

**SCOTTSDALE CITY COUNCIL
REGULAR MEETING MINUTES
MONDAY, NOVEMBER 25, 2019**



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

CALL TO ORDER

Mayor W.J. "Jim" Lane called to order a Regular Meeting of the Scottsdale City Council at 5:02 P.M. on Monday, November 25, 2019, in the City Hall Kiva.

ROLL CALL

Present: Mayor W.J. "Jim" Lane; Vice Mayor Kathleen S. Littlefield; and Councilmembers Suzanne Klapp, Virginia L. Korte, Linda Milhaven (arrived at 5:11 p.m.), Guy Phillips, and Solange Whitehead

Also Present: City Manager Jim Thompson, City Attorney Sherry Scott, City Treasurer Jeff Nichols, City Auditor Sharron Walker, and City Clerk Carolyn Jagger

PLEDGE OF ALLEGIANCE – Library Teen Advisory Board Members

INVOCATION – Pastor Ryan Goble, Scottsdale Bible Church

MAYOR'S REPORT

Mayor Lane read a proclamation in honor of November 30th Small Business Saturday.

Mayor Lane announced that the Scottsdale Ranch Park Tennis Center was awarded the 2019 Outstanding Facility by the United States Tennis Association.

Mayor Lane announced that the City won Arizona State University's Inaugural "Resilience Prize" for the Indian Bend Wash Greenbelt.

PRESENTATIONS/INFORMATION UPDATES - None

PUBLIC COMMENT

- Valeri Marsh expressed concern about cell towers and biological radiation.

NOTE: MINUTES OF CITY COUNCIL MEETINGS AND WORK STUDY SESSIONS ARE PREPARED IN ACCORDANCE WITH THE PROVISIONS OF ARIZONA REVISED STATUTES. THESE MINUTES ARE INTENDED TO BE AN ACCURATE REFLECTION OF ACTION TAKEN AND DIRECTION GIVEN BY THE CITY COUNCIL AND ARE NOT VERBATIM TRANSCRIPTS. DIGITAL RECORDINGS AND CLOSED CAPTION TRANSCRIPTS OF SCOTTSDALE CITY COUNCIL MEETINGS ARE AVAILABLE ONLINE AND ARE ON FILE IN THE CITY CLERK'S OFFICE.

ADDED ITEMS

A1. Added Items

Materials for Consent Item No. 18 were added to the agenda less than ten days prior to the meeting and will require a separate vote to remain on the agenda.

Request: Vote to accept the agenda as presented or to continue the added item to December 3 or 4, 2019.

MOTION AND VOTE – ADDED ITEMS

Councilmember Korte made a motion to accept the agenda as presented. Vice Mayor Littlefield seconded the motion, which carried 7/0, with Mayor Lane; Vice Mayor Littlefield; and Councilmembers Klapp, Korte, Milhaven, Phillips, and Whitehead voting in the affirmative.

MINUTES

Request: Approve the Joint Dinner Meeting Minutes of October 29, 2019.

MOTION AND VOTE – MINUTES

Councilwoman Klapp made a motion to approve the Joint Dinner Meeting Minutes of October 29, 2019. Councilwoman Korte seconded the motion, which carried 7/0, with Mayor Lane; Vice Mayor Littlefield; and Councilmembers Klapp, Korte, Milhaven, Phillips, and Whitehead voting in the affirmative.

CONSENT AGENDA

1. Al Hamra Liquor License (79-LL-2019)

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

Location: 11219 E. Via Linda, Suite D1

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

2. Bronzopolitan Liquor License (83-LL-2019)

Request: Consider forwarding a recommendation of approval to the Arizona Department of Liquor Licenses and Control for a Series 7 (beer and wine bar) State liquor license for an existing location with a new owner.

Location: 15811 N. Frank Lloyd Wright Blvd., Suite 125

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

3. Caribbean Palm Restaurant and Bar Liquor License (84-LL-2019)

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

Location: 2515 N. Scottsdale Rd., Suites 2-4

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

- 4. Oregano's Pizza Bistro Liquor License (86-LL-2019)**
Request: Consider forwarding a recommendation of approval to the Arizona Department of Liquor Licenses and Control for a Series 12 (restaurant) State liquor license for an existing location with a new owner.
Location: 15544 N. Pima Rd.
Staff Contact(s): Tim Curtis, Current Planning Director, 480-312-4210, tcurtis@scottsdaleaz.gov
- 5. Stampede Sports Bar Liquor License (87-LL-2019)**
Request: Consider forwarding a recommendation of approval to the Arizona Department of Liquor Licenses and Control for a Series 12 (restaurant) State liquor license for an existing location with a new owner.
Location: 18221 N. Pima Rd., Suite 140
Staff Contact(s): Tim Curtis, Current Planning Director, 480-312-4210, tcurtis@scottsdaleaz.gov
- 6. Benedetto's Restaurant Market Street at DC Ranch Conditional Use Permit (8-UP-2019)**
Request: Find that the conditional use permit criteria have been met and adopt **Resolution No. 11647** approving a Conditional Use Permit for live entertainment in a 3,818± square-foot restaurant with Planned Neighborhood Center, Planned Community District (PNC PCD) zoning.
Location: 20707 E. Pima Rd., Suite 200
Staff Contact(s): Randy Grant, Planning and Development Services Director, 480-312-2664, rgrant@scottsdaleaz.gov
- 7. Cochise Manor Abandonment (7-AB-2012#4)**
Request: Adopt **Resolution No. 11626** authorizing the abandonment of 33 feet of Government Land Office Patent easement along the west and east property lines and eight feet of Government Land Office Patent easement along the south property line of a 4.3±-acre parcel with Single-Family Residential, Environmentally Sensitive Lands (R1-43 ESL) zoning.
Location: 10425, 10473, 10521, and 10569 N. 131st Street
Staff Contact(s): Randy Grant, Planning and Development Services Director, 480-312-2664, rgrant@scottsdaleaz.gov
- 8. Underground Fuel Storage Construction Services Job Order Contract**
Request: Adopt **Resolution No. 11610** authorizing Contract No. 2017-167-COS-A1 with Cochise Contractors, Inc., in an amount not to exceed \$2,000,000 for a one-year contract extension for fuel underground storage tank removal and new fuel system installation.
Staff Contact(s): Daniel Worth, Public Works Director, 480-312-5555, dworth@scottsdaleaz.gov
- 9. North Corp Yard CNG Compliance Project Budget Adjustment**
Request: Adopt **Resolution No. 11643** authorizing a FY 2019/20 capital budget transfer totaling \$179,498 from the Additional Compressed Natural Gas (CNG) Station project, and a FY 2019/20 Fleet Management Fund Operating Contingency Budget transfer in the amount of \$20,502 to the North Corp Yard CNG Compliance Project, for a grand total of \$200,000 to be funded by the Fleet Management Fund.
Staff Contact(s): Daniel Worth, Public Works Director, 480-312-5555, dworth@scottsdaleaz.gov

10. East Valley Collaboration on Homelessness

Request: Adopt **Resolution No. 11580** authorizing the City to collaborate with East Valley Towns and Cities to explore solutions to address homelessness.

Staff Contact(s): Greg Bestgen, Human Services Department Director, 480-312-0104, gbestgen@scottsdaleaz.gov

11. Apache Park Intergovernmental Agreement

Request: Adopt **Resolution No. 11639** authorizing Agreement No. 2019-197-COS, an amended and restated intergovernmental agreement with Scottsdale Unified School District for the development and joint use of Apache Park.

Staff Contact(s): Bill Murphy, Assistant City Manager, 480-312-7954, bmurphy@scottsdaleaz.gov

12. Fiscal Year 2019/20 Capital Improvement Plan Mid-Year Budget Adjustments

Request: Adopt **Resolution No. 11642** authorizing FY 2019/20 Capital Improvement Plan mid-year budget adjustments.

Staff Contact(s): Daniel Worth, Public Works Director, 480-312-5555, dworth@scottsdaleaz.gov

13. HOME Investment Partnership Intergovernmental Agreement

Request: Adopt **Resolution No. 11612** authorizing Agreement No. 2018-039-COS-A3, the third amendment to the agreement with Maricopa County, on behalf of the Maricopa HOME Consortium, to receive FY 2019/19 Federal HOME Investment Partnership funds in the amount of \$314,693.94

Staff Contact(s): Bill Murphy, Assistant City Manager, 480-312-7954, bmurphy@scottsdaleaz.gov

14. Eureka Loft Settlement Agreement

Request: Adopt **Resolution No. 11622** approving Contract No. 2019-178-COS authorizing settlement with Eureka Hub Management, Inc., to abandon use of the Eureka Loft Trademark for payment of \$7,000 to the City.

Staff Contact(s): Sherry Scott, City Attorney, 480-312-2405, sscott@scottsdaleaz.gov

15. November 5, 2019 Special Bond Election Canvass

Request: Adopt **Resolution No. 11645** as the official canvass of the City of Scottsdale November 5, 2019 Special Election.

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

Mayor Lane opened public testimony.

Sandra Schenkat, Scottsdale resident, expressed her appreciation for the passage of the bonds.

Mayor Lane closed public testimony.

16. Fire Department Emergency Response Equipment Replacement

Request: Adopt **Resolution No. 11652** authorizing a FY 2019/20 General Fund Capital Contingency Budget Appropriation transfer totaling \$2,228,400 to a newly created capital project to be titled "Replace Outdated Emergency Response Equipment for Fire Department" that will be funded by General Obligation Bond 2019 proceeds in the amount of \$2,057,000 and by the CIP General Fund in the amount of \$171,400.

Staff Contact(s): Daniel Worth, Public Works Director, 480-312-5555, dworth@scottsdaleaz.gov

17. Monthly Financial Report

Request: Accept the FY 2019/20 Monthly Financial Report as of September 2019.

Staff Contact(s): Judy Doyle, Budget Director, 480-312-2603, jdoyle@scottsdaleaz.gov

18. Core Center Rezoning and Development Agreement (19-ZN-2013#2, 2-DA-2019)

Requests:

1. Adopt **Ordinance No. 4429** approving a zoning district map amendment amending the previously-approved Development Plan for the site, including approval of Bonus Development Standards of floor area ratio in exchange for Special Public Improvements, for a 7.58±-acre site with Planned Airpark Core Development – Airpark Mixed Use (PCP-AMU) zoning.
2. Adopt **Resolution No. 11624** declaring the document titled “*Core Center Development Plan*” to be a public record.
3. Adopt **Resolution No. 11625** authorizing Development Agreement No. 2019-179-COS.

Location: 15301 N. Hayden Rd.

Presenter(s): Brad Carr, Principal Planner

Staff Contact(s): Randy Grant, Planning and Development Services Director, 480-312-2664, rgrant@scottsdaleaz.gov

MOTION AND VOTE – CONSENT AGENDA

Councilmember Korte made a motion to approve Consent Agenda Items 1 through 18. Councilman Phillips seconded the motion, which carried 7/0, with Mayor Lane; Vice Mayor Littlefield; and Councilmembers Klapp, Korte, Milhaven, Phillips, and Whitehead voting in the affirmative.

REGULAR AGENDA

19. Fiscal Year 2018/19 Annual Financial Audit

Request: Accept the FY 2018/19 annual financial audit reports submitted by the City's external auditors, Heinfeld, Meech & Co., P.C.

Presenter(s): Sharron Walker, City Auditor

Staff Contact(s): Sharron Walker, City Auditor, 480-312-7867, swalker@scottsdaleaz.gov

City Auditor Sharron Walker gave a PowerPoint presentation (attached) on the Fiscal Year 2018/19 Annual Financial Audit Report.

MOTION AND VOTE – ITEM 19

Councilman Phillips made a motion to accept the FY 2018/19 annual financial audit reports. Vice Mayor Littlefield seconded the motion, which carried 7/0, with Mayor Lane; Vice Mayor Littlefield; and Councilmembers Klapp, Korte, Milhaven, Phillips, and Whitehead voting in the affirmative.

20. Fiscal Year 2018/19 Financial Update

Request: Receive, discuss, and provide possible direction on the City Treasurer's financial summary presentation for Fiscal Year 2018/19.

Presenter(s): Jeff Nichols, City Treasurer

Staff Contact(s): Judy Doyle, Budget Director, 480-312-2603, jdoyle@scottsdaleaz.gov

City Treasurer Jeff Nichols gave a PowerPoint presentation (attached) on the City's Fiscal Year 2018/19 financial summary.

21. Monthly Financial Update

Request: Receive, discuss and provide possible direction on the City Treasurer's monthly financial presentation as of October 2019.

Presenter(s): Jeff Nichols, City Treasurer

Staff Contact(s): Judy Doyle, Budget Director, 480-312-2603, jdoyle@scottsdaleaz.gov

City Treasurer Jeff Nichols gave a PowerPoint presentation (attached) on the City's financial status as of October 2019.

PUBLIC COMMENT - None

CITIZEN PETITIONS

22. Receipt of Citizen Petitions

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

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

No citizen petitions were received.

MAYOR AND COUNCIL ITEMS - None

ADJOURNMENT

The Regular City Council Meeting adjourned at 6:33 P.M.

SUBMITTED BY:



Carolyn Jagger
City Clerk

Officially approved by the City Council on

January 14, 2020

CERTIFICATE

I hereby certify that the foregoing Minutes are a true and correct copy of the Minutes of the Regular Meeting of the City Council of Scottsdale, Arizona held on the 25th day of November 2019.

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

DATED this 14th day of January 2020.



Carolyn Jagger, City Clerk

Item 19

FY 2018/19 Annual Financial Audit

Sharron E. Walker, CPA, CFE, CLEA
City Auditor

Contracted CPA Firm: Heinfeld, Meech & Co., PC

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Background

- Charter requires City Council to designate CPAs to perform an independent audit of City's annual financial statements
- Council assigned financial audit contract coordination and monitoring to the City Auditor
- Audit Committee received FY 2018/19 audit reports at its November 12, 2019, meeting

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Other funding/compliance reports

State funding/compliance report

- Highway User Revenue Fund (HURF) uses
City complied with state requirements

Reports that are completed later (January/February)

- HUD-required financial schedule - federal
- Annual Expenditure Limitation Report - state

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Requested Action

By motion, as recommended by the City Council's Audit Committee:

The City Council accept the FY 2018/19 financial audit reports submitted by the City's external auditors, Heinfeld, Meech & Co. P.C.

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Federal funding/compliance reports

FY 2018/19 federal funding totaled \$12.6M, from:

- Housing & Urban Development \$ 7.5M
- Transportation \$ 4.5M
 - Including Airport ~ \$3.2M
- Others \$ 0.6M

Source: Schedule of Expenditures of Federal Awards

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Federal funding/compliance reports *continued*

Single Audit Report includes:

- Report on Internal Control and Compliance based on the Financial Statement audit
- Report on Compliance, Internal Control and Expenditures of Federal Awards
- Schedule of Expenditures of Federal Awards – unmodified opinion
- Findings – none / Prior Audit Findings – three, fully corrected

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Summary of Financial Audit Reports

Annual financial audit includes:

- City's Comprehensive Annual Financial Report (CAFR)
Unmodified opinion – financial statements are fairly presented in all material respects

- Component Units' Annual Financial Reports
 - Community Facilities Districts (5 CFDs)
 - Municipal Property Corporation (MPC)
 - Scottsdale Preserve Authority (SPA)Unmodified opinions on each

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Related Communications

Communication to Governance – for City's CAFR and each Component Unit, communicates key points such as:

- Accounting practices, significant estimates - no issues
- Audit adjustments or disagreements with management - no issues
- Other similar matters - no issues

Attachments:

- **Engagement Letters** – communicated scope of audit
- **Management Representation Letters** – communicate City management's responsibility for financial statements and information provided

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Proposed 2020 State Legislative Program

City of Scottsdale
Government Relations Office
December 4, 2019

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2020 State Legislative Program

- Second Regular Session of the 54th Legislature
- Legislative Session begins January 13, 2020
- Senate President
 - Karen Fann (R-Prescott, LD1)
- Speaker of the House
 - Rusty Bowers (R-Mesa, LD25)
- House 31-29
- Senate 17-13

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Legislative District 23



Senator Michelle
Ugenti-Rita



Representative
Jay Lawrence



Representative
John Kavanagh

3

Legislative District 24



Senator Lela
Alston



Representative
Amish Shah



Representative
Jennifer Longdon

4

Legislative District 28



Senator Kate
Brophy McGee



Representative
Kelli Butler



Representative
Aaron Lieberman

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2020 State Legislative Agenda

- **Input from City Leadership**
- **Two Sections**
 - **Core Principles**
 - **Policy Statements (includes Key Positions)**

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2020 Potential Issues

- Short Term Rentals
- Speculative Builder Taxes
- Marijuana
- Vaping
- Education Funding

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2020 Key Positions

- ✓ **SUPPORT** legislation addressing the negative impacts short-term rental properties can have on adjacent properties and neighborhoods.
- ✓ **OPPOSE** legislation that would limit or curtail the City's current zoning authority, particularly in residential neighborhoods.
- ✓ **OPPOSE** the reduction or elimination of the Speculative Builder classification of construction sales tax.

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2020 Key Positions

- ✓ **OPPOSE** changing the imposition of construction sales taxes to “materials only” or other methods that do not equitably return those revenues to where the construction activity occurs.
- ✓ **SUPPORT** a legislative resolution in support of the United States-Mexico-Canada Agreement (USMCA).
- ✓ **SEEK** legislation to amend the statutory requirement for the posting of zoning changes in a newspaper of general circulation.

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Economic Vitality & Tourism

- **SUPPORT** a dedicated fund to better position Arizona to attract and host major events.
- **SUPPORT** policies that enhance Arizona’s reputation as a world-class medical destination for cutting-edge health care services.

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Transportation

- **SUPPORT** the continuation of Arizona's leadership in the development of safe autonomous vehicles and devices.
- **SUPPORT** the continued viability of the State Aviation Fund, including assurances that fuel taxes will be placed in the fund or returned to the airport where the fuels sales occur.

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Neighborhoods, Quality of Life & Social Issues

- **SUPPORT** legislation addressing the negative impacts short-term rental properties can have on adjacent properties and neighborhoods.
- **SUPPORT**, in coordination with the Arizona League of Cities and Towns, efforts for the Legislature to pass the Equal Rights Amendment (ERA).

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Approval of Legislative Agenda

- Consider approval of 2020 State Legislative Agenda.