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CALL TO ORDER

[Time: 00:00:02]

Mayor Lane: Good afternoon, everyone. Nice to have you here with us. I would like to call to order the November 28th, 2016, regular city council meeting. And we'll start with a roll call, please.

ROLL CALL

[Time: 00:00:14]

City Clerk Carolyn Jagger: Mayor Jim Lane.

Mayor Lane: Present.

City Clerk Carolyn Jagger: Vice Mayor Kathy Littlefield.

Vice Mayor Littlefield: Present.

City Clerk Carolyn Jagger: Councilmembers Suzanne Klapp.

Councilwoman Klapp: Here.

City Clerk Carolyn Jagger: Virginia Korte.

Councilmember Korte: Here.

City Clerk Carolyn Jagger: Linda Milhaven.

Councilwoman Milhaven: 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.

Mayor Lane: Thank you. Just some items of business. We do have cards if you would like to speak on any of the items or for public comment, those are white cards the city clerk is holding up over her head to my immediate right and if you would like to give us any written comments, that's the yellow card she's holding up and we will read those through the course of the meeting on those agenda items.

This evening we have Scottsdale police officers, Tom Cleary and Jason Glenn with us and they are immediately out directly in front of me here, if you have need of their services and the area behind the council dais are reserved for council and staff. We do have rest rooms, however under that exit sign over here to my left for your convenience.

I'm just looking around the room. I don't think we have troop 127 here with us. I'm sorry to have missed them, unless they are in stealth mode.

But -- so we will -- I will ask Councilwoman Klapp to lead us in the pledge if you can, please stand.

PLEDGE OF ALLEGIANCE

[Time: 00:01:39]

Councilwoman Klapp: I pledge allegiance to the flag of the United States of America, and to the republic for which it stands: One nation under God, indivisible, with liberty and justice for all.

INVOCATION

[Time: 00:01:59]

Mayor Lane: Thank you, and for our invocation, we have Pastor David Joynt here of the Valley Presbyterian Church. Pastor is at the podium and ready to go.

Pastor David Joynt: It's ready to go.

Mayor Lane: Good evening and thank you, Pastor.

Pastor David Joynt: Let's bow our heads. Let's pray. Heavenly Father, we thank you for this wonderful holiday season, for the opportunities to celebrate the gifts of faith and family and friendship. We thank you for our merchants who work long hours this holiday season and depend on the custom of the next few weeks. We thank you for our restaurateurs and our shopkeepers and service people who host and welcome thousands to our community in this winter season. We thank you for those who are away this holiday, because service men and women, who protect our freedoms and safeguard our nation. We thank you for all of those who respond in every season to need an emergency and trouble and danger who right wrongs and who put out fires who save lives. Heavenly Father, we thank you for our new council and our Mayor and we ask you to bless them and give them wisdom as they lead and guide, as this year concludes and as the new year begins. We ask these things in your great name and all God's people said "Amen".

Mayor Lane: Amen. Thank you, pastor.

PRESENTATIONS/INFORMATION/UPDATES

[Time: 00:03:18]

Mayor Lane: I have nothing particular to report from the Mayor's position at this point in time, but we do have one requested presentation, and it's an informational update regarding the Desert Discovery Center. We have Mr. Dan Worth our public works director here to give that presentation

and update, I should say.

Public Works Director Dan Worth: Good evening, Mayor and Council. If you remember, in January, you approved a contract with an organization called Desert Discovery Center Scottsdale, D.D.C.S., to further develop the Desert Discovery Center facility at the gateway to Preserve. Since that time, we have brought two other key players into our team that's working on this design, Thinc Design which is working on the experience, our visitors to the facility will undergo. And Swaback Partners the architect that we brought in to develop the concept with us. In a moment, I will ask Tom Hennes and John Sather from Thinc Design and Swaback Partners to come and give you an update presentation on the efforts to date.

Before that, I want to briefly mention that on Wednesday of this week, we are conducting a day long community workshop and opportunity for anybody who is interested to participate in the development of the process. It's going to be with Thinc Design and Swaback as well as the city team that's working on the project. It's by registration, preregistration. There are still some spots left, if you are interested in participating, go to the city's website, and search on Desert Discovery Center. It will take you right to the sign-up page. That's Wednesday of this week and with that, I will turn this over to Mr. Hennes and Mr. Sather.

Mayor Lane: Thank you, Mr. Worth.

[Time: 00:05:14]

Thinc Design Principal Tom Hennes: Thank you for this opportunity, I'm Tom Hennes, I will be very brief because we will go into greater detail on Wednesday. We had completed a phase of broad conceptual development at this point and we are just beginning the phase of design where we will give form to these ideas.

Our place is to create a place of real delight, an opportunity for much deeper learning about what makes this place work. In brief, it's about living in the desert. It's about adaptations. It's about the way plants and animals adapt to this arid environment, and it's about living in the desert, about the way humans live here, about the way we develop our cities and our homes and about how we make use of the resources the desert has to offer. We are creating what we call a small footprint but a big vision. It encompasses the full range of what we think the desert has to offer in terms of knowledge, and it revolves around four main questions.

First of all, what is this place? What can we see? What does it show us? What don't we see? What is hidden? What is temporal? What are the interactions in the environment that we can't see directly? What can we learn from living in the desert? What lessons does it have to teach us? And through those lessons what kind of future can we create from what we learn in this place?

The site is an extraordinary opportunity with a series of u sheds that show a great deal of diversity to the north, the mountains, to the northeast a water shed, and to the east the mountains and the plains to the south and to the southwest we have the urban environment and the urban edge. When we

look at the landscape, we can begin to pick out through very tightly constructed view sheds, through multimedia, through interactivity futures of the landscape that are not ordinarily visible to people who are not familiar with it.

We can bring all of this to life. We can also bring to life the countless generations of people who have walked this landscape, and the plants and animals who live here and bring people into close contact with them. We can show the temporal events, the things like haboob or the lightning storms that happen out in the desert that aren't likely to be happening when somebody is just taking a walk there. Together, this is intended to take the idea of preservation forward to not just keep the city from encroaching on the desert, but to actually allow the desert to reinfuse sustainably into the city to learn how to reinfuse the natural environment into the built environment.

We have been working with a variety of partners on this, particularly with the Salt River, Maricopa people and with A.S.U. as the lead academic partner. But this project is much more than the sum of its partnerships. In fact, by 2020 -- by 2030, half the world's population is going to be living in arid environments. In order to live well in these places, we have to learn how they work and we have to learn the technologies to use their resources wisely.

The D.D.C. is located into one of the most beautiful deserts in the entire world. We are partnered with A.S.U. which is arguably the best sustainability school in the world. So this project is meant to give both residents and visitors an unprecedented opportunity to learn how to live in this place for generations and generations to come. Thank you.

[Time: 00:09:21]

Swaback Partners Architect John Sather: As we look at the interpretive concepts that Think has been collaborating with us, our role as architects is to begin to put this into the architectural program and ultimately into the schematic design. As you may be aware from our contract, we have a large team of individuals and firms working on this, in addition to all of the citizens of Scottsdale who we listen to and we participate in and their next opportunity will be Wednesday, at our public sessions. There's a lot of work going on behind the scenes. A lot of meetings being held at A.S.U. at Taliesin and a lot of material being developed that we won't be able to go over tonight.

We are charged with producing a sensitive design. That means a lot of things to us. It means sensitivity to the land, sensitivity to the citizens of Scottsdale, to the visitors and the McDowell Sonoran Conservancy, and those who are research scientists, who are partners with us at A.S.U., and to potential donors and surrounding neighbors to doing more with less, to operations, to operational costs, to moving beyond phase two.

Many of you know that that was a feasibility study. We learned a lot. We are moving beyond that with more -- more developed ideas. We are not creating a museum. We are listening to those who do not want the D.D.C. as well as those who are great supporters of us. We talk often about this being a net positive design, experience for the city itself, as well as the Preserve.

There are a lot of spaces -- I jumped ahead here. A lot of spaces that are being evolved in our thinking that we will go into much more detail on Wednesday and as we begin to look at these spaces in this architectural programming, we are looking at creating a smaller footprint, a smarter footprint and how we can collapse these spaces and ultimately use everything that we build at the preserve in a very efficient way. And so as we go through these, and we begin to program their size, we use the term right sizing them so that we are truly creating efficiency.

And a slide I would like to close with, because it's really evolving thinking and it is on the concept of doing more with less creating a smaller footprint, is an emerging idea that we really focus on the spaces that are really essential that we locate within the preserve at the designated site.

Then we are looking at the concept of perhaps a support facility that would be located very close to or adjacent to the preserve not on preserve land, and that they be linked in a very efficient way, perhaps by some form of an electric vehicle connection. So almost like an umbilical cord. So those spaces could help to serve things like overflow parking, nonessential spaces that might be associated with the -- the D.D.C. itself. We don't want to be building offices. We don't want to be building those kind of things that nobody wants in the Preserve.

So this idea of a support facility and this being really an update to you is a new and emerging idea because we have been listening throughout this whole process to many different ideas and we think this is something that has legs, and we are going to begin to see volume of as we go forward. All in the idea of creating us a smaller footprint within the Preserve itself.

So I will leave it at that. Thank you very much.

Mayor Lane: Thank you. I appreciate that update, and Mr. Worth, do you have anything to conclude with on this?

Public Works Director Dan Worth: Not really, Mayor. We have already mentioned the workshop coming up on Wednesday. We are greatly looking forward to furthering the dialogue with the stakeholders in the project.

PUBLIC COMMENT

[Time: 00:13:47]

Mayor Lane: Very good. Thank you. Our next order of business is for public comment and this is -- public comment is for non-agendized items which no official action is taken. We have available five requests. We have actually, five opportunities to speak to public comments and we do have five cards to that and they are limited to three minutes each. And so we are at our maximum right now. We will have another opportunity at the end of the meeting if, in fact, there's need for additional public comment requests.

I will start with John Huston.

[Time: 00:14:30]

John Huston: My name is John Huston, I live on North Scottsdale Road, Scottsdale. I have two issues that I think would -- I would like to see addressed. One is more information about what is going to happen at Scottsdale and Lincoln intersection with all the new buildings that are going on there. And the second one is I was an early voter. I tried to vote early. The people that were here were working very hard, but I think you need a better system in place to handle the amount of early voters that come in. Thank you.

Mayor Lane: Thank you, Mr. Huston. Next is George Jackson.

[Time: 00:15:19]

George Jackson: Good evening Mayor and Councilmembers. Thank you for the opportunity to speak tonight. My name is George Jackson. Well, first of all, I would like to congratulate Mayor Lane and councilmembers Klapp, Korte and Phillips for your successful reelection on November 8th. My name is George Jackson, I'm a member of the Scottsdale Unified School District governing board.

There was another successful election here in Scottsdale that received little attention, considering its magnitude. Scottsdale Unified School District was successful in passing a bond and capital override also on November 8th this bond will allow SUSD to rebuild eight aging and inefficient elementary school with modern new efficient schools. These new schools will have an enormously positive impact on the Scottsdale schools and the community. Modern new schools will attract families and businesses and certainly help the revitalization of south Scottsdale. I was a member of the yes to children grass roots campaign that worked to pass the bond and the capital override measures which were critical for us to maintain the high standards of our schools, students and teachers.

For the past year, I have had the pleasure of working with Councilmember Korte, who for the second successful campaign in a row, was the honorary chair of our campaign. Councilmember Korte has recognized that the future of Scottsdale is linked to strong public schools. Strong public schools are critical to the health and the vitality of any community. Due in large part to Councilmember Korte's efforts, SUSD has emerged from a difficult period and now is in excellent place as we move forward. On behalf of the campaign and SUSD, I want to personally thank Virginia for her leadership and tireless commitment to Scottsdale public schools. Education has a devoted friend in Councilmember Korte and I believe our community is in her debt. Thank you, Virginia.

I know all of you are aware of important roles quality schools play in creating a quality community.

I sincerely hope that the city of Scottsdale and Scottsdale unified school district can continue to work closely together to achieve that objective. Thank you.

[Time: 00:17:59]

Mayor Lane: Thank you, Mr. Jackson. Next we'll hear from Pat Shaler.

Pat Shaler: Thank you, Mayor. My name is Pat Shaler. I live at 2550 North 82nd Street Scottsdale. I have had interactions with personal talks with many of you and, of course, I'm probably on your email list. And I like so many of you. Those of you I have met I have listened to what you have to say, and I have wanted to believe you. But I'm concerned.

When I retired ten years ago I was hoping I would never have to see nasty underbelly of politics again. So I'm going to ask you for three things. We are going to litigation on this issue. I don't think that's any secret. The city is the deep pocket. I'm sure you will find a nice firm that will be glad to bill you and you will be paying the taxpayer money. We, of course, are going to have to go out and solicit private donations. In civil litigation, I believe it is highly likely we would be compelled to go to arbitration.

So first of all, I would like to ask you, if you would consider committing the issue of D.D.C. at Gateway trail head to arbitration. We would have to figure out how this would work and who would be involved. Also as many of you are aware this is not just about this D.D.C. It is our position that the city charter defines a preserve as land left in its natural state. Once you drive a tractor over that, that spot of land is no longer in its natural state. We believe one acre or more requires a vote of the citizens.

The 80 acres, the 80 acres that we are paying a debt service on. I hope we are not saving this for a parking lot for somebody. It would be ideal. I have no heard a cogent, what I believe honest argument for why we can't do everything with this D.D.C. on some portion of that 80 acres and even float -- I proposed float a bond to pay off that debt service. And then build the D.D.C. You will make a lot of citizens angry if you keep ramrodding this through.

We would request that the D.D.C. invoices that the D.D.C.S. submitted for payment on that \$1.76 million that you gave them in January. I want you to see where that money is going and why I'm not invited to Don and Charlie's. I want to work with you. I'm passionate about this. And I thank each of you for your time.

[Time: 00:21:14]

Mayor Lane: Thank you, Ms. Shaler. Next is Randy Schilling. Mr. Schilling.

Randy Schilling: Mayor Lane, esteemed Council people. I want to thank the city of Scottsdale for purchasing the land at the northeast corner of Pima Road and Dynamite for the Preserve, an additional 400 to 500 acres, I think is going to be a great addition to the preserve and an amenity for the community. So I want to thank you all for doing that.

[Time: 00:21:50]

Mayor Lane: Thank you Mr. Schilling. Next and final is Marty Rozelle.

Marty Rozelle: Yes, Mayor and Council. In the spirit of Thanksgiving, I want to thank you for your continued care for the quality of life and the environment and the city of Scottsdale. I worked here from 1972 to 1976, and helped to develop the Indian Bend Wash and the Civic Center across the way and served on the environmental quality advisory board. The very first one, I think, and so I'm just really pleased and happy and proud that you all have continued to help develop the city the way it is.

Mayor Lane: Thank you, Ms. Rozelle. That completes the public comment at this time. So I will move on to the next item of business, but thank you for the comments and the testimony.

ADDED ITEMS

[Time: 00:22:48]

Mayor Lane: We have one added item, and that is the council report and supporting material for item number 23, it was added to the agenda less than 10 days prior to the meeting and will require a separate vote to remain on the agenda. I would please ask for a vote to accept the agenda as presented or to continue the added items to the January 17th, 2017 council meeting.

Do I have such a motion either way?

Vice Mayor Littlefield: Mayor, I love that we accept the agenda as presented.

Councilman Phillips: Second.

Mayor Lane: The motion has been made to accept. And has been seconded. And then I'm ready for them to vote on that item, the agenda item. All those in favor, please indicate with an aye and those opposed with a nay. It's unanimous. That item will remain on the agenda as it is currently.

CONSENT AGENDA

[Time: 00:24:03]

Mayor Lane: So we move on to our consent items 1 through 19. We do have a request to move items 6 for presentation and a separate vote. We will go ahead and move that to the regular agenda, and we also have item 8. We want to remove to the regular agenda for a conversation and a separate vote. And I would like to have -- I might just say that item 6 which is moved to the regular agenda is the social tap outdoor dining patio abandonment, 1-ab-2016, and it's to adopt a resolution 10635, authorizing the abandonment of 5,800 square feet of Drinkwater Boulevard, and Brown Avenue right-of-way located along the boundary of the parcel with central business, downtown overlay, parking district.

And number 8 is Perlstein abandonment, to adopt resolution 10621, authorizing the abandonment of 25-foot roadway easement along the northern boundary of parcel number 217-12-019.

ITEM 16 – SCOTTSDALE CONVENTION AND VISITORS BUREAU ADDITIONAL EVENT REQUEST

[Time: 00:26:24]

Mayor Lane: And item 16, I'm asking for a presentation. It may call for a separate vote. I will ask for a special presentation on just the item 16, which is Scottsdale convention and visitors bureau and now experience Scottsdale. Additional event request and it's a request for resolution 10594 to authorize the additional 2017 native trails event as an addition a event under the destination marketing service agreement and the distribution of \$100,000 of fort McDowell Yavapai Proposition 202 funds to experience Scottsdale which 95,000 would be used in connection with native trail events. So with that, we will move those item 6 and 8 to the regular agenda. And I would only just ask if we have got someone who can just give some explanation as to item 16.

Tourism Development Manager Steve Geiogamah: Good evening, Mayor, Councilmembers. I have a brief presentation. I will have it cued up. As you introduce the item, the additional debt request between the city and the Experience Scottsdale their new name, prior Scottsdale Convention and Visitors Bureau.

A little background on these funds. These are tribal -- under tribal state gaming compacts, Arizona tribes share 12% of the tribes annual gaming revenues and they can be allocated to local school districts, state and local governments, and other public enters. In this particular request, it is for an additional event under their agreement, as I mentioned from the fort McDowell Yavapai nation. We are requesting to approve their grant for \$100,000 to experience Scottsdale of which \$95,000 will be used for the native trails event which is an event hosted out here in our civic center mall, and there's time for visitors and residents as well to attend. Additional \$5,000 will be allocated to the deaf nation marketing service -- destination market service agreement to promote the Scottsdale destination. So with, that the requested action here is stated here to approve resolution 10594 for the 2017 native trails event as an additional event under their designation marketing service agreement.

[Time: 00:28:07]

Mayor Lane: Thank you, Steve. I don't know whether any other members of council have any questions on this but I had some relatively simple and it doesn't necessarily mean that there's anything that I feel is of major difficulty with this, other than the fact that it is somewhat of a unique arrangement when we end up amending our contract to receive these funds, from the prop 202 funds and then having them redistributed to a program such as this for destination marketing. My question is this I understand this has been going on for the last few to several years possibly.

Tourism Development Manager Steve Geiogamah: Correct.

Mayor Lane: And there's some designs to discontinuing this method. So my question is maybe something you can answer, maybe not. Why were we handling it this way? And why now?

Tourism Development Manager Steve Geiogamah: Sure.

Mayor Lane: Are we thinking about changing it and if I could add one more, and just keeping track of it. And that is does this constitute anything in the way of the membership fees from SRPMIC in this transfer of prop 202 monies?

Tourism Development Manager Steve Geiogamah: Well, let me --

Mayor Lane: To the CVB, which is now experience Scottsdale. I'm trying to get used to the name.

Tourism Development Manager Steve Geiogamah: Rachel Pearson with the Experience Scottsdale is here and can potentially address that. In regards to the contract itself for the number of years we have had what is the called the additional debt request. It's a process in the agreement where the bureau can request funds either pass through or potentially from the city to host an additional event that's ran through their agreement. That's been there since 2012. It's a process. I don't know if I would term it an amendment because it's already in the agreement. It's a process that we go through. But that hopefully addresses your question.

Now what we are considering going forward, because additional event requests are not -- they are not used very often. So we are considering in the potential agreement going forward with the experience Scottsdale changing that and potentially removing that term in the agreement to make it a little bit more efficient, streamline the process a bit. Does that address your question?

Mayor Lane: I think and number one, as you have indicated first and foremost this is not really an amendment. I think I maybe used that term. I automatically went to that. We are not amendment, it's an agreement in this. Now the sole side, changing and removing it, the idea that we may end up changing this, is there some reason that it's seen by one side or the other as not working?

Tourism Development Manager Steve Geiogamah: Well, I don't know if the term is not working. We are just considering the potential changes I mentioned to possibly streamline the process and make it more efficient. We haven't used it very often. We used it for this particular event. It's very rarely used. That's why it's under consideration for removal.

Mayor Lane: And this would in no way, would they change the membership dues that are paid by Salt River Maricopa Indian community to the CVB -- I'm sorry, from Fort McDowell.

Tourism Development Manager Steve Geiogamah: I'm getting the word it would not.

[Time: 00:31:28]

Mayor Lane: Thank you. And with the two items removed to the regular agenda, satisfied to leave 16 on as is. So I would ask for a motion, unless there a further request.

Councilmember Korte: Mayor, I move to accept consent agenda items 1 through 19 with the

exceptions of items number 6 and 8.

Vice Mayor Littlefield: Second.

Mayor Lane: The motion has been made by Councilwoman Korte and seconded by Vice Mayor Littlefield. So I think then we are ready to vote. There's no further comments indicated. All those in favor please indicate by aye and register your vote. Opposed with a nay. Those consent items as indicated in the motion passed.

If you happen to be here for those items, feel free to leave. If not, you are certainly welcome to stay with us. All right.

ITEM 6 – SOCIAL TAP OUTDOOR DINING PATIO ABANDONMENT (1-AB-2016)

[Time: 00:32:27]

Mayor Lane: Next order of business will be our regular agenda items and we will start with those items moved to the regular agenda item from consent and starting with item 6, which I think I indicated earlier is the item for social tap outdoor dining patio abandonment and adopt resolution 10635, authorizing the abandonment of 58,000 square feet of Drinkwater Boulevard and Brown Avenue right-of-way located along the boundary of parcel 173-51-061.

Senior Planner Greg Bloemberg: Mayor Lane, if I may ask and city council, was the mention requested or was there some general questions required?

Mayor Lane: Presentation and for a separate vote.

Senior Planner Greg Bloemberg: Greg Bloemberg here to present to you case 1-AB-2016 which is Social Tap outdoor abandonment. It is at Brown Avenue and Drinkwater Boulevard. The Social Tap establishment occupies this area here and currently using this area here as an outdoor patio. And that is the subject of abandonment. There's a little bit of more square footage included in the abandonment request but the patio area is this area right here and they are currently operating that patio under an existing license agreement. I will get into that in just a second.

Here's a site plan that's kind of hard to see. This shows you the existing covered patio here and also an uncovered area here that is used by the politic and the patrons to attend that -- that go to that establishment. So just giving you a little bit of background on this, again, the area is currently being used by the applicant for an outdoor patio area. There's an existing license agreement that's been in place for several years that allowed that patio on city property and if this goes through that abandonment would be terminated.

The applicant is required to pay monthly installments of \$2,832 per month, which is approximately \$10.89 per square foot or \$33,595.89 annually. They are offering with this request compensation in the amount of \$123,362, which is approximately \$21.25 per square foot. That number was arrived

upon by a third party appraiser who did a report for this site, and worked with staff. Staff has indicated that this number seems reasonable for a couple of different reasons. One would be the existence of an existing -- of an underground gas line in the patio area, and the odd configuration of the parcel and its location makes it difficult for development or for any other specific public use. So that is the reason why we were accepting that particular number.

That concludes staff's presentation. We're happy to answer any questions you may have.

Mayor Lane: Thank you, Mr. Bloemberg. I would ask if council woman Korte has any further questions on this herself. Oh, I'm sorry. Did that --

Councilman Smith: Actually Mayor. But if Councilwoman Korte --

Mayor Lane: She handed it to me and didn't say anything. Yes, Councilman Smith.

[Time: 00:36:22]

Councilman Smith: Greg or whoever wants to respond to this. Several questions, I think, the caption for this on the consent agenda said that it's the social tap outdoor dining patio abandonment. The staff report that we were given said that the use of this outdoor patio is for bar use. Is there any dining that occurs out there or is it another one of these fictitious dining arrangements that we have seen before?

Senior Planner Greg Bloemberg: Mayor Lane and Councilman Smith, no, this is -- the current operator is operating it as sort of a restaurant/bar hybrid. It has a full menu and I believe the kitchen is open during the evening hours. So it's a full operation and full food service.

Councilman Smith: When you said in the staff report that it's currently operating an outdoor patio for bar use, was that a slip of the tongue or --

Senior Planner Greg Bloemberg: Probably should have been a little bit more specific and indicated that there's a restaurant component as well.

Councilman Smith: But this facility actually operates under a class 6 license, which is a bar license, is that correct?

Senior Planner Greg Bloemberg: I believe that is correct, yes, sir.

[Time: 00:37:34]

Councilman Smith: Second question, you said in your slide, I don't know which one it was, next to the last slide, I guess, that appraisal on this property was \$123,000. You said that was by a third party appraiser and you have looked at it and you are satisfied with it, whatever. Again, the staff report says the appraisal was provided by the applicant's appraisal. Is it my information, they made an offer

to us and we agreed to accept the offer without any appraisal of our own.

Senior Planner Greg Bloemberg: Mayor Lane, Councilman Smith, that is correct. The applicant did commission that appraisal.

Councilman Smith: Is that common that we let a buyer do their own appraisal and not do our own?

Planning and Development Services Director Randy Grant: Mayor Lane, Councilman Smith. It's typical when we have someone requesting an abandonment that we will supply an appraisal. Our real estate department reviews the appraisal and gives us input on whether or not they will give it to us. Full use, fee simple ownership of what has been subject to an outdoor dining license agreement.

Councilman Smith: I guess I would comment I think that's strange to sell a property and to do so at the price, whatever the buyer's appraiser says is a good number. Personally, I would never sell a piece of property that way.

Let me ask you a question, the appraised value of \$123,000, did it consider what the current rent is that the owner of this property is receiving, which is to say the city? Let me be more specific. If anyone didn't watch carefully on the slide, we are enjoying a rental, annually, for several years, of \$33,600 for this chunk of land. And based on the owner's appraisal, they are willing to pay us about three and a half times that number, which would be about a 27% return on their money and I don't have any place that I can invest my opinion for 27% and I'm not inclined to invest the -- or give away the city's money, the taxpayers money to somebody else so that they can enjoy a 27% return on their investment. If you want to comment on that, any part of it, you are welcome to do so.

But I think in summary, my question was: Is there any consideration given to the current rent that we are receiving in evaluating the appropriateness of this selling price offered by the applicant based on their own appraisal?

Real Estate Management Specialist: Mayor Lane, Councilman Smith, the appraiser is actually one of the appraisals that is on our approved list. Originally, the appraisal was done from that standpoint and then we had requested that they change the appraisal to not be a rental appraisal, but a free simple purchase. And it was reviewed and certainly all the approaches to value were considered.

Certainly long term investments if that was the city's choice, I believe that the dining license rental rates have changed at this point which would change --

Councilman Smith: Up or down?

Real Estate Management Specialist: Downward. To be more consistent.

Councilman Smith: If they, indeed, have, I would be interested in having staff make a presentation about that and the rationale for that at some point in time. We probably don't need to spend any more time on this, but I -- suffice it to say, from my point of view an outdoor dining agreement

contract, which is really just for an outdoor bar, which we are relying on an applicant's appraisal and coming up with a price and the price is giving them an opportunity of 27% return on their money, I don't consider that to be in any respect in the interest of citizens and there I will not be supporting this. Thank you, Mayor.

[Time: 00:42:34]

Mayor Lane: Thank you, Councilman. Just a quick question, if I might and that is in the sale, I'm presuming currently all of this land is not on the -- on the property tax rolls.

Real Estate Management Specialist: No, it's not.

Mayor Lane: Do we have any idea what additional amount would be on an annual basis the property taxes once this is conveyed to a private property owner.

Real Estate Management Specialist: I really don't at this moment, but I could get that for you.

Mayor Lane: I think it's an added component when we consider what the value is to the city in any case and the other there is no other potential buyer for this land, other than the people who are adjacent to it as well.

Real Estate Management Specialist: Correct and technically it's an uneconomic remnant.

Mayor Lane: Thank you. Vice Mayor Littlefield.

[Time: 00:43:19]

Vice Mayor Littlefield: My question really on this project when I was reading it through is -- what is the benefit to the city and the citizens by living up an annual income for three years -- three and a half years' worth of income but then nothing? And so I see the benefit to the bar. They will stay there for any length of time because that cuts their overhead by quite a bit, but I don't really see an advantage to the city on this. Do you have a comment on that or do you see an advantage that I'm missing here?

Real Estate Management Specialist: Certainly the -- Councilman Littlefield, certainly the city would retain the real estate and retain the revenue and they have sporadic ability to actually pay that rental rate over the years. There were times they were behind. So, again, I think the determination was made that this might be an opportunity to dispose of the property and put it back on the tax rolls and let the owner maybe realize some gains for his business. Not that we are directly trying to give him gains that we would have a different situation to move forward.

Vice Mayor Littlefield: It just seems like it's not totally done yet. It needs to have a little more thought put into it, but thank you.

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

[Time: 00:45:00]

Councilman Smith: I just wanted to clarify since a couple of people have talked about the property tax. If it is, in fact put on the tax rolls at 123,632, the annual property tax benefit for the city in my judgment will be around \$200 a year, a very de minimis number considering what we are talking about here, exchanging a \$33,500 annual rental stream for a sale value of \$123,000. It just doesn't make sense.

Mayor Lane: Thank you, Councilman. Seeing we have to further questions on this item, and no testimony to be given on it. I would ask if we have a motion.

Councilman Smith: Absent anything else, I will move that we deny the request, deny the request and the passage of resolution 10635.

Vice Mayor Littlefield: I will second that.

Mayor Lane: The motion has been made and seconded. Any further comment requested? Well, absent any other comments on it, I -- I make a motion that we accept this transaction, and as is indicated.

Councilman Smith: Since that's just the opposite of my motion is that really an alternate motion? Or --

City Attorney Bruce Washburn: Technically, no, it's not. It -- it would be a motion, it would be an order -- that the primary motion, first motion is defeated, but it's -- technically, it's not an alternate motion because it's just the negative of the one that's already on the table.

Mayor Lane: So it's an accepted motion.

City Attorney Bruce Washburn: It is not in order. You are -- I'm sorry, Mayor your motion would not be in order because it's just the opposite of what was on the table.

Mayor Lane: I'm not sure we got that. We have a motion on the table and no alternative motion. Then I would ask that we vote on it -- an issue and no further comment. All those in favor as stated, please indicate by aye. All those opposed with a nay. Nay. The motion fails 4-3 with Vice Mayor Littlefield and Councilman Smith and Phillips in the affirmative. So have at it.

[Time: 00:47:49]

Well, now I give -- it's now not an alternative motion but I will make a motion then to accept resolution 10617.

Councilwoman Klapp: Second.

Mayor Lane: Any comment would you like to make on that?

Councilwoman Klapp: I think you have the wrong motion.

Councilman Smith: The wrong resolution.

Councilwoman Klapp: I second resolution number 10635.

Mayor Lane: Okay. Perfect! Modern technology. Yes, okay. A request to adopt resolution 10635 authorizing the abandonment of 5800 plus or minus square feet, and so that has been seconded. The motion has been made and seconded. All of those in favor please indicate by aye and those opposed with a nay. Motion passes 4-3 with Vice Mayor Littlefield, and Councilmen Smith and Phillips opposing. Okay.

ITEM NO. 8 – PERLSTEIN ABANDONMENT (9-AB-2016)

[Time: 00:49:05]

Mayor Lane: That takes care of item 6, as we move over to the regular agenda and now we have item 8, and that is the Perlstein abandonment of 9-ab-2016 and this is to adopt a resolution 10621 authorizing the abandonment of 25-foot roadway easement along the northern boundary of parcel 217-12-019 with single family residential environmentally sensitive lands, R1-35 E.S.L. zoning. If we can have a -- excuse me.

Associate Planner Katie Posler: Good evening, Mayor Lane, Councilmembers.

Councilwoman Milhaven: Excuse me. I asked to have this pulled. I don't need a presentation. You are off the hook. I followed this case through the process and for me, it raised several questions around the city's policy for how we process abandonment requests, and how we handle non-conforming properties and so what I would like to do tonight is continue this item until we can have the council -- the council can have a review and discussion around the abandonment.

I have discussed with Mr. Perlstein and his counsel and they are in agreement to continue I would move that we continue this.

Mayor Lane: I would second that. No further comment from me. Any other comments from any other Councilmembers? Seeing none, I think we are ready to vote on that motion to continue. All those in favor, please indicate by aye. Those opposed with a nay. Aye. It's unanimous.

That takes care of the two items off of content that we wanted for presentation but certainly a separate vote.

ITEM 20 – FISCAL YEAR 2015/16 ANNUAL FINANCIAL AUDIT

[Time: 00:51:07]

Mayor Lane: We move on to the regular agenda items, fiscal year 2015/16 annual financial audit. We have our illustrious city auditor here to make that presentation, Sharron Walker.

City Auditor Sharron Walker: Good evening Mayor and Council. Let me get things arranged here. Your agenda materials nor this item are about 450 pages of financial statements and auditor reports. I will only discuss the Heinfeld, Meech and Jeff Nichols will discuss the financial statements that his staff have prepared.

So first of the public, I will give a little bit of background. The city charter makes the council responsible for the annual financial audit, and the council has delegated that responsibility to the city auditor and Kyle Anderson and my staff monitor the activities during the day of that audit. Representing the council, the auditor committee meets with the CPA firm at the beginning and the end of the audit and they receive these audit reports on November 14th and they unanimously voted to recommend these reports to the council for acceptance.

I hit too many buttons. So the scope of the audit covers eight entities. The city and its seven component units, which includes the five CFDs, the MPC and the SPC. For each of these entities, there are two types of reports, the opinions on the financial statements and reports on financial related internal controls and compliance.

So first, the reports on the city's and each of the component units annual report. The audit firm required what is commonly referred to as a clean opinion, and that means that the financial statements are fairly presented in all material respects. There is one item of note within the auditor's report on the city CAFRA. There's a change and accounting principle paragraph that explains that the city implemented a new accounting standard and this new standard, the changes related to the valuation technique for reporting investments that was a required standard and so it did not modify the auditors opinion.

Related to the opinion on the financial statements, the CPA firm issues a communication with governance letter for each of the entities. Auditing standards require that certain information be communicated to the governing body so that the body is aware of significant accounting practices and any disagreements that may have occurred with management during the audit and similar matters and there were no issues related by the audit firm. However, the C.A.F.R. was the accounting practices and the other was related to a prior period adjustment with land values and that prior period adjustment related to correcting the valuation categories for the developer contributed streets that recorded before 2005/2006 fiscal year. At that time, there was an accounting change that occurred and the accounting staff applied that. The decision was made to apply that prospectively and in the meantime, this past year, the accounting staff did the research necessary to go back and correct those earlier valuations. These accounting changes did not modify the audit firm's opinion on the financial statement. They did require the documentation related to that.

So a CPA firm also issues a management letter with financial audits and the management letters for observations relate to opportunities to improve but they are not pervasive nor material enough in the audit firm's opinion to be included in the audit report. They had three suggestions in terms of supervisor of receipts and recording of retainage liability and operating lease disclosure and all of these reports under your council materials.

The second type of formal reports that are issued are required because the city receives substantial amount of federal and state funding. So any government that receives more than \$750,000 in federal funds -- spends not receives, more than \$750,000 in federal funds is required to have a single audit that requires certain required testing of compliance with the funding requirements. So the city spent almost \$16 million in federal funds this past year with the largest source being transportation funding and you may recall that normally housing funding is the largest category and in this past year, actually F.A.A. funding for the airport improvement program jumped that transportation category over the housing funding.

So the single audit report package includes two reports on internal control and compliance, one that's based on the financial statement audit and one that's based on the federal funding requirements that are tested. The audit firm did not identify any issues based on that work. And the audit firm also gave a clean opinion on the financial schedule of expenditures of federal awards that is that the schedule is fairly stated. There's no findings in the current federal related audit and there were no prior audit findings to follow up on.

So similarly, the state also wants some assurance that local government has used the H.U.R.F. and the audit firm reported that the city complied with the state's requirement. There are two other fiscal year '15/16 audit related reports, one is federal, and one is state and those are completed generally in the January/February time frame.

So with that, I would be happy to take any questions or I will just touch on the requested action. I ask that the council formally accept my motion, the fiscal year '15/16 financial audit reports and recommended by the council's audit committee and I would be happy to take any questions you may have about the audit.

[Time: 00:58:42]

Mayor Lane: Thank you, Ms. Walker. I appreciate the review on that. You know, you didn't mention, if I just might ask on the management letter, and oftentimes we think about whether or not there are any references to the nature of internal controls around compliance, financial matters and otherwise within the organization. Is there any such testing that took place to determine whether there were any weaknesses on the -- by the independent auditors if you will? Was there any testing that was done or any errors noted in any of that testing of internal controls?

City Auditor Sharron Walker: Mayor, they do, the two reports, they do testing related to the financial statement internal controls, and they do the testing related to the federal compliance requirements

and internal controls over that federal financial reporting and they didn't identify that testing that were material or pervasive enough to be recorded in those formal reports. So if the management letter is reporting on is the few instances of things that they noted that they concluded were not pervasive control issues, but they did want to recommend improvements because they came to their attention. So the management letter that's in your packet mentions the 10 instances of receipts that they came across that doesn't have the supervisory review document and the one instance of a construction contract where the retainage hadn't been reported to accounting so that it was recorded correctly. And then there was one instance of an operating lease that hadn't been adjusted properly. So they felt like those items were not pervasive enough to be in the formal report.

Mayor Lane: So more or less standalone type of error that occurred?

City Auditor Sharron Walker: That's what their judgment was.

Mayor Lane: So from the standpoint of any direction given to the department or the department heads where it might have been indicated there was an incidental failure in it, it was just noted in that sense. It was not a process or procedural problem that was involved that needed to be amended?

City Auditor Sharron Walker: That was what their judgment was and so they have provided the details of those instances to the accounting staff so that they can follow up on that.

Mayor Lane: Do they note as they do with a number of other things with regard to representations made by management, do they take any representations by virtue of the -- your audit reports of compliance and also of internal controls? Is there any review of your processes to get further strengthen their position?

City Auditor Sharron Walker: Mayor Lane, as part of their preliminary work that they do each year, they do ask to see and they do know where on the website to find the audit report and they do review as part of the preliminary reports as they begin the audit this year.

Mayor Lane: And I don't mean to belabor this year, but do they end up when they find that there were instances of procedural and/or process potential errors or something within a system that we look to correct, you know, as we go through your audit process, of different areas, do they ever ask questions about, that or whether or not those things have been changed or --

City Auditor Sharron Walker: Mayor Lane, they review those reports and they take that into context for what they are going to do as they look at what internal controls are significant to -- that are material to the financial statements. So their perspective is a little bit different than the type of work that we do, where we are looking for at how to improve the city's operations from a day-to-day operational standpoint, how can we get more efficient, and how can we get more effective and they are -- the lens that they do their audit through, that they look through is what is material to the financial statements and what is the required compliance testing that they have to do. So they have a slightly different perspective that they look at but they do use our report and use them to inform the testing that they do, if that helps.

Mayor Lane: It does, except that the only exception I would take to that answer is the fact that there are some things that you do that are more financial and more internal controls to financial result, whether it's cash management or other things that involve the taxpayers resources and funds that you do do audit testing on, contracts, other things where there would be some impactful issues that they might at least concern themselves with and that's, I guess, where I was going. I'm presuming if they review it and it's part of what they take on in their overall view but thank you for your explanation.

City Auditor Sharron Walker: Thank you.

[Time: 01:03:51]

Mayor Lane: Councilwoman Klapp.

Councilwoman Klapp: Okay, well, it's my pleasure as chairman of the audit committee to make a motion to accept the fiscal year 2016/17 financial audit report as submitted.

Councilmember Korte: Second.

Mayor Lane: Motion has been made by Councilwoman Klapp and seconded by Councilwoman Korte to accept. Seeing there's no further comments, I think we are then ready to vote. All those in favor, please indicate by aye, and those opposed with a nay. She was just checking to see how the rest of us voted first. Just kidding. But in any case, it's unanimous. Thank you very much, Ms. Walker.

ITEM 21 – FISCAL YEAR 2015/16 FINANCIAL UPDATE

[Time: 01:04:44]

Mayor Lane: All right. So then we have our fiscal 2015/16 update. We have our illustrious -- since I'm using that word -- city treasurer Jeff Nichols here for fiscal year 2015/16.

City Treasurer Jeff Nichols: Thank you very much. I was just joking with the acting city manager that now you have accepted the audit, I don't know what else I have to say.

Mayor Lane: Thank you for that presentation.

City Treasurer Jeff Nichols: But I do have a lot to say. First of all, as the internal auditor Sharron Walker noted more than 400 pages of documents within these reports and a lot of work and thousands and thousands and thousands of transactions happen throughout the fiscal year, and a lot of work goes into prepping the CAFR and I would like to note some of the people that prepare the CAFR and thank them, most notably, Joyce Gilbride, our accounting director, Anna Henthorn, our accounting manager, Hank Dabibi, Cherise Moss, Cindy Ensign, Debra Ramirez, all accounting staff, Gina Kirkland, Leslie DeReche who work in had the enterprise area but are very, very involved in the audit of the MPC and SPA and also help out and there's many staff throughout the city that we reach

out to departmental advisors that help us with our audit and answer our questions and answer the questions of the auditors.

One thing I would like to point out, external auditors never give you their thresholds of materiality, if you will. You know, what rises to the level of materiality. They don't tell us before the audit, they don't tell us after the audit. You will know if you get a clean opinion that you didn't exceed that threshold, and you will know in you don't get a clean unmodified opinion that you have exceeded it. So I think that's what you were trying to get at.

I would also like to say that for 43 years in a row now, we have received the highest award from the governmental finance officers association related to our CAFR. We fully intend to submit this CAFR for an award and we fully expect to receive it. With that, we will begin our reports on the highlights for the '15/16 fiscal year.

[Time: 01:07:21]

Mayor Lane: If it's all right, I will add to some of the comments I just made a little while ago. Obviously from the audit side, we are looking to see whether our independent auditors are actually looking at and depending upon our audit within the city. And I think it's important component when they evaluate internal controls and some other things but there's another important component, they are looking at the finance department under your leadership, as far as what can they depend on the overall. There's a certain level of comfort in looking at the systems in place and the processes and the talent that's employed by the city.

As you obviously know, I'm disappointed by the level of investigation that the outside auditors do, but they put a lot of stock in what you and your staff do in that area of just accounting for our finances and the city -- the citizens, I should say, the citizens resources. On the other hand, the audit of it, there's a great deal of reliance upon that, as well through the audit department. So it's hand and glove to present not only a good report but a good result from our independent auditors to thank you for all of that too.

[Time: 01:08:36]

City Treasurer Jeff Nichols: Absolutely. And you are correct.

As you recall in May we did our financial forecast through the end of the fiscal year, which was the last update we have given you and now we are going to update that May monthly financial forecast. You see a view variables from in the general fund operating sources. The sales tax is actually, I will get to that slide, but fairly -- it's just a rounding error within our excel spreadsheets that we use. The significant variances that we had since May and the building permits, unfair and unfavorable is due to lower than expected right-of-way development fees that the city have collected. They were offset by plan review fees and if you see charges per services other, that 2.6 million, the majority of that, if you recall, we sold a property, surplus property in D.C. Ranch that we had acquired years ago. And so that was revenue to the fund that we hadn't budgeted nor expected. We also had some interest

earnings greater than \$1 million that makes up a portion of that, but overall, \$1.7 million positive variance.

When we look at the -- again, general fund operating sources for the 1% sales tax, every one of those variances from May, we came in spot on with where we thought we would finish the end of the fiscal year, again, those slight variances that you see are rounding errors within the program itself. When we look at our general fund operating uses. We had some variances and salaries and wages. Most of those were due to part time employees and employees and community services, who were hired at rates that were less than were budgeted. We also saw that in the police department, we saw it in the fire department. There's significant savings that we are receiving from that and it drives the retirement number a little bit below that, when you hire someone at a lower budget that you have and you are paying less into retirement. You are paying what is required into retirement but you are paying less than budgeted.

And you look at the contractual commodities and the capital outlay and you are seeing a lot of savings and utility expense. If you recall, we had a fairly nice May. It was a little bit cooler than it normally is, which means we didn't have to spend as much money cooling all of our buildings. We had significant savings in that area and also fuel costs which throughout the year I had been reporting to you that the fuel cost had been lower than budgeted. That continued through May and June. So we had that and the commodities.

You look at the transfers out, the \$1.2 million, what that was, is those properties that -- that property we sold in D.C. Ranch and the interest earnings greater than \$1 million that wasn't budgeted, we transferred that over to the capital, the D. C. ranch home, we asked you to transfer from the general fund to the capital and that created a transfer that was not budgeted. The other is just policy, everything over \$1 million gets transferred to capital. So we followed the policy direction given to us by council.

And so finally, we thought we would -- in May, we thought we would finish the year with about a \$6.4 million surplus if you will, and unassigned, unreserved fund balance of 30.6 million, and instead we finished at \$34.4 million. Unassigned, unreserved fund balance with an actual total sources over uses of \$10 million or 3.7 million greater than what we thought.

That is the first one-third of my presentation. So if you have any questions on, this then I will go into our financial highlights and our statement of net position.

Mayor Lane: I think at this point, we are in good shape.

City Treasurer Jeff Nichols: Okay.

Mayor Lane: If you want to continue.

City Treasurer Jeff Nichols: Great. So, again, fiscal year '15/16 financial highlights related to our statement of net position, basically, it's our government-wide financial statements. We include

everything, the general fund, all the enterprise funds and we roll it up and present it. I would like to talk about the change that the internal auditor Sharron had mentioned about one-third of the way down the sheet, you see capital assets net of depreciation, governmental activities and that increase of \$689 million had our net position increase by \$790 million, but the largest portion of that was related to that prior period adjustment, if you will.

So what I will walk you through in '05/06, when it was found that the city was taking developer contributions which include sidewalks, curbs and gutters, streets and everything, and they were capitalizing it under streets and storm drains and they were not splitting out the infrastructure improvements from the land in '05/06, when they discovered that, they changed the processes prospectively. Since '05/06, they were looking at each one of those donations from the developer and they have been giving a value to the land and putting that into the land that's not part of the preserve and that will go to its -- a future slide. And then they are separating out the streets and the storm drains and we're capitalizing those and depreciating those.

When staff came to me earlier last fiscal year, and said, you know, we made this change in '05/06, but we believe we have all the records necessary back to, I believe, about 1986, to look at this, and see what the issue is, how big it is for us, would you like us to look at, that I said, if we were doing it wrong, absolutely. First, I would like to say it's a I have conservative approach what the decision that was made in '05/06, from an accounting standpoint from a financial standpoint it was a conservative approach. But I had them look at it, and it's going to seem rather odd, but the prior period adjustment that we made was for \$666,600,000. Now, I know staff tried as they might to change that number so it was anything else, other than a 6666, but they couldn't come up with it. So obviously the auditors believe the entry to be correct and let us make it in our financial statements. We did the prior period adjustment, and it had a very, very positive impact on our statement of net position.

[Time: 01:15:29]

Mayor Lane: Mr. Nichols, if I might just --

City Treasurer Jeff Nichols: I thought there might be some questions.

Mayor Lane: Now as it relates no this, obviously one the things we have been wrestling with is the net asset deficit situation. It improved the potential deficit situation by some \$670 million or thereabouts -- almost \$690 million. When you mention something about the fact that it was approved that we did this, my understanding is we made a mistake in 2005/06 in not recognizing or not making the adjustment. Once we did recognize, we had been depreciating land.

So is there -- would there be any reason not to accept this -- this and I know you put it as a conservative means. I don't know if I would necessarily go along with the idea of depreciating land as being particularly conservative, but nevertheless, I will accept that and say, would there be any reason that somebody would say, no, we don't want you to make that entry?

City Treasurer Jeff Nichols: Mr. Mayor, I'm not sure if they did a research of the records at that point in time, it was brought to their attention. I wasn't here in '05/06. So I really can't answer that question. When I say conservative, because you are going to be overstating your depreciation.

Mayor Lane: Yeah.

City Treasurer Jeff Nichols: So it will have a negative impact on your net position, and why would anyone do that? So I have to believe --

Mayor Lane: Even if they thought they were being conservative, why would anybody do that?

City Treasurer Jeff Nichols: I agree. But when it was brought to my attention, we are all accountants, you know, you find something being done incorrectly and you make the correction.

Mayor Lane: Yeah and I guess the only thing I'm saying is we have become dependent upon a balance sheet that's been in error by \$690 million.

City Treasurer Jeff Nichols: We have been reporting on a balance sheet that's been in error and an income statement, if you will, because, again, that \$670 million, that was depreciation of land that shouldn't have been depreciated.

Mayor Lane: Well, and I guess we don't really use an income statement necessarily, but source and use, but, yeah, certainly noncash use of resources.

City Treasurer Jeff Nichols: Yes.

Mayor Lane: Okay. Well, that's -- I just wanted to make sure that there what not some reason that we should go back and depreciate land which in just about any environment, I don't see any reason we would want to be doing that.

City Treasurer Jeff Nichols: There's only one time in the history that I'm aware of, where people's property depreciated about 50%, and they call that the great recession. So it does happen, but it's collectively.

Mayor Lane: But as far as the I.R.S. is concerned and anybody else holding you accountable, it never happens.

[Time: 01:18:31]

City Treasurer Jeff Nichols: Not on any financial statements that I will sign off on.

The positive side of this, even with the correction, I think is the statement of net position actually did increase in a positive manner even without that restatement by \$124 million. To \$790 million.

We would like to talk about our cash and cash equivalents, our balances we, have a total of 558 million but really in the bottom right-hand corner, about 5:00 position, really what you need to focus on a general fund unassigned, that is really the only thing outside of policy that you all have some control on going forward. I would hope, you know, I heard your message loud and clear the other day that, you know, don't do things outside of the budget process. So I would hope if you are going to consider these things, it's within the realm of all the needs within the city because certainly we have a lot and the one caveat I would make is, you know, you can say that we need to replenish the contingency, which, again is a financial policy. There was contingency uses during this fiscal year of approximately \$1 million and we need to replenish that contingency and that will go down to \$33.3 million of general fund unassigned. Which is available.

[Time: 01:19:52]

Mayor Lane: Mr. Nichols that amount of \$34.4 million is net of any standard allocations out of that amount of money. I mean, nothing goes into that -- that's the net number?

City Treasurer Jeff Nichols: Yes, that's our savings.

Mayor Lane: Other than something we might add to C.I. P. or something like that in the budget process, I agree with you 100% there.

[Time: 01:20:20]

City Treasurer Jeff Nichols: Correct, Mr. Mayor. Getting to our receivables. Some of our receivables you see there, other local taxes. Some of those are privilege tax. I mean, it's things that have happened since we closed the books at June 30th, privileged tax of about \$20 million, and highway user tax that we're do, about \$1.3 million, just various receivables we have on the book. We have the debt stabilization have the AZ Sports and Tourism Authority in the Maricopa County County Stadium District. That's about 16.4 of the \$23.7 million. You look at the charges for services. Again the receivables, most of that, not surprising here, water and sewer fees and solid waste fees.

Interest and other, I would focus on the other because there's not a lot of interest and most of the other is just miscellaneous receivables, bills that we sent other governmental entities be it the county, the state that we work with and we're waiting for those. That's about \$8.3 million of that \$13.3 million and then miscellaneous receivables in the enterprise fund of about \$3.8 million. The 183, we're just dealing with the asset side of our balance sheet now, the service concession agreement that relates to both the golf course and TPC and the bureau land. We have a service concession with the Bureau of Reclamation. And so we don't treat them as normal assets. We book them as a service concession agreement and then as we earn that we decrease that balance.

You see this in the pensions, the \$47.4 million, the best way I can describe it to you is that the pensions are always a year in arrears. So we paid in \$47.4 million to the various pensions, Arizona State requirement, about \$16.3 million, public safety personnel requirement of \$27.4 million, and the fire pension, \$3.7 million so we counted that as an expense and they come back and say, well, you really

can't count it as an expense this year. You have to defer that expense so then we count it as an asset, a prepaid, if you will. We know we paid those into those funds. Deferred amounts on refunding.

When we sell debt and we sell it at a premium, we can't take all of that in as revenue right away and we bring in that revenue over the life of the bonds so we defer it and bring it in a little bit each year. Supplies and prepaid items, again the biggest minority of this -- of the prepaid \$30.7 million, about \$25.5 million is related to the garage lease. And then we have some customer deposits on hand that we have to count as assets. They will be due them at some point in time.

[Time: 01:23:27]

Mayor Lane: Mr. Nichols, if you might back -- last slide, the receivables that you have there, 26.8, I think you might have said is mostly due to just lagging and selection on that, I presume. Is there an aged portion of, that that may be boarding on a collectability status or do we have any such element within that number?

City Treasurer Jeff Nichols: Well, there is but we have an annual process to go through to write off aged receivables if we think they are non-collectable. The vast majority are vendors, the businesses that they do their reporting for June and July but we have closed the books. So most of it is known. There will be some of the aging, though.

Mayor Lane: So annual process you are talking about with regard to bad debt, has that already been expensed out of that, or is it still contained within these receivables.

City Treasurer Jeff Nichols: It would have been expensed out. We would have written those debts off.

Mayor Lane: Okay. Thank you.

[Time: 01:24:34]

City Treasurer Jeff Nichols: So here we have the net capital's sets by time nongovernmental. Again, what you see here happening is the non-preserve land increased by prior period, the storms and drains decreased by a similar amount. You see the preserve at \$924 million, other building and land improvements could be our parks, \$397 million and on down machinery and equipment, a smaller portion of that.

And by far -- it's not surprising that the largest asset, most cities own is land. And especially when you have a preserve that's 30,000 plus acres. So -- you see the water system as the majority of \$760 million and then the sewer system, \$400 million and then again some things I would point out the equity and joint venture -- our joint venture with the city of Phoenix, 91st avenue plant is the largest part of that. And then we have some water rights that we buy so we maintain a supply for our residents.

Annual depreciation by type, this decreased if you remember let me get my notes. This decreased by approximately \$33.5 million on the streets and storm drains. So if that prior period correction had not been made, the depreciation would have been approximately \$84 million and it's now down to \$50 million. However, that being said, we are still depreciate, \$83.1 million of governmental assets on an annual basis. And if you look at depreciation as a measure, a yardstick, if you will of what you should be reinvesting in those assets, that would be the number that we would shoot for.

On the streets side, what I would caution you to do is we also have an effort by our public works division, and it's called the pavement condition index, and it's an accepted methodology to look at your streets and find out what condition they are in. And I think that's a more reliable factor because depreciation is an estimate and, you know, it depends, you know, you buy a car, and you take care of it, or you build a street, and you take care of it and you maintain it, you slurry seal it and do the necessary maintenance that the street will last a long time and better condition that you just put a street in, then you ignore it and let it sit there. So I think the pavement condition index should be something that you all should focus on, if that's going up, our streets are getting better overall and if it's going down, they are deteriorating.

[Time: 01:27:50]

Mayor Lane: I'm sorry. Yes, Councilman Smith.

Councilman Smith: Since you -- Mr. Nichols since you mentioned the pavement condition index, do you have off the top of your head where that measurement is versus five years ago or ten other whatever?

City Treasurer Jeff Nichols: Not off the top of my head but I bet it's off the top of Dan worth's head if he would like to come to the microphone.

Mayor Lane: I can see it there.

Public Works Director Dan Worth: Mayor, Councilman Smith, you asked compared to five years ago or ten years ago, compared to ten years ago, it's lower. We started a downward trend. We were at about 80 on a scale of 1 to 100, in 2008, 2009, we under invested, started in 2009 and saw a steady decline down to about 73, on the same scale of 1 to 100. We have arrested the decline and with the approval and now the implementation of the citizen improved bond, that included some \$12 million for additional paving restoration, we are starting to see an upward climb and the intent of that bond question was to bring our system wide average back up closer to where it was in 2008, and then we anticipate keeping the same level of funding that we have had in place in a capital program for the laugh couple of years -- last couple of years to maintain that once the bond project is completed.

Councilman Smith: So the good old days the P.C.I. was 80. It's now 73 or -- I mean is it still 73 pending the investment of these bond monies?

Public Works Director Dan Worth: Councilman Smith, we have a -- a process to go through and actually measure and determine objectively that value. We intend to do that every recommendation -- recommendations every two years on the arterials and the Flora and the other streets every two years and then we do the mathematical model to do the deterioration over years. It's probably up a point or two from the low. We really have not modeled the results of the pretty aggressive paving that we have done this past two or three months, Shea boulevard, Goldwater, a couple of other places with the bond money. We should see it climb another point or two as a result of that. So it's -- it's moving in the right direction now.

Councilman Smith: Thank you.

City Treasurer Jeff Nichols: And councilman Smith, one thing I would like to add to that, to show Dan, number one, that I listen to him from time to time, is the fact that they are focusing their efforts on the street segments within the city. On the pavement condition index. So these are streets that are in sore need of repair and if you repair your worst streets, that should help you improve the overall rating significantly. So hopefully the plan works.

[Time: 01:30:57]

Mayor Lane: Mr. Nichols, I wonder if I could ask a little bit of a follow-up question and this is only for points of reference. This is not to suggest that we get off of the program that you are suggesting Mr. Worth. But what's the average community around the valley. What is their index or do you have any idea of where they might be?

Public Works Director Dan Worth: Mayor, that is a measure that is benchmarked by a number of communities. The problem is not everybody agrees on the same definitions some just look at arterials and some weight in favor of arterials.

Mayor Lane: So it's not hot apples to apples.

Public Works Director Dan Worth: It's not apples to apples and Mesa claims to be in the 80 range. No comment. And others are generally closer to 70.

Mayor Lane: Okay. Thanks very much.

City Treasurer Jeff Nichols: I can only say when I drive to the east or the west, I notice a difference when I leave Scottsdale, I can tell you that.

Mayor Lane: Very good, Mr. Nichols.

[Time: 01:32:01]

City Treasurer Jeff Nichols: Financial -- annual depreciation by type for the enterprise fund, as you would expect, it follows the system assets with the water system, \$32.5 million in depreciation, the

sewer 16.1, and then some very minor other depreciation categories. Accumulated depreciation by type. The streets and storm drains we depreciated almost \$1 billion in streets and storm drains \$350 million in buildings and then lower amounts from machinery and equipment and motor vehicles. I can tell you one thing I don't know of any streets and storm drains that we have actually sold. So even though they may be fully depreciated, I do agree we are selling some buildings and some other improvements and excess inventory. That's a good thing. Accumulation depreciation by the enterprise fund, \$430 million, \$200 million in the sewer system. Significant amounts that our ratepayers are paying for.

Councilman Smith had a question for and I believe we got it settled. He asked if I had the non-preserve land or the preserve land if that was switched. We corrected with Kroy Ekblaw and we couldn't find any real procurement of preserve land during '15/16. The one private piece of property we bought we believe closed on August and that wouldn't be on the books. There were no other significant purchases. So the non-preserve land amount developer related, again, someone is developing land and they are donating the land, streets and the and maybe we won't thank them ten years from now or so.

Enterprise funds, acquisitions by type. The water \$14 million in sewer system improvements and you see construction in progress. We have some large capital projects within the enterprise fund going on and leading and progress to \$53.4 million. Get to some of the accruals, \$136.8 million in accruals. You see that \$125 million on accounts and interest payable. Really 16 million, approximately in accounts payable, about \$12 million in payroll and benefits. Again, you have how many days before -- since the last pay day until June 30th.

Yes, sir, Mr. Mayor. You are pointing.

Mayor Lane: Just an age old issue. It appeared on the board and I figure there's an immediate question or comment. Councilman Smith.

[Time: 01:35:05]

Councilman Smith: Actually I'm back a slide or two, I think, so where you were making the acquisitions for government properties. And I'm remembering an earlier slide said the depreciation of depreciable assets was \$83 million, in other words that's the stuff that wears out. You said wore out at the rate of \$83.1 million last year. In this 137.8 of new stuff that we got, a lot of that was land. Down at the bottom, the big pie piece there, 57.4 and another \$700,000. So 58 million of what we added to the portfolio was not depreciable therefore all the other stuff was reinvestment and depreciable assets. So the depreciable assets wore out at the rate of \$83 million. And if I did my math right, we did -- well, I lost where we had our math. Whatever 158 is off of 137.

City Treasurer Jeff Nichols: About \$80 million, I believe.

Councilman Smith: I think so. So we are still a tad bit less than depreciation, in other words we are still liquidating the portfolio of depreciable assets using accounting terminology, I understand. We

tried to switch over to the payment condition index, but that seems to be a fuzzier number. At least this one we know, we calculated it for years. Is it -- is it also then, am I right, would it be your conclusion that we invested less in depreciable assets -- when I say we invested. Some of it was actually given to us by developers as part of their development project when they gave us the streets and storm drains from their project.

City Treasurer Jeff Nichols: Well -- go ahead.

Councilman Smith: But nevertheless, the amount we put in was less than the recorded depreciation on those depreciable assets once again, I think this is the third or perhaps fourth year in a row that we have been using up the assets of city.

City Treasurer Jeff Nichols: And Councilman Smith, to answer your question, I assume if we receive land related to these developments we also received streets and storm drains.

Councilman Smith: True.

City Treasurer Jeff Nichols: So that's not our investment in that. I would say we are still short of the amount we need to invest in our assets. I think we are -- most of us are in agreement, that you know, we need to do more in that area, and in a way of bond program if possible, so we need to work on that. But I would have to get the actual -- the spending, if you will, the expenditures in these categories for counsel and I could do that, and take out that developer contribution portion to give you the math of we are depreciating \$83 million and here's how much we actually spent.

Councilman Smith: That might be interesting. I was merely observing even with the can generous contributions of developers we are not putting in as much as we are recording in depreciation.

City Treasurer Jeff Nichols: And thus my comment, it's nice that they donate them to us but now we have to maintain them forever.

Councilman Smith: They are really donating to us a liability rather than an asset, but that's another discussion. The other thing that's true is they will not be donating this money forever. I mean, that has a life on it that as the city reaches build out which we will sometime in the not too distant future. It appears to me, we are still on an unsustainable path in the city as we have been for several years. Thank you, Mayor.

Mayor Lane: Thank you, Councilman. Mr. Nichols, please.

[Time: 01:39:25]

City Treasurer Jeff Nichols: And so to get back to the accounts and interest payable, the vast majority of that, again, June 30th is our year-end fiscal year end, July 1st, we make a lot of payments on matured bonds payable and the interest on the debt, which adds up to about almost \$90 million of the \$125 million, so considerable.

The accrued compensated absences, again the majority of that is due in more than one year. We break it out to portions that we think are current due in more than one year. That portion was about \$15 million and then due in one year, we estimate about \$13.4 million. These are all actuarial calculations that are given to us based on our previous five years' experience. So it's a smoothing, if you will of what they believe we're going to have.

Other liabilities of \$91 million, the largest one in there is pollution, remediation obligations that we have. \$50.1 million and then pensions related to ASRS, and PRPS, \$15.4 million and then being of course the large, the elephant in the room that everyone seems to not to want to talk about the funded net pension liabilities of \$290 million. Break that down ASRS is unfunded by about \$171 million. PSPRS to the tune of \$122.4 million, and actually our fire fund with PSPRS, public safety personnel retirement system has a positive balance of \$2.6 million, but that's only because people haven't started retiring in the fire department yet. As they retire, that will head down.

One thing I would ask you all, if when you are considering the use of the \$34 million, we do have a lot of obligations. We have obligations citywide, in infrastructure, but we also have obligations which the courts have said through various rulings that we cannot get rid of this obligation. I mean, these obligations are not going away. Currently the actuarial is 57.5%, the PSPRS and ASRS is 52% funds and the fire is at 106.9% funded. So again, that's an issue that we will have to be addressing at some point in the future.

Looking at the bonds and loans, the sewer debt is covered by water and sewer rates. The preserve debt of \$355.7 million is covered by the sale of the two tranches of sales tax that the voters approved, they approved not only the debt but the repayment of that debt and so you take those two out as far as it's not an imposition on the people that own property within the city, the obligation of the property tax. We have to push to a revenue source when it comes to the MPC, the districts \$27.4 million, those are the five districts that Ms. Walker pointed out in merely observing presentation and those people, those property owners are responsible for paying on that debt. It doesn't fall to a property owner outside of those districts.

Last thing. We look at liability to be earned by employees during future service. That's decreased greatly and what we do still have, a small liability for health insurance per, again, council direction, we still have public safety medically retired employees that have access to insurance at employee rates and we know that, and we're working that in the budget to -- to basically pay the city's portion and so we are always funding that when we know what that liability is. And with that, I would take any questions you may all have.

Mayor Lane: Thank you, Mr. Nichols. I think we were asking the questions as we went along. So thank you very much for the presentation. We move on to the next item which is -- yeah, you are here for the next item too.

ITEM 22 – MONTHLY FINANCIAL UPDATE

[Time: 01:44:18]

City Treasurer Jeff Nichols: Yes, sir. That was two-thirds of my presentation.

Mayor Lane: I wasn't even thinking about dismissing you.

City Treasurer Jeff Nichols: Thank you for not thinking of dismissing me.

Mayor Lane: Not from the job, just from the podium, my man.

City Treasurer Jeff Nichols: The monthly financial update as of October 31st, 2016. As you can see graphically, the bottom bars represents our revised budget. The reason we call it revised budget is after you all adopted the budget, there are some adjustments that have been made, they have all been either approved by council, directed by council, contingency transfers, those sorts of things. So once anything happens we refer to it as a revised budget.

That being said, you look so far the operating sources, fiscal year-to-date, we enjoy surplus of about \$400,000. Not that great. You notice the one line, it's 28% to the negative. And that comes about because property owners have an option. Thing pay their property taxes once or pay them in two installments. When we do the budget, if people change the way they are paying their property taxes then we will create a variance. We don't expect that to last through the fiscal year.

And then you notice the small one on the transfers in. This is due to an increase, due to a greater water delivery. Maybe some warmer months and the water transfer is making transfers into the general fund and so above and beyond what we had budgeted for.

[Time: 01:46:28]

Mayor Lane: Just a point of clarification, when you mention the greater water usage, I would be interested to know if that is the situation, in view of the fact that we changed the tiering on pricing and we had to sort of massage that around a little bit in order to keep it revenue neutral. I'm wondering if there's any play in there, as far as additional receipts from water consumed by virtue of now the higher users being a little bit higher rate than they were maybe two years ago even?

City Treasurer Jeff Nichols: I can check on that.

Mayor Lane: Thank you.

[Time: 01:47:10]

City Treasurer Jeff Nichols: Again operating sources, the 1% sales tax, compared to budget, actuals, doing fairly well. As noted on the previous slide, only a 1% variance. And -- but then in the categories, you are looking at miscellaneous retail sales. There's really not much going on.

The two things I would note within this area, the construction, I'm told by staff, the favorable variance it would be due to the residential construction and on the hotel motel, it's probably only \$100,000 but it's increase in conventions taking place within the city. So there we are collecting more TPT, more sales tax at those -- those places of business.

Year over year, the change, you notice –

[Time: 01:48:06]

Mayor Lane: Yes. Councilman Smith.

Councilman Smith: You have a footnote on there the year-to-date the C.I.P. transfer of \$700,000. I assume that this is the food tax transfer out that we authorized some time ago, is that correct?

City Treasurer Jeff Nichols: Yes, I am being nodded at. Yes, it is correct.

Councilman Smith: And I'm trying to figure out, we are a third of the way through the year here, I think. And that would suggest that you are going to transfer out only \$2.1 million. Maybe there's a lag on this. What is the expectation and I see your expert is approaching the table here.

City Treasurer Jeff Nichols: And I will defer to the expert.

Budget Director Judy Doyle: Mayor and members of council, this was a phased in approach, so we were going to take one third.

Councilman Smith: Right.

Budget Director Judy Doyle: This year. So, yes, we are anticipating it to be I think it was about \$2.5 million at year end.

[Time: 01:49:12]

City Treasurer Jeff Nichols: The change, 2.4% and actually year-to-date, we are doing 4% better overall for the first quarter. Going to our general fund operating uses by category, you see personnel services lagging a little bit. Also contractual services lagging a little bit, behind the revised budget. And personnel services, we are looking at several areas in public works there's a favorable variance and the police department, what we are seeing is, again, hiring of people, people leaving positions budgeted for greater than what we're filling them at. So we are seeing some savings in those areas, which I might add, those savings, they can only be spent in this area but they are not swept like a vacancy savings. We sweep vacancy savings per policy but we don't sweep the savings related to the difference between what a person was budgeted at and what the position was filled at.

Contractual services. About \$800,000 of that variance is related to custodial services and maintenance, things you wouldn't even think about, but they put off cleaning windows because of

weather. That was a significant effort and a significant expense. Also in my division, the city treasurer's division, about \$200,000 related to we budgeted for what we thought would be a bill from ADOR for the collection of TPT when it became due. We budgeted both of the impacts that they were looking at us, but only one continues and the other did not continue. So we did not have to pay that bill and we will have a variance that carries throughout the year. Favorable variance, and when we are paying them. And we Doppler radar expect them to carry out throughout the fiscal year.

Operating uses for personnel services again graphically you can see revised budget is actual is less than revised budget in almost every category and here it's shown by the number, again, the salary savings that we're enjoying, mostly police retirements, promotion of staff, you went to a few ceremonies here.

You probably went to a fire ceremony where there was a lot of promotions, a lot of hiring of new staff, well, those positions were being filled for less than we had budgeted and you will see savings that carries over into the retirement area as well. One thing that's being masked here is there's significant savings in overtime in the police department, and it's masked by overtime by the fire department. The fire department has a positive variance and the fire department has a negative variance and we have about 16 people currently in the fire department that are not ready to fill the constant staffing positions for one reason or another, and that's having a anything impact on the overtime in that department.

The vast majority of the operating divisions that you can see graphically are less than the revised budget et cetera, the light gray bar above the darker gray bar and here it shows about a \$4 million variance. Various reasons through the departments, if you will, I mentioned mine and the Mayor and council, \$200,000 related to that. We have some printing costs, and, again, hiring of people at less than was budgeted.

I told you the significant variance related to custodial maintenance contracts but overall, a positive variance of \$4 million through the first quarter and here you will see it come out where we thought at this point in time, the change in the fund balance, we would have been at a negative \$5 million. We are at a negative \$2.1 million or \$2.9 million overall favorable variance and with that, I will take any questions that you may have.

Mayor Lane: Thank you, Mr. Nichols for that presentation.

City Treasurer Jeff Nichols: You're welcome.

Mayor Lane: A number of questions have been answered while we went along. So I think we are in good shape.

ITEM 23 – WESTWORLD MUNICIPAL USE MASTER SITE PLAN

[Time: 01:54:02]

Mayor Lane: Okay the last item on the agenda, the WestWorld municipal use master site plan.

Mr. Worth already moved to the podium. Welcome back.

Public Works Director Dan Worth: It's great to be back, Mayor.

Mayor Lane: Thank you.

Public Works Director Dan Worth: Good evening, Mayor and council, the action in front of you is a proposed resolution to establish funding to develop an update to the WestWorld municipal use master site plan this is precipitated in part by a stakeholder presentation that was made in August to the tourism development commission, proposing some new investments in WestWorld that are not in the current municipal use master plan for the facility. And implementation of some of those projects as well as some other projects that staff is determined is our capital needs would require a municipal use master site plan update. And I'm going to go into some of the details of those proposed projects further in the presentation.

We anticipate the total cost being about \$300,000 to do the work associated with the update, and the proposal that you have in front of you is to fund that from bed tax carryover funds. In addition to the resolution approving funding, the action asks you to initiate several zoning related actions that would also be a part of this effort to update the master plan one of the initiation of the master use municipal use master site plan update itself.

And the area at WestWorld that is covered by this proposed site plan update is the only remaining western theme park district in the city. That wasn't the case the last time the district was updated.

And then the third item is to initiate the process and initiate a conditional use permit process to consolidate existing conditional use process to govern the property. Those would be just the initiation of those actions, similar to what we did a couple of weeks ago with the civic center mall update.

Last municipal use master plan site update was done in 2007. It covers the area you see in red. When we did this update, we went through a very extensive public outreach process. We included event promoters and I think we had over 30 event promoters that used WestWorld or -- were interested in using WestWorld. We included neighbors. We included the general public. Generated a prioritized list of projects to be able to carry forward WestWorld in the future and since that time, we have completed the construction on a significant portion of that municipal use site plan.

You can see things envisioned in the 2007 plan that we have since completed the additional barns to the north of the Wendell arena, additional concession areas and you see the concession areas in what is now the Tony Nelssen Equestrian Center. That encompasses several different things that were envisions in the 2007 update. The 2007 update, included a 200,000 square foot multipurpose building which became the north hall of the Tony Nelssen center and it included concession spaces, rest rooms and a show office for the equidome which are all part of the Tony Nelssen equestrian center and show offices at other locations, rest rooms -- well, that's rest room and the show office for the Tony Nelssen Equestrian Center and upgrades not communications and other structural

improvements to WestWorld all of which have been completed.

The proposed update is -- we are not intending to include the 80 acres in the WestWorld site plan update, largely because there has not been any kind of definitive decision made on the ultimate use of that and may or may not be incorporated into uses at WestWorld. We are focusing on the areas to the south of bell road that we either control through the land use agreement with the Bureau of Reclamation, through our ownership, or there's one portion up in the upper northeast that's actually still owned by the Arizona State land department but it's been proposed that we acquire that in several different venues.

The list of proposed projects that I alluded to. They are project requirements that have been identified by city staff. Brian Dygert has worked with the capital projects group to submit requests into our capital project prioritization process which is ongoing. The projects with asterisks 8 through 13 and some of them that that Brian identified were all included in the stakeholder presentation. I won't talk around it. The presentation was made by Jason Rose, who is here, and I think has filled out a comment card. But a presentation he made on behalf of the event that he produces, as well as on behalf of Barrett Jackson and other event users. And proposed an aggressive three-year plan to make some very specific improvements. They are identified by the asterisks.

The municipal use master site plan process, it will allow us to consider all of these proposed projects, potential projects as well as any others that we haven't identified yet and site them in an appropriate place and to identify funding and prioritize them for the potential funding. And it will also bring other stakeholders into the process. We have heard from one major stakeholder and they may have other needs they want to identify. And it will involve the public. If you are going to make any significant changes to an acre or more of municipal property, that affects the general public or the neighbors we go through this process to ensure their voices are heard as well.

And you have a resolution in front of you that has a staff, which is to approve \$300,000 for this effort from the bed tax carryover funding. We too took this proposal to the TDC in October and presented it to them. They agree with the update of the municipal use master site plan but since there are others would benefit from the improvements proposed, they passed a motion to recommend to you that you approve no more than \$150,000 in tourism funding and come up with the remainder from another funding source. In light of that recommendation, again, we have got the resolution in front of you to implement the staff recommendation, but alternatively, there's a couple of ways that we can approach the TDC recommendation if you wanted to go that route and if you wanted to limit the tourism funding to \$150,000 we could approve an alternative resolution, to approve \$150,000 and C.I.P. transfer of the \$150,000 from the general fund that would allow us to get started in the process immediately as would the first option.

The other alternative would be simply to not approve either of the resolutions and allow this municipal use master site plan update itself to go through the C.I.P. prioritization process and get ranked against other claimants on the general fund C.I.P. and see where it falls. That, of course would require us to wait on a C.I. P. process that would delay the start of the update process but those are the three easily identifiable alternatives and with that, I would be happy to answer any questions.

[Time: 02:03:13]

Mayor Lane: Thank you, Mr. Worth. We do have one request to speak, from Jason rose and if you would like to come forward, Mr. Rose and --

Jason Rose: Mayor, Vice Mayor, just a clarification from Mr. Worth, the presentation was entirely on behalf of Barrett Jackson and I will give you a history of how that came to be. It has nothing to do with Polo. We are happy with our relationship with WestWorld and don't seek any changes. We are a small fish in a big pond in that regard.

So about a decade ago, events were increasing in size at WestWorld, and development pressures were coinciding with it and that led the council to consider some extraordinary purchases, like 80 acres, state land for parking. And the idea that Barrett Jackson had was to go out to the Arabians and D.C. Ranch, other stakeholders and talk with city staff, and introduce for your consideration, a private sector package to guide your policy making and that was what was presented to the TDC. Barrett Jackson would very much -- and Barrett Jackson also was willing in part of the packet you see to make significant contributions to some of the projects at WestWorld and this goes I don't know Barrett Jackson but the ones that were specific to them. They were happy to be part of the solution with dollars. When we made that presentation, the tourism commission was well received and senior management and the city manager were there and said we like some of these ideas. We think there's a lot of merit in them and some maybe not so much. Either way you sparked some ideas and we need to update the master plan before we can move forward on any of these.

And we said, well, we would like to get going as soon as possible but that's a good process. We understand the process. And we want to be supportive of it. And so I'm here on behalf of Barrett Jackson to hopefully encourage your support of moving forward. We understand all the things that are described there will not be funded by you but we appreciate the process and hopefully moving in order with it.

[Time: 02:05:34]

Mayor Lane: Thank you, Mr. Rose. And, of course, what we are discussing here today is the amount for the municipal use master site plan for the continuance of that process. Mr. Worth, if I could ask, is this a continuation at least in part of the plan that was developed a few years back with regard to this area?

Public Works Director Dan Worth: Mayor, in some ways, it's a continuation but the reason I pointed out the extent of the construction that we have done 69 projects that were on that -- the previous plan, we're close to build out on the existing plan and we've got a long incurring list of things that are not envisioned by that existing plan. So this would obviously use the existing infrastructures, the starting point. It will include some of the ideas that are in the existing plan.

There's some things that we haven't done. They are still on our list. The improvements on the east

side of 94th street but these have new things as well that will have emerged as investments in the nine years, ten years since the last update.

Mayor Lane: But for the very most part, it's entirely consistent with what was laid out for the area in that original plan?

Public Works Director Dan Worth: Mayor, yes, it would be consistent with that.

Mayor Lane: Okay. Well, thanks for the presentation. Thank you for the testimony, Mr. Rose. We have some comments or questions, I will start with Councilman Smith.

[Time: 02:06:54]

Councilman Smith: Thank you, Mayor and I guess this question is to you, Dan, in the list of proposed projects that you had there, some 13 projects. Can some of these be done under the existing municipal use, whatever we call this master site plan, the 2007 plan.

Public Works Director Dan Worth: Councilman Smith, yes, absolutely. The ones that are essentially invisible to the public, improving the Internet capability, the wireless capability would fit into that category. The 94th Street improvement that I just mentioned a moment ago are already in the current municipal use master site plan, they would not require an update. The arena four and five lights are arguably a maintenance issue that's consistent with existing plan, but when you start talking about changing the use for large areas of parking or R.V.s, those would trigger that requirement that we have in our zoning code that when we make changes to an area of an acre or more of municipal land, we are required to update the municipal use master site plan.

Councilman Smith: The 13 things, the proposed projects that we need to have public outreach for, it seems apparent to me that probably half or more of the list, we really don't need public outreach for. We don't need to spend \$300,000 to see what the people, what the citizens feel about Internet for TNEC or several other items that you mentioned; is that correct.

Public Works Director Dan Worth: Councilman Smith, when we did the 2007 update, there were also things that by themselves would not have required a municipal use master site plan, like improving the communications backbone. Totally invisible, no impact on anybody else and improvement to the users by including that in the municipal use master site plan, we were ensured that we had an investment strategy and a sequence that met the needs of the most stakeholders for WestWorld.

Councilman Smith: I think my point is still the same, that while you may put these under the new master -- municipal use master site plan, you could do many of them even without spending \$300,000 for public outreach and whatever.

Public Works Director Dan Worth: Yes, that is absolutely true.

Councilman Smith: Why use three as reasons to do a public outreach. I look at the last item on

there, number 13, which says possible city share to help underground APS power lines and I thought we actually dealt with this, two weeks ago or whenever we last addressed it, that we would follow the community or the taxing district to have them pay for this themselves.

Public Works Director Dan Worth: That's on a list because it was on a presentation that Mr. Rose made to the TDC and I wanted to include it for the sake of being complete, although, we will be bringing an action to you in the very near future, I believe the end of next week to consider what that item is.

Councilman Smith: When I whiting down the list, and take off 13 because it's dealt with another way and the first seven items it can probably be done under the old existing 2007 agreement, I'm left with three or four items and I'm spending 300 or \$400 million for this process. And I'm -- I'm wondering why we would see what the public -- on number nine I'm looking at now, why we would go out and see what the public thinks about us buying a 10-acre site and a 7.29-acre parcel of Arizona State land when the council has never addressed this as a prioritization in the first place. Why do we ask the public what they think before we talk about it amongst ourselves to see whether it makes sense.

Public Works Director Dan Worth: Municipal use master site plan process is not going to be asking whether or not we should acquire it. That's a separate discussion yet to be had although there's recommendations in different studies over the years that point to the city, the desirability of the city requiring that process. What the site plan process would do is more along the lines of anticipating proposed uses, should we acquire it.

Councilman Smith: I'm just following the language of number nine which is acquire a 10-acre and 7.29-acre of Arizona State land at 96th and Bell. It seems pretty clear, but --

Public Works Director Dan Worth: Councilman Smith, again the language is from the presentation that Mr. Rose made to the TDC and I included it as it was presented in the sake of being complete. But it is entirely within the realm of that tight planning process to contemplate uses and I will point out that we did that in 2007. That was included in the area that we developed the existing site plan for. And so this would be a check to see if that's changed. If the stakeholders see any different alternatives, if they want to apply any of these other emerging requirements to that area, it's included for the sake of completeness. It's included in the master site plan as well.

Councilman Smith: So we could do that under the 2007 as well.

Public Works Director Dan Worth: We wouldn't have the opportunity to change the uses. The ones I would agree that we can do under the 2007 existing site plan would be the 94th Street improvements because we are not proposing to do anything different than what that site plan envisioned and those that do haven't have as a measurable impact, external to the facilities. The -- the -- number one, the wireless, you start getting into -- I would -- I would claim that -- and the light priority is partly a maintenance issue and KLM lighting, the neighbors will care about if and how we do that.

The paving --

Councilman Smith: They will actually probably like that a whole lot better than the spotlights that go up there now.

Public Works Director Dan Worth: If we do it right, they will.

Councilman Smith: Yes, I'm sure.

Public Works Director Dan Worth: The RV right paving triggers the acre or more. The paving is internal. That's totally internal. That would not trigger. And this to Arena A is significant change. Leaving tents up would be a significant change. Putting new covers over existing arenas would be a significant change. Any of those by themselves would trigger the requirement for municipal use master site plan. The value in doing a separate site plan for the \$300,000 you get to spread the cost among several different projects if we don't do this, any one more of these projects would trigger the use for the master site plan and we would still have to do it and we would have to burden the first projects in the queue at the cost of doing that update.

[Time: 02:15:33]

Councilman Smith: Well, I will tell you my sense, I mean, I think we are spending \$300 to ask the public what we want to do and don't have the council approval to do and a half dozen other projects that we don't need to ask them about. I'm not really seeing the sense of spending \$300,000 at this point, and I'm -- I'm motivated as much as anything else by your previous discussion of how we are need to be finding money to make capital investments for the city.

We need to get ourselves back on a path of sustainability but the capital investments that I had in mind, I don't know about my colleagues up here but the capital investments I had in mind were not additional capital investments at WestWorld, where we have spent tens of millions of dollars over the past several years and every time we turn around, there's an additional need. I think the needs we have in the city, you mentioned yourself, the roads are not back to where they were in their -- the good old days if you will. We have had four years of making investments that were less than the depreciation and \$300,000 to find out what the city thought about a variety of projects.

If I had to pass them tonight, I don't think I would pass them. So I don't know why we ask the public what they think. From my point of view and I will let my colleagues weigh in as well. I would not approve doing this at this time. I would allow this \$300,000 expenditure, if we have to make it and I'm not sure we do, but if we have to make, it I want it to compete on a level playing field with every other capital project requirement that we have in the city and they are enormous. They didn't ask us to use \$300,000 to find out how we want to spend money at WestWorld.

I already tipped my hand as to what my feelings are. I will let others weigh in. Thank you Mayor.

Mayor Lane: Thank you, Councilman. Councilwoman Milhaven.

[Time: 02:17:57]

Councilwoman Milhaven: I understand the \$300,000 is about the site plan. Can you be more specific about \$300,000 and what the process is?

Public Works Director Dan Worth: The \$300,000 is going to pay for staff time. We're going use consultants to do the detailed technical supporting work and we hope to minimize that and we hope to spend significantly less than \$300,000. It also pays for public outreach, which is going to be significant, a number of meetings with stakeholders in the general public and the end result is going to produce a -- a detailed plan with all the stipulations they have to go through at the zoning process, and has to go through the DRB and the planning commission before it comes to you for a final decision. So we're going to be paying for the development of the materials to go through those processes and those approvals and it's added to the list of public meetings that the plan has to go through.

Councilwoman Milhaven: I feel like this is a little bit like the cart before the horse. I think of WestWorld as a -- sort of like an enterprise fund and that we charge fees and it covers -- and I know when we approved expanding the Equidome, we looked at some pro forma. And as of May for 11 months, we subsidized WestWorld at \$2.5 million out of the general fund.

And so while I agree with Councilman Smith that in my opinion we have more urgent capital needs I would like at WestWorld as an enterprise fund and say, what would the business case be if we were to invest another dollar in WestWorld, what would be the dollar benefit to the city for having made that additional investment? So I might suggest that we take a step back, revisit the business case for WestWorld, and how are we doing today, with event days, fees charged, what additional opportunities do we have to close that shortfall and then if we need additional investment to into further reduce that shortfall.

While I'm not supportive tonight in moving forward, I would be supportive in putting together some work around what the business case is for WestWorld and additional investments in WestWorld.

Mayor Lane: Thank you Councilwoman. Councilman Phillips.

[Time: 02:20:41]

Councilmember Phillips: Thank you, Mayor. Dan one of the questions I was wondering was -- and I don't know how this is going to go. We will go through the process and everything. Is this going to address the lighting system, insofar as the overspill into the surrounding neighborhoods?

Public Works Director Dan Worth: Item two, the arena four and five lights is a big part of that. We have a situation now where lights were installed prior to putting a cover over one of the arenas and the uses of the area around the arenas have changed and the lighting is clearly outdated and ineffective. It's bold lighting and has a lot of spillover. That's a project that we submitted into the C.I.P. process. It would not in and of itself require a master plan update. That will be prioritized and either will or will not be funded as a result of the prioritization process. So technically, we will approach that anyway, regardless of this, if we do a master site plan update, it will get prioritized

against the other needs and we will make a decision based on that.

Councilmember Phillips: Okay. And then item number 12, R.V. site expansion, 400 to 600. Is that a necessary thing? Are we at capacity at 400? And so we -- if we had 200 more, will we get 200 more?

Public Works Director Dan Worth: Councilman Phillips I can't really speak to the business case for this, again it was part of that proposal from Mr. Rose, and as you heard it was on behalf of the Barrett Jackson event and the Barrett Jackson event sells out all the available R.V. spaces.

Councilmember Phillips: Okay. I kind of agree with Councilwoman Milhaven in that it does seem like we are putting the cart before the horse and we need to see a dollar value. \$300,000 -- I have seen council put out a lot more for other things in the past. What are we getting back for this. If we did do all of these projects, you know, are we going to get back, you know, 5 to one, 10 to one or is it going to be a continuing loss at WestWorld? So I think until those questions are answered, I would agree with Councilwoman Milhaven and Councilman Smith. Thank you.

Mayor Lane: Thank you, Councilman. Councilwoman Korte.

[Time: 02:23:18]

Councilmember Korte: Thank you, Mayor. So this is an update to 2007 plan, and the municipal use master site plan?

Public Works Director Dan Worth: Councilmember Korte, that's correct.

Councilmember Korte: And where did the 2007 site plan come from? How was it generated?

Public Works Director Dan Worth: Councilwoman Korte, that was an amendment of a plan that was previously approved in 2002, or 2003, in that time frame. We had actually started the process to build some of the improvements in the 2002 site plan and determined that the improvements weren't meeting the business needs and we stopped before we spent excessive amounts of money building something that wasn't going to work, and that's part of what necessitated the 2007 update process. We basically came to the conclusion that things changed in that short amount of time and we needed to get it right before we spent the big dollars.

Councilmember Korte: And how did we -- how did we fund the past municipal use master site plans.

Public Works Director Dan Worth: I believe that funding all came from general fund. I don't believe we came to council for an appropriation. I think we funded that out of existing approved operating budget.

Councilmember Korte: So how can we justify this update using tourism dollars? How can we justify that?

Public Works Director Dan Worth: The tourism impact is obviously not all of these items are generally beneficial to tourist-related events but it was originally presented to the tourism development commission by Mr. Rose, as -- or those items with asterisks were presented as items that would enhance some of the major -- or the major tourist generating tourism revenue generating events that we hold there.

Councilmember Korte: But clearly the TDC didn't quite agree with that, saying that they were only willing to meet you halfway. That's about a good summation of their feelings there.

Public Works Director Dan Worth: I would agree that the TDC would agree with that assessment. They were very clear in expressing their views that there were other uses that were not tourism generators and benefit from those by master plan update.

Councilmember Korte: So with the proposed projects does that represent all the projects that you foresee WestWorld in the near future, the WestWorld needs?

Public Works Director Dan Worth: The items one through 7 are those identified by staff, and submitted into this year's capital review and approval process. Our general guidelines look out five years and I would anticipate that if you asked Mr. Dygert that's five years' worth of requirements. The other items were proposed by a third party, and until we talked to all other stakeholders, we may or may not have other things that are identified through public outreach processes.

[Time: 02:26:52]

Councilmember Korte: The big tent. We had about removing big tent. That's still on track, correct?

Public Works Director Dan Worth: Councilmember Korte, that's still on track. We still have not gotten anybody who has responded with a viable offer to come and remove it and take it off our hands. We are looking again but we anticipate the end of this coming event season, whether we have someone willing to buy it or not, it will come down and we will do what we need to do to restore that site and make it suitable for events.

Councilmember Korte: And we have money dedicated to restore that site?

Public Works Director Dan Worth: That is correct.

Councilmember Korte: And that would not be a part of this project.

Public Works Director Dan Worth: That's not listed here. That's not part of the site plan process. That is existing approved C.I.P.

Councilmember Korte: Help me understand what number ten is adopt a policy allowing Barrett

Jackson to stay in the spring.

Public Works Director Dan Worth: Barrett Jackson anticipates to put up the tents they currently have and renting or buying tents to replace at least some of the square footage that they lose when we would take down our approach and they ask that we keep them up during the event season so we can have additional rental to the space and minimize disruption to other events that would be caused by Barrett Jackson removing the tents immediately following their event.

Councilmember Korte: All right. Then obviously it would spread the cost of the those tents, shall we say through several months versus -- several months of events versus one event?

What about Monterra, I don't see that in here.

Public Works Director Dan Worth: Monterra is not listed and it's certainly, as I said, we talked to other stakeholders, and we may identify a need to upgrade and expand and we could certainly contemplate doing that, and if that emerged as a potential requirement, we would be prioritizing it against everything else on the list and whatever else comes out.

Councilmember Korte: I'm not going to be supporting this because of two concerns. The use of bed tax dollars, I don't believe, is appropriate here. And second, you know, we are planning for a significant capital -- capital investment and capital projects and it seems to be planned in a vacuum again to councilman Smith's concerns that we have an enormous capital needs and to plan this outside of a vacuum, and outside of any priorities, just doesn't seem to make sense to me. So thank you.

[Time: 02:29:59]

Mayor Lane: Thank you, Councilwoman. There are a couple of things that trouble me as the proposal is presented but also on the conversation that's ensued, which I agree with in part. One of my concerns is that this is not even something that was ever brought forward to the WestWorld subcommittee at all. And I think it taking it to the TDC without going to them is a failure in the process.

WestWorld is not an enterprise. One of the failures we had even in the initial analysis of WestWorld's viability and even the payback proposition and return on some of the investment thus far is the fact that we don't have isolated numbers easily obtainable isolated numbers on WestWorld's operational costs.

I think that -- I agree with one thing. I think there's a need to have some kind of business plan for how we justify these changes and how it will come back to the city in some positive way other than just retention, but I think that's an important point to consider, as well. And I think we also need to be reviewing our current contracts on the property to make sure that there is for the performance measures that have been already stipulated that we somehow get to that and plug that into this equation.

There's another thing that Councilman Smith said, I think, rather succinctly that is that we have a number of things on here and one I pointed out and that is 13. We have been struggling for two years to make sure it was not a burden to the city to underground these lines and I think we are within inches of a near and possible task of getting that done. And every time we suggest that the city is going to somehow kick in, it demotivates the idea of separate and improvement district. I'm concerned about using that language on number 13. It's appropriately numbered, number 13, because I think it's an unlucky situation to put up. That's a concern.

But primarily, I think the idea that -- of having some kind of business plan, bringing this together to make sure that we are not taking another step that just doesn't add to the dilemma but there's one point of major disagreement and that is that I don't want to -- and I don't think we should be comparing this to any other C.I.P. projects or anything coming out of the general fund.

Number two attraction from a tourist standpoint and for our city, are events this is our primary events center. There isn't anything that's more closely associated, other than maybe the TPC, with tourism and recovery on tourism dollars, tourism bed tax dollars it has to be second to the TPC and everything is a peripheral back up and extends this. I don't mean to disregard the TDC, but at the same time, the idea that WestWorld subcommittee was disregarded in this consideration is one and the other is that I do believe if something along this line were -- and this list, and pardon me for saying so, Mr. Worth, the idea that we want to have 13 so we can spread the could have over more items is not necessarily a selling point as far as I'm concerned. I would rather be approaching the things we need to approach and -- and get the outreach or whatever it is that we need to review. Maybe it doesn't cost \$300,000 to do the remaining items and I don't know that we have a clear picture of what's good on there and what's not, other than from my perspective, item 13.

So I think that continuing this is something I would certainly advocate until which time as we have a review and I'm not sure if that was a motion made by Councilwoman Milhaven or not, but nonetheless, it would be a motion I would support to take a look at that.

Something else and we could incorporate it here. I do think that it's something that we need to look at the overall contracts and the performance measures as we have been utilizing that property at this point in time. We have committed a great deal of bed tax dollars and other funds to WestWorld's expansion year round facility and climate control, all of those things to make it a more viable product for recovery on those dollars. And I really am very interested to see exactly how successful we have been doing in that and I haven't seen those numbers yet. That's something that we have to incorporate in this look as well.

I don't know whether that -- and I know it hasn't been a motion or not. I would certainly like a motion with that element in it.

[Time: 02:35:09]

Councilwoman Milhaven: Now?

Mayor Lane: If you would like.

Councilwoman Milhaven: Okay. I would like to make a motion to continue this item and request that staff bring forward an overview of the operations of WestWorld and the business case for additional investment.

Mayor Lane: And I will second that. We do have some further conversation that would like to take place but the motion is on the table. Vice Mayor Littlefield.

[Time: 02:35:33]

Vice Mayor Littlefield: Thank you. Thank you, Mayor. I thought I would be a lone wolf up here. I think it's premature, not that it's necessarily bad but I don't think we need to spend \$300,000 to determine that we need to do some of these things. Some of these can be done under the current situation that we have and, you know, if we have the funds to do them, fine, move forward but I think before we go ahead and do another site plan and spend more money and do all of this and other things we need to have a really close business look at WestWorld. And this is something I felt very strongly about for quite a while every time an item comes in and it seems like we're not looking at the whole picture. And I think that's something that we really need to do is sit down. What do we expect out of WestWorld. What do we want out of it? How are we going to get there? What are the steps? What is the money? And then we can have a framework where we can say, yeah, we need this or, no we don't need that, we are going to go this way instead and we are kind of tossing darts, I think against a wall that I don't think is very conducive to good long-term planning and good financial management. It's certainly not how I would run a business.

And I does have one question for you, though, Dan. And that is, you mentioned it briefly that you took the 80 acres out of the site plan for WestWorld. Do we have any plans for 80 acres? Do we have any plans? What do we want to do with it?

Public Works Director Dan Worth: Mayor, Vice Mayor, it's been a subject of several studies. We don't have any current plans. Bell Road corridor master planning study, most recently been included in the area of a parking study that looks at the parking to support events in that area. No commitments. And I'm not sure when we'll be at the point where -- where we are ready to make a recommendation unless a use emerges that has some momentum behind it.

Vice Mayor Littlefield: Does this taking it out of the WestWorld site plan, does that make it more available for other uses then?

Public Works Director Dan Worth: The fact that it's in the existing municipal use master site plan doesn't really limit its availability for any further uses. It's designated in the existing site plan for parking and support uses. It's a very generalized designation and we have contemplated since 2007 other uses for that to include the potential of selling it, which is always a possibility. It's -- it's just if the city develops it, we have got a site plan that we would have to adhere to. If the city chooses not to develop it, that site plan is going to be superseded by whatever zoning gets approved and whatever

the user, whether it's us or somebody else, goes through the entitlement process for it.

Vice Mayor Littlefield: Well, I will be supporting the motion that's on the table here tonight, but I would like also to recommend that we schedule some study time for WestWorld and find some financial factual information not only on where it stands right now but how we can make it better and how we can make it at least break even and then what we can do to make it even better than that, and have it broken down in those kind of steps, those kind of plans and move forward on that way. I noticed a lot of these things are things that we can do without doing this and, you know, if we have the money for that, that's fine. If we don't, then maybe we ought to just hold and see what we can come up with, as far as an overall long-term, long range program for WestWorld. Because I think we all want to make it successful. I think we all support it but I don't support just throwing money at it, and seeing what sticks to the wall. Thank you.

[Time: 02:40:04]

Mayor Lane: Thank you, Vice Mayor. Mr. Biesemeyer, did you have a comment?

Acting City Manager Brian Biesemeyer: I did, Mayor and Council. In regards to the 80 acres my suggestion all along is that in the spring we have a session and we talk about that 80 acres because it keeps coming up in different discussions and we have done the bell road master land and some other things. I think it's time for council to have a discussion on what some of the options might be and what some of the plans for that 80 acres could or should be. And so my recommendation and it's not related directly no this is that in the spring we schedule a study session to discuss the 80 acres and what the possibilities are there.

Mayor Lane: That may be a matter that I suppose of an added item. It's not necessarily an agenda item. I don't know if that's appropriate time to confirm or deny that but I certainly don't disagree. But study session on that? Thank you, Mr. Biesemeyer. Councilwoman Klapp.

[Time: 02:41:05]

Councilwoman Klapp: I also agree with the motion to develop business plan and in mentioning the 80 acres, if you are developing a business plan, you might as well take a look at the 80 acres to see if it makes sense to be part of the site plan or not. You excluded it just because you wanted to bring all of this forward but that doesn't necessarily mean that it couldn't be at least considered as part of the business plan. You may decide that it shouldn't be but at least that should be part of the discussion.

And then the major factor that bothered me when I read this was exactly what the Mayor brought up. I don't mean to pile on, but it should have come to the WestWorld subcommittee. I think that's what we are for. You have three councilmembers that can give you a first blush comment about a plan like this. So whenever this business plan is developed, I would like to see it come not to the council or the work study first but to the WestWorld subcommittee so we can discuss it and give you feedback before it comes to the full council.

I think it would be helpful to get whatever our reactions were to this before you take it in front of the entire council for a work study session. And then from that, I think we'll have a better process. It might take longer, obviously, but I think there's so much in this package that it's giving all of us some pause as to what the cost might be and whether or not there really is going to be a payback and not that I don't believe that all of these things are needed in some form or another, for the WestWorld area, but we really need to put it into a plan and see whether or not it's going to be feasible, believe it or not it's going to pay for itself. There's so many questions that need to be answered and I think it's necessary to do the work and bring it to the subcommittee and then bring it to the council.

Mayor Lane: Thank you, Councilwoman. Councilman Smith.

[Time: 02:43:17]

Councilman Smith: Thank you, Mayor. I think you are getting a consensus view here, certainly I support it and that is that we ought to have some kind of a business plan for WestWorld before we invest additional money, and what we invest should compete with other projects in the city. I would just clarify from my point of view, the business plan, I would love to see a business man that is not something that necessarily brings the facility to break even. I don't think that's personally ever going to happen. I'm not sure that it needs to happen any more than we need to have libraries that operate at break even or anything else. It's a community facility. I would love to see how we are going to make it a robust community facility.

We may lose more than what we are doing now, but at least it will be utilized facility, contributing to tourism and to the draw and the cache of our city. I happen to think just as a matter of difference of opinion, I guess, I might call it our third major tourism attraction, rather than our second, certainly the TPC is up there, but I think the livability and the cache of the city is the primary thing that brings people to the city. That is our number one tourist attraction and that's what I'm always trying to focus on when I say let's fix the streets, let's fix the public amenities that really make people enjoy coming to Scottsdale.

So I will be supporting the development of business plan. Hopefully we can do it in a work study and hopefully you all can come up with some creative ideas of how we can have flexibility in booking events. Of continuing frustration, and how we can have some realistic metrics where we are relying on the metrics that were introduced in 2010 just to get the project underway. It doesn't have any credibility then and they still don't. So they are useless metrics for us to be using today. I welcome this discussion and I hope it can happen soon.

Councilmember Phillips: I would like to call the question.

[Time: 02:45:30]

Mayor Lane: All right, thank you. I think we have completed the discussion on this, and I think if we just look to the city manager and city attorney on the confirmation and the clarity of the motion.

City Attorney Bruce Washburn: My memory is that the motion was to continue this matter and to have it brought back after there's been a development of basically a business plan and aspect, if I remember right.

Mayor Lane: Okay. Yes, I think that's --

Councilwoman Milhaven: A review of operations and a business case to justify additional investment.

Mayor Lane: Okay. So that's clear. That motion has been seconded as well and it's on deck. No further discussion being seen. So I think we are all ready then to vote. All those in favor, aye. Opposed a nay. It's unanimous that we will continue it to which time as question have that business plan in place. Thank you very much, Mr. Worth for your presentation on that.

Public Works Director Dan Worth: Thank you, Mayor.

MAYOR AND COUNCIL ITEMS

[Time: 02:46:38]

Mayor Lane: Okay. We have no further public comment. We have no petitions.

Mayor and council item, I will formalize an item that I mentioned a little earlier in the context of this review, but I do think -- I think it would be good for us. I would like to make a motion to have the staff bring forward the WestWorld events and contracts of items, and performance issues after the new year, and just as a component part that we would use in this overall assessment of WestWorld as well. So that's a motion to agendize that to a future date.

Councilwoman Klapp: Second.

Mayor Lane: Its seconded by Councilwoman Klapp. Any questions or comments? Well, really can't be any questions in the comments, I guess. We are then ready to vote on that. All those in favor, please indicate by aye. Those opposed with a nay. Aye. It's unanimous then too.

Okay. Was that -- we got that one clear enough?

Acting City Manager Brian Biesemeyer: I am going to rely on the Clerk for that one.

ADJOURNMENT

[Time: 02:47:37]

Mayor Lane: Very good. Seeing there's no other business, I will ask for a motion to adjourn.

Councilmember Korte: So moved.

Mayor Lane: And seconded. All those in favor please indicate by aye. We are adjourned. Thank you very much. Good evening, everyone.