items. That's the final item on that. And I don't see that we have any citizen petitions and we have no other mayor or council items. I would accept a motion to adjourn.

Councilwoman Littlefield: So moved.

Councilmembers: Second.

Mayor Lane: All those in favor of adjournment, indicate by an aye. I would like to say we have time if somebody would like to make a motion to reconvene our executive session.

Councilwoman Littlefield: So moved.

Vice Mayor Milhaven: Second.

Mayor Lane: Motion made and seconded. I think we are then ready for a vote to reconvene. I don't know if that's officially necessary but we will go ahead through that process, all of those in favor of reconvening our executive session, please indicate by aye. Those opposed with a nay.

Councilman Phillips dissenting. Okay. We will reconvene into executive session.