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CALL TO ORDER

[Time: 00:00:07]

ROLL CALL

[Time: 00:00:16]

Mayor Lane: GOOD AFTERNOON, EVERYONE, NICE TO HAVE EVERYONE HERE FOR THIS MEETING. IT IS JUNE 18th, 2013, AND IT'S APPROXIMATELY 5:00 AND IT'S OUR REGULAR MEETING. I'D LIKE TO CALL IT TO ORDER. WE'LL START WITH THE ROLL CALL, PLEASE.

City Clerk Carolyn Jagger: MAYOR JIM LANE.

Mayor Lane: PRESENT.

Carolyn Jagger: VICE MAYOR SUZANNE KLAPP.

Vice Mayor Klapp: HERE.

Carolyn Jagger: COUNCILMEMBERS VIRGINIA KORTE.

Councilmember Korte: YES.

Carolyn Jagger: BOB LITTLEFIELD.

Councilman Littlefield: HERE.

Carolyn Jagger: Linda MILHAVEN.

Councilwoman Milhaven: HERE.

Carolyn Jagger: GUY PHILLIPS.

Councilmember Phillips: PRESENT.

Carolyn Jagger: AND DENNIS ROBBINS.

Councilman Robbins: HERE.

Carolyn Jagger: ACTING CITY MANAGER DAN WORTH.

Dan Worth: HERE.

Carolyn Jagger: CITY ATTORNEY BRUCE WASHBURN.

Bruce Washburn: HERE.

Carolyn Jagger: CITY TREASURER DAVID SMITH.

David Smith: PRESENT.

Carolyn Jagger: CITY AUDITOR SHARRON WALKER.

Sharron Walker: HERE.

Carolyn Jagger: AND THE CLERK IS PRESENT.

Mayor Lane: THANK YOU. JUST SOME ORDERS OF INSTRUCTIONS ON THE BUSINESS AT HAND. WE DO HAVE CARDS IF YOU'D LIKE TO SPEAK ON ANY SUBJECT ON THE AGENDA AND THEY ARE THE WHITE CARDS THE CITY CLERK IS HOLDING UP OVER HER HEAD TO MY RIGHT, AND THERE ARE YELLOW CARDS IF YOU WOULD LIKE TO WRITE ANY COMMENTS ON ANY AGENDA ITEMS. AND THE SAME WHITE CARDS ARE FOR PUBLIC COMMENT AS WELL, WHICH IS FOR ITEMS NOT ON THE AGENDA. WE HAVE SCOTTSDALE POLICE OFFICER TOM CLEARY AND JASON GLEN HERE TO ASSIST YOU AND THEY'RE BOTH HERE ABOUT 11:00 OFF MY LEFT SHOULDER HERE. AND THEY'RE HERE TO ASSIST YOU IF YOU HAVE NEED FOR THEIR HELP. THE AREAS BEHIND COUNCIL DAIS ARE RESERVED FOR THE COUNCIL AND STAFF. WE HAVE FACILITIES FOR EVERYONE THAT NEEDS THEM, A CLEARLY MARKED RESTROOM SIGN OVER TO MY LEFT, UNDER THE EXIT SIGN AS WELL. TONIGHT WE HAVE THE WORLD CHANGERS TO LEAD US IN THE PLEDGE OF ALLEGIANCE. THE WORLD CHANGERS ARE VOLUNTEERS THAT SPEND THEIR SUMMERS HELPING ON VARIOUS PROJECTS AROUND SCOTTSDALE. THANK YOU FOR BEING HERE TONIGHT AND FOR YOUR WORK THIS SUMMER. ANY TIME YOU'RE READY, YOU CAN MOVE TO THE MICROPHONE AND LEAD US IN THE PLEDGE OF ALLEGIANCE. IF EVERYONE COULD STAND, PLEASE.

PLEDGE OF ALLEGIANCE

[Time: 00:01:35]

World Changers: 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.

Mayor Lane: IF YOU'D LIKE TO GO AHEAD AND INTRODUCE YOURSELVES AND GIVE SOME BASIC INFORMATION, WHERE YOU GO TO SCHOOL.

MY NAME IS MACY, I GO TO COCOPAH MIDDLE SCHOOL AND MY FAVORITE SUBJECT IS MATH.

MY NAME IS ALEXANDRA AND I GO TO CHEYENNE SCHOOL AND MY FAVORITE SUBJECT IS SPANISH.

MY NAME IS TERRY, I AM GOING TO MOJAVE MIDDLE SCHOOL AND I LIKE MATH.

Mayor Lane: THANK YOU VERY MUCH. AND FOR ALL THE WORK YOU DO.

INVOCATION

[Time: 00:03:00]

Mayor Lane: IN PLACE OF AN INVOCATION TONIGHT, I'D LIKE TO HAVE US ALL TAKE A MOMENT TO THINK ABOUT THE BLESSINGS THAT HAVE BEEN BESTOWED UPON US AND OUR GREAT COUNTRY AND THE CITY AND STATE HERE IN ANY FORM OR THOUGHT THAT YOU WOULD LIKE. JUST TAKE A MOMENT.

MAYOR'S REPORT

[Time: 00:03:33]

THANK YOU. WE HAVE SOME CHANGES THAT ARE TAKING PLACE IN OUR GREAT INSTITUTION HERE IN THE CITY OF SCOTTSDALE AND CITY HALL. ONE OF THEM IS A TRANSITION FROM AN ACTING CITY MANAGER, DAN WORTH, WHO HAS BEEN WITH US FOR THE LAST YEAR, AND DAN, I JUST WANT TO MAKE NOTE THIS IS GOING TO BE YOUR LAST MEETING THAT YOU'LL BE SITTING IN THIS CAPACITY. DAN IS NOT LEAVING US, HE'S GIVEN US GREAT ASSURANCE OF THAT, BUT HE'LL BE MOVING BACK TO ANOTHER PROMINENT POSITION WITH THE CITY THAT HE HAD BEFORE HE TOOK ON THAT ROLE FOR US. I HAVE TO SAY DAN HAS DONE AN OUTSTANDING JOB OVER THE LAST YEAR OF BRINGING THE CITY INTO GREAT ORDER AND WE'VE HAD SOME GREAT ACCOMPLISHMENTS DURING THAT PERIOD OF TIME. AND STILL IN A CHALLENGING ENVIRONMENT AND YET A VERY, VERY POSITIVE ONE AS IT'S BEEN DEVELOPED IN THE WAY OF MORALE HERE IN CITY HALL, THE TENOR UNDER WHICH WE OPERATE AND NUMEROUS OTHER PROJECTS AND EVENTS AND THINGS THAT HAVE BEEN WORKED OUT AND FIXED ON SOME OCCASIONS AND HE'S DONE A WONDERFUL JOB. DAN, I THINK YOU'RE GOING TO BE PRESENTING THE CITY TO OUR NEW CITY MANAGER, FRITZ BEHRING, THAT'S GOING TO BE IN MUCH

BETTER STATE THAN WHEN YOU TOOK THE POST A YEAR AGO. I WOULD LIKE TO THANK YOU ON BEHALF OF THE COUNCIL AND THE CITIZENS OF THE CITY, A SMALL TOKEN OF OUR APPRECIATION. WOULD ANYONE ON THE COUNCIL LIKE TO SAY ANYTHING? OKAY. CERTAINLY, VICE MAYOR.

Vice Mayor Klapp: I JUST WOULD LIKE TO SAY THANK YOU AS WELL. I APPRECIATE THE WORK THAT YOU'VE DUT IN THE LAST YEAR. I KNOW IT'S BEEN AT TIMES FRUSTRATING, YOU HAVE TO WORK FOR SEVEN OF US AND THAT'S CHALLENGING AT ITS BEST, SO THANK YOU SO MUCH FOR ALL YOU'VE DONE IN THE LAST YEAR.

Mayor Lane: YES, COUNCILMAN.

Councilman Robbins: DAN, THANK YOU SO MUCH. YOU'VE DONE AN EXCELLENT JOB AND THE CITIZENS I'M SURE ARE PROUD, THANKS AGAIN AND WE'RE NOT GOING TO LET YOU GET AWAY. WE HAVE A LOT MORE TO DO. THANK YOU.

Mayor Lane: ALL RIGHT, THANK YOU ALL, VERY MUCH, FOR THAT AND AGAIN, THANK YOU VERY MUCH, DAN. WITH THAT, DO YOU HAVE A REPORT FOR US TONIGHT?

[Time: 00:06:14]

Acting City Manager Dan Worth: MAYOR, NO, I DON'T HAVE A REPORT TONIGHT, BUT I WILL TAKE THE OPPORTUNITY BEING NEXT ITEM ON THE AGENDA TO JUST EXPRESS MY APPRECIATION FOR THE KIND WORDS AND THE SUPPORT. I'VE HAD A GREAT TIME FULFILLING THIS ROLE OVER THE LAST 11 MONTHS. IT'S BEEN WONDERFUL SERVING A CITY THAT WE'VE ALL LIVE IN, SCOTTSDALE AND HEADING UP A PHENOMENAL STAFF THAT WE HAVE, PROVIDING TREMENDOUS LEVELS OF SERVICE, WIDELY RECOGNIZED ACROSS THE WHOLE COMMUNITY. I'VE ENJOYED IT AND I FEEL I'VE BENEFITED FROM IT PERSONALLY, AND I HOPE THE CITY IS, AS YOU SAID, A LITTLE BIT FURTHER AHEAD THAN WE WERE 11 MONTHS AGO.

[Time: 00:07:10]

Mayor Lane: THANK YOU FOR THOSE SENTIMENTS AS WELL. NEXT ORDER OF BUSINESS, WE HAVE SOME PUBLIC COMMENT. PUBLIC COMMENT IS RESERVED FOR COMMENTS ON NONAGENDIZED ITEMS AND NO ACTION IS TO BE TAKEN, SPEAKERS ARE LIMITED TO THREE MINUTES WITH A MAXIMUM OF FIVE SPEAKERS. THERE WILL BE AN OPPORTUNITY AT THE END OF THE MEETING FOR ADDITIONAL PUBLIC COMMENTS IF THERE IS A NEED. WE DO HAVE ONE PUBLIC COMMENT CARD AND IT IS MR. JOHN WASHINGTON.

SORRY ABOUT THAT, JOHN. IT ABSOLUTELY IS. I WAS JUST A LITTLE SURPRISED IT WASN'T A PUBLIC COMMENT. THANK YOU FOR POINTING THAT OUT. OKAY, SO THERE ARE NO PUBLIC COMMENTS AT THIS TIME.

ADDED ITEMS

[Time: 00:08:07]

AND WE HAVE A REGULAR ITEM NO. 30A WAS ADDED TO THE AGENDA JUNE 12th OF 2013, AND OF COURSE, THAT IS SHORT OF THE TIME THAT WE NORMALLY HAVE TO ADD AN AGENDA ITEM WITHOUT A VOTE TO ACCEPT. I'D BE ASKING FOR A VOTE TO ACCEPT THE AGENDA AS PRESENTED THAT ITEM OR TO CONTINUE THAT ITEM TO THE JULY 1st OR 2nd MEETING. DO I HAVE SUCH A MOTION?

Councilman Robbins: MAYOR, I MOVE WE VOTE TO ACCEPT THE AGENDA AS PRESENTED.

Mayor Lane: MOTION HAS BEEN MADE TO ACCEPT THE AGENDA ITEM AS PRESENTED. AND SECONDED? IS ALL IN FAVOR, RATHER, WE ARE READY FOR A VOTE. ALL THOSE IN FAVOR PLEASE INDICATE BY AYE, AND/OR NAY IF YOU OPPOSE. UNANIMOUSLY ACCEPTED.

APPROVAL OF MINUTES

[Time: 00:08:53]

Mayor Lane: NEXT ORDER OF BUSINESS IS THE APPROVAL OF MINUTES. I NEED A MOTION TO APPROVE OR IF THERE ARE ANY COMMENTS OR ADDS OR DELETES THAT WE'VE CONSIDERED TO CHANGE THESE PARTICULAR MINUTES, BUT THE MOTION WOULD BE TO APPROVE THE REGULAR MEETING MINUTES OF MAY 7th, 2013, MAY 14th, 2013, STRATEGIC PLANNING WORKSHOP MINUTES OF MAY 8th, 2013, SPECIAL MEETING MINUTES OF MAY 14th, 2013, MAY 21st, 2013, AND MAY 22nd 2013 AND EXECUTIVE SESSION MINUTES OF MAY 22nd, 2013. DO I HAVE SUCH A MOTION?

Vice Mayor Klapp: SO MOVED.

Mayor Lane: MOVED AND SECONDED. READY THEN TO VOTE, ALL THOSE IN FAVOR PLEASE INDICATE BY AYE AND REGISTER YOUR VOTE AND NAY IF YOU DISAPPROVE.

CONSENT AGENDA

[Time: 00:09:54]

Mayor Lane: MOVING ON TO THE CONSENT ITEMS, THESE ARE ITEMS 1 THROUGH 27. THERE'S A REQUEST TO PULL ITEM 21 FROM THE CONSENT ITEMS. THAT WAS YOU?

Councilman Littlefield: YES.

Mayor Lane: BY COUNCILMAN LITTLEFIELD, SO WE WILL MOVE ITEM 21 TO THE REGULAR AGENDA.

Councilmember Phillips: MAYOR.

Mayor Lane: AND WE DO ALSO HAVE AN ITEM 9 THAT I WANT TO HAVE IT PULLED?

Councilmember Phillips: YES.

Mayor Lane: OKAY, PULLED AND PUT IT TO A REGULAR, OKAY, PULLED FOR SEPARATE VOTE BUT NOT MOVE TO REGULAR AGENDA?

Councilmember Phillips: YES.

Mayor Lane: SO ITEM 9, WE WILL PULL FOR COMMENTS AND A SEPARATE VOTE. THAT IS THE DOWNTOWN TEXT AMENDMENT, AND THAT IS AT THE REQUEST OF COUNCILMAN PHILLIPS FOR EXPLANATION AND SEPARATE VOTE ON THAT.

Councilmember Korte: MAYOR.

Mayor Lane: YES? SORRY, I'M SORRY, VIRGINIA.

Councilmember Korte: I WOULD LIKE TO PULL ITEM NO. 19 DUE TO A CONFLICT OF INTEREST.

Mayor Lane: OKAY, SIMPLY BECAUSE YOU HAVE A CONFLICT AND, THEREFORE, RECUSE YOURSELF FROM ITEM 19?

Councilmember Korte: CORRECT, MAYOR.

Mayor Lane: OKAY. SO WE WILL PULL ITEMS 9, 19, AND 21. AND UNLESS THERE ARE, WE DO HAVE A CARD FOR ITEM 21, WHICH IS NOW PULLED FOR REGULAR, SO WE WILL LEAVE THAT CARD FOR THEN. AND THERE DOESN'T SEEM TO BE ANY OTHER COMMENTS AND/OR CARDS ON THE ITEMS THAT REMAIN. DO I HAVE A MOTION TO APPROVE THE REMAINING ITEMS?

[Time: 00:11:50]

Vice Mayor Klapp: I'LL MAKE A MOTION TO APPROVE ITEMS 1 THROUGH 27 WITH THE EXCEPTION OF 9, 19 AND 21.

Councilwoman Milhaven: SECOND.

Mayor Lane: MOTION HAS BEEN MADE TO APPROVE THE CONSENT ITEMS 1 THROUGH 27 WITH THE EXCEPTIONS OF 9, 19 AND 21. WE THEN ARE READY TO VOTE. ALL THOSE IN FAVOR PLEASE INDICATE BY AYE AND REGISTER YOUR VOTE AND THOSE OPPOSED WITH A NAY. UNANIMOUSLY ACCEPTED. WE HAVE ITEMS 19 AND 21 MOVED TO THE REGULAR AGENDA. WE HAVE ITEM 9, WHICH HAS BEEN ACTUALLY PULLED FOR COMMENTS AND SEPARATE VOTE WITHOUT A PRESENTATION, AND SO I WILL TURN IT OVER TO COUNCILMAN PHILLIPS.

Councilmember Phillips: THANK YOU, MAYOR. THERE'S REALLY NO COMMENT ON IT. I WANTED TO PULL IT BECAUSE I DISAGREE WITH SOME OF THE CHANGES IN THERE, SO I WANTED TO HAVE A SEPARATE VOTE.

Mayor Lane: COUNCILMAN, DO YOU WANT THE REST OF THE COUNCIL AND THE PUBLIC TO BE AWARE OF THE PROBLEMS YOU HAVE WITH THAT ITEM?

Councilmember Phillips: NO, I THINK IT'S GOING TO GET TOO INVOLVED, SO I WASN'T PLANNING ON SPEAKING ON IT. I JUST WANT TO REGISTER MY NO VOTE.

Mayor Lane: BUT YOU DISAGREE WITH THE PROVISIONS IN IT?

Councilmember Phillips: YES.

Mayor Lane: WE HAVE A SEPARATE ITEM 9 THAT STILL REMAINS ON THE CONSENT AGENDA.

Councilman Robbins: I MOVE TO APPROVE DOWNTOWN TEXT AMENDMENT NO. 3.

Councilwoman Milhaven: SECONDED.

Mayor Lane: MOTION HAS BEEN MADE AND SECONDED FOR THAT SEPARATE ITEM. MR. WASHBURN.

City Attorney Bruce Washburn: I WANT TO MAKE SURE I UNDERSTAND CORRECTLY THE MOTION INCLUDES THE ADOPTION OF RESOLUTION NO. 9439 AND ADOPTION OF ORDINANCE NO. 4099 APROVING THE TEXT AMENDMENT.

Councilman Robbins: YES, IT DOES.

Mayor Lane: OKAY. SECOND AGREES WITH THAT AS WELL. THANK YOU VERY MUCH, MR. WASHBURN FOR KEEPING US IN CHECK. WE THEN HAVE A MOTION AND A SECOND. WE'RE READY THEN TO VOTE. ALL THOSE IN FAVOR PLEASE INDICATE BY AYE AND REGISTER YOUR VOTE AND NAY IF YOU OPPOSE. MOTION PASSES 5-2 WITH COUNCILMAN PHILLIPS AND COUNCILMAN LITTLEFIELD OPPOSING.

REGULAR AGENDA

[Time: 00:14:23]

SO WE NOW MOVE TO THE REGULAR AGENDA ITEMS, WHICH NOW INCLUDE NO. 19 AND NO. 21. WE'LL START WITH ITEM 19. I'M SORRY, YES.

Vice Mayor Korte: AND I WILL RECUSE MYSELF FROM ITEM 19.

Mayor Lane: VERY GOOD.

ITEM 19 – FISCAL YEAR 2013/14 SCOTTSDALE CARES ALLOCATIONS

[Time: 00:14:48]

Councilwoman Milhaven: MAYOR, I MAKE A MOTION WE ADOPT RESOLUTION NO. 9435 APROVING THE RECOMMENDATIONS OF THE HUMAN SERVICES COMMISSION FOR THE ALLOCATION OF THE 2013-14 FUNDINGFOR SCOTTSDALE CARES IN THE AMOUNT OF \$140,000.

Mayor Lane: MOTION MADE AND SECONDED. I THINK WE'RE THEN READY TO VOTE. ALL THOSE IN FAVOR PLEASE INDICATE BY AYE AND REGISTER YOUR VOTE, NAY IF YOU OPPOSE. OKAY, THE MOTION

PASSES 6-0 WITH COUNCILMEMBER KORTE RECUSING HERSELF. YOU MAY RETURN. SHE HAS RETURNED.

ITEM 21 – FISCAL YEAR 2013/14 CULTURAL COUNCIL FINANCIAL PARTICIPATION AGREEMENT

[Time: 15:35]

Mayor Lane: WE'LL MOVE ON TO ITEM 21, WHICH WAS PULLED BY COUNCILMAN LITTLEFIELD, AND THAT IS FISCAL YEAR 2013-14 SCOTTSDALE CULTURAL COUNCIL PARTICIPATION AGREEMENT. AND THIS IS A REQUEST TO ADOPT RESOLUTION 9434 AUTHORIZING AGREEMENT 2013-78-COS ON ANNUAL PARTICIPATION AGREEMENT FOR SCOTTSDALE CULTURE COUNCIL FOR THE FISCAL YEAR 13-14 AND TO BE ALLOCATED AS OUTLINED. COUNCILMAN LITTLEFIELD, YOU DO NOT WANT A PRESENTATION ON THIS?

Councilman Littlefield: NO, I JUST WANT TO REITERATE WHAT I SAID WHEN WE APPROVED THIS, WHICH I THINK IT'S UNCONSCIONABLE TO BE INCREASING THE ALLOCATION WHEN WE DIDN'T FULLY FUND FIRE SERVICE, DIDN'T SOLVE POLICE PAY PROBLEMS AND WE ARE, I SEE A NOTE THE OTHER DAY, WE'RE CUTTING BACK LUNCHES AT THE SENIOR CENTER AND IN LIGHT OF THAT, I THINK IT'S UNCONSCIONABLE TO BE INCREASING THE ALLOCATION TO THE CULTURAL COUNCIL, WHICH I THINK IS FLUFF, AND THAT'S WHY I'M OPPOSED TO IT AND I WANT TO VOTE AGAINST IT.

Mayor Lane: THANK YOU, COUNCILMAN. I DON'T PRESUME WE NEED A PRESENTATION, BUT WE DO HAVE A REQUEST TO SPEAK ON THE SUBJECT AND IT IS JOHN WASHINGTON.

John Washington: GOOD AFTERNOON, MEMBERS OF THE COUNCIL. MY NAME IS JOHN WASHINGTON. I LIVE IN THE PEACEFUL VALLEY NEIGHBORHOOD JUST DOWN THE STREET HERE AND IT PROBABLY IS NO SURPRISE TO ANYONE HERE THAT I'M GOING TO SPEAK ON THIS AGENDA ITEM. MY OBJECTIONS ARE FAR MORE VIGOROUS THAN COUNCILMAN LITTLEFIELD'S, NOT THAT I'M TRYING TO UPSTAGE YOU BECAUSE I KNOW HOW YOU FEEL ABOUT THIS IN GENERAL. BUT THE AGENDA ITEM AS IT'S DESCRIBED ON THE PRINTED AGENDA DOESN'T DO JUSTICE TO THIS ITEM. AND I THINK IT DESERVES A DISCUSSION. I THINK IT SHOULD BE DISCUSSED EVERY YEAR ON THE REGULAR AGENDA. I THINK THE CITIZENS DESERVE TO KNOW THAT THIS PRIVATE BUSINESS HAS A 20-YEAR NO-BID, \$4 MILLION ANNUAL CONTRACT WITH THE CITY. IN ESSENCE, A SUBSIDY FOR \$4 MILLION A YEAR TO A PRIVATE BUSINESS, THE ACTUAL VALUE IS MUCH HIGHER BECAUSE THESE FOLKS OCCUPY RENT-FREE, TAXPAYER-OWNED FACILITY THAT ARE WORTH TENS OF MILLIONS OF DOLLARS. THEY RETAIN 100% OF THE GATE TO THOSE FACILITIES, NONE OF THAT MONEY COMES BACK TO THE CITY AND ANY SUBSTANTIAL AMOUNT AT ALL, SO THEY'RE LEVERAGING THEIR OCCUPY TO LEVERAGE THE CONTRACT. THE MANAGEMENT SERVICES AGREEMENT THESE FOLKS HAVE IS ONE OF THE WORST WRITTEN CONTRACTS I'VE EVER SEEN. IT'S ONE OF THE WORST JUSTIFIED CONTRACTS I'VE EVER SEEN AND COUNCIL NEVER HAD A REAL DISCUSSION ABOUT THAT CONTRACT, WHICH IN MY OPINION SHOULD HAVE BEGUN OUT TO PUBLIC BID. I WOULD SAY THE PROCUREMENT CODE SAYS THAT AS WELL OF THE NATIONAL CHARITY RANKINGS FOR THIS ORGANIZATION ARE CONSISTENTLY AT OR BELOW THE DO NOT DONATE THRESHOLD. AND THE NATIONAL REPUTATION OF THIS ORGANIZATION IS ABYSMAL. IF WE LOOK OUTSIDE OUR LITTLE BUBBLE HERE IN SCOTTSDALE AND YOU ASK ANY CULTURE ARTS PROFESSIONAL IN THE COUNTRY ABOUT SCOTTSDALE CULTURE ARTS AND SPECIFICALLY SCOTTSDALE ART COUNCIL, THEY WILL LAUGH. I THINK YOU'VE GOT TO LOOK OUTSIDE

THAT BUBBLE AND UNDERSTAND WHAT WE'VE CREATED HERE WITH OUR ANNUAL \$4 MILLION SUBSIDY TO THIS PRIVATE BUSINESS. THAT'S WHY THE CITY DOESN'T BELONG IN THE BUSINESS OF SUBSIDIZING PRIVATE BUSINESS. I JUST WANT TO MAKE SORT OF A TANGENTIAL NOTE HERE, IF I CAN GET THE EL-MO FOR A SECOND HERE, BRIAN, THIS IS ACTUALLY OUT OF THE AGENDA PACKET THAT YOU ALL HAVE AND WAS AVAILABLE ON THE WEBSITE. I WANT TO DRAW YOUR ATTENTION TO WHAT I'VE CIRCLED THERE AT THE TOP. IN ACCORDANCE WITH THE GENERAL PLAN, STAFF REFERENCES SPECIFIC PROVISIONS OF THE GENERAL PLAN FOR ALL AGENDA ITEMS THAT YOU VOTE ON AND IN PARTICULAR, ONE THAT SUPPOSEDLY IS COUPLED WITH THE CULTURAL COUNCIL'S ACTIVITY IS A CHARACTER AND DESIGN ISSUE THAT ADDRESSES PUBLIC ART. HAS NOTHING TO DO WITH THE PERFORMING ARTS, IT HAS NOTHING TO DO WITH THE MUSEUM. I QUESTION WHETHER WE EVEN HAVE ANY BUSINESS PARTICIPATING IN THESE TYPES OF ACTIVITIES AS A CITY. I DON'T THINK YOU HAVE THE CHARTER TO DO THAT AS A CITY COUNCIL. AND I HOPE YOU'LL HAVE A DISCUSSION ABOUT THIS BUT I'M NOT GOING TO HOLD MY BREATH. THANK YOU.

Mayor Lane: THANK YOU, MR. WASHINGTON. COUNCILWOMAN MILHAVEN.

Councilwoman Milhaven: THANK YOU, MAYOR. I'M GOING TO MAKE A TO SUPPORT THIS BUT I'D LIKE TO MAKE A COMMENT. WE CERTAINLY OWN THE BUILDINGS OVER THERE AND WE HAVE A MANAGEMENT SERVICES CONTRACT SO WE ARE PAYING THE CULTURAL COUNCIL TO MANAGE THOSE BUILDINGS FOR US. THEY'RE A NON-PROFIT 501-C-3 WITH A GREAT DEAL OF COMMUNITY SUPPORT. THE ECONOMIC IMPACT THE CULTURAL COUNCIL HAS ON OUR DOWNTOWN IS \$25 MILLION A YEAR, SO OUR TOURISTS AND RESIDENTS ARE COMING DOWNTOWN TO ENJOY THE BENEFITS OF THE ORGANIZATION. THE CULTURAL COUNCIL HAS INTERNATIONAL RECOGNITION IN PARTICULAR, THE BBC HAD A CONVERSATION ABOUT AN EXHIBIT THAT'S HERE, THAT'S TOURING AND COMING HERE SO, WE'RE GETTING NATIONAL AND INTERNATIONAL RECOGNITION THAT THE CULTURAL PROGRAM BRINGS HERE. SOME OF IT'S FOR ADMINISTERING THE PUBLIC ART PROGRAM AS WELL AS FOR PRESERVING THE EXISTING PUBLIC ART IN A QUALITY AND WAY WE CAN ALL BE PROUD. I THINK THIS IS WELL WORTH OUR INVESTMENT AND WE GET MORE THAN OUR INVESTMENT BACK, SO I'D LIKE TO MAKE A MOTION TO ADOPT RESOLUTION 9542 AUTHORIZING THE 2013-2014, SORRY, WRONG ONE, WE'RE ON 21, RESOLUTION 9434, AUTHORIZING AGREEMENT 2013-78-COS ANNUAL PARTICIPATION IN THE AMOUNT OF \$4.527 MILLION.

Councilmember Korte: SECOND.

Mayor Lane: MOTION MADE AND SECONDED. WOULD THE SECOND LIKE TO SPEAK TOWARD IT? COUNCILMAN LITTLEFIELD?

[Time: 00:22:17]

Councilman Littlefield: WELL, INTERESTING THAT COUNCILWOMAN MILHAVEN WOULD START OUT HER DEFENSE OF THIS APPROPRIATION BY TALKING ABOUT HOW WE PAY THE CULTURAL COUNCIL TO MANAGE, THE BOTTOM LINE IS IT'S INTERESTING BECAUSE QUITE FRANKLY IF WE PUT IT OUT TO PUBLIC BID, SOMEBODY SHOULD BE PAYING US FOR THE RIGHT TO RUN THAT BUILDING AND MAKE MONEY ON IT. EVEN GLENDALE WHICH IS A WASH IN DEBT BECAUSE OF THEIR SUBSIDIES TO THEIR HOCKEY TEAM, WHEN THEY PUT OUT BIDS FOR THE MANagements OF THE HOCKEY ARENA THEY GOT BACK BIDS FROM PEOPLE WHO OFFERED TO PAY THE CITY FOR THE OPPORTUNITY TO RUN THAT.

IF WE PUT THIS OUT AND SAID WHO WOULD LIKE TO RUN THIS ARENA FOR US, THEY WOULD PAY US. INSTEAD OF US HAVING TO PAY TO RUN IT, WE WOULD ACTUALLY GET MONEY BACK. BUT OF COURSE WE DON'T KNOW THAT BECAUSE WE'VE NEVER DONE THAT, SO I BELIEVE THE CONTRACT TO RUN THE CENTER FOR THE ARTS SHOULD BE PUT OUT TO PUBLIC BID. I THINK WE WOULD FIND PEOPLE WHO WILL SAY WE WILL PAY YOU FOR THE RIGHT, FOR THE HONOR TO RUN THIS BUILDING AND THEN RUN IT AS A BUSINESS AND MAKE MONEY OFF OF IT.

Mayor Lane: THANK YOU, COUNCILMAN LITTLEFIELD. IN THAT THERE ARE NO FURTHER COMMENTS, WE HAVE A MOTION AND SECOND ON THIS ITEM. ALL THOSE IN FAVOR PLEASE INDICATE BY AYE AND THOSE OPPOSED WITH A NAY. MOTION PASSED 5-2 WITH COUNCILMAN LITTLEFIELD AND COUNCILMAN PHILLIPS OPPOSING. THAT MOVES US ON TO OUR NEXT ITEM OF BUSINESS, WHICH IS NO. 28, AND THAT IS WITHIN OUR REGULAR AGENDA ITEMS, CROSSROADS EAST REZONING, 19-ZN-2002-3. MR. BLOEMBERG.

ITEM 28 – CROSSROADS EAST REZONING (19-ZN-2002#3)

[Time: 00:23:54]

Planner Greg Bloemberg: THE CASE BEFORE YOU IS 19-ZN-2002-3 WHICH IS A REQUEST BY DIVERSIFIED PARTNERS FOR AN AMENDMENT TO THE ORIGINAL CROSSROADS ZONING CASE. THE SITE IN QUESTION IS LOCATED ON SCOTTSDALE ROAD TO THE ROAD, CITY OF PHOENIX IS ON THE WEST SIDE OF SCOTTSDALE ROAD, TO THE NORTH OF THIS SITE IS THE CURRENTLY UNDER CONSTRUCTION LEXUS DEALERSHIP. TO THE EAST AND SOUTH ARE ADDITIONAL CROSSROADS EAST PARCELS THAT ARE CURRENTLY OWNED BY THE ARIZONA STATE LAND DEPARTMENT, AND TO THE NORTH OF THE LEXUS SITE IS THE OLD LUND CADILLAC SITE AND TO THE NORTH OF THAT IS THE OLD HENKEL BUILDING. CLOSE-UP VIEW OF THE PARCEL, THIS IS A CURRENT CONDITIONS OUT AT THE SITE. YOU'LL NOTICE THAT DOWN HERE AND TO THE SOUTH OF THE PARCEL AND TO THE EAST OF THE PARCEL, THERE'S SOME CONSTRUCTION ACTIVITY. THOSE ARE STREETS, INFRASTRUCTURE THAT THE APPLICANT HAS ALREADY ACTUALLY CONSTRUCTED AND ARE COMPLETED, THAT WERE DONE IN ANTICIPATION OF THE DEVELOPMENT FOR THIS SITE AS WELL AS FOR THE LEXUS SITE.

IMAGINE, IF YOU WILL A STREET HERE, A ROUND ABOUT HERE AND 73rd PLACE CONTINUING UP TO THE NORTH. THE GENERAL PLAN DESIGNATES THIS PARCEL AS WELL THE MAJORITY OF THE CROSSROADS EAST MASTER PLAN AS MIXED USE NEIGHBORHOODS. IT ALSO IDENTIFIES THIS PARCEL AS A REGIONAL USE DISTRICT. THE REGIONAL USE DISTRICT DOES ENCOURAGE OR AT LEAST SUPPORT GREATER INTENSITY OF DEVELOPMENT. THE SITE IS CURRENTLY ZONED PCD. IF THE APPLICANT MOVES FORWARD WITH THIS DEVELOPMENT, THE ZONING EVENTUALLY WILL BE PRC-PCD ASSUMING THEY GET THE AMENDMENTS APPROVED THEY'RE ASKING FOR. JUST A LITTLE HISTORY ON HOW THE ZONING FOR THE CROSSROADS EAST PROJECT HAS COME ABOUT, THE ORIGINAL ZONING CASE WAS SUBMITTED BY THE ARIZONA STATE LAND DEPARTMENT IN 2002 FOR A 1,000-ACRE MASTER PLAN COMMUNITY. AS PART OF THAT REQUEST, THEY ADOPTED A COMPARABLE ZONING DISTRICT, WHICH IS TYPICAL FOR A PCD AND ALSO AMENDED SITE DEVELOPMENT STANDARDS IN THOSE ZONING DISTRICTS. A SUBSEQUENT AMENDMENT CAME IN IN 2007, THAT REQUEST WAS ALSO SUBMITTED BY THE STATE TO DO AN AMENDMENT TO THE DEVELOPMENT PLAN THAT WAS ORIGINALLY APPROVED IN 2002 BY ADDING A ZONING DISTRICT. THEY WANTED TO ADD A C-3 ZONING DISTRICT AND INCREASING THE NUMBER OF MULTI-FAMILY UNITS FOR THE PROJECT. IT SHOULD BE POINTED OUT

THAT THE CROSSROADS EAST MASTER PLAN IS OVERSEEN BY THE ARIZONA STATE LAND DEPARTMENT. THEY ARE THE PROPERTY OWNERS FOR THE MAJORITY OF THE PARCELS IN HERE, SO THEY ULTIMATELY DETERMINE THE DISTRIBUTION OF ZONING AND LAND USES FOR THAT PROJECT. JUST THE LOWER VIEW OF THE PCD DISTRICT IS TYPICALLY AVAILABLE ONLY FOR PROJECT SITES IN EXCESS OF 160 ACRES AND THAT'S OUTSIDE OF A DESIGNATED REDEVELOPMENT AREA. AS I MENTIONED, COMPARABLE ZONING DISTRICTS ARE ADOPTED TO REGULATE LAND USE. SITE DEVELOPMENT STANDARDS FOR COMPARABLE ZONING DISTRICTS CAN BE AMENDED AS PART OF A ZONING ACTION, WHICH IS WHAT THIS IS TRYING TO DO AND ANY AMENDMENT TO AN EXISTING PCD AND THOSE FINDINGS ARE TALKED ABOUT IN THE REPORT. THE APPLICANT IS LOOKING FOR THREE AMENDED SITE DEVELOPMENT STANDARDS IN THE PRC ZONING DISTRICT SPECIFICALLY. YOU MUST NOTICE THE NOTE AT THE TOP HERE, THESE AMENDMENTS ARE NOT GOING TO BE APPLICABLE TO ALL THE PRC PARCELS AVAILABLE. THERE'S OVER 170 ACRES OF PRC ENTITLED FOR THE CROSSROADS EAST PROJECT, BUT THESE DEVELOPMENT CENTERS ARE ONLY FOR THIS PARTICULAR PARCEL. THEY'RE SEEKING AN AMENDMENT TO THE FLOOR RATIO. CURRENTLY THE FLOOR RATIO IS 0.8 WITH PERCENTAGE RESTRICTIONS ON F.A.R. FOR OFFICE AND RESIDENTIAL. IN 2002, THE STATE WENT ALONG WITH THE ORIGINAL PRC DEVELOPMENT STANDARD, DIDN'T CHANGE IT. THIS APPLICANT IS SEEKING TO GO WITH THE SAME F.A.R. BUT THEY WOULD LIKE TO HAVE A LITTLE MORE FLEXIBILITY ON THE RESIDENTIAL AND OFFICE FLOOR AREAS. THE TYPICAL BUILDING HEIGHT FOR PRC IS 60 FEET, EXCEPT AS EYES PROVIDED IN ARTICLE 7, AND IN ARTICLE 7, THERE ARE PROVISIONS FOR MECHANICAL SCREENING AND ELEVATOR BULKHEADS AND SO ON. IN 2002, THE STATE WENT WITH THE ORIGINAL DEVELOPMENT STANDARD BUT THEY DID CHANGE IT OR AMEND IT TO INDICATE THAT BUILDING HEIGHT WILL BE MEASURED FROM THE FIRST FINISHED FLOOR ELEVATION RATHER THAN THE AVERAGE TOP. THIS APPLICANT IS SEEKING A TOTAL OF 97 FEET, WHICH WOULD BE INCLUSIVE OF MECHANICAL, MEASURED FROM THE FIRST FINISHED FLOOR ELEVATION. STANDARD PROPERTY SIZE IN PRC IS NOT LESS THAN 25 GROSS ACRES. THERE WAS NO CHANGE MADE WITH THE ORIGINAL ZONING REQUEST. THIS APPLICANT WOULD LIKE TO ELIMINATE THAT, PRIMARILY BECAUSE THIS PARCEL IS ONLY 20 ACRES BUT THERE ARE A TOTAL OF 170 ACRES IN THIS TOTAL PRC. THIS IS ONE SITE PLAN THAT THE APPLICANT HAS SUBMITTED.

[Time: [00:30:03]

YOU MIGHT NOTICE IN YOUR REPORTS THERE ARE A SERIES OF SITE PLANS. THE REASON FOR THAT IS CORRECT THE APPLICANT IS SEEKING FLEXIBILITY FOR LAND USE SPECIFICALLY AT THIS LOCATION HERE. THIS IS WHERE THE 97 FEET WOULD OCCUR ON THIS SITE. THAT PARTICULAR LOCATION IS APPROXIMATELY 240 FEET BACK FROM SCOTTSDALE ROAD. THEY WOULD LIKE TO HAVE THE OPTION TO, IF OFFICE DOESN'T WORK AT THAT LOCATION, THEY GET AN OPPORTUNITY FOR A HOTEL OR SOME OTHER SORT OF USE, THAT THEY COULD USE THAT HEIGHT, THEY WOULD LIKE TO HAVE THAT OPTION WITHOUT HAVING TO COME BACK THROUGH THE ENTITLEMENT PROCESS, THAT'S WHY YOU HAVE MORE THAN ONE SITE PLAN. THIS CURRENTLY IS PLANNED TO BE A CORPORATE OFFICE, CLASS A OFFICE, WITH PARKING BEHIND AND A PARKING STRUCTURE. THIS IS RESIDENTIAL TO THE NORTH, MULTI-FAMILY, I'M EXPECTING A DEVELOPER SUBMITTAL FOR THAT PROJECT IN THE NEXT COUPLE OF WEEKS OR SO. AND ALONG SCOTTSDALE ROAD, WE'VE A CORRIDOR AND PAD TENANTS, THOSE PAD TENANTS WOULD BE OCCUPIED BY RESTAURANTS, RETAIL AND POSSIBLY A BANK DOWN AT THIS LOCATION. THESE ARE JUST EXTREMELY CONCEPTUAL ELEVATIONS. THESE ARE OBVIOUSLY SUBJECT TO CHANGE. THEY ARE MAINLY BEING PROVIDED TO SHOW YOU WHAT THE MASSING WOULD LOOK LIKE FROM SCOTTSDALE ROAD. THIS IS A PERSPECTIVE, THIS IS THE LEXUS DEALERSHIP THAT IS

CURRENTLY UNDER CONSTRUCTION TO THE NORTH, SCOTTSDALE ROAD AND CHAUNCEY LANE TO THE SOUTH. THESE ARE SITE CROSS SECTIONS. THIS IS PROBABLY THE ONE THAT'S MOST CRITICAL, I THINK. THIS IS LOOKING NORTH WITH SCOTTSDALE ROAD ON THE NORTH. YOU HAVE THE PAD TENANTS HERE, THIS IS THE 97-FOOT HIGH BUILDING HERE AND THIS IS THE PARKING GARAGE. THE APPLICANT HAS AGREED AS PART OF THE DEVELOPMENT PLAN TO RESTRICT THE 97-FOOT BUILDING HEIGHT TO ONE LOCATION ON THE SITE AND THAT IS THE LOCATION THAT I POINTED OUT. 97-FOOT MAX WOULD BE APPLICABLE ONLY TO THIS AREA HERE. THE RESIDENTIAL IS MEETING THE REQUIREMENT, THE MAXIMUM ALLOWED OF 60 FEET, WHICH IS STANDARD FOR PRC, AND OF COURSE, THE PADS ARE AROUND 36 TO 40 FEET, SOMEWHERE IN THAT AREA. THAT CONCLUDES MY PRESENTATION. I DO WANT TO POINT OUT A COUPLE OF THINGS, FIRST OF ALL, THE PLANNING COMMISSION DID RECOMMEND APPROVAL BY A VOTE OF 6-0 AND I ALSO NEED TO POINT OUT A TYPO IN STIPULATION NO. 4, AND THIS IS GOING TO HAVE TO BE IN YOUR MOTION IF YOU MAKE A MOTION FOR APPROVAL. STIPULATION NO. 4 IDENTIFIES A TOTAL PROPOSED NUMBER OF UNITS AT 176. THAT IS ACTUALLY SUPPOSED TO BE 187 UNITS, SO AS PART OF YOUR MOTION, YOU WOULD NEED TO ACKNOWLEDGE THE CHANGE IN NUMBER OF UNITS FROM 176 TO 187 IN STIPULATION NO. 4. THAT CONCLUDES MY PRESENTATION. THE APPLICANT IS ALSO HERE TO SAY A FEW WORDS AND STAFF IS AVAILABLE FOR YOUR QUESTIONS.

Mayor Lane: THANK YOU, MR. BLOEMBERG. IF THE APPLICANT REPRESENTATIVE WOULD LIKE TO COME FORWARD.

[Time: 00:33:50]

Alexandra Schuchter from Diversified Partners: GOOD AFTERNOON, MAYOR LANE AND MEMBERS OF THE CITY COUNCIL, MY NAME IS ALEXANDRA SCHUCHTER WITH DIVERSIFIED PARTNERS. I WANT TO START WITH A BIT OF HISTORY ON THE LAND. ABOUT THREE YEARS AGO WE BEGAN WORKING WITH THE ARIZONA STATE LAND DEPARTMENT AND THE CITY OF SCOTTSDALE TO ACQUIRE THIS 30 ACRES FROM THE STATE LAND DEPARTMENT. PART OF THAT REQUIREMENT OF TAKING THIS PARCEL TO AUCTION WAS TO MASTER PLAN ALL 130 ACRES OF PLANNING UNIT 4, AS YOU CAN SEE RIGHT HERE, OF WHICH WE'RE THE NORTHWEST 30 ACRES. FOR THE LAND, THE VALUE WAS \$10.2 MILLION AND AS PART OF THE AUCTION WE REIMBURSED UNDER THE STATE LAND'S BEHALF, \$9.2 MILLION FOR IMPROVEMENTS ON SCOTTSDALE ROAD BACK TO THE CITY OF SCOTTSDALE. IT WAS A \$6.5 MILLION INVESTMENT IN INFRASTRUCTURE, INCLUDING A DRAINAGE CULVERT, CHAUNCEY LANE AND 73RD PLACE. THESE IMPROVEMENTS BENEFIT ALL 130 ACRES OF PLANNING UNIT 4 AND PHASE 2 OF THE PROJECT IS THE LEXUS DEALERSHIP, WHICH IS CURRENTLY UNDER CONSTRUCTION, SLATED TO OPEN AT THE END OF THIS SUMMER AND SHOULD GENERATE ABOUT \$100 MILLION A YEAR IN SALES OF WHICH THE CITY BENEFITS FROM TAXES. PHASE 3 OF THE DEVELOPMENT IS THE PROJECT THAT IS HERE BEFORE YOU TODAY. CROSSROADS EAST HAS ACCESS TO MULTIPLE MODES OF TRANSPORTATION WHICH IS SERVED BY REGIONAL TRANSPORTATION NETWORKS. WE'RE ASKING FOR AN INCREASED HEIGHT IN THIS AREA, NOT ONLY IS IT IN KEEPING WITH THE GENERAL PLAN BUT THE GREATER AIRPARK AREA PLAN. WE'RE PROPOSING A HEIGHT THAT IS COMMENSURATE WITH THE HEIGHT OF THE HENKEL BUILDING. WE HAVE STRIVED TO CREATE A PROJECT THAT IS NOT ONLY COMMERCIALY VIABLE FOR THE USERS BUT ALSO CREATES ECONOMIC VITALITY FOR THE CITY. THIS IS NOT A SINGLE USE PROJECT, RATHER A COMPILATION OF USES THAT IF DONE RIGHT SHOULD KEEP PEOPLE OUT OF THEIR CARS AND WALKING BETWEEN THE USES. THE FINAL PHASE OF THIS PROJECT

SEEKS TO MAINTAIN A COMPETITIVE EDGE AND BE A CATALYST FOR FUTURE DEVELOPMENT IN CROSSROADS EAST. I APPRECIATE YOUR TIME AND WILL TAKE ANY QUESTIONS YOU HAVE.

Mayor Lane: THANK YOU. I DO HAVE JUST A QUICK QUESTION AND IT HAS TO DO WITH, I'M NOT SURE WHETHER OR NOT MR. MR. BLOEMBERG WOULD ANSWER THIS OR YOU. THE HEIGHT OF 97 FEET, INCLUSIVE OF ROOFTOP APPURTENANCES BUT LIMITED TO OFFICE OR HOTEL USE ONLY. BUT IT DOES HAVE, WHICH MAY SEEM TO BE JUST SORT OF A STANDARD INDICATION, THAT THAT HEIGHT IS MEASURED FROM THE FIRST FINISHED FLOOR ELEVATION. MY QUESTION ONLY WOULD BE THIS, IS THIS IN ANY WAY ON A PEDESTAL OF PARKING GARAGE OR HOW HIGH IS THAT FIRST FINISHED FLOOR? EITHER BY BUILT UP OR BY PARKING GARAGE THAT MAY HAVE.....

Greg Bloemberg: MAYOR LANE AND MEMBERS OF COUNCIL, YES, THERE WILL BE, BECAUSE THIS PROPERTY IS IN AN AO FLOOD ZONE, THEY ARE GOING TO HAVE TO BRING IN A LITTLE BIT OF FILL TO CREATE THAT FINISHED FLOOR ELEVATION. I'M NOT SURE EXACTLY HOW MUCH THAT IS. PERHAPS MISS SCHUCHTER CAN CLARIFY THAT. BUT THERE WILL BE FILL TO RAISE THAT WHAT, TWO FEET? YES, TWO FEET ABOVE.

Mayor Lane: THANK YOU. COUNCILWOMAN MILHAVEN.

Councilwoman Milhaven: I HEARD SOMETHING I HADN'T HEARD BEFORE. I'M HOPING SOMEONE CAN EXPLAIN. WHERE IS THIS PROJECT IN RELATION TO THE HENKEL BUILDING AND ONE SCOTTSDALE AND PUTTING IN THE CONTEXT. YOU SAID GIVEN THE DIFFERENCES IN ELEVATION FROM HENKEL, THE HENKEL BUILDING NOW AS I UNDERSTAND IS A TOTAL OF 78 FEET, WE'RE ASKING FOR 97, IT'S SUGGESTING THERE'S DIFFERENT ELEVATIONS, MAYBE SOMEBODY COULD EXPLAIN THAT.

[Time: 00:37:55]

Alexandra Schuchter: THIS EXHIBIT, HOPEFULLY YOU GUYS CAN SEE IT, BUT I'LL DO MY BEST TO EXPLAIN IT. CURRENTLY THE HENKEL BUILDING IS AT 60 FEET PLUS THE MECHANICAL WHICH BRINGS IT UP TO 78 FEET. THE HENKEL BUILDING HAS AN ELEVATION OF 1688. THERE'S A 28-FOOT FALL BETWEEN THE HENKEL BUILDING AND OUR SITE. WHEN YOU ADD 97 FEET TO OUR FINISHED FLOOR ELEVATION OF 1583, IT BRINGS OUR FINISH ELEVATION TO 1680, STILL EIGHT FEET BELOW HENKEL.

Councilwoman Milhaven: THANK YOU. THAT'S VERY HELPFUL.

Mayor Lane: THANK YOU, MS. SCHUCHTER, I THINK WE HAVE NO FURTHER QUESTIONS OF YOU BUT THANK YOU FOR THE PRESENTATION. UNLESS THERE ARE ANY OTHER COMMENTS ON ITEM 28, I'M SORRY, COUNCILMAN PHILLIPS.

Councilmember Phillips: THANK YOU, MAYOR. I GUESS I HAVE A LOT OF COMMENTS ON ITEM 28, AND YOU KNOW, LAST MONTH, THIS CITY COUNCIL APPROVED OVER MY OBJECTIONS A TEXT AMENDMENT WHICH ALLOWED ALL THE PLANNED REGIONAL CENTERS, CEILING HEIGHT OF 90 FEET, WITH A 200-FOOT PLANE. THAT'S ABOUT THE SIZE OF SKY HARBOR'S PARKING GARAGE, 200 FEET LONG, 90 FEET HIGH. TONIGHT WE HAVE THE RESULTS OF THAT AMENDMENT, THE FIRST OF MANY DEVELOPERS WILL NOW REQUEST THEIR PROPERTY TO BECOME PRCs AND ENJOY THE PROFITS OF A NINE-STORY TOWER. IF THIS IS ALLOWED TO GO FORWARD EXPECT MANY OTHER DEVELOPERS TO JUMP ON THE

PRC BANDWAGON. I HAVE TO SAY THIS APPLICATION IN FRONT OF US TONIGHT IS THE BIGGEST OVERREACH OF LAND USE SINCE BLUE SKY. IN FACT, I THINK IT'S BIGGER. NOT ONLY ARE THEY ASKING TO CHANGE TO A PRC, WHICH REQUIRES AMONG OTHER THINGS A MINIMUM OF 25 ACRES AND THIS DEVELOPER ONLY HAS 12 ACRES, BUT THEY'RE ASKING TO REMOVE ANY CAPS ON ANY RESIDENTIAL FLOOR AREA, WHICH MEANS THROW THE CURRENT DRAWINGS THEY'RE SHOWING US OUT THE DOOR AND THEY'LL CERTAINLY COME BACK WITH A REVISED DENSITY. IF YOU GO TO PAGE 18 OF THIS APPLICATION, IT SHOWS THE HOTEL AT 120 FEET, WHICH ON OTHER DRAWINGS OF OFFICES OR SHOPS. PAGE 3 STATES ACTUAL LAND USE IS IN SPECIFIC SQUARE FOOTAGE OF BUILDING PADS MAY VARY THROUGHOUT THE PROCESS. SERIOUSLY. THE LAST DRAWING SHOWS OPTIONS FOR HOTELS, OFFICES, OFFICE HOTEL, HOTEL OFFICE AND OF COURSE MULTI-FAMILY, WHICH WILL PREVAIL. IN CONCLUSION, I THINK IT'S THE MOST CONVOLUTED OVERREACHING DOCUMENT I'VE SEEN YET AND THIS INSULTS MY INTELLIGENCE THAT IT EVEN FOUND ITS WAY TO THE COUNCIL. HATS OFF TO THE PLANNING COMMISSION, WE NEVER SAW A PROJECT OR IN THIS CASE A NONPROJECT THAT THEY DIDN'T APPROVE AND I'LL BE VOTING NO.

Mayor Lane: THANK YOU, COUNCILMAN. THAT, I THINK, COMPLETES, WE HAVE NO CARDS OR COMMENTS ON THIS, AND IT COMPLETES ANY COMMENTS WE HAVE HERE AS FAR AS I CAN TELL. SO I WOULD ACCEPT A MOTION ON THIS ITEM.

Councilman Robbins: MAYOR, I'D LIKE TO MAKE A MOTION THAT THE CITY COUNCIL ADOPT RESOLUTION NUMBER 9419 AND ADOPT ORDINANCE 4098 AND WITH A COUPLE OF COMMENTS. IT'S INTERESTING WHEN THE CITY GOES THROUGH, AND EVERYONE ELSE FOR THAT MATTER, DIFFICULT ECONOMIC TIMES AND THIS IS THE EXACT KIND OF PROJECT THAT WE HAVE BEEN WISHING FOR, FOR MONTHS AND YEARS, AND IT COMES TO US AND SOMEHOW PROBLEMS WITH IT....I THINK THE FACT THAT THE CITY IS BEING REIMBURSED \$9.2 MILLION OF INFRASTRUCTURE THAT OUR TAXPAYERS HAVE PAID TO BUILD ROADS AND INFRASTRUCTURE IS VERY POSITIVE. WE HAVE RETAIL SALES TAX GENERATING BUSINESSES GOING IN HERE, ON PADS, ON SCOTTSDALE ROAD, WE HAVE A BANK, MORE RESIDENTIAL DEVELOPMENT, WHICH IS GOOD FOR THE CITIZENS AND FOR OUR BUSINESSES IN SCOTTSDALE. AND OF COURSE THE OFFICE USE, WHICH HAS BEEN A VERY DOWN MARKET FOR A VERY LONG TIME AND BRINGS EMPLOYMENT, TRAVELERS, PEOPLE TO COME INTO OUR CITY EVERY DAY, USE OUR SERVICES, RESTAURANTS, BUSINESSES. THIS AREA HAS BEEN PLANNED SINCE 2002 AND THERE WILL BE MORE OF THIS IN THIS AREA BECAUSE THIS AGAINST THE FREEWAY IS EXACTLY WHAT WE HOPE TO BUILD AND HAVE ACCOMPLISHED IN OUR CITY. AND WE DON'T PAY FOR ALL THE THINGS THAT WE ENJOY AS CITIZENS WITHOUT RETAIL SALES TAX DOLLARS AND THIS IS EXACTLY WHAT IT'S BRINGING TO OUR CITY. SO I'M HAPPY TO MAKE THE MOTION AND LOOK FORWARD TO THE PROJECT. THANK YOU.

Greg Bloemberg: COUNCILMAN ROBBINS, COULD YOU PLEASE ADD THAT AMENDMENT TO THE STIPULATION? I APPRECIATE IT.

[Time: 00:42:54]

Councilman Robbins: THANK YOU. JUST REMIND ME WHAT THAT IS, INCREASE THE.....

Greg Bloemberg: STIPULATION NO. 4, INCREASE THE OVERALL TOTAL NUMBER OF UNITS FROM 176 TO 187.

Councilman Robbins: LET'S ADD THAT TO IN MY MOTION.

Mayor Lane: IS THERE A SECOND ON THAT?

Vice Mayor Klapp: I'LL SECOND.

Mayor Lane: WOULD YOU LIKE TO SPEAK TOWARD IT?

Vice Mayor Klapp: WELL, I THINK COUNCILMAN ROBBINS PROBABLY SAID IT BEST, SO I DON'T HAVE TO ADD TOO MUCH TO IT OTHER THAN I DO BELIEVE THAT THIS AREA IS IN OUR PLAN FOR DEVELOPMENT AND I WELCOME THIS KIND OF A PROJECT. IF YOU DRIVE UP SCOTTSDALE ROAD AND SEE THE EMPTY LAND ON OUR SIDE OF THE STREET AND YOU LOOK ACROSS THE STREET AT ALL THE DEVELOPMENT THAT'S THERE, INCLUDING A LOT OF HEIGHT, I BELIEVE THAT WE HAVE TO RECOGNIZE THAT THIS IS THE AREA FOR THIS KIND OF DEVELOPMENT. PHOENIX IS DOING IT ON THEIR SIDE OF THE STREET AND I BELIEVE WE SHOULD BE DOING IT ON OUR SIDE AND REAPING THE REWARD OF SALES TAX AND OTHER REVENUES THAT WILL COME TO THE CITY, SO I THINK IT'S A GREAT PROJECT. I'M GLAD TO SUPPORT IT.

Mayor Lane: THANK YOU, VICE MAYOR. I, TOO, SUPPORT THIS MOTION AND THIS PROJECT. I THINK THAT IT HAS BEEN WELL-SAID BY OTHERS AS FAR AS WHAT WE HAVE DESIRED THROUGH THE YEARS FOR THIS PARTICULAR AREA AND FRANKLY, TO THE OBSERVATION OF THE LAND THAT'S ON THE WEST SIDE OF THIS, OF SCOTTSDALE ROAD STANDS IN STARK CONTRAST TO SOME OF THE THINGS WE HAD HOPED TO HAVE DONE AND EVERYTHING ON THIS SIDE OF THE ROAD HAS NOT BEEN A PRODUCT OF ANY KIND OF SUBSIDY, PAYMENT WHICH IS SOMETHING THAT WAS ADVANCED AND USED IN YEARS GONE BY. NOT NECESSARILY SUCCESSFULLY BUT NEVERTHELESS, THIS IS ALL MOVING FORWARD IN A POSITIVE AND CONSISTENT WAY WITH THE ENTIRE AREA, AS WELL AS OUR DESIRE ON THE AREA. I'LL BE SUPPORTING THE MOTION AS WELL. COUNCILMAN PHILLIPS.

[Time: 00:44:51]

Councilmember Phillips: WELL, YOU KNOW NOBODY IS SAYING THAT THIS ISN'T, IT'S BEEN GOING ON SINCE 2002 AND WHAT A WONDERFUL PROJECT IT IS AND IT WAS ORIGINALLY FIVE TO SIX STORIES, WHICH IS WHAT WE ALL EXPECTED. WHAT I'M TALKING ABOUT HERE IS THIS NINE-STORY BANDWAGON EVERYBODY IS GOING TO BE JUMPING ON NOW. I DON'T BELIEVE ANYBODY, ESPECIALLY THE RESIDENTS, WANT TO SEE A NINE-STORY BUILDING DOWN THERE AND FRANKLY, COMPARING IT TO THE HENKEL BUILDING, EXCEPT FOR MAYBE MR. HENKEL, HE WOULD BE THE ONLY ONE THAT WOULD LIKE THAT BUILDING, NO ONE LIKES THE BUILDING SO TRYING TO COMPARE IT TO THAT IS RIDICULOUS. A NINE-STORY BUILDING DOWN THERE, COME ON, THERE'S NO NINE-STORY BUILDING. THERE'S NO NINE-STORY BUILDINGS ON THE PHOENIX SIDE. THIS IS A TRAVESTY, TAKE THE GENERAL PLAN AND THROW IT OUT THE WINDOW AT THIS POINT.

Mayor Lane: THANK YOU, COUNCILMAN. I DON'T THINK THERE'S ANY FURTHER COMMENT ON THIS ITEM. I THINK WE'RE READY. WE HAVE A MOTION AND SECOND. ALL THOSE IN FAVOR PLEASE INDICATE BY AYE, REGISTER YOUR VOTE AND NAY IF YOU OPPOSE. AYE. MOTION PASSES 5-2 WITH COUNCILMAN LITTLEFIELD AND COUNCILMAN PHILLIPS OPPOSING. THANK YOU VERY MUCH FOR THE

PRESENTATION AND THE INFORMATION, AND THE DISCUSSION ON THIS. THAT COMPLETES THAT ITEM 28 AND MOVES US ON TO ITEM 29.

ITEM 29 – SCOTTSDALE MCDOWELL SONORAN PRESERVE COMMERCIAL MOTORIZED GUIDED TOURS

[Time: 00:46:08]

Mayor Lane: SCOTTSDALE McDOWELL SONORAN PRESERVE COMMERCIAL MOTORIZED GUIDED TOURS, AND KROY EKBLAW WILL BE GIVING THE PRESENTATION ON THIS TOPIC.

[Time: 00:46:26]

Kroy Ekblaw, Executive Assistant, Strategic Projects: GOOD EVENING, MAYOR, MEMBERS OF THE COUNCIL, KROY EKBLAW, PRESERVE DIRECTOR. THE QUESTION BEFORE YOU THIS EVENING, WE ARE LOOKING FOR DIRECTION FROM THE COUNCIL ON THE OPTION OF COMMERCIAL MOTORIZED GUIDED TOURS. OPTIONS BEFORE YOU ARE TO REMAIN WITH THE ORDINANCE AS IS, WHICH WOULD CONTINUE PROHIBITION OF MOTORIZED VEHICLES IN THE PRESERVE; TO RE-ALLOW MOTORIZED TOURS EITHER THROUGH A CONTRARY OR A PERMANENT MECHANISM. PERMANENT WOULD REQUIRE A RETURN WITH THE ORDINANCE AMENDMENT. A TEMPORARY WOULD BE DIRECTION TO PROCEED WITH A ONE-YEAR TRIAL PERIOD AND WE'LL DISCUSS THOSE OPTIONS. THIS ISSUE HAS A HISTORY IN THAT THERE ARE THREE JEEP TOUR OPERATORS WHO WERE PREVIOUSLY ALLOWED BY THE ARIZONA STATE LAND DEPARTMENT TO OPERATE ON LANDS NORTH OF DYNAMITE AND PARTICULARLY EAST OF 118th STREET. HISTORICALLY, SCOTTSDALE IN 2009 HAD BEGUN WORKING WITH THE STATE LAND DEPARTMENT TO DEVELOP A STATE LAND USE PERMIT THAT WOULD HAVE, IN ESSENCE, PUT THOSE JEEP TOUR OPERATIONS UNDER A SUBAGREEMENT UNDER THE CITY OF SCOTTSDALE. IT WOULD NOT HAVE REMOVED THEM BECAUSE WE WOULD NOT HAVE HAD THAT LAND IN THE PRESERVE ORDINANCE AT THAT TIME. THAT STARTED IN 2009. AND WITH THIS GRAPHIC HERE, SHOWS THE ACQUISITIONS THAT WE HAVE ACHIEVED IN THE PAST SEVERAL YEARS, NORTH OF DYNAMITE, THIS BEING DYNAMITE HERE AND THIS IS PIMA ROAD, AND THIS IS 136th STREET TO THE EAST, ALL OF THESE LANDS THAT HAVE NUMBERS ON THEM FROM 2010, '11 AND '12 ARE ACQUISITIONS FROM THE STATE LAND DEPARTMENT. THIS SHOWS THE GRAPHIC THAT WAS BEING PROPOSED IN 2009. THE AREAS IN GRAY OR BLUE AS IT MAY APPEAR ON YOUR SCREEN, WERE STATE TRUST LANDS. THE AREAS IN YELLOW, THOSE YELLOW TRAILS WERE THE 11 MILES OF ROUTES THE JEEP TOUR OPERATORS HAD AGREEMENTS FROM THE STATE TO BE OPERATING ON SO, IF WE'D BE ABLE TO SECURE AN SLUP AT THAT TIME, WE WOULD HAVE BEEN MANAGING THOSE ROUTES. WE DID NOT GET THE SLUP APPROVED UNTIL JUST AFTER THE FIRST OF THE YEAR AND AS YOU CAN SEE EVERYTHING IN GREEN IS WHAT WE HAVE ACQUIRED, THAT INCLUDES THE AREAS THAT THE JEEP TOUR OPERATORS WERE WORKING UNDER THEIR SLUP FROM THE STATE LAND DEPARTMENT OF THE AREA THAT WE ACHIEVED IS OVER BY PIMA ROAD, AND DID NOT HAVE ANY OTHER TRAILS WITHIN IT.

[Time: 00:49:13]

THE JEEP TOUR OPERATORS WERE ADVISED THAT AS OF JUNE 1st, A COUPLE WEEKS AGO, THAT THEY WOULD NO LONGER BE ALLOWED TO OPERATE WITHIN THE PRESERVE, AND THEY THEN REQUESTED TO BE ALLOWED TO BE CONTINUED. THAT REQUEST CAME THROUGH THE McDOWELL SONORAN PRESERVE COMMISSION AND EARLIER IN THE YEAR, THEY ASKED STAFF TO IDENTIFY THE OPTIONS.

THERE WERE A NUMBER OF THINGS BEING DISCUSSED ABOUT SUN-SETTING OPTIONS OR GRANDFATHERING OPTIONS. WE LOOKED AT THOSE. THE OPTION TO EXTEND OR SUNSET THE STATE LAND DEPARTMENT SLUPS WAS NOT A POSSIBILITY BECAUSE THOSE AGREEMENTS WERE BETWEEN THE STATE LAND DEPARTMENT AND THE OPERATORS. AND WITH THE CITY'S ACQUISITION OF THE LANDS, THE SLUPS DID NOT CARRY THROUGH. THEY WERE NOT A LEASE HOLD OR LAND INTEREST, RATHER, THEY WERE AN ACTIVITY, A USE, ALLOWANCE AND THEY WERE REVOCABLE ON 25 DAYS NOTICE. THE QUESTION OF GRANDFATHERING USE, THAT'S REALLY A ZONING ORDINANCE ISSUE. AND HAS TO DO, AGAIN WITH LAND OWNER RIGHTS AND OPERATIONAL RIGHTS, AND THIS QUESTION REALLY COMES DOWN TO THE PRESERVE ORDINANCE, NOT TO THE ZONING ISSUE. AND SO THAT'S THE AREA THEN THAT WE IDENTIFIED THE THREE OPTIONS THAT I ALREADY OUTLINED THAT EITHER WE CAN RETAIN THE ORDINANCE AS IS, NO TOURS, OR WE CAN ALLOW BY AMENDING THE ORDINANCE A PERMANENT OPTION, OR ADDRESS A POTENTIAL FOR A TEMPORARY ONE-YEAR TRIAL PERIOD. THE McDOWELL SONORAN PRESERVE COMMISSION REVIEWED THESE OPTIONS ON BOTH MAY 2nd AND MAY 30th OF THIS YEAR. THE COMMISSION VOTED ON TWO DIFFERENT MOTIONS ON MAY 30th. THEY VOTED 5 TO 2 RECOMMENDING TO MAKE NO CHANGE TO THE ORDINANCE AND BY A 3-4 VOTE TO IMPLEMENT THE TRIAL PERIOD. THAT FAILED AND THUS THE COMMISSION DID NOT FORWARD A RECOMMENDATION TO SUPPORT TOURS. OPERATORS ARE ASKING COUNCIL FOR DIRECTION TO ALLOW THE TOURS. THIS GRAPHIC WAS PROVIDED IN YOUR PACKETS, IT IDENTIFIES THE OPTIONS AND THE FLOW CHART OF ALLOWING OR NOT ALLOWING THE OPPORTUNITIES, THE BRIGHT RED WOULD BE NO. NO FURTHER ACTION WOULD BE REQUIRED, NO ADDITIONAL STEPS NECESSARY. THE YES IDENTIFIES THE TEMPORARY OR PERMANENT OPTION, AND THE SPECIAL USE PERMIT ITSELF WOULD BE FOR A 9-MONTH PERIOD. IT WOULD HAVE A LOCATION, REGULATION, AND SELECTION PROCESS REQUIREMENTS. IT WOULD REQUIRE COMPLIANCE WITH ALL OTHER ORDINANCE AND POLICY REQUIREMENTS SUCH AS PRESERVE HOURS AND NO TRASH NO FIRES, ET CETERA.

[Time: 00:51:56]

TO THE ISSUE OF, AND THOSE ARE THE REQUIREMENTS THAT WERE IDENTIFIED FROM SPECIAL USE PERMIT, WE DO HAVE COMMERCIAL OPERATORS FOR NONMOTORIZED ALREADY OPERATING IN THE PRESERVE, AND THEY HAVE A PERMITTING PROCESS THAT WE MANAGE, THAT INCLUDES A \$3.50 PER PERSON PER DAY USE FEE THAT WE COLLECT AND WE WOULD BE PROPOSING TO UTILIZE THE SIMILAR GUIDELINES AND FEES IF WE WERE TO BE DIRECTED TO PURSUE A TRIAL PERIOD FOR THE 9-MONTH PERIOD OF SEPTEMBER TO MAY OF 2014. THE LOCATION IS ONE THAT WE HAVE WORKED WITH THE OPERATORS AND ADDRESSED THAT THERE WOULD BE LIMITATIONS TO THREE TRAILS AND I'M GOING TO GO TO SOME GRAPHICS THAT FOCUS ON THE AREA NORTH OF DYNAMITE. THESE ARE THE LANDS, ALL THOSE DIFFERENT COLORED RED, GREEN AND BLUE ARE TRAILS THAT ARE PLANNED, EXISTING OR IN PREPARATION. THAT REPRESENTS ABOUT 120 MILES OF TRAIL. WHEN ADDED TO THE TRAILS TO THE SOUTH, WE'LL END UP WITH SOMEWHERE IN THE NEIGHBORHOOD OF 200 TO 210 MILES OF TRAIL TOTAL WITHIN THE PRESERVE. THIS AREA, THESE TRAILS IN YELLOW REPRESENT HISTORIC TRAILS THAT HAVE BEEN DRIVABLE. SOME OF THOSE ARE UNDER POWER LINES AND THERE WILL CONTINUE TO BE UTILITY EASEMENT RIGHTS TO ACCESS THOSE. SOME OF THOSE WILL BE AREAS WE WILL UTILIZE FOR MAINTENANCE OR MOST IMPORTANTLY, FOR EMERGENCY AND FIRE ACCESS, IF EVER NEEDED. THIS IS THE SAME GRAPHIC THAT I SHOWED YOU BEFORE THAT SHOWS 11 MILES OF TRAILS THAT THE OPERATORS WERE OPERATING ON UNDER THE STATE APPROVED SLUPS FOR THE PAST SEVERAL YEARS, AND THEN THIS 3.6 MILES THAT IS SHOWING UP YELLOW IN THAT EXTREME CORNER WOULD BE THE PROPOSED LIMITATIONS OF THE LOCATION IF WE WERE TO GO FORWARD WITH A PROPOSAL

TO HAVE TOURS. THIS NEXT GRAPHIC WE'LL ZOOM IN ON THE AREA HIGHLIGHTED HERE. YOU SEE THE TRAILS IN YELLOW AND WE'VE IDENTIFIED A PRIMARY IN SOLID YELLOW AND IS SECONDARY IN DASH. THE REASON FOR THAT, ONE, WE WOULD HAVE A ONE-WAY ROUTE REQUIREMENT WITH THE REGULATIONS, SO ALL TOURS WOULD START TO THE NORTH, COME UP, TURN AND COME BACK TO THE SOUTH. PART OF THE REASON FOR HAVING THE DASHED YELLOW LINE IS THAT THIS TURNING POINT IN RAIN WEATHER, THAT AREA HAS GOT A LOW SPOT THAT WILL COLLECT WATER AND INSTEAD OF HAVING VEHICLES DRIVE THROUGH THAT AND RUT THAT AREA, WHICH WOULD BE A DAMAGE WE WOULD NOT WANT TO HAVE OCCUR, WE WOULD HAVE THEM CONTINUE OUT TO ANOTHER TURN POINT UP HERE, THAT DOES NOT COLLECT WATER TO AVOID THAT. THE SECOND ITEM IDENTIFIES IN THESE SHADED AREAS LOGICAL STOPPING POINTS THAT HAVE HISTORICALLY BEEN OCCURRING TO WHERE TOUR OPERATORS WITH THEIR GUESTS WILL STOP AND LET THEM OUT OF THE VEHICLE, SHOW THEM CERTAIN DESERT PLANTS. THERE MAY BE VISTAS OF THE VERDE VALLEY FROM SOME OF THOSE POINTS AND TAKE THEM ON A SHORT WALK IN MANY CASES ON TRAILS, HISTORIC IN THAT AREA, AND WE WOULD BE EVALUATING ALL THOSE AREAS IF WE WERE DIRECTED TO PURSUE THIS. BACK TO THE REGULATIONS, ONE OF THE REQUIREMENTS ON THE ORDINANCE FOR SPECIAL USE PERMIT FOR THE TRIAL BASIS WOULD BE THAT A TOUR MUST BE EDUCATION-BASED. DRIVERS AND GUIDES WOULD BE REQUIRED FOR EACH VEHICLE. THERE ARE DUST CONTROL REGULATIONS THAT WOULD HAVE TO BE REQUIRED THAT WOULD LIMIT THIS TO A VERY SLOW SPEED, PLUS THE TERRAIN AND TOPOGRAPHY DOES THAT AS WELL. THERE WOULD BE NO BOULDER CRAWLING, NO SPEED OR JUMPING INVOLVED IN THIS. IT WOULD BE A PASSENGER-BASED VEHICLE, JEEP OR SUV TYPE, ALL TRIPS WOULD BE REPORTED TO CITY STAFF. WE DO RESERVE THE RIGHT TO LIMIT NUMBERS DEPENDING UPON THE NUMBER OF REQUESTS THAT WE WOULD RECEIVE. A REQUIREMENT OF ANY USE PERMIT IS THERE'S NOT INFRINGEMENT ON OTHER USERS. THEY WOULD HAVE TO MEET CERTAIN INSURANCE REQUIREMENTS, AND AS WITH THE STATE, THESE USE PERMITS ARE REVOCABLE BASED ON VIOLATIONS, SO WE WOULD CONTROL THAT SELECTION PROCESS. THEY WOULD NEED TO MEET THE CRITERIA WE DESCRIBED, THE EDUCATIONAL BASIS WOULD BE SOMETHING THAT THEY WOULD HAVE TO PROVIDE DETAILS OF. THEY WOULD NEED TO IDENTIFY THEIR EXPERIENCE IN TOUR EDUCATION WITH REFERENCES, AND AGAIN, REQUIREMENTS IN PROMOTING SCOTTSDALE AND PROVIDING ACCESS TO LOCALS AND VISITORS WOULD BE REQUIREMENTS OF THAT PROGRAM. EXPECTATION IS THAT IF A TRIAL PERIOD WERE DIRECTED BY THE COUNCIL, WE WOULD BE EVALUATING THAT PROGRAM OVER THE COURSE OF THE NINE MONTHS. WE'D BE USING BOTH OUR STAFF AND VOLUNTEERS TO ASSIST US WITH THAT. AND WE WOULD BRING BACK AN ANALYSIS AND RECOMMENDATIONS BOTH TO THE PRESERVE COMMISSION AND THE CITY COUNCIL AT ABOUT THIS TIME NEXT YEAR FOR CONSIDERATION OF WHETHER THE PROGRAM SHOULD BECOME PERMANENT OR WHETHER THERE SHOULD NO LONGER BE TOURS OFFERED IN THE PRESERVE. WITH THAT, THAT CONCLUDES MY PRESENTATION. AGAIN, WE ARE LOOKING FOR DIRECTION AS TO WHETHER TO REMAIN WITH THE ORDINANCE AS IS, OR TO LOOK AT EITHER AN AMENDMENT TO THE ORDINANCE OR TEMPORARY TRIAL PERIOD WHICH CAN WE WOULD LIKE TO IMPLEMENT BY SEPTEMBER OF 2013 IF SO DIRECTED. I BELIEVE YOU HAVE SEVERAL PEOPLE WHO WOULD LIKE TO SPEAK AND I'M HAPPY TO ANSWER ANY QUESTIONS THAT YOU HAVE.

[Time: 00:57:54]

Mayor Lane: WE DO HAVE ONE REQUEST, WE HAVE A COUPLE OF REQUESTS TO COUNCIL BEFORE WE GO TO THE PUBLIC TESTIMONY IN THIS CASE. WE'LL START WITH COUNCILMAN LITTLEFIELD.

Councilman Littlefield: YEAH, YOU MENTIONED THE PRESERVE COMMISSION OPINED ON THIS, DID THIS ALSO NOT GO IN FRONT OF A COUPLE OTHER BOARDS AND COMMISSIONS AND WHAT DID THEY REPORT?

Kroy Ekblaw: I APOLOGIZE FOR OVERLOOKING THAT, THIS WAS BEFORE THE COUNCIL ECONOMIC DEVELOPMENT SUBCOMMITTEE THURSDAY AND A 3-0 VOTE IN SUPPORT FOR A TRIAL PERIOD FOR NINE MONTHS AND IT WAS PRESENTED AS AN INFORMATIONAL ITEM TO THE TOURISM DEVELOPMENT COMMISSION THIS MORNING, AND SO IT WAS NOT AN ACTION ITEM BY THEM. I THINK YOU WOULD FIND MANY OF THEM IN SUPPORT OF TOURISM-BASED ACTIVITIES BUT THERE WAS NOT A RECOMMENDATION THAT CAME FORWARD THIS MORNING.

Mayor Lane: THANK YOU. COUNCILMAN ROBBINS?

Councilman Robbins: THANK YOU, MAYOR. KROY, IF THIS IS ALLOWED TEMPORARY OR PERMIT, WOULD IT A JEEP ONLY TRAIL?

Kroy Ekblaw: WE WOULD AT THIS POINT, WE'RE NOT RECOMMENDING TO RESTRICT THAT TO JEEP ONLY. THIS IS AN AREA WHERE WE'VE NOT IMPROVED ALL THE TRAILS IN THAT EXTREME AREA. THAT WOULD BE SOMETHING WE WOULD BE DOING OVER THE COURSE OF THE NEXT SEASON, THIS NEXT YEAR. THE NORTHERN PORTION OF THAT TRAIL IS AN EXISTING NATURAL WASH AND THERE REALLY WOULDN'T BE MUCH IN THE WAY OF IMPROVEMENTS THAT WE WOULD ANTICIPATE IN THAT. AND THAT'S REALLY TYPICALLY USED BY EQUESTRIANS. YOU DON'T FIND A LOT OF HIKERS AND MOUNTAIN BIKERS IN SANDY BOTTOM WASHES. THE SOUTHERN PORTION OF THAT TRAIL IS MORE OF AN OLD RANCH OR JEEP TRAIL, AS THE CASE MAY BE. IT DOES HAVE, THE THINGS WE WOULDN'T WANT TO CHANGE IN ORDER TO KEEP THE TRAFFIC GOING SLOWLY. IT WOULD BE SERVICEABLE IN THE INTERIM AS A TRAIL AND WHETHER WE WOULD LOOK IN THE LONG RUN TO KEEP THAT AS A MULTI-USE, THAT'S HOW MOST OF OUR TRAILS ARE BASED AND AT THIS POINT WE'RE NOT RECOMMENDING ANY CHANGE TO THAT.

[Time: 01:00:01]

Councilman Robbins: OKAY. SO YOU DON'T ANTICIPATE ANY PROBLEMS BETWEEN DIFFERENT USES ON THERE IF YOU HAVE JEEP USES VERSUS EQUESTRIAN OR ANY OTHER USE IN HOW WOULD YOU REGULATE THAT OR MANAGE THAT?

Kroy Ekblaw: IT'S CERTAINLY SOMETHING WE WOULD CONSIDER LOOKING AT, IDENTIFYING ON OUR MAP AND POSTING IN THE AREA SO THAT PEOPLE ARE AWARE OF THE POTENTIAL OF THE VEHICLES BEING PRESENT. I THINK THAT WITH THE YEARS OF OPERATION ON THIS TRAIL THAT WE HAVE NOT HEARD OF SIGNIFICANT CONFLICTS BEING EVER REPORTED WITH REGARDS TO ACTIVITY OUT THERE BETWEEN EQUESTRIANS AND HIKERS. NOT TO SAY THAT SOME PEOPLE WOULDN'T BE SURPRISED BY IT OR HAVE CONCERN BUT WE'D CERTAINLY LOOK AT THAT IF THAT IS THE DIRECTION OF THE COUNCIL.

Councilman Robbins: DO WE KNOW HOW LONG IT'S BEEN USED, YOU SAID PART OF IT IS AN OLD RANCH TRAIL, HOW LONG HAS IT BEEN USED FOR A TOUR? THE OPERATORS MAY EACH BE ABLE TO TELL YOU HOW LONG THEY WERE ON THAT. AND THERE WERE OTHER JEEP TOUR OPERATORS IN

PREVIOUS YEARS THAT HAVE NO LONGER CONTINUED THEIR SLUPS, SO I KNOW IT GOES BACK AT LEAST INTO THE '90s. AS FAR AS SOME OF THOSE HISTORICAL OPERATIONS, BUT WITH DIFFERENT TOURS OR DIFFERENT OPERATORS AND PREVIOUS, I'M NOT SURE OF A COMPACT STARTING DATE FOR WHEN THOSE WERE FIRST BEING USED. THE JEEP ROAD ITSELF WOULD HAVE BEEN SOMETHING THAT WE BELIEVE WOULD HAVE HAD SOME EXISTENCE BACK TO ITS RANCHING DAYS, 40, 50 YEARS AGO.

Councilman Robbins: OKAY. THEN LAST, IS IF IT'S GOING TO HAVE A 9-MONTH TRIAL PERIOD, WHAT KIND OF THINGS ARE YOU LOOKING FOR OR TRYING TO FIND OUT THAT YOU DON'T KNOW NOW? WHAT KIND OF THINGS WOULD THAT TELL YOU AS STAFF THAT WOULD MAKE US HAVE A BETTER DECISION NINE MONTHS FROM NOW AS OPPOSED TO TONIGHT?

Kroy Ekblaw: THE VARIETY OF THINGS THAT WE WOULD BE LOOKING TO DOCUMENT AND RETURN WITH, WOULD BE AN ANALYSIS OF THE CONDITION OF THE ROUTE ITSELF TODAY AND OVER THE COURSE OF THE OPERATION OF ANY TOURS. WE WOULD DO PHOTO DOCUMENTATION, WE WOULD ALSO BE DOING SOME REALLY WILDLIFE CAMERA TO VERIFY THAT THE NUMBERS OF --THAT ARE BEING REPORTED ARE CONSISTENT WITH THAT. WE'D ALSO BE DOING FIELD VERIFICATION, BECAUSE THEY WILL BE REPORTING TO US WHEN THEY WOULD BE IN THE FIELD AND AT TIMES WE'LL HAVE STAFF OUT THERE OR VOLUNTEERS, AT OTHER TIMES WE WOULD BE UTILIZING MOTION SENSITIVE CAMERAS TO RECORD THAT ACTIVITY AND WE WOULD BE LOOKING TO CONFIRM THAT THE AMOUNT OF REPORTED ACTIVITY IS CONSISTENT WITH WHAT WE'VE SEEN. WE ALSO HAVE GATES IN PLACE BOTH LOCATIONS, THERE ARE LOCKS ON THOSE GATES AND PRIOR TO JUNE 1st, THE OPERATORS WERE GOING THROUGH THOSE GATES. AND WE'D BE ANALYZING THAT. THERE'S ALSO BEEN DOCUMENTATION OF ANY OTHER AESTHETIC OR REPORTS OF CONFLICTS MAKING SURE THEY'RE STAYING ON THE TRAIL, THOSE WOULD ALL BE THINGS WE WOULD BE LOOKING AT. BUT WE'D ALSO GET A COUNT OF HOW MANY PEOPLE HAVE BENEFITED BY WAY OF THE EDUCATIONAL TOURS AND GET A BREAKDOWN OF AT LEAST FROM A BASIC STANDPOINT OF WHETHER THEY HAVE A LOCAL BASIS OR WHETHER THEY'RE COMING AS VISITORS OUT OF TOWN.

[Time: 01:03:34]

Councilman Robbins: THANK YOU.

Mayor Lane: THANK YOU, COUNCILMAN. WE'LL GO AHEAD AND CONTINUE, WE HAVE THREE MORE QUESTIONS FROM THE COUNCIL THAT ARE ON HERE AND THEN WE'LL GO TO THE PUBLIC COMMENT, BUT WE DO STILL HAVE COUNCILWOMAN KORTE.

Councilmember Korte: THANK YOU, MAYOR. COUNCILMAN ROBBINS TALKED ABOUT PERHAPS A CONFLICT OF INTEREST OR CONFLICT OF USE BETWEEN EQUESTRIAN, HIKERS, VERSUS JEEPS, THE MOTORIZED FACTION. DO YOU THINK THERE'S ANY LIABILITY ISSUES THERE?

Kroy Ekblaw: AGAIN, THAT'S SOMETHING THAT WE'VE NOT SEEN HAVING OCCURRED HISTORICALLY. I'D HAVE TO VISIT WITH OUR RISK MANAGEMENT. THERE WOULD BE INSURANCE REQUIREMENTS ON THE OPERATORS. WE REQUIRE THAT OF OUR NON-MOTORIZED COMMERCIAL OPERATORS AS WELL, THAT THEY CARRY INSURANCE FOR THAT.

Councilmember Korte: WELL, WE KNOW THAT JEEPS TEND TO DO MORE DAMAGE TO THE TRAILS THAN THE PASSIVE USERS. WHO IS GOING TO BE TAKING CARE OF MAINTAINING THESE TRAILS AND ARE WE GOING TO PAY FOR IT OR ARE YOU GOING TO BE LOOKING TOWARDS SOME McDOWELL SONORAN CONSERVANCY TO PLAY A PART? WHERE'S THE MAINTENANCE GOING TO BE?

Kroy Ekblaw: THE MAINTENANCE OF ALL OUF TRAILS IS A COMBINATION OF STAFF AND VOLUNTEERS. FROM A STANDPOINT OF INCREASE, AGAIN WITH THE SANDY BOTTOM WASH, WE DO NOT EXPECT A SIGNIFICANT ISSUE WITHIN THAT PARTICULAR ALMOST HALF OF THE ALIGNMENT. THE SECOND HALF, AGAIN, IS AN EXISTING JEEP ROUTE THAT HAS BEEN THERE IN EXCESS OF 40 OR 50 YEARS AND ALTHOUGH THERE HAS BEEN EROSION, THE BIGGEST DAMAGE REALLY WOULD COME FROM GOING OFFROUTE AND THAT'S WHERE THE CONCERNS FOR HAVING THE ONE-WAY ROUTE, HAVING DESIGNATED AREAS THAT ARE WIDE ENOUGH WIDTH WITHIN THE ROAD OR THE WASH FOR PARKING SO THAT VEHICLES AREN'T HAVING TO GO OFF. THAT'S WHERE THE GREATEST DAMAGE WE BELIEVE WOULD ARRIVE FROM, AND CERTAINLY WE WOULD ULTIMATELY, REGARDLESS OF WHETHER JEEPS ARE OPERATING THERE OR NOT, WE WOULD BE EVALUATING ALL THESE ROUTES FOR THE ISSUE OF SUSTAINABILITY AND MAINTAINING THE ROUTES OR CONSTRUCTING ANY ROUTES OR RECONSTRUCTING ANY ROUTES TO MINIMIZE MAINTENANCE NEEDS AND MINIMIZE THE AMOUNT OF EROSION THAT MAY HAVE OCCURRED BECAUSE OF POOR ALIGNMENT IN HOW SOME OF THE OLD TRAILS OR JEEP ROADS WERE ORIGINALLY LAID OUT. SO WE'LL BE LOOKING AT THAT IN THIS AREA OVER THE COURSE OF THE NEXT YEAR OR TWO.

Councilmember Korte: HAS THERE BEEN ANY MARKET STUDIES TO BETTER DETERMINE IF THERE WOULD BE ADDITIONAL JEEP TOUR REQUESTS FOR PERMITS?

[Time: 01:06:35]

Kroy Ekblaw: I'M NOT AWARE OF ANY MARKET STUDIES TO THIS EFFECT. I KNOW THE ISSUE IN THE FOUR YEARS WE'VE BEEN INVOLVED AND MOST RECENTLY IN THE LAST FOUR TO FIVE MONTHS WHEN IT HAS MADE THE PAPER, THE ONLY INTEREST WE HAVE HAD EXPRESSED TO US ARE BY THE THREE EXISTING OPERATORS AND WE'VE NOT, TO MY KNOWLEDGE, STAFF HAS NOT BEEN CONTACTED BY ANY OTHERS.

Councilmember Korte: SO IF YOU ARE CONTACTED BY OTHER JEEP TOUR OPERATORS, HOW DO YOU THINK YOU WOULD RESPOND TO THAT? AND YOU MENTIONED THAT NUMBERS ARE GOING TO PLAY, NUMBERS OF INDIVIDUALS AND TOURS GOING INTO THIS AREA, WHAT ARE THOSE NUMBERS, HAS THERE BEEN AN IMPACT STUDY ON THOSE?

Kroy Ekblaw: CERTAINLY THE SELECTION PROCESS IS ONE THAT WOULD REQUIRE BEING OPEN TO ANYONE WITH INTEREST AND THEN MEETING THE CRITERIA. AND THAT WOULD BE PART OF THAT EVALUATION. AT THIS POINT, WE DO NOT HAVE COMPREHENSIVE NUMBERS OF THE HISTORICAL ACTIVITIES. I CAN TELL THAT YOU ONE OF THE OPERATORS IN THE PAST FOUR OR FIVE MONTHS HAS REPORTED JUST UNDER A THOUSAND INDIVIDUALS BEING GIVEN TOURS IN THIS AREA. ANOTHER OPERATOR IDENTIFIED THE CALENDAR YEAR OF 2012, THEY BROUGHT IN JUST UNDER 400 GUESTS INTO THAT PARTICULAR AREA. BUT I DON'T HAVE ALL THREE FOR A SERIES OF YEARS. THAT WOULD BE ONE OF THE THINGS WE WOULD BE ANALYZING AND REPORTING BACK ON IF THERE WERE A TRIAL PERIOD.

Councilmember Korte: YOU TALKED ABOUT TRYING TO GET A FEEL FOR THE IMPACT THESE JEEP TOUR OPERATORS IN THIS ONE SECTION, AND HAVING CAMERAS AND TRYING TO GET COUNTS OF WILDLIFE, ET CETERA, WHO IS GOING TO MANAGE ALL THAT? I KNOW THE STAFF, IT'S A PRETTY THIN STAFF REGARDING PRESERVE OPERATIONS.

Kroy Ekblaw: AGAIN, IT WOULD BE A COMBINATION, IT WOULD CERTAINLY BE UNDERSTAFFED BUT WE'VE ALSO TALKED WITH A CONSERVANCY ABOUT INCLUDING THAT AS A PROGRAM OF EVALUATION THAT WE WOULD ASSIST US WITH.

Councilmember Korte: AND FINALLY, HAS THE CITY AIDED THE TOUR OPERATORS TO FIND OR IDENTIFY ANY OTHER OPTIONS FOR TOURS OUTSIDE OF THE PRESERVE?

Kroy Ekblaw: I KNOW HISTORICALLY THAT QUESTION WAS RAISED AND I WAS NOT INVOLVED IN THOSE EFFORTS. I KNOW THE DISCUSSIONS HAVE TAKEN PLACE ABOUT OPPORTUNITIES WITHIN THE TONTO NATIONAL FOREST, WHICH WOULD BE THE TONTO NATIONAL FOREST, WHICH WOULD BE THE AREA, THEY HAVE A FAIRLY LIMITED, THEY HAVE A RESTRICTIVE PROGRAM AND I'M NOT SURE IF IT'S A 10-YEAR CYCLE THEY'RE ON OR NOT BUT IT TAKES A LONG TIME TO GET INTO THAT PROGRAM. I KNOW SOME OF THE OPERATORS HAVE BEEN TRYING TO DO THAT FOR MANY YEARS AND AT THIS POINT HAVE NOT INDICATED SUCCESS. ONE HAS ACCESS TO TONTO, THE OTHERS DO NOT.

Councilmember Korte: THANK YOU.

Mayor Lane: THANK YOU, COUNCILWOMAN. COUNCILMAN PHILLIPS.

[Time: 01:09:59]

Councilmember Phillips: THANK YOU, MAYOR. WELL, I THINK IT'S, THIS TRIAL PERIOD IS SILLY BECAUSE NOTHING IS GOING TO HAPPEN IN THE NEXT YEAR COMING UP THAT HASN'T HAPPENED IN THE LAST TEN YEARS, ESPECIALLY IF THEY KNOW THEY'RE ON A TRIAL PERIOD, SO I DON'T KNOW WHAT YOU'RE LOOKING FOR THERE. I WAS WONDERING, THE THREE JEEP TOUR OPERATORS, I GUESS YOU HAD PERMITS FROM THE STATE. ARE THOSE PERMITS STILL VALID NOW AND THEY'RE NOT VALID, IS IT VALID BECAUSE THE CITY TOOK OVER AND DO THEY HAVE AN EXPIRATION DATE?

Kroy Ekblaw: THOSE ARE THE SLUPS I REFERRED TO EARLIER, THOSE NO LONGER ARE VALID. THEY ARE WITH OUR ACQUISITION OF THE LAND. IF YOU HAD ANY EXISTING LEASE OR EASEMENT, THAT MAY CARRY FORWARD BUT IN THE CASE OF THE SLUPS, NONE OF THAT WOULD CARRY FORWARD, SO THERE'S NO, WE LOOKED AT THAT OPTION WITH THE CITY'S ATTORNEY'S OFFICE AND THERE'S NO OPPORTUNITY FOR A CONTINUATION OR A SUNSETTING AS THE CASE MAY BE OF THE AGREEMENTS THAT THEY HAD WITH THE STATE LAND DEPARTMENT.

Councilmember Phillips: OKAY. SO THE QUESTION IS, THOUGH, HAD WE NOT PURCHASED THE PROPERTY, WOULD THOSE STILL BE IN EFFECT AND WOULD THEY BE EXPIRING AT ANY CERTAIN TIME?

Kroy Ekblaw: IF WE HAD NOT PURCHASE THE PROPERTY, IT WOULD BE UNDER THE STATE DEPARTMENT AND THE STATUS WOULD BE DEPENDENT UPON THE ACTIVITY.

Councilmember Phillips: LIKE A FIVE-YEAR PERMIT OR TEN-YEAR?

Kroy Ekblaw: THEY WOULD TYPICALLY VARY, TWO TO THREE-YEAR PERIOD OR LONGER.

Councilmember Phillips: OKAY. MAYBE THEY CAN WHEN THEY SPEAK, THEY CAN BRING THAT UP. THANK YOU.

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

Vice Mayor Klapp: MY QUESTION HAS TO DO WITH THE GATES. YOU SAID THEY'RE OPEN NOW BUT WHEN THIS PERIOD WOULD BEGIN, I ASSUME THEY WOULD BE CLOSED?

Kroy Ekblaw: THE GATES ARE CLOSED. WE HAVE THEM CLOSED AND LOCKED AT ALL TIMES.

Vice Mayor Klapp: HOW DO YOU ACCESS THE TRAILS?

Kroy Ekblaw: BY COMBINATION LOCK THAT'S ON THOSE.

Vice Mayor Klapp: SO IF THE TOUR OPERATORS WANT TO GO ON THAT TRAIL, HOW WOULD THEY GET IN?

Kroy Ekblaw: THEY WOULD HAVE ACCESS TO THE COMBINATION AND THAT'S WHAT WE HAD PROVIDED FOR THEM UP UNTIL THE POINT OF JUNE 1st.

Vice Mayor Klapp: HOW WOULD OTHER USERS GET IN THEN? YOU SAID THAT IT'S A MIXED USE AREA WHERE OTHERS CAN USE IT. HOW CAN THEY GET IN?

Kroy Ekblaw: THOSE ALL ARE PEDESTRIAN STEP GATES THAT ARE NARROW ENOUGH THAT LARGE VEHICLES CAN'T GET THROUGH, THAT ALLOW EQUESTRIAN OR PEDESTRIAN OR MOUNTAIN BIKE TO STEP THROUGH THEM.

[Time: 01:12:35]

Mayor Lane: THANK YOU, VICE MAYOR. WE'RE GOING TO GO AHEAD WITH PUBLIC COMMENT. I HAVE ADDITIONAL QUESTIONS WHEN THAT'S COMPLETED. SO STAND BY FOR THAT. WE HAVE ABOUT AN HOUR'S WORTH OF TESTIMONY AT THREE MINUTES EACH WHAT I WOULD ASK IS YOU USE YOUR TIME WELL AND WE'LL TRY TO, WE'RE GOING TO BE FAIRLY DISCIPLINED ON THE THREE MINUTES, I'D RATHER YOU DIDN'T GO BEYOND THEN. IF YOU CAN MAKE YOUR MESSAGE CLEAR AND GET IT EXPRESSED INSIDE OF THE THREE MINUTES, BE HAPPY TO ACCEPT THE TIME BACK BUT IN ANY CASE, WITH THAT, WE WANT TO MAKE SURE WE TRY TO HEAR FROM EVERYONE, AND GET THE FULL MESSAGE AND SO WE'RE AS A COUNCIL, WE WOULD LIKE TO HAVE IT AS PRECISE AND CONCISE AS POSSIBLE COMING TO US. WITH THAT, I START WITH HOWARD MYERS AND HE'LL BE FOLLOWED BY KELLY READING AND IF MISS REEDING, YOU CAN BE STANDING BY AS I WILL GIVE THE TWO AT ALL TIMES, SO THAT WE CAN MAKE SURE THAT YOU ARE READY TO MOVER TO THE PODIUM WHEN MR. MYERS IS DONE AND IN EACH CASE.

Time: 01:13:46]

Howard Myers: THANK YOU, HOWARD MYERS. I PROBABLY SUPPORT TOURS MORE THAN ANY OTHER CITIZEN I CAN THINK OF IN THIS CITY AND I KNOW WHAT IT MEANS TO THE CITY, I'VE BEEN A, I'VE DONE AN ANALYSIS TO SHOW HOW IMPORTANT TOURISM IS. BELIEVE ME, I'M BEHIND ANYTHING THAT HELPS TOURISM. HOWEVER, I'M A VERY STRONG SUPPORTER OF THE PRESERVE. I SPENT 16 YEARS ON THAT. SO I'M PRETTY WELL AWARE OF THE ISSUES AND WHY THE ORDINANCE WAS DRAFTED THE WAY IT WAS. THE PRESERVE IS ONE OF THE BIGGEST, IF NOT THE BIGGEST DRAWS TO TOURISM NOW AND WE SEE TOURS ALL THE TIME IN THE PRESERVE, HIKING AND BIKING, ON HORSEBACK, DOING IT THE RIGHT WAY. I KNOW BECAUSE I HIKE AND I TALK TO A LOT OF THEM AND THEY'RE EXCITED BECAUSE THEY'RE IN THE PRESERVE. THIS REACHED ALL OVER THE COUNTRY IF NOT THE WORLD WHAT THIS PRESERVE AND WHAT IT MEANS, THEREFORE, WE HAVE TO BE CAREFUL WE DON'T DEGRADE IT IN ANY WAY. OPENING THE DOOR TO MOTOR VEHICLES WOULD BE A HUGE MISTAKE THAT COULD HURT THE PRESERVE FOREVER, THAT'S WHERE THE ORDINANCE SPECIFICALLY SAYS NO MOTOR VEHICLES. HOWEVER, I'M SUPPORTIVE OF THE JEEP TOURS, SO I'VE TRIED TO WORK OUT WAYS THEY COULD DO IT THROUGH THEIR OPERATIONS WITHIN THE PRESERVE RULES AND I STARTED OFF WITH TRYING TO LOOK AT EQUESTRIAN ALTERNATIVES, BECAUSE THAT CERTAINLY FITS WITHIN THE PRESERVE MANAGEMENT GOALS AND AS A LEGAL MODE OF TRANSPORTATION. HOWEVER, THEY DIDN'T THINK THAT WAS ECONOMICALLY FEASIBLE. I STILL THINK IT OUGHT TO STAY ON THE BOOKS BECAUSE I THINK THAT WOULD BE THE GREATEST EXPERIENCE A TOURIST COULD POSSIBLY HAVE GOING INTO THE PRESERVE ON HORSEBACK OR IN A BUGGY OR EVEN A STAGE COACH. HOW MUCH MORE WESTERN CAN YOU GET THAN THAT, AND IN OUR PRESERVE. I THINK THAT'S REALLY THE RIGHT WAY TO DO IT. BUT IT CAN'T WORK OUT. I ALSO BELIEVE THERE ARE OTHER ALTERNATIVES THAN THE USE PERMIT. THE USE PERMIT IS REALLY OPENING THE DOOR TO A LOT OF THINGS THAT YOU DON'T REALLY WANT AND YOU WON'T BE ABLE TO CLOSE IT ONCE IT'S OPENED. SO WHAT I WOULD SUGGEST IS THAT IF YOU'RE GOING TO DIRECT THE COUNCIL, THE STAFF TO GO AHEAD WITH THIS TRIAL PLAN THAT YOU USE THAT YEAR AND DIRECT THE MSPC AS WELL TO WORK WITH STAFF AND THE TOUR OPERATORS TO LOOK AT OTHER ALTERNATIVES THAT DO NOT USE THE USE PERMIT THAT ALLOW THEM TO DRIVE THEIR JEEPS IN THE PARTICULAR AREA DESIGNATED. I KNOW I'VE COME UP WITH A COUPLE MYSELF AND I'M SURE OTHER PEOPLE ARE SMART ENOUGH TO COME UP WITH SOME, TOO. WHAT YOU ARE GOT TO LOSE? THE BEST THING THAT CAN HAPPEN IS YOU'LL SATISFY THE PRESERVATIONIST AND JEEP TOUR OPERATORS WHICH RIGHT NOW YOU'RE NOT DOING, SO IT SEEMS LIKE A WIN-WIN.

Mayor Lane: NEXT IS KELLY READING, FOLLOWED BY JOE GALLI.

[Time: 01:16:34]

Kelly Reading: MAYOR, COUNCILMEMBERS, MY NAME IS KELLY READING. I'VE BEEN EMPLOYED IN THE TOURISM AND HOSPITALITY INDUSTRY SINCE I STARTED WORKING AT THE SUGAR BOWL RESTAURANT DOWN THE ROAD AS A TEENAGER. I AM A PROPONENT OF THE SCOTTSDALE McDOWELL SONORAN PRESERVE AND I APPRECIATE THE CITY OF SCOTTSDALE SUPPORTING THE PRESERVE. I'VE ALSO HAD THE PLEASURE OF KNOWING AND WORKING WITH ALL THREE OF THE JEEP TOUR COMPANIES THAT ARE CURRENTLY UTILIZING A SMALL PORTION OF THIS NEWLY ACQUIRED AREA IN THE PRESERVE, KNOWN THEM FOR OVER 15 YEARS. PLEASE KNOW THAT EACH OF THESE COMPANIES

REPRESENTS SCOTTSDALE AND THE SCOTTSDALE McDOWELL SONORAN PRESERVE IN THE MOST POSITIVE WAY. THEY ARE ALL STEWARDS OF THE DESERT. THEY BRING TOURISTS AND LOCALS OUT TO THE DESERT FOR FUN AND EDUCATION. THEY KNOW HOW IMPORTANT IT IS TO PRESERVE THIS LAND AND EDUCATE THEIR GUESTS ON THE IMPORTANCE. EACH OF THESE COMPANIES TAKES GREAT CARE TO LEAVE THE AREA THE WAY THEY FOUND IT OR BETTER. IT IS IN NO SMALL PART BECAUSE OF THESE COMPANIES AND THEIR CARING STAFF THAT THIS AREA HAS REMAINED SO PRISTINE. I URGE THE COUNCIL TO PLEASE GRANT EACH OF THESE COMPANIES A PERMIT TO CONTINUE TO OPERATE IN THE PRESERVE AS THEY HAVE BEEN PROMISED FOR THE LAST 12 YEARS BECAUSE IT'S THE RIGHT THING TO DO. THANK YOU VERY MUCH.

Mayor Lane: THANK YOU. NEXT WOULD BE JOE GALLI, FOLLOWED BY JAMES HEITEL.

[Time: 01:18:18]

Joe Galli: THANK YOU, MEMBERS OF THE STAFF AND COUNCIL. I'M THE EXECUTIVE DIRECTOR OF THE NORTH SCOTTSDALE CHAMBER OF COMMERCE, AND I GUESS I'M THE SECOND BIGGEST FAN OF TOURISM IN THE CITY BEHIND HOWARD MYERS, A SEVERAL HUNDRED MEMBER CHAMBER OF COMMERCE. I WOULD LIKE TO SAY, FIRST AND FOREMOST, KUDOS TO ALL THOSE WITH ALL SINCERITY THAT HAVE WORKED OVER A NUMBER OF YEARS TO SUCCESSFULLY PRESERVE THAT PROPERTY, AND TO ACQUIRE THAT FROM STATE LAND WAS NO SMALL FEAT AND CERTAINLY NO SMALL DOLLARS. WE ARE CERTAINLY GRATEFUL FOR THAT BECAUSE WE BELIEVE IT DOES HAVE AN IMPACT ON OUR TOURISM INDUSTRY AND DOES ATTRACT PEOPLE, SPECIFICALLY FOR THAT PURPOSE, TO RECREATE IN THE PRESERVE. OUR CONCERN TONIGHT IS FOR OUR JEEP TOUR OPERATORS BUSINESS OWNERS AND THEIR OPERATORS, THEIR EMPLOYEES, AND THEIR FAMILIES. IF YOU STOP JEEPS TONIGHT BY TAKING ACTION THAT WOULD PREVENT THEM FROM OPERATING FURTHER, YOU SEND THESE PEOPLE AWAY FROM OUR COMMUNITY AND THAT EQUATES TO A LOSS OF JOBS IN A VERY STILL WHAT WE THINK IS A VERY TOUGH RETAIL AND TOURISM ECONOMY. MORE IMPORTANT THAN THE LOSS OF JOBS IMMEDIATELY LOCALLY IS THE IMPACT ON TOURISM. THE REASON I SAY THAT IS BECAUSE OUR JEEP TOUR OPERATORS ARE GREAT PARTNERS WITH OUR RESORTS, BUT ALSO WITH OUR LOCAL BUSINESSES. MANY LOCAL BUSINESSES UTILIZE THIS OPPORTUNITY TO SEE PART OF OUR COMMUNITY THROUGH JEEP TOURS, SO THEY CATER NOT TO JUST OUTSIDE BUSINESSES BUT LOCAL AS WELL. THEY'RE ALSO GREAT STEWARDS OF THE LAND AND THEY HAVE A LONG AND PROVEN TRACK RECORD OF BEING CLEAN AND SAFE OPERATORS AND VERY SENSITIVE TO THAT COMMUNITY. ON BEHALF OF THE NORTH SCOTTSDALE CHAMBER OF COMMERCE, WE ARE ASKING YOU TONIGHT TO CONSIDER LETTING THEM CONTINUE TO OPERATE AND IF THAT MEANS YOU DO THAT IN A TEMPORARY FASHION IN THE NEXT YEAR, WE SUPPORT THAT. THANK YOU FOR YOUR CONSIDERATION.

Mayor Lane: THANK YOU, MR. GALLI. NEXT, JIM HEITEL, FOLLOWED BY TODD MASDEN.

[Time: 01:20:51]

Jim Heitel: THANK YOU, MAYOR AND COUNCIL AND THANK YOU FOR THE OPPORTUNITY TO SPEAK ON THIS IMPORTANT SUBJECT TONIGHT. TONIGHT YOU'RE GOING TO DECIDE WHETHER TO SET ASIDE THE PROTECTIONS PUT IN PLACE TO ENSURE THE INTEGRITY OF THE PRESERVE. SHOULD YOU APPROVE THIS ACCOMMODATION TO A MOTORIZED TOUR OPERATOR, YOU'RE VOTING TO EITHER CREATE A NEW COMMERCIAL PERMIT EXCLUSIVELY DESIGNED TO ALLOW MOTORIZED VEHICLES, ANY

MOTORIZED VEHICLE INTO THE PRESERVE OR WORSE, AMEND THE PRESERVE ORDINANCE. PERHAPS SOME FEEL THEY'VE CREATED A LOOP HOLE IN WHICH TO DRIVE A FOUR-WHEEL DRIVE JEEP THROUGH OUR ORDINANCE BUT IT DOES NOT COMPORT WITH THE CLEAR INTENT OF THE ORDINANCE. FIRST, IT'S IMPORTANT TO UNDERSTAND THIS IS NOT A DISCUSSION WHETHER JEEP TOURS ARE AN ENJOYABLE EXPERIENCE. I DON'T THINK ANY OF US DISAGREE. WE'RE SIMPLY SPEAKING UP FOR HUNDREDS OF THOUSANDS OF SUPPORTERS WHOSE PRIMARY INTEREST IS PRESERVATION OF THE PRESERVE. IT IS ABOUT PROTECTING AN ASSET THAT WAS PURCHASED IN TRUST FOR THE PUBLIC, OVER \$500 MILLION OF THEIR MONEY HAS BEEN SPENT WITH PROMISES CONTAINED IN THE PRESERVE ORDINANCE YOU'RE BEING ASKED TO AMEND. FROM THE VERY FIRST TASK FORCE REPORT IN 1993, THERE'S BEEN A PROHIBITION ON MOTORIZED VEHICLES, SPECIFICALLY CALLING OUT JEEP TOURS AS UNACCEPTABLE USES. THERE WERE CERTAIN RULES MADE BY THE PRESERVE FOUNDERS TO ENSURE THE LAND WE CALL THE PRESERVE WOULD ACTUALLY REMAIN A PRESERVE, NOT TURN INTO A PARK. MANY PARK-LIKE ATTRACTIONS WERE CALLED OUT AS UNACCEPTABLE. ONE OF THE MOST IMPORTANT ONES IS THE PROHIBITION OF MOTORIZED VEHICLES. IT WAS THE PROMISE THEN AND IT HOLDS TRUE TODAY AND THIS IS EXTREMELY IMPORTANT, IF THE PRESERVE WAS CREATED AS A PRESERVE AND NOT A PARK, IT WOULD BECOME A MAJOR ASSET FOR OUR TOURISM INDUSTRY, NOT THE OTHER WAY AROUND. CURRENTLY, THE McDOWELL SONORAN PRESERVE IS ARGUABLY THE LARGEST URBAN PRESERVE IN THE COUNTRY WITH OVER 400,000 DAILY USERS, MSPC IS ONE OF SCOTTSDALE'S LARGEST ORGANIZATIONS, NEARLY 600 STEWARDS. MORE IMPORTANTLY, EVERY CITIZEN IN THIS COMMUNITY, NORTH, SOUTH, EAST AND WEST, CONTINUES TO BENEFIT GREATLY FROM THE TOURISM DOLLARS WHICH POUR INTO THIS CITY. I'M RUNNING OUT OF A LITTLE TIME HERE SO, THAT'S ESSENTIALLY THE MORAL AND, YOU KNOW, ETHICAL POLICY ARGUMENT TO APPROVE THIS AMENDMENT TO THE ORDINANCE WOULD SANCTION MOTORIZED VEHICLES WOULD BE A VERY BAD FAITH TO THE VOTERS WHO PURCHASED THIS PROPERTY. IN CONCLUSION, I WOULD ASK THAT YOU SUPPORT THE RECOMMENDATION OF THE PRESERVE COMMISSION, WHICH WAS ENDORSED BY THE McDOWELL SONORAN CONSERVANCY BOARD AND NOT ALLOW MOTORIZED VEHICLES. YOUR OPTION TO HAVE THE PRESERVE DIRECTOR CREATE A MOTOR REGULAR AGENDA ITEMSD USE PERMIT IS A DANGEROUS PROPOSAL AND NOT ALLOWED UNDER THE CURRENT ORDINANCE. AMENDING THE PRESERVE ORDINANCE TO ALLOW JEEP TOURS IS UNTHINKABLE.

Mayor Lane: THANK YOU, MR. HEITEL. TODD MASDEN, FOLLOWED BY FRED KLEIN.

[Time: 01:24:41]

Todd Masden: THANK YOU, COUNCIL. I'M TODD MASDEN, I LIVE ABOUT A MILE FROM THE PRESERVE. I OWN CAVE CREEK OUTFITTERS. I DO HORSEBACK TOURS IN THE PRESERVE. I'VE BEEN OPERATING OUT THERE SINCE '93 AND I'VE BEEN IN THE TOUR BUSINESS IN SCOTTSDALE SINCE ABOUT 1981 WHEN I MOVED HERE. I DID SOME JEEP TOURS EARLY WHEN I FIRST CAME HERE. JEEP TOUR OPERATORS ARE SOME OF THE BEST PEOPLE FOR CONSERVING AREAS AROUND. I KNOW THEIR JEEPS MAKE A WIDE FOOTPRINT, BUT THEY HAVE A LITTLE SMALL AREA THEY'RE RIDING IN AND THEY WERE TALKING ABOUT TOURISM DOLLARS HERE, THEY'VE BROUGHT THOUSANDS AND THOUSANDS AND MILLIONS OF DOLLARS OF TOURISM DOLLARS HERE. JEEP TOURS HAVE BEEN OPERATING HERE SINCE WHAT, BURT, 1974? I THINK IS WHEN THEY STARTED HERE. AND IT'S BEEN A GREAT BOON. YOU TALK ABOUT, YEAH, I GET A TON OF PEOPLE THAT LIKE TO RIDE HORSES, HIKING, BIKING, WHAT ABOUT PEOPLE THAT ARE 85 YEARS OLD? THEY CAN'T GO OUT THERE AND HIKE AND BIKE AND RIDE HORSES OUT THERE ON THE DESERT. THE JEEP IS THE ONE WAY THEY HAVE TO GET OUT INTO OUR SONORAN

DESERT AND SEE IT. I'VE SEEN THOSE GUYS PERSONALLY HAUL OUT TONS AND TONS OF GARBAGE OUT THERE. MOST GARBAGE THAT IS LEFT BY TRAILS IS LEFT BY INDIVIDUALS THAT ARE OUT THERE, NOT BY TOUR COMPANIES. TOUR COMPANIES ARE THE GUYS THAT WANT TO KEEP IT PRISTINE FOR THE PEOPLE THEY TAKE IN THERE. AND WE ARE THE ONES THAT GO IN AND PICK IT UP. I'VE HAULED PACK HORSES FULL OF GARBAGE OUT THERE. I'VE SEEN JEEPS PULL OUT WITH REFRIGERATORS SITTING ON THE BACK OF THEM, FROM THOSE THAT THOUGHT THE DESERT WAS A GIANT DUMPING GROUND. I'M A BIG PROPONENT ABOUT THE JEEP TOURS. THOSE GUYS CARE ABOUT IT. THEY DRIVE REAL SLOW AND IF YOU GIVE THEM RULES TO FOLLOW BY, THEY'LL FOLLOW BY THEM. THERE'S SO MANY PRESERVES IN THE UNITED STATES AS A WHOLE AND SOME OF THEM ARE SOME OF THE MOST PRESTIGIOUS PARKS AND PRESERVES IN THE UNITED STATES, THEY ALL HAVE TOUR COMPANIES IN THEM. AND JUST BECAUSE YOU OPEN THE DOOR TO ONE TYPE OF TOUR COMPANY DOESN'T MEAN IT'S A GENERAL RUSH FOR EVERYBODY TO GO THERE. EVERYBODY HAS LIMITATIONS ON WHAT THEY CAN DO. THE FOREST SERVICE HAS LIMITATIONS ON HOW MANY PERMIT DAYS THEY CAN ISSUE TO PEOPLE. THAT'S WHY SOME OF THE JEEP TOURS THAT ARE IN THERE DON'T HAVE A POSSIBILITY IF YOU SHUT THEM DOWN, TO GO GET A FOREST SERVICE PERMIT BECAUSE THEIR USE DAYS ARE ALL TAKEN UP. IF YOU STOP THEM FROM DOING TOURS OUT THERE NOW, YOU HAVE VIRTUALLY TAKEN THEIR BREAD AND BUTTER AWAY FROM THEM AND PUT THEM OUT OF BUSINESS ON JUST A FEW WEEKS' NOTICE. THAT'S KIND OF NOT TOO FAIR, EITHER, I DON'T THINK. I'D HATE TO HAVE THE RUG PULLED OUT FROM UNDER ME IN A COUPLE OF DAYS. I'M ALL FOR THOSE GUYS BEING IN THERE. THEY'RE TALKING ABOUT POSSIBLY GIVING THEM ONE LITTLE ROUTE IN, ONE LITTLE ROUTE OUT OF THE WHOLE THING, THAT'S NOT A BAD DEAL FOR SOMEBODY THAT BRINGS THAT MUCH TOURISM THROUGH THE AREA AND I'M ALL FOR THEM. THANK YOU.

Mayor Lane: THANKS, MR. MASTON. FRED KLEIN, FOLLOWED BY DOREEN O'CONNELL.

[Time: 01:28:06]

Fred Klein: MR. MAYOR, COUNCILMEMBERS, MY NAME IS FRED KLEIN. I'M VICE CHAIRMAN OF THE McDOWELL SONORAN PRESERVE COMMISSION. OTHER SPEAKERS HAVE COVERED SOME OF THE POINTS I INTENDED TO MAKE. SO I WON'T REPEAT THEM. HOWEVER, I THINK IT'S WORTH POINTING OUT THAT IN TAXING ITSELF TO SET ASIDE LAND PURELY FOR PRESERVATION SCOTTSDALE DID A NOBLE THING. SOMETHING CALLED THE PRESERVE IDEAL, I DON'T THINK IT'S OVERBLOWN TO CALL IT THAT. I THINK IT'S WHAT CAUSED THE HUNDREDS OF VOLUNTEERS TO SPEND THOUSANDS OF HOURS TO BUILD, CREATE, AND MAINTAIN OUR PRESERVE. NOW THE PRESERVE EXISTS, IT'S 30,000 ACRES, WE SHOULD VISIT IT OF THE NOW IT'S UP TO THE COUNCIL TO PROTECT IT THE WAY THE COUNCIL HAS FOR THE PAST 20 YEARS. I THINK IF THE PRESERVE COMES TO BE REGARDED AS A PROFIT CENTER, EITHER FOR PRIVATE BUSINESSES OR FOR THE STIMULATION OF TAX REVENUES, I THINK SOME VALUABLE SPIRIT WILL BE LOST WITH NEGATIVE CONSEQUENCES ALL AROUND. THANK YOU VERY MUCH.

Mayor Lane: THANK YOU, MR. KLEIN. NEXT IS DOREEN O'CONNELL, FOLLOWED BY CON ENGELHORN.

[Time: 01:29:47]

Doreen O'Connell: MY NAME IS DOREEN O'CONNELL, 3326 E. RENEE DRIVE, PHOENIX, ARIZONA. GOOD EVENING, MAYOR LANE AND COUNCILMEMBERS. MY HUSBAND AND I OWN AND OPERATE

ARIZONA DESERT EVENTS, OUR COMPANY HAS BEEN PROTECTING AND PRESERVING THIS AREA OF THE SONORAN DESERT FOR MORE THAN 17 YEARS. I WANTED TO JUST ADDRESS AN ISSUE, OUR PERMITS WITH THE STATE LAND DEPARTMENT WERE FIVE-YEAR PERMITS AND THEY WERE RENEWABLE AT THE END OF THE FIVE YEARS. BEFORE WE COULD START OPERATING OUR TOURS, WE HAD TO CLEAN OUT THE TRASH AND CONSTRUCTION DEBRIS THAT LITTERED THIS ENTIRE AREA. WE ALSO PAID FOR AN ARCHEOLOGICAL SURVEY OF THE AREA TO MAKE SURE WE WEREN'T DISTURBING ANYTHING. AS AN INDUSTRY, WE HAVE BEEN AND HOPE TO CONTINUE TO BE, THE BEST STEWARDS, EDUCATORS AND PROTECTERS OF THE DESERT. OVER THE YEARS, WE HAVE WORKED VERY CLOSELY WITH THE SCOTTSDALE POLICE DEPARTMENT AND HAVE BEEN THEIR EYES AND EARS FOR THESE AREAS. MANY OF OUR GUESTS WOULD NOT BE PHYSICALLY ABLE TO VISIT THE PRESERVE WITHOUT OUR ASSISTANCE. THERE'S ALSO A SAFETY ISSUE, MANY TOURISTS ARE SIMPLY JUST NOT PREPARED TO VISIT THE VAST DESERT LANDSCAPE ON THEIR OWN. OUR GUIDES PROVIDE THAT SAFETY AND SECURITY FOR OUR GUESTS. THEY HAVE FIRST AID AND CPR TRAINING. THE PRESERVE TAX WAS SOLD TO THE MAJORITY OF THE SCOTTSDALE PEOPLE AS PARTLY A TOURIST ATTRACTION. TOURISTS ALSO HELPED PAY FOR THE PRESERVE WITH THE SALES TAX. IT BREAKS FAITH WITH THOSE VOTERS AND IS UNFAIR TO THE TOURISTS TO NOW MAKE IT MORE DIFFICULT FOR OUR OUT-OF-TOWN VISITORS TO ENJOY THE PRESERVE. IT WOULD ALSO COST SCOTTSDALE TOURISM DOLLARS BY WEAKENING ONE OF THE REASONS THEY COME HERE. WHEN PRESERVE IS COMPLETED, IT WILL CONTAIN APPROXIMATELY 200 MILES OF TRAILS. WE WOULD BE USING A VERY LIMITED AREA, APPROXIMATELY 3.6 MILES. THAT LEAVES OVER 196 MILES OF TRAILS FOR OTHERS TO ENJOY THAT DO NOT WISH TO ENCOUNTER ONE OF OUR TOURS. WE BELIEVE THERE'S ENOUGH SPACE FOR ALL OF US TO PEACEFULLY COEXIST. THE PRESERVE IS FENCED, GATED AND ONLY PERMITTED, AUTHORIZED MOTORIZED VEHICLES ARE PERMITTED. AS A COMMERCIAL OPERATOR, I DO NOT HAVE ACCESS TO THE TONTO NATIONAL FOREST AND I AM PROHIBITED BY LAW ON THOSE TRAILS. WITHOUT THE ABILITY TO CONTINUE TO OPERATE ON THE TRAILS WHICH WE'VE TRAVELED FOR THE PAST 17 YEARS, OUR FAMILY-OPERATED SMALL BUSINESS WILL BE FORCED TO CLOSE OUR DOORS, LITERALLY. WE HOPE FOR THE OPPORTUNITY TO CONTINUE OPERATING ON THESE TRAILS. WHICH I BELIEVE WILL PROVE THAT OUR PRESENCE HERE IS AN ASSET NOT ONLY TO THE CITY BUT TO THE PRESERVE. THANK YOU.

Mayor Lane: THANK YOU, MISS O'CONNELL. NEXT IS CON ENGLEHORN, FOLLOWED BY I BELIEVE IT'S BOB STAPLETON.

[Time: 01:33:06]

Con Englehorn: MY NAME IS CON ENGLEHORN, I RESIDE AT 25229 NORTH ROPING ROAD, SCOTTSDALE. MEMBERS OF THE CITY COUNCIL, I'D LIKE TO TRY TO BRING A LITTLE PERSPECTIVE TO TOURISM IN THE PRESERVE. ACCORDING TO THE CITY OF SCOTTSDALE, THERE WERE APPROXIMATELY 450,000 PASSIVE VISITORS TO THE PRESERVE THIS YEAR. THIS FISCAL YEAR, WITH THE ADDITION OF THE NEW AREA NORTH OF DYNAMITE ROAD AND THE NEW BROWNS RANCH TRAIL HEAD, THE CITY IS ANTICIPATING AT LEAST 500,000 VISITORS NEXT YEAR. 500,000 VISITORS, PASSIVE VISITORS. WHILE HISTORIC NUMBERS ARE NOT AVAILABLE FROM THE THREE TOUR COMPANIES, YOU HEARD SOME ESTIMATES, I'D LIKE TO GIVE THEM THE BENEFIT OF THE DOUBT, AND ESTIMATE THAT THEY BRING IN 5,000 CLIENTS NEXT YEAR, THAT'S 1% OF THE 5,000 PASSIVE VISITORS THAT WE NOW HAVE. AS A GUEST REGISTRY AT THE GATEWAY TRAIL HEAD, THERE'S A GUEST REGISTRY AT THE GATEWAY TRAIL AHEAD. I CHECKED THAT REGISTRY THIS MORNING AND SO FAR FOR THE LOVELY MONTH OF JUNE, THERE WERE 46 BRAVE SOULS THAT SIGNED THAT REGISTRY. 32 OF THOSE WERE TOURISTS. THEY

REPRESENTED 15 STATES, FROM MAINE TO CALIFORNIA, AND FROM WISCONSIN TO TEXAS. THERE WERE ALSO TOURISTS FROM EIGHT FOREIGN COUNTRIES. THESE ARE ALL HIKERS; PASSIVE RECREATIONAL USE. INTERESTINGLY, THESE COUNTRIES WERE LITHUANIA, SPAIN, HUNGARY, SPAIN, GERMANY AND MEXICO AND CANADA. THIS IS IN THE MONTH OF JUNE. I SUGGEST TO THE CITY COUNCIL AND TO THE TOURISM INDUSTRY THAT THE PRESERVE IS CURRENTLY PROVIDING MAGNIFICENT OPPORTUNITY FOR PASSIVE RECREATION FOR BOTH THE RESIDENTS OF SCOTTSDALE AND TOURISTS WITHOUT VIOLATING THE PRESERVE ORDINANCE. THANK YOU.

Mayor Lane: THANK YOU, CON. NEXT I BELIEVE IT'S BOB STAPLETON FOLLOWED BY DAVID McMASTER.

[Time: 01:36:10]

Bob Stapleton: MY NAME IS BOB STAPLETON. I LIVE AT 740 EAST ROBERTS ROAD, PHOENIX, ARIZONA. I'VE BEEN HERE FOR 42 YEARS. HOPE MAYBE YOU'LL THINK ABOUT ASKING ME A FEW QUESTIONS TO EXTEND THE TIME OUT BECAUSE I MIGHT HAVE A FEW MORE THINGS TO SHARE WITH YOU AND DAMN SURE WANT TO HELP YOU, NOT HURT YOU, I THINK SOME OF WHAT I HAVE TO SHARE MIGHT HELP YOU. I'M GOING TO SPEND A LITTLE TIME TO MAKE A POINT HERE.

Mayor Lane: MR. STAPLETON, I WILL HAVE TO KEEP TO YOU THREE MINUTES.

Bob Stapleton: SURE, THAT WILL BE FINE.

Mayor Lane: OKAY.

Bob Stapleton: I COWBOYED THIS COUNTRY, I'LL BE 65 THIS YEAR. WHEN I WAS YOUNGER AND LEANER AND HAD MORE HAIR I WAS A BLACK SMITH, BOUGHT, SOLD AND TRADED AND TRAINED HORSES WHEN I CAME HERE. I USED TO BE A PACKER UP IN THAT WILDERNESS, I COWBOYED THAT COUNTRY BEFORE THEY DID ALL THIS STUFF. YOU KNOW, I'VE GOT A PRETTY GOOD FEEL ABOUT IT. ALSO HAPPEN TO HAVE A BACHELOR OF SCIENCE DEGREE IN AGRI BUSINESS AND RESOURCE MANAGEMENT AND I USED TO BE AN ADVOCATE FOR FAMILY FARMING FOR 15 YEARS. I DIDN'T EXACTLY JUST FALL OFF THE TURNIP TRUCK. I'M GOING TO TELL YOU SOMETHING, I WENT TO WASHINGTON D.C. FOR A WEEK, I JUST GOT BACK LAST FRIDAY. ON THE INVITATION OF SOME PEOPLE AND TALKED TO SOME PRETTY HIGH DOLLAR PEOPLE, SENATORS AND CONGRESS MEN. ABOUT BORDER ISSUES AND NARCOTICS AND AGRICULTURE, PUBLIC LAND USE, THIS COUNTRY IS ABOUT TO COME INTO A VERY DIFFICULT TIME ON SEVERAL FRONTS. I'VE LISTENED TO WHAT THESE NICE PEOPLE HAVE SAID. AND THEY'RE ALL RIGHT. I'M NOT GOING TO TRY TO REPLICATE ANYTHING FROM EITHER SIDE, I'M FRANKLY NOT. BUT YOU ALL HAVE SPENT AN AWFUL LOT OF PEOPLE'S MONEY TO BUY A PIECE OF PROPERTY THAT ON A PROMISE OF A FUTURE THAT YOU CANNOT BE SURE ABOUT. I DARE TO SUGGEST THAT WHAT WE DO IS SEND PEOPLE BACK WITH A POSITIVE IMAGE OF THE DESERT AND A VERY EDUCATED IMAGE OF THE DESERT THAT IS FAR SUPERIOR TO ANYTHING THEY CAN HAVE JUST WALKING AROUND LOOKING AT THE VEGETATION BY THEMSELVES. I'M GOING TO TELL YOU, WE ALL HAVE A STRONG FEELING ABOUT THIS DESERT. THEY SAY ONCE A MARINE, ALWAYS A MARINE. ONCE A COWBOY, ALWAYS A COWBOY AND THAT'S NOT GOING TO CHANGE. WE LOVE THIS COUNTRY. WE WOULDN'T BE DOING IT, I WANT TO YOU APPRECIATE THAT THIS IS A PART-TIME BUSINESS, IT'S A SEASONAL BUSINESS, TOO DAMN HOT IN THE SUMMERTIME, TOO DAMN COLD IN THE WINTERTIME,

THINGS DROP OFF SO, IT PICKS UP IN THE SPRING AND THE FALL. EVERYBODY HERE DOES SOMETHING ELSE. EVERYBODY HERE DOES THIS BECAUSE THEY LOVE IT, BECAUSE THEY LIKE SHARING IT AND WE SEND PEOPLE AWAY WHO HAVE INFORMATION. WE WANT TO CONTINUE TO BE ABLE TO BE A STEWARD FOR THE LAND AND BE PARTNERS ON THIS DEAL. NOW, I DID A WRITEUP, YOU ALL CAN READ IT FOR YOURSELF, I DON'T HAVE TO WASTE ANY WORDS ABOUT THAT BUT I WOULD LIKE TO SAY ONE LAST THING.

Mayor Lane: IF YOU COULD WRAP IT UP.

Bob Stapleton: I'LL BE BRIEF. I'M GOING TO SAY IT IN A PARTICULAR WAY. I WANT TO SAY IT IN A PARTICULAR WAY. BECAUSE UNDERSTANDING WHAT I AM, IS ABOUT AS IMPORTANT AS WHAT I HAVE TO SAY HERE. I WAS IN VIETNAM 46 YEARS AGO AS A COMBAT MARINE, MOST OF MY COMPANY WAS KILLED OFF AND MOST OF MY COMPANY WAS KILLED OFF.

Mayor Lane: I UNDERSTAND MR. STAPLETON.

Bob Stapleton: I'M GOING TO MAKE THE POINT, SIR.

Mayor Lane: YOU HAVE TIME.

Bob Stapleton: THE ONLY REASON I SURVIVED IS BECAUSE I WATCHED THE TREE LINE REAL CLOSE. THERE ARE THINGS HAPPENING IN THE WORLD ECONOMY THAT HAVE AN IMPACT ON OUR WORLD IMPACT ON THIS TOURISM RIGHT HERE. AND I THINK YOU'RE GOING TO SEE AN IMPACT ON THAT. IT HAS BEEN IMPACTED VERY MUCH DURING THE RECESSION THE LAST FIVE YEARS, IT'S BEGINNING TO PICK UP. I'M GOING TO SAY TO YOU DON'T LOSE ANY, ANY ASSET YOU HAVE TO KEEP THAT MOMENTUM GOING TO YOUR OWN BENEFIT, ALL RIGHT?

Mayor Lane: THANK YOU, MR. STAPLETON.

Bob Stapleton: THANK YOU, SIR. HAVE A NICE DAY.

Mayor Lane: DAVID McMASTER, FOLLOWED BY JIM REID.

[Time: 01:40:56]

David McMaster: YES, I'M DAVID McMASTER, I RESIDE AT 2916 EAST LEMARCHE IN PHOENIX, ARIZONA. I'M EMPLOYED BY WAYWARD WIND CORPORATION AND I AM TITLED THEIR TRAIL BOSS. I'VE BEEN EMPLOYED WITH WAYWARD WIND FOR APPROXIMATELY 17 YEARS. I'VE ACTUALLY TURNED THIS INTO A CAREER AND A VERY PROMISING CAREER THAT I HAVE THOROUGHLY ENJOYED THROUGHOUT MY LIFE. I HAVE PERSONALLY TAKEN OUT THOUSANDS OF PEOPLE FROM AROUND THE WORLD AND BEEN MORE THAN FULLY GRATIFIED BY ALL GUESTS AT THAT HAD ABSOLUTELY WONDERFUL EXPERIENCES THAT THEY WOULD NEVER HAVE EVEN BEGIN TO KNOWLEDGE WITHOUT A PERSONAL GUIDED TOUR. THE POINT THAT, AND I HAD MANY DISCUSSIONS HERE AS FAR AS WHAT WE'VE DONE TO THE LAND AND CLEANING THE LAND AND PROTECTING THE LAND AND WATCHING OVER THE LAND, WE HAVE BEEN STEWARDS OF THAT. THERE IS NO DOUBT AND THAT WILL ALWAYS BE AND IT WILL NEVER CHANGE. IT'S BEEN MY PERSONAL GRATIFICATION TO BE INVOLVED IN THIS

BUSINESS. I'VE HEARD ALL NEGATIVE COMMENTS THAT I CAN'T BUY AND I DON'T THINK ANY OF THEM HOLD ANY KIND OF WATER AT ALL. WE DO NOT DO ANYTHING OFF THE ROAD. WE FOLLOW SPECIFIC TRAILS, FURTHERMORE, YOU HAVE THIS UMPTEEN ACRES OF LAND, WE ARE IN A FURTHEST NORTHEAST CORNER OF THIS LAND THAT I GUARANTEE YOU, LESS THAN 1% OF ANY VISITORS IN THAT AREA WILL EVER VISIT AND THOSE THAT DID VISIT THAT AREA INSTEAD OF BACKTRACKING ALL THAT DISTANCE BACK TO YOUR ESTABLISHED PARKING LOT, WHERE ARE THEY GOING TO COME OUT AT, A HOUSING DIVISION? I LIKE TO HIKE MYSELF. I WILL DO EVERYTHING I CAN TO AVOID HOUSING DIVISIONS. IF I WANTED TO SEE HOUSING DIVISION, I'D WALK IN MY NEIGHBORHOOD. MY POINT BEING, LADIES AND GENTLEMEN, IS THAT THE VERY SMALL PERCENTAGE OF PERSONNEL THAT'S GOING TO TREK OUT IN THAT PARTICULAR AREA, EVEN GOING TO ENTER THE AREA WHERE WE ARE, WILL BE IN 3.6 MILES. I'D LIKE TO CLOSE WITH ONE FOLLOWING STATEMENT AND THIS WAS ACTUALLY STATED BY ONE OF THE PRESERVE COUNCIL WOMEN AND I THINK SHE NAILED THIS RIGHT ON THE HEAD. SHE VIRTUALLY STATED THAT BY TERMINATING THE JEEP TOUR BUSINESS, WE'RE PUTTING A SLAP IN THE FACE OF THE TOURIST INDUSTRY BECAUSE WITHOUT THE JEEP TOUR BUSINESS, YOU WOULD NOT, AS A CITY, BE ABLE TO OBTAIN THE REVENUE TO PURCHASE THIS LAND WHICH YOU HAVE PURCHASED. THANK YOU FOR THE OPPORTUNITY.

Mayor Lane: THANK YOU, MR. McMASTER. JIM REID. NEXT FOLLOWED BY JAMES VICTERS.

[Time: 01:43:43]

Jim Reid: MY NAME IS JIM REID. I RESIDE AT 14219 NORTH 24th AVENUE IN PHOENIX. I'VE BEEN FORTUNATE ENOUGH TO OFFER MY SERVICES AS AN ECO TOUR GUIDE FOR THE LAST 16 YEARS. IN FACT, 17 YEARS I STARTED THE SAME WEEK THAT DAVE DID FOR WAYWARD WIND TOURS. I THINK THE IMPACT THAT THE JEEP TOURS HAVE ON THE DESERT IS ONE OF THE BEST WAYS FOR PEOPLE TO SEE THE DESERT WITHOUT TEARING IT UP, WITHOUT DESPOILING THE BEAUTY THAT WE'VE COME TO LOVE AND I'VE BEEN TOLD THIS BY THE CLIENTELE OVER THE YEARS, WHAT I DO IN THE WAY OF COMMENT CARDS IS I KEEP A JOURNAL IN THE TRUCK. PEOPLE HAVE THE OPTION TO LEAVE A FEW COMMENTS AND TELL ME WHERE THEY'RE FROM AND I JUST GRABBED ONE JOURNAL, 120 ENTRIES, FROM EIGHT COUNTRIES, 32 DIFFERENT STATES HERE IN THE UNITED STATES, ALL OF THEM FAVORABLE. NOT EVERYBODY LEAVES THE COMMENT BUT THE ONES THAT DO ARE MOVING EXPERIENCE COMMENTS. THESE PEOPLE ASKED ME IF I HAVE THE OPPORTUNITY TO PASS ON TO YOU THEIR FEELINGS TOWARDS WHAT THEY EXPERIENCED ON THIS JEEP TOUR, JUST RECENTLY IN FACT, MOST RECENT TOURS I'VE DONE, HAVE BEEN BECAUSE OF THIS VERY ISSUE. THEY READ IN THE NEWSPAPER THEY MAY NOT BE ABLE TO SEE THIS PRESERVE OTHER THAN ON FOOT OR ON HORSEBACK, SO THEY CAME ON THE JEEP TOUR BEFORE THE GATES WERE LOCKED, AND THEY ASKED ME AT THE END OF THE TOUR TO PLEASE PASS ON TO YOU THAT THEY WOULD NOT HAVE BEEN ABLE TO EXPERIENCE THE DESERT LIKE WE DID ON THIS JEEP TOUR. THEY WEREN'T PHYSICALLY ABLE TO RIDE A HORSE, WEREN'T PHYSICALLY ABLE TO HIKE IN. THOSE PEOPLE DESERVE THE BENEFIT OF WHAT THE HARD WORK THAT YOU HAVE DONE TO PRESERVE THE DESERT. WE THINK THAT'S A GREAT THING YOU'VE DONE. THAT'S A VERY NOBLE EFFORT BUT TO EXCLUDE A CERTAIN PERCENTAGE OF THE POPULATION FROM ENJOYING THOSE EFFORTS WOULD BE WRONG. I BELIEVE THAT WE ARE AN ASSET. I'VE BEEN TOLD BY ONE OF THE HEAD RANGERS IN THE TONTO DISTRICT, THEY VIEW THE JEEP TOUR AS AN ASSET, ANOTHER SET OF EYES IN THE DESERT. WHEN WE DO INSPECTION TOUR TO RENEW OUR PERMITS, THEY LOOK AT IT AS A REALLY ENJOYABLE EXPERIENCE. THEY LOOK FORWARD TO IT. KATHY SHEETS TOLD ME THIS, SHE'S ONE OF THE DISTRICT RANGERS IN THE TONTO DISTRICT. WE FEEL THAT

WE ARE AN EXTRA SET OF EYES, KEEP AN EYE ON THE PRESERVE THAT YOU WORKED SO HARD TO ESTABLISH, AND WE'D APPRECIATE THE OPPORTUNITY TO CONTINUE TO DO THAT. THANK YOU FOR YOUR TIME.

Mayor Lane: THANK YOU MR. REID. NEXT WE HAVE JAMES VICTERS.

[Time: 01:46:45]

James Victers: IT'S JAMES VICTERS, 13811 NORTH 8th PLACE. THANKS FOR LETTING ME TALK. I WANT TO COMMEND YOU GUYS FOR SAVING THAT LAND, YOU REALLY TRULY SAVED A UNIQUE PIECE OF THE DESERT FOR THE FUTURE AS LONG AS THE WIND BLOWS AND THE CACTUS GROWS. TOO BAD WE DIDN'T THINK OF THIS 30 YEARS AGO AND SAVED THE WHOLE PINNACLE PEAK AND THE BOTTOM OF THE McDOWELL'S AS WELL. YOU SEE THE GUIDES, WE LOVE THIS AREA AND YOU KNOW, WE'RE JUST TRYING TO MAKE A HUMBLE LIVING, SHOWING PEOPLE, SHARING THIS WITH THEM. OVER THE YEARS WE'VE TAKEN HUNDREDS OF PEOPLE FROM ALL OVER AMERICA, FAMILIES THAT ARE STAYING AT OUR RESORTS TO CORPORATE GROUPS, TO PEOPLE FROM EVERY CONTINENT ON EARTH. THEY COME HERE TO EXPERIENCE THIS. AND WE CHANGE THE IDEA OF WHAT THEY THINK OF THIS DESERT. WE KIND OF SHOWED THEM THE SECRETS THE DESERT HOLDS. AND THEY ALWAYS SAY OUR TOURS ARE MORE THAN THEY EXPECTED. I NEVER HAD, IN OVER 20 YEARS, I NEVER HAD SOMEONE DISAPPOINTED IN OUR EDUCATIONAL PRESENTATION AND THE LOCAL COLOR THAT WE ADD TO THE FLAVOR OF THIS. I KNOW YOU DON'T WANT MOTORIZED VEHICLES, RUNNING ROUGH SHOD AND TEARING IT UP, NEITHER DID WE. WE TELL THE DIRT BIKES, SLOW IT DOWN, WHEN IT WAS STATE LAND, AND YOU KNOW WE DON'T DO THAT. WE STAY ON THE SAME TRAIL WE'VE BEEN ON FOR 20 YEARS. YOU TOOK A PICTURE 20 YEARS AGO AND LOOK AT THAT PICTURE TODAY, IT LOOK THE SAME. WE'RE NOT TEARING IT UP. WE'RE THERE TO, WE LOVE THIS PLACE, TO SHOW IT. ALL WE'RE ASKING IS TO CONTINUE ON THIS SMALL PIECE OF THIS NEW PRESERVE, IT'S THE FAR NORTHEAST CORNER. IT'S PROBABLY LESS THAN 1% OF THE WHOLE AREA. IT'S AN AREA THAT REALLY THE HIKERS AREN'T GOING TO GO. THEY'RE GOING TO WALK TO THE BROWNS RANCH AND BROWNS MOUNTAIN AND CONE MOUNTAIN, FLAT MOUNTAIN, THEY'RE GOING TO GO TO CATHEDRAL ROCKS AND MUSHROOM ROCK AND BALANCED ROCK, AROUND THE TRAILS AROUND GRANITE. THE AREA WE'RE IN, MAYBE A FEW GUYS ON HORSES BUT I DON'T THINK THERE WILL BE A CONFLICT AT ALL. SO REALLY THAT'S ALL WE'RE ASKING FOR IS JUST TO CONTINUE SHARING THIS WITH TOURISTS LIKE WE'VE DONE FOR SO MANY YEARS. A LOT OF PEOPLE DON'T HAVE TIME TO HIKE OR THE ABILITY OR THE KNOW-HOW TO ENJOY IT SAFELY.

Mayor Lane: THANK YOU MR. VICTERS. MATT I BELIEVE IT'S MATT OBELE, FOLLOWED BY ED.

[Time: 01:49:19]

Matt Obele: WE TAKE OUR HEART FELT RESPONSIBILITY SERIOUSLY. WE CARE FOR OUR GUESTS, WE TEACH THEM, KEEP THEIR SAFE, WE TREAT THE GUESTS AND THE LAND WITH THE SAME AMOUNT OF RESPECT. I DON'T WANT SOMEBODY IN THE JEEP TOUR TO SEE THE DESERT. I WANT THEM TO EXPERIENCE IT. WE HAVE A PASSION AS YOU HEARD US TALK ABOUT, A DESIRE FOR THOSE WHO WALK AWAY FROM THE TOUR TO SEE THINGS THEY'VE NEVER SEEN BEFORE, TO HEAR THE STORIES THAT HAVE NEVER BEEN TOLD, THAT THEY JUST DON'T KNOW. I TOOK MY MOM'S ROTARY GROUP OUT SEVERAL YEARS AGO. THE AVERAGE AGE WAS 78. AT THE END ONE OF HER FRIENDS FROM ILLINOIS

SAID TO ME, THIS IS THE ONLY WAY I COULD EVER EXPERIENCE THIS AREA. THERE'S NO WAY I COULD GET OUT AND DO THIS BY FOOT. WE HAVE AN ADDED BENEFIT OF NOT JUST TAXES BUT HOW I MAKE MY LIVING. STARTED DOING JEEP TOURS IN 1991 AND THAT AMOUNT OF TIME I'VE RUN OVER 4,000 JEEP TOURS. I'VE AVERAGED ABOUT FIVE PEOPLE. THAT MEANS I'VE TAKEN OUT 20,000 PEOPLE. IT'S HOW I FEED MY KIDS. IT'S OUR DESIRE TO EDUCATE, TO TEACH PEOPLE, TO GIVE THEM THE SENSE OF OUR PASSION, OF THIS AREA. AND AS YOU MAKE THIS DECISION, YOU'LL MAKE IT WISELY. THANK YOU FOR YOUR TIME.

Mayor Lane: THANK YOU, MATT. NEXT IS ED QUIHUIS, FOLLOWED BY SUZIE WHEELER.

[Time: 01:51:24]

Ed Quihuis: LAST NAME IS QUIHUIS, I'M OWNER OPERATOR OF ARIZONA CLASSIC JEEP TOURS. I'D LIKE TO START UP, THANK YOU FOR LETTING ME SPEAK. I'D LIKE TO POSSIBLY RIGHT NOW ANSWER THE QUESTIONS FROM COUNCILMAN ROBBINS ABOUT MOUNTAIN BIKERS OUT THERE. WE DO RUN ACROSS THEM OCCASIONALLY ON THE TRAILS AND I HAVE ACTUALLY GIVEN THEM DIRECTION. THEY'VE KIND OF GOT THEMSELVES LOST OUT THERE ON THE TRAIL AND I'VE GIVEN THEM DIRECTIONS. ACTUALLY GIVEN THEM WATER, ALSO, TO HELP THEM ON THE TRAIL AND GIVE THEM A WAY TO GO. AND COUNCILMEMBER KORTE, WE RUN ACROSS HORSES. WE TYPICALLY GIVE WAY TO THEM AND THEY GIVE WAY TO US ALSO. IT'S MORE OF A COMMON COURTESY WHO HAS THE BEST AVENUE OF LEAST RESISTANCE. I ALSO WANT TO ANSWER SOME OF THE QUESTIONS THAT SOME OF THE LETTERS THAT PEOPLE HAVE WRITTEN IN ON OPPOSITION FOR SOME OF THESE THINGS. ONE OF THEM IS THEY'RE TALKING ABOUT THIS LINE OF MOTORCYCLES THAT WILL BE IN THERE IF WE GET IN THERE, THERE WILL BE A LOT MORE MOTORCYCLES TRYING TO GET IN. THE FACT IS WE HAVE BEEN THERE AND THE PRESERVE STAFF HAS PUT THE GATES AND FENCES UP AND THAT HAS KEPT OUT A LOT OF MOTORCYCLES, A LOT OF JEEPS AND ATVs OUT OF THE AREA. AND THE POLICE ALSO KIND OF POLICE THE AREA AND KEEP THOSE GROUPS OUT OF THERE THEMSELVES, SO VERY SELDOM DO WE SEE MOTORCYCLES OUT THERE. ALSO THE IDEA ABOUT THE OPTION OF BRINGING A STAGE COACH OR WAGON IN THE AREA, I DID CALL ONE OF THE OPERATORS AND THE VEHICLES TYPICALLY ARE ABOUT 35 FEET LONG. OUR VEHICLES ARE MAYBE 12 TO 15 FEET LONG. SOME OF THE TRAILS ARE VERY NARROW, THEY'RE STEEP, THERE'S A LOT OF BOULDERS IN THERE AND AS I EXPLAINED THIS ROAD TO THE OPERATOR, SHE JUST SAID THERE'S NO WAY I COULD DO THAT. MY WHEELS, IF I BREAK A WHEEL, THEY'RE ABOUT \$2500 PER WHEEL, THERE'S NO WAY I CAN DO THAT. EVEN FOR THE COST FOR HER TO BE OUT THERE WITH A STAGE COACH AND FOUR HORSES, SHE SAID I WOULD NEED A MINIMUM OF \$500 A DAY. SOMETIMES WE DON'T EVEN BRING CLOSE TO THAT IN IN A DAY. IT'S SOME OF THE IDEAS THAT THEY'RE TRYING TO BRING UP THAT DON'T WORK. IT'S NOT LIKE WE ADOPT TRY TO FIND OUT, THEY'RE REALLY NOT VIABLE FOR EITHER ONE OF US. I'LL LEAVE WITH YOU THAT.

Mayor Lane: SUZIE WHEELER. FOLLOWED BY LOIS FITCH.

[Time: 01:54:01]

Susie Wheeler: GOOD EVENING, MAYOR AND CITY COUNCILMEMBERS. I'M SUSAN WHEELER AND I LIVE IN THE CACTUS CORRIDOR. I SERVE ON THE McDOWELL SONORAN PRESERVE COMMISSION BUT I'M SPEAKING FOR MYSELF TONIGHT. IN THE EARLY '90s, I WAS ON THE TASK FORCE FOR THE McDOWELL MOUNTAINS AND FOR WHEN WE ADDED THE DESERT ALSO TO HELP STOP DEVELOPMENT

TO PRESERVE THIS BEAUTIFUL DESERT. I'M IN FAVOR OF HAVING THE JEEP TOURS IN THERE AND I KNOW THERE'S A WAY YOU CAN FIND THAT JUST JEEPS GO IN THERE AND NO OTHER MOTORIZED VEHICLES. IT'S SUCH A SMALL AREA THAT THEY'RE USING. I MEAN, THESE PEOPLE THAT HAVE COME UP AND SPOKEN, HOW CAN YOU TURN THEM AWAY? THE REASON I GOT INVOLVED WAS BECAUSE I WANTED TO SEE THE DEVELOPMENT, THIS AREA NOT BE DEVELOPED. NOW, IN THE VERY BEGINNING, WE PROMISED THESE PEOPLE THAT WOULD BE GRANDFATHERED IN. NOT KNOWING THAT THE CITY COULDN'T DO THAT, SO THAT WAS OUR MISTAKE BY TELLING THEM THAT THEY WOULD BE GRANDFATHERED IN. I THINK IT'S WONDERFUL THAT WE BOUGHT THIS LAND BUT IT'S TOO BAD THAT WE'RE PUTTING ALL THEIR BUSINESSES IN JEOPARDY. BECAUSE I THINK THEY BRING A BIG BENEFIT TO OUR CITY. ALSO THE TOURISTS HELP BUY THIS PRESERVE AND THE SOUTH CITIZENS IN SCOTTSDALE AND THEY ARE OLDER PEOPLE AND THEY CAN GO ON THESE JEEP TOURS. AND I SUPPORT IT. WHEN I SAW THE COMMISSION WASN'T GOING TO SUPPORT IT AND IT WAS MENTIONED ALTERNATIVE METHODS, I CONTACTED KRISTIN, WHO HAS THE CARRIAGES, SHE USED TO HAVE THEM IN DOWNTOWN SCOTTSDALE AND SHE WOULD BE HAPPY TO HAVE A STAGE COACH OR WAGON OUT THERE, BUT THAT WOULD HAVE TO BE ALONG WITH THIS, BECAUSE I THINK THE JEEP TOURS ARE VERY IMPORTANT FOR THE CITY OF SCOTTSDALE. THANK YOU.

Mayor Lane: THANK YOU MS. WHEELER. NEXT IS LOIS FITCH, FOLLOWED BY TOM HEADLEY.

[Time: 01:56:13]

Lois Fitch: MAYOR AND COUNCIL, I'M HERE ON A PERSONAL MISSION. I WAS SITTING ON MY PATIO ONE MORNING WHEN IT WAS STILL COOL, READING THE NEWSPAPER. I SAW WE HAD ADDED TO THE PRESERVE AND I WAS SO HAPPY ABOUT THAT BECAUSE I'M A BIG SUPPORTER OF THE PRESERVE, THE CROWN JEWEL OF SCOTTSDALE WE CALL IT. AND THEN I SAW THE CONFLICT WITH JEEP OWNERS. AND I THOUGHT WELL, THEY WERE THERE FIRST. THAT'S NOT RIGHT, TO TAKE THEM OFF THAT LAND. THAT'S WHAT STARTED ME THINKING ABOUT THIS. AND THEN, FROM A PERSONAL POINT OF VIEW, I HAD MY SISTER VISITING ME FROM BACK EAST. SHE HAS TROUBLE WALKING BUT SHE STILL WANTED TO EXPERIENCE THE DESERT. SO I WENT TO THE YELLOW PAGES, FOUND WHAT I COULD FIND, I DON'T KNOW IF IT WAS THESE COMPANIES OR NOT. BUT IT WAS A JEEP TOUR, AND WHILE ON THE TOUR, WE HAD SUCH A GOOD TIME. HE WAS SO FUNNY, TOLD US STORIES, WE STOPPED AND LEARNED ALL ABOUT THE DESERT AND THE CACTUS AND ALL OF THAT. SHE TALKED ABOUT THAT AS ONE OF THE HIGHLIGHTS OF HER TRIP. EVEN WHEN I WENT BACK TO VISIT IN PENNSYLVANIA WHERE SHE'S FROM AND I'M FROM, WE TALKED A LOT ABOUT THE TRAILS, THE PEOPLE WALKING ON THE TRAILS, USING THE TRAILS. BUT WHY DO ONLY THOSE WHO CAN'T DO THAT THE OPPORTUNITY TO EXPERIENCE THIS BEAUTIFUL DESERT THAT WE HAVE. I KNOW THERE'S A RULE, BUT THERE'S AN EXCEPTION TO EVERY RULE. AND I THINK THAT APPLIES IN THIS CASE. THANK YOU.

Mayor Lane: THANK YOU LOIS. TOM HEADLEY FOLLOWED BY MARY JORDAN.

[Time: 01:58:27]

Tom Headley: GOOD EVENING, I'M TOM HEADLEY, 9820 E. THOMPSON PEAK PARKWAY. I'M HERE SPEAKING TONIGHT AS THE BOARD CHAIR OF THE MCDOWELL SONORAN CONSERVANCY. IN CASE ANYONE IN THE AUDIENCE DOESN'T KNOW ABOUT US, WE'RE A NOT-FOR-PROFIT ORGANIZATION THAT HAS A CONTRACT WITH THE CITY OF SCOTTSDALE TO PROVIDE SUPPORT SERVICES TO

SCOTTSDALE'S MCDOWELL SONORAN PRESERVE AND WE DO THAT AT NO CHARGE. WE'RE 100% FUNDED BY DONATIONS. WE DO SUCH THINGS AS PATROL CONSTRUCTION AND MAINTENANCE OF TRAILS, WE SERVICE TRAILHEAD POSTS, WE PROVIDE GUIDED HIKES AND EDUCATIONAL OUTREACH PROGRAMS, AMONG OTHER ACTIVITIES. I WANTED TO POINT OUT WE KEEP TRACK OF AND PATROL AFTER THOSE 400,000 VISITORS. AS TRAIL HOSTS, WE TALKED TO 16,800 PEOPLE INDEPENDENTLY. THEY REPRESENTED SIX CONTINENTS. SOMEHOW WE MISSED ANTARCTICA. WE ALSO ARE THE BLUE SHIRTS THAT YOU SEE ON THE PRESERVE. WE CURRENTLY MANAGE 525 VOLUNTEERS THAT DONATED OVER 30,000 HOURS OF THEIR TIME. WE ALSO MANAGE OUR SCIENTIFIC RESEARCH ARM DEDICATED TO THE SCIENTIFIC STUDY AND PRESERVATION OF THE NATURAL AND HUMAN HISTORY OF THE PRESERVE. WE WOULD LIKE TO THANK THE CITY COUNCIL, CITY STAFF, THE MCDOWELL SONORAN PRESERVE COMMISSION AND MOST OF ALL THE CITIZENS OF SCOTTSDALE WHO HAVE VOTED TWICE TO TAX THEMSELVES TO CREATE THIS BEAUTIFUL PRESERVE. AND I AM HERE TO READ THE STATEMENT APPROVED BY THE BOARD OF DIRECTORS. FOR 22 YEARS THE MCDOWELL SONORAN CONSERVANCY HAS WORKED TO ESTABLISH AND PROTECT SCOTTSDALE'S MCDOWELL SONORAN PRESERVE FOR THE BENEFIT OF THIS AND FUTURE GENERATIONS. OUR MISSION IS TO CHAMPION THE SUSTAINABILITY OF THE PRESERVE AND CONNECT THE COMMUNITY TO A SAFE AND RESPECTFUL USE. THE PRESERVE ORDINANCE PROHIBITS THE USE OF MOTORIZED VEHICLES WITHIN THE BOUNDARIES OF THE PRESERVE BECAUSE OF THE DAMAGE THEY DO. WE DO NOT BELIEVE THE PRESERVE ORDINANCE SHOULD BE CHANGED TO ALLOW MOTORIZED VEHICLES WITHIN THE PRESERVE AND SO THEREFORE WE DON'T SEE ANY REASON FOR AN EXTENDED TRIAL. WE WOULD APPRECIATE YOUR VOTE TO PROTECT THE PRESERVE. THANK YOU VERY MUCH.

Mayor Lane: NEXT AND FINAL IS MARY JORDAN.

[Time: 02:01:31]

Mary Jordan: HONORABLE MAYOR AND COUNCILMEMBERS. I WANT TO THANK THOSE OF YOU WHO HAVE ATTENDED. YOU HAVE MET MY FAMILY, ALL OF MY GUIDES. WE LOVE ALL OF THEM. WE ARE JUST ASKING THAT YOU WOULD CONSIDER THIS SMALL AREA OF THE PRESERVE BE ALLOWED TO HAVE MOTORIZED VEHICLES TO CONTINUE. WE WANT TO CERTAINLY APPLAUD THE CITY OF SCOTTSDALE AND THE SONORAN PRESERVE FOR KEEPING THIS AREA FROM BEING DEVELOPED AS JAMES INDICATED. ALL THE ROAD UP TO 136TH STREET HAS HOUSES. WHERE WE'RE GOING IN IS HARD ROCK ROAD. WE CANNOT DAMAGE THAT ROAD. WE WOULD NEVER DAMAGE THAT ROAD. WE HAVE PRESERVED THAT AREA SO THAT YOU COULD PURCHASE IT AND KEEP IT PRISTINE AND WE WILL CONTINUE TO PRESERVE THAT AREA. THAT IS OUR MISSION. WE HAVE EDUCATED THOUSANDS AND THOUSANDS OF PEOPLE AS TO THE BEAUTIES OF THE DESERT. WE HAVE CREATED STEWARDS THAT ARE GOING TO CONTINUE TO TAKE CARE OF THE DESERT FOR GENERATIONS TO COME. JEEP TOURS HAVE BEEN AN INTEGRAL PART TO ATTRACTING TOURISM TO THE SCOTTSDALE AREA. IT HAS BEEN SAID BY MANY OTHERS TOURISM IS IMPORTANT TO ARIZONA AND SCOTTSDALE. JEEP TOURS PUT SCOTTSDALE ON THE MAP. OUR COMPANY IN PARTICULAR WAS STARTED IN THE 70s. WE TOOK OVER IN THE 90s. WE HELD OUR STATE PERMIT SINCE 1993. EVERY FIVE YEARS, WE WERE RENEWED. WE HAVE ALWAYS ABIDED BY THE RULES AND REGULATIONS OF OUR PERMIT, AND WE LOVE WHAT WE DO. THERE HAS ALWAYS BEEN MISCONCEPTIONS ABOUT WHAT WE ARE ASKING THE COUNCIL. I THINK WE HAVE MADE IT VERY CLEAR TO YOU THAT WE JUST WANT TO USE THIS AREA. WE DO NOT WANT TO RUN THROUGH THE PRESERVE. THERE ARE MANY, MANY ACRES THAT WILL CONTINUE TO BE PRISTINE AND NOT HAVE MOTORIZED VEHICLES. MY HUSBAND, MY GUIDES HAVE INVESTED THEIR

LIVES IN THIS BUSINESS. WE LOST OUR HOME DURING THE ECONOMIC CRASH. NOW THE BUSINESS IS SLOWLY COMING BACK AND WE ARE ABOUT TO LOSE EVERYTHING AGAIN. PLEASE ALLOW US TO CONTINUE TO OPERATE IN THIS SMALL CORNER OF THE PRESERVE. THANK YOU SO MUCH.

[Time: 02:04:11]

Mayor Lane: THANK YOU VERY MUCH. THAT DOES COMPLETE THE PUBLIC COMMENT ON THIS ITEM WE HAVE IS ON RECORD AND I WANT TO THANK EVERYONE FOR PARTICIPATING WITH ALL OF THE INPUT THAT WAS RECEIVED BY THE COUNCIL HERE THIS EVENING ON BOTH SIDES OF THIS ISSUE. IT IS AN IMPORTANT ISSUE AND WE TAKE IT VERY SERIOUSLY SO MUCH SO THAT HAS GONE THROUGH A PROCESS OF THE TDC EVEN THOUGH THERE WAS NOT A PARTICULAR RECOMMENDATION VOTE FROM THERE. THERE ARE CERTAINLY INDICATIONS ON WHERE THEY MAY LIE ON IT. THERE'S ALSO THE ECONOMIC DEVELOPMENT COMMITTEE THAT VOTED UNANIMOUSLY TO ACCEPT THE TEMPORARY PERIOD OF TIME AS A TRIAL PERIOD TO SEE HOW THIS MIGHT FIT IN. A LOT OF TESTIMONY WAS GIVEN AT THAT TIME AND BEFORE, SINCE AND CORRESPONDENCE AND OF COURSE HERE AGAIN TONIGHT. THERE ARE A COUPLE OF THINGS THAT I WOULD JUST POINT OUT. NUMBER ONE, I AM, AND I KNOW A LOT OF PEOPLE HAVE TAGGED THEMSELVES AS BEING THE LARGEST ADVOCATES OF THE PRESERVE, AND PROBABLY WE ALL ARE, MAJOR ADVOCATES. WE MAY NOT BE THE LARGEST ADVOCATE, ONE IN ANY PARTICULAR INDIVIDUAL. I CERTAINLY AM A BIG ADVOCATE OF IT AND I THINK OVER THE LAST FOUR YEARS WE'VE BEEN ABLE TO SAVE A GREAT DEAL, IN FACT I THINK WE DOUBLED THE SIZE OF THE PRESERVE IN FOUR YEARS' TIME IF WE INCLUDE WHAT WE HAVE AN APPLICATION FOR THIS YEAR WHICH WILL COMPLETE ALL OF THE AVAILABLE API, ARIZONA PRESERVE INITIATIVE LANDS, AVAILABLE FOR MATCHING DOLLARS. WE WILL HAVE SOME 15,000 PLUS ACRES THAT WE'LL HAVE ACQUIRED AND BE ABLE TO GET MATCHING DOLLARS FOR IT, SAVING OVER \$80 MILLION DOING IT. SO WE'VE SAVED A GREAT DEAL OF THIS LAND AND THE LAND THAT WE'RE SEEING RIGHT HERE HAS BEEN IN STATE HANDS FOR A LONG TIME. IT HAS BEEN ACCESSIBLE TO A FAR LARGER GROUP OF PEOPLE AND ALL KINDS OF ACTIVITIES TAKING PLACE ON IT. THIS CITY IS SET TO TAKE IT INTO THE PRESERVE AND TO PROTECT IT. AND FRANKLY TO RE-VEGETATE IT AND WORK TO MAINTAIN IT BACK TO A MORE PRISTINE BASIS, AND THAT'S WHAT THE EFFORT IS. WHEN YOU THINK ABOUT THIS AND THE FAR REACHES OF THIS LAST PORTION WHICH IS IN THE FAR NORTH SECTION WHERE WE ARE, AND WHAT PERCENTAGE THIS REPRESENTS OF THE ENTIRE PICTURE, YOU HAVE TO CONSIDER WHAT ONE OF OUR OTHER OBJECTIVES ON THIS AND THAT IS TO HAVE A PRESERVE THAT PEOPLE CAN SEE AND CAN ACCESS. WE DON'T WANT TO VISIT IT TO DEATH OR TO OVERDO IT, BUT WE WANT TO HAVE MEANS FOR EVERY CATEGORY, ALL TYPES OF PEOPLE TO BE ABLE TO SEE AND FEEL AND APPRECIATE THIS LAND. THAT'S WHAT IT'S THERE FOR. IT'S NOT TO BE LOCKED UP AND NOTHING HAPPENS TO IT. WE FEEL SO MUCH ABOUT THAT, THAT NOT TOO VERY LONG AGO WE PUT TOGETHER THE BAJADA NATURE TRAIL WHICH IS SPECIFICALLY DESIGNED TO MAKE SURE THAT THOSE PEOPLE WHO ARE DISABLED PHYSICALLY WERE ABLE TO ACCESS THE PRESERVE WITH THEIR MOTORIZED WHEELCHAIRS. I REALIZE I'M NOT TRYING TO DRAW A COMPARISON WITH THE JEEP TOURS BUT NEVERTHELESS TO THE POINT OF ACCESS, MAKING SURE THAT FOLKS CAN GET INTO THE PRESERVE IN ANY FORM THAT THEY MAY HAVE TO TAKE. I VOTED IN THE ECONOMIC DEVELOPMENT COMMITTEE TO ALLOW FOR THE TRIAL PERIOD. THE IDEA IS THAT THIS SMALL AMOUNT OF 3.6 MILES IS OF WHAT WILL EVENTUALLY BE SOMEWHERE IN THE AREA OF 200 MILES OF TRAILS I THINK IS A REASONABLE ALLOCATION AND A REASONABLE WAY TO GO. WE DO NEED TO CONTROL IT. ONE OF THE THINGS THAT REALLY STRUCK ME WAS AN EMAIL THAT WE RECEIVED, WE RECEIVED DOZENS OF EMAILS, I'LL SAY THIS. ONE WAS FROM A FORMER STATE LAND COMMISSIONER WHO WAS ALSO ON

THE GOVERNOR'S NATURAL RESOURCE POLICY ADVISOR GROUP, AND HE INDICATED WHAT THEY HAD TRIED TO DO IN THE PAST IN RESTRICTING IT AND HOW DAMAGING AND HOW IT WAS TO THE RELATIONSHIP WITH THE CITIZENRY AND PEOPLE BE ABLE TO SEE AREAS. THE OTHER IS THAT, THIS IS WHAT HE SAYS, THIS IS WITH THE IDEA OF ALLOWING PERMITTED ACCESS BY THIS TYPE OF OPERATION.

[Time: 02:08:29]

"THE PERMITTEES," AND THIS IS ENTIRELY CONSISTENT WITH MR. READING'S, MR. MASDEN'S AND MR. REID'S COMMENTS ON THIS, I THINK OTHERS MENTIONED IT TOO. FRANKLY I'VE HEARD THIS FROM A NUMBER OF SOURCES, BUT HE SAYS "THE PERMITTEES ALSO BECAME AN INVALUABLE POLICING AND MAINTENANCE AID OFTEN WITH NO ASSISTANCE FROM THE AGENCY." SO THEY PLAYED A ROLE IN ACTUALLY PROTECTING THE VERY ASSET THAT WE VALUE, ALSO THAT THEY VALUE BY VIRTUE OF THE SERVICE THAT THEY PROVIDE TO OUR TOURISTS AND TO OUR RESIDENTS. I THINK WE'VE HAD A GOOD BIT OF COMMENT ON THIS AND I CERTAINLY DO APPRECIATE, AND AM SYMPATHETIC AND SENSITIVE TO EVERYONE'S FEELINGS ABOUT THE PRESERVE, AND THERE'S DIFFERENT PERSPECTIVES ON IT. I THINK THIS IS A VERY IMPORTANT ISSUE FOR US AND I BELIEVE THAT THIS ALLOWANCE AND TEMPORARY PERIOD OF TIME IS CERTAINLY A REASONABLE POSITION TO TAKE. WITH THAT I'LL MAKE A MOTION THAT WE DO APPROVE OPTION 2A WHICH IS THE STAFF TO TAKE THE STEPS NECESSARY TO IMPLEMENT A TEMPORARY TRIAL PERIOD.

Mayor Lane: SECONDED BY COUNCILMAN LITTLEFIELD. DO YOU WANT TO SPEAK TO IT.

[Time: 02:09:49]

Councilman Littlefield: SURE. ACTUALLY I WOULD HAVE GONE SO FAR AS TO MAKE AN ORDINANCE AMENDMENT BUT I READ THE REPORT OF THE ECONOMIC DEVELOPMENT SUBCOMMITTEE SO I THINK THAT THERE'S GOING TO BE MORE SUPPORT FOR A TRIAL PERIOD. SOMETHING THAT HASN'T REALLY BEEN TOUCHED ON BUT I THINK IS VERY IMPORTANT HERE. THE CITIZENS OF SCOTTSDALE, AS HAS BEEN SAID A THOUSAND TIMES UP HERE TONIGHT VOTED TO TAX THEMSELVES IN ORDER TO BUY THE PRESERVE. HUNDREDS OF MILLIONS OF DOLLARS. MOST CITIZENS OF SCOTTSDALE DO NOT BENEFIT DIRECTLY FROM THE PRESERVE. THEY DON'T HAVE THEIR PROPERTY VALUES ENHANCED AS THE PEOPLE WHO LIVE NEAR THE PRESERVE DO, AND MOST PEOPLE DON'T HIKE OR RIDE IN THE PRESERVE. SO HOW DID WE SELL THIS TO THEM. WELL PART OF THE ECOLOGICAL ARGUMENT, IT'S A GOOD IDEA. BUT A BIG, BIG PART OF THAT WAS TOURISM. WE SOLD THIS TO THE PEOPLE WHO LIVE DOWN ON MCDOWELL ROAD WHO WILL NEVER GO UP THERE, WHOSE PROPERTY VALUES DIDN'T GO UP A DIME BY VIRTUE OF HAVING A PRESERVE. WE SAID TO THEM, THIS IS GOING TO BE GOOD FOR TOURISM, AND IT'S GOING TO BRING IN DOLLARS THAT WILL BE GOOD FOR YOU. NOW, I THINK IF WE NOW TURN AROUND AND MAKE IT HARDER TO LET TOURISTS INTO THE PRESERVE, NOT JUST TOURISTS WHO ARE INCAPABLE OF HIKING, OR JUST DON'T WANT TO. I THINK IF WE NOW DO THAT, WE ACTUALLY BREAK FAITH WITH THE FOLKS THAT WE TOLD THAT WE WERE GOING TO DO THIS FOR TOURISM. AND ON TOP OF THAT, I THINK THERE'S AN EVEN BIGGER PROBLEM WITH SAYING THAT THE TOUR OPERATORS CAN'T OPERATE. IF YOU LOOK, THERE HAVE BEEN SIX ELECTIONS THAT HAVE TO DO WITH THE PRESERVE. EVERY TIME WE HAVE ONE OF THOSE ELECTIONS THE PRESERVE HAS PASSED. BUT EVERY TIME, THE MARGIN GETS SMALLER. LAST TIME WE HAD AN ELECTION WAS IN 2004. PRESERVE PASSED NORTH OF THE C.A.P. CANAL, FAILED SOUTH OF THE C.A.P. CANAL. AND I

HEAR ALL THE TIME FROM PEOPLE WHO LIVE IN SOUTH SCOTTSDALE WHO SAY TO ME, WHY ARE WE TAXING OURSELVES TO FUND A PRESERVE THAT'S BASICALLY ONLY FOR A BUNCH OF HIKERS AND EQUESTRIANS OR NORTHERN PROPERTY OWNERS WHO LIVE NEXT TO IT WHOSE PROPERTY VALUES HAVE BEEN ENHANCED. WELL NOW, IF YOU COME UP AND SAY WE'RE NOT EVEN GOING TO ALLOW JEEP TOURS, WHAT KIND OF MESSAGE DOES THAT SEND? AND I WILL TELL YOU THAT THE PRESERVE NOT ONLY DEPENDED ON THE SUPPORT OF THE VOTERS TO BE BOUGHT IN THE FIRST PLACE, BUT ITS CONTINUED EXISTENCE DEPENDS ON THAT. WE'VE ALREADY HAD IN RECENT MEMORY A MEMBER OF THE BUDGET COMMITTEE, A RELATIVE OF A FORMER MEMBER OF THIS COUNCIL, SUGGEST THAT PARTS OF THE PRESERVE COULD BE SOLD OFF. IT ONLY TAKES ONE ELECTION FOR THAT TO HAPPEN. IF I SAY TO YOU, IF WE GO TO THE PEOPLE WHO DON'T HIKE THE PRESERVE, AND DON'T RIDE A HORSE, AND SAY HEY, YOU KNOW WHAT, THIS IS ONLY FOR US. IT'S ONLY FOR THE FEW OF US WHO GO IN HERE AND HIKE AND ALL THAT. THAT'S A MISTAKE. I THINK THAT'S A MISTAKE THAT NOT ONLY BREAKS FAITH WITH THOSE VOTERS, BUT IT ERODES PUBLIC SUPPORT WITH THE PRESERVE. NOW I'M SORRY, LETTING THE JEEP TOUR OPERATORS HAVE ONE LITTLE CORNER UP THERE AT THE NORTHEAST CORNER.... PEOPLE ARE WRITING EMAILS SAYING YOU'RE DESTROYING THE PRESERVE. I'M SORRY, THAT JUST DOESN'T MAKE ANY SENSE. WHEN WE HAVE THAT LEVEL OF HYPERBOLE, YOU GUYS ARE DESTROYING THE PRESERVE BY LETTING THESE GUYS MAKE A LITTLE LOOP UP THERE? NO. THAT'S THE SORT OF THING THAT ERODES PUBLIC SUPPORT FOR THE PRESERVE. I THINK IT'S PERFECTLY REASONABLE TO HAVE JEEP UP THERE. AS I SAID, I WOULD SUPPORT A PERMANENT ORDINANCE CHANGE. BUT IF THERE'S NOT SUPPORT FOR THAT, I'LL SUPPORT THE TRIAL PERIOD.

Mayor Lane: THANK YOU COUNCILMAN. COUNCILMAN PHILLIPS.

[Time: 02:14:02]

Councilmember Phillips: BOB AND I AGREE 99% OF THE TIME. AND I AGREE WITH A LOT OF THE COMMENTS THAT HE JUST MADE. I HAVE A DIFFERENT PERSPECTIVE ON THIS. MY PERSPECTIVE IS FIRST OFF, THANK YOU FOR BEING GOOD STEWARDS OF THE DESERT. I KNOW YOU DON'T DESTROY THE DESERT. LIKE I SAID EARLIER, THE TRIAL PERIOD WON'T LOOK ANY DIFFERENT THAN THE LAST 10 OR 20 YEARS. AND I HAVE NOTHING AGAINST JEEP TOURS. BUT I WOULD THINK IF YOU BROUGHT THIS TO A COURT, THE QUESTION IS NOT DO WE ALLOW JEEP TOURS, THE QUESTION IS NO MOTORIZED VEHICLES ON A PRESERVE, AND NOW WE'RE SAYING WE HAVE TO ALLOW THAT. I THINK THIS COUNCIL DOESN'T HAVE THE RIGHT TO ALLOW ANY PERMIT FOR ANY MOTORIZED VEHICLES BECAUSE THE PRESERVE WAS VOTED ON BY THE PUBLIC AND THE ORDINANCE THAT FOLLOWS. THE VOTERS SAID NO MOTORIZED VEHICLES AND THE ONLY WAY TO CHANGE THAT IS TO PUT IT ON THE BALLOT. I DON'T THINK THAT'S OUR CHOICE. IN FACT EVEN SUSAN WHEELER EVEN SAID THE CD CAN'T DO THAT. IT'S NOT UP TO US AND I'M SORRY THAT IT EVEN CAME TO US BECAUSE WE'RE ALL VOTERS HERE AND THIS IS WHAT THE VOTERS VOTED FOR AND THEY SAID NO MOTORIZED VEHICLES. BY A LAW STANDPOINT, IT'S JUST NOT ALLOWED. AND FOR US TO COME BACK LATER AND SAY WELL, WE'RE GOING TO ALLOW A LITTLE BIT HERE, MEANS THAT LATER ON WE'RE GOING TO SAY WE'LL ALLOW A LITTLE BIT HERE. AND THEN PRETTY SOON WE'LL SAY WE'LL ALLOW THE DESERT DISCOVERY CENTER ON THERE. WHY NOT ALLOW A FEW RESTAURANTS, WHAT'S THE HARM? I THINK IT'S GOING TO GO, THE NEXT 20 YEARS, WE'RE GOING TO HAVE THE NEXT DESERT DISNEYLAND. I'M SORRY I FEEL THAT WAY, LOVE JEEP TOURS, I'VE BEEN ON JEEP TOURS, I REALIZE IT'S A LITTLE AREA, I DON'T THINK YOU'RE DESTROYING ANYTHING. BUT THAT'S NOT THE QUESTION. THE QUESTION IS, "WHAT IS THE LAW?" THE LAW OF THE PRESERVE ORDINANCE IS NO MOTORIZED VEHICLES. SO I CAN'T GO ALONG

WITH THAT, I'M SORRY. SO I'D LIKE TO MAKE AN ALTERNATE MOTION THAT WE ALLOW THE THREE CURRENT TOUR OPERATORS ONE LAST SEASON AND THEN CLOSE THE AREA TO MOTORIZED VEHICLES THAT THE PRESERVE ORDINANCE VOTED ON BY THE CITIZENS OF SCOTTSDALE.

Vice Mayor Klapp: SECOND.

Mayor Lane: MOTION AND SECONDED. DO YOU WANT TO SPEAK TO IT?

[Time: 02:16:18]

Vice Mayor Klapp: I WOULD LIKE TO SPEAK TO IT. I DON'T WANT TO CHANGE THE PRESERVE ORDINANCE. I DON'T THINK THAT'S WHAT THIS BODY SHOULD BE DOING RIGHT NOW. I AM VERY SYMPATHETIC TO THE OPERATORS, SO I DON'T WANT TO CUT THEM OFF AT THIS MOMENT. I THINK THAT'S WHAT THE MOTION DOES. IT ALLOWS THEM NINE MONTHS IN ORDER TO DETERMINE SOME SORT OF ALTERNATIVE. HERE'S SOME OF MY THOUGHTS ABOUT THIS. IN DEVELOPING THE PRESERVE, WE HAVE PUT IN TRAIL HEADS. ONE THAT WAS MENTIONED A MOMENT AGO, THE GATEWAY TRAIL HEAD, INCLUDES AN ADA TRAIL FOR PEOPLE WHO ARE DISABLED, WHO CANNOT WALK INTO THE PRESERVE. WE HAVE PLANS FOR PUTTING IN SIMILAR TRAILS AT BROWNS RANCH AND AT THE LOST DOG TRAIL HEAD. SO THAT IS FOR PEOPLE WHO WON'T BE ABLE TO WALK INTO THE PRESERVE. SO, IT'S MY FEELING THAT THE TWO OPERATORS HOPEFULLY, I DON'T WANT TO TELL THEM HOW TO RUN THEIR BUSINESSES, BUT BUSINESSES CHANGE AND TIMES CHANGE AND I WOULD HOPE THAT WE FIND A WAY TO ENCOURAGE TOUR OPERATORS TO TAKE PEOPLE TO THE TRAIL HEADS AND PARK THERE. IF SOMEONE CAN'T WALK, THEY CAN GO TO THE INTERPRETED TRAIL. THEY CAN GIVE THEM THE SAME EDUCATIONAL INFORMATION AT A TRAIL HEAD THEY CAN DO ON A JEEP TOUR. WE SPENT A LOT OF MONEY TO BUILD TRAIL HEADS AND ASSISTED HIKING TRAILS FOR PEOPLE WHO CAN'T WALK. SO, LET'S UTILIZE THEM. THE CONSERVANCY REPRESENTATIVE SAID THE CONSERVANCY TAKES CARE OF THE PRESERVE. THEY PROVIDE ALL KINDS OF EDUCATIONAL OPPORTUNITIES AS WELL FOR PEOPLE TO COME INTO THE CITY. SO WE ARE PROVIDING ON A GROWING BASIS, TRAIL HEADS THAT ARE AVAILABLE TO TOURISTS AND TO RESIDENTS AS HAS BEEN STATED. VERY FEW TOURISTS ARE GOING ON JEEP TOURS BECAUSE THERE'S ONLY A FEW. VERY SYMPATHETIC TO THE FACT THEY HAVE TOURS. BUT I BELIEVE WE HAVE TO HONOR THE PRESERVE ORDINANCE. WHAT THIS DOES IS ALLOW A TEMPORARY PERIOD FOR THE TOUR OPERATORS TO COME UP WITH ALTERNATE PLANS IN ORDER TO PROVIDE JEEP TOURS, BUT GO INTO THE PRESERVE IN A DIFFERENT FASHION. THAT MEANS GOING TO PARKING AREAS AND TRAIL HEADS AND NOT DRIVING INTO THE PRESERVE. I THINK THAT CAN BE DONE. I'M NOT ASKING THEM TO USE HORSE AND BUGGIES AND ANY OTHER THINGS OTHER THAN TO THINK ABOUT THE STRATEGICALLY. HOW WE DEVELOPED THE PRESERVE TO UTILIZE TRAIL HEADS AND TO CONSIDER THAT THE CONSERVANCY IS AVAILABLE FOR EDUCATION. NOW WE CAN STILL DO THIS IN A VERY EDUCATIONAL WAY WITHOUT HAVING TO TAMPER WITH THE PRESERVE ORDINANCE. THAT'S MY REASON FOR SECONDING THIS MOTION.

Mayor Lane: THANK YOU VICE MAYOR. COUNCILMAN ROBBINS.

[Time: 02:19:14]

Councilman Robbins: THANK YOU MAYOR. I'M GOING TO BE SUPPORTING THE MAYOR'S MOTION FOR A TEMPORARY USE PERIOD. I THINK I HAVE A NEW APPRECIATION AND RESPECT FOR JEEP TOUR

OPERATORS. I APPRECIATE YOUR TESTIMONY AND WHAT A WONDERFUL ASSET YOU ARE TO OUR COMMUNITY, AND THE TYPE OF EXPERIENCE THAT OUR TOURISTS HAVE BECAUSE OF YOU IS AWESOME. SO I APPRECIATE THAT. I THINK THE HISTORIC USE OF THESE TRAILS GIVES ME A LOT OF COMFORT IN HOW THEY HAVE BEEN USED IN THE PAST AND HOW THEY WILL BE USED IN THE FUTURE AND HOW WE WILL HAVE STILL INSTILLED THE FAITH IN THE VOTERS THAT WE AREN'T GOING TO DESTROY THE DESERT. WE ARE GOING TO BE EXPERIENCING THE DESERT AS IT HAS BEEN IN THE PAST AND ESPECIALLY FOR TOURISTS. I THINK THAT IS EXTREMELY IMPORTANT. I DO HAVE A QUESTION ABOUT, AND HOWARD MYERS RAISED THIS, AS FAR AS THE PROCESS. I DON'T KNOW IF KROY CAN ANSWER THIS OR OUR CITY ATTORNEY ABOUT THE USE PERMIT PROCESS. BECAUSE I KNOW THAT HAS TO BE FLUSHED OUT AND THAT'S ONE OF THE REASONS I WOULD LIKE TO SEE A TEMPORARY TRIAL PERIOD. BECAUSE WE DON'T HAVE ANYTHING IN PLACE OR DO WE HAVE SOMETHING IN PLACE WHERE WE CAN LIMIT THE NUMBER OF, CAN WE SAY WE ONLY WANT 1,000 VISITS TO THAT TRAIL THIS YEAR OR HOW CAN WE LIMIT THIS IN THE FUTURE? THIS IS IN A CONDITIONAL USE PERMIT, IT'S A DIFFERENT PROCESS I'M TRYING TO UNDERSTAND HOW WE AS A CITY REGULATE THIS PROCESS.

[Time: 02:20:49]

City Attorney Bruce Washburn: MAYOR, IF I MAY BE PERMITTED TO RESPOND TO THAT. THAT TIES INTO AN ISSUE I WANTED TO RAISE IN CONNECTION WITH THE ALTERNATE MOTION. THAT IS, I HAVE A CONCERN. STAFF HAS A CONCERN THAT WE CAN'T LIMIT ANY PERMISSION THAT WE GIVE. ANY LICENSE WE GIVE TO A PRESELECTED GROUP OF PEOPLE. IN OTHER WORDS, THERE SHOULD BE AN OPEN AND COMPETITIVE PROCESS IF WE ARE GOING TO HAVE THE CITY PERMISSION THAT HAS ECONOMIC VALUE TO IT. THAT IS WHAT WAS IN THE PROPOSAL FOR THE TEMPORARY PERMITS THAT THERE WOULD BE OPEN PROCESS AND THAT COUNCILMAN TIES INTO YOUR QUESTION. THERE'S A SET OF GUIDELINES THAT ARE PART OF THE PACKET THAT THE COUNCIL RECEIVED THAT OUTLINES THE PROCESS THAT WOULD BE UNDERTAKEN. BUT YES, THE CITY STAFF WOULD BE DETERMINING, BECAUSE THE PRESERVE DIRECTORS GIVING THE AUTHORITY TO MAKE THE GUIDELINES, SO THAT THE PROCESS, I'M SORRY, THE PERMISSIONS THAT ARE GIVEN ARE CONSISTENT WITH THE PRESERVE ORDINANCE. SO IT'S UP TO THE CITY STAFF TO DETERMINE WHAT GUIDELINES WOULD BE APPLIED, IN DETERMINING THE LICENSE THAT WOULD BE GIVEN OUT. THERE IS SOME LIMITATION. RIGHT NOW, THE GUIDELINES, LIKE I SAY, ARE PART OF THE PACKETS THAT HAVE BEEN PROVIDED. THOSE ARE THE ONES THAT STAFF WOULD BE PROPOSING. I DON'T KNOW. IF YOU HAVE ANYTHING YOU WANT TO ADD ON THAT IN TERMS OF HOW THE DETERMINATION WOULD BE MADE. GO AHEAD.

Kroy Ekblaw: YEAH, JUST ADD TO THAT, THE OUTLINE THAT WE PROVIDED, THAT WOULD BE AT A MINIMUM OF WHAT WOULD BE INCLUDING. THERE WOULD BE THE SELECTION PROCESS, THE EDUCATION REQUIREMENTS, THE LIMITATION TO A JEEP-TYPE VEHICLE, NOT MOTORCYCLES, NOT QUADS. WE WOULD BE RESTRICTING IT THAT WAY. WE WOULD HAVE THE OPPORTUNITY TO REVIEW APPLICANTS THROUGH A SELECTION PROCESS AND THEY WOULD NEED TO MEET THAT CRITERIA AND AGAIN, WE WOULD ALSO HAVE THE ABILITY TO LIMIT THE TOTAL NUMBER OF TOURS THAT COULD BE PROVIDED. WE HAVE SIMPLY NOT GOT A HISTORICAL DATA BASE TO SAY WHAT THAT LINE IS. BUT WE WOULD EVALUATE THE APPLICANTS AND LOOK AT THAT AND BE ABLE TO CONTROL THAT STILL OVER THE COURSE OF A TRIAL PERIOD. IF THAT'S WHAT IS BEING PROPOSED.

Councilman Robbins: THANK YOU.

Mayor Lane: THANK YOU, COUNCILMAN. COUNCILWOMAN MILHAVEN.

[Time: 02:23:33]

Councilwoman Milhaven: THANK YOU, MAYOR. WHAT AN EXTRAORDINARY COMMUNITY WE ARE. EVERY SINGLE PERSON IN THIS ROOM LOVES THE PRESERVE. AND EVERY SINGLE PERSON IN THIS ROOM WANTS TO BE ABLE TO GO OUT AND ENJOY AND EXPERIENCE THAT EXTRAORDINARY ASSET AND SO HERE WE ARE. IT'S AN INTERESTING DILEMMA. WE ALL WANT THE SAME THING AND YET WE'RE COMING AT IT FROM DIFFERENT PERSPECTIVES. I WANT TO FIRST THANK MR. HEADLEY AND MR. KLEIN AND THE OVER 500 VOLUNTEERS. THANK YOU FOR ALL THAT YOU DO. YOU TALKED ABOUT, IN YOUR COMMENTS, SUSTAINING THE DESERT FOR FUTURE GENERATIONS ABOUT STAINABILITY, SAFE AND PROTECTED USE AND EVERY SINGLE ONE OF US AGREE WITH YOU. AS I HEAR PEOPLE HAVE CONCERNS ABOUT MOTORIZED VEHICLES. I'M NOT HEARING CONCERNS ABOUT JEEP TOURS. WHAT I AM HEARING, ARE WE OPENING PANDORA'S BOX AND WHAT MIGHT BE NEXT? FOR ME, THE DECISION IS ABOUT JEEP TOURS BECAUSE I DON'T KNOW WHAT COMES NEXT. I TRUST THAT FUTURE DECISIONS WILL BE ABOUT HOW WE SUSTAIN THE DESERT AND HOW WE PROVIDE ACCESS TO ALL OF THE CITIZENS WHO OWN THIS. AS THE MAYOR TALKED ABOUT ACCESS, THAT'S A BIG PART OF THIS DECISION POINT FOR ME. THE OTHER BIG PART OF THE DECISION POINT FOR ME WAS WHEN I LEARNED THAT THESE ROADS HAVE BEEN THERE FOR A LONG TIME. THE USE DOES NOT ERODE THE CURRENT CONDITION OF THE DESERT. THAT WE WOULD MAINTAIN THESE ROADS AS ROADS FOR EMERGENCY ACCESS IN THE FUTURE, SAYS TO ME WE ARE NO WORSE OFF IN THE FUTURE ALLOWING THE JEEP TOURS TO USE THESE ROADS THAN IF WE DON'T. SO WHILE WE MAY DISAGREE ABOUT THE USE OF MOTORIZED VEHICLES, I THINK WE ARE NO WORSE OFF. WE ARE IN FACT BETTER OFF. AND THE FUTURE AND THE SUSTAINABILITY AND AS MR. VICTER SAYS, WE WILL SUSTAIN OUR DESERT FOR AS LONG AS THE WIND BLOWS AND THE CACTUS GROWS. THANK YOU.

Mayor Lane: THANK YOU COUNCILWOMAN. COUNCILWOMAN KORTE.

[Time: 02:25:52]

Councilmember Korte: THANK YOU, MAYOR. WELL, AS COUNCILMEMBER MILHAVEN SAID THAT WHAT A GREAT COMMUNITY THIS IS THAT WE ALL SIT HERE AND LOVE THE DESERT. WE CONSIDERED A MIRACLE TO BE ABLE TO PRESERVE THE THOUSANDS OF ACRES OF DESERT. AND JUST AS SUE SPOKE ABOUT HER LONG-TERM COMMITMENT ON THE ORIGINAL TASK FORCE, SOME OF YOU MAY KNOW THAT I CHAIRED THAT ORIGINAL TASK FORCE BACK IN THE 90s AND HAVE BEEN COMMITTED TO THE PRESERVE FOR A LONG TIME. SO, THIS IS A TOUGH DECISION FOR ME BECAUSE I SUPPORT TOURISM. I SUPPORT SMALL BUSINESS. I SUPPORT JEEP TOURS. AND I DO NOT QUESTION THE WELL INTENTIONED TOUR OPERATORS AS STEWARDS AND CARETAKERS OF OUR DESERT. I DO NOT QUESTION THAT. I BELIEVE THAT THIS PROPOSAL HAS MORE QUESTIONS THAN ANSWERS. I DO BELIEVE THAT THERE IS A CONFLICT BETWEEN PASSIVE USERS AND MOTORIZED USERS, PARTICULARLY WHEN WE LOOK AT ESTABLISHING MORE TRAIL HEADS IN THIS AREA, WHICH WE ARE OPENING. I BELIEVE THAT CREATES SOME LIABILITY ISSUES FOR THE CITY, WHICH WE HAVE NOT ADDRESSED. I ALSO BELIEVE THAT THIS PROPOSAL FAILS TO ADEQUATELY ANSWER HOW THE CITY WILL RESPOND TO ADDITIONAL TOUR OPERATOR REQUESTS. AND COUNCILMAN ROBBINS BROUGHT THIS UP. THE RESPONSE WAS, IT IS TOO EARLY TO EVALUATE. WELL, I THINK BEFORE WE MOVE FORWARD ON ANYTHING AS FAR AS MOTORIZED VEHICLES, WE NEED TO ESTABLISH THE NUMBER OF USER DAYS THAT WE ARE WILLING

TO OPEN THIS AREA FOR ACCESS. I ALSO BELIEVE, YOU KNOW, WE'RE NOT ABOUT ELIMINATING THE JEEP TOUR BUSINESS. I REALLY BELIEVE THAT THERE ARE OTHER OPTIONS FOR THE JEEP TOUR OPERATORS THAT HAVE NOT BEEN COMPLETELY VETTED. AND FINALLY, THIS IS CLEARLY A VIOLATION, OR WOULD BE A PRESERVE FOR OUR ORDINANCE, FOR WHICH WE WORKED VERY HARD TO CREATE. AND I BELIEVE IT BRINGS WITH IT THE UNKNOWN RAMIFICATIONS OR PANDORA'S BOX, AS COUNCILMEMBER MILHAVEN SPOKE TO. AND HONESTLY, THAT'S A RISK THAT I'M JUST NOT WILLING TO TAKE RIGHT NOW. THANK YOU.

Mayor Lane: THANK YOU, COUNCILWOMAN. COUNCILMAN LITTLEFIELD.

[Time: 02:28:47]

Councilman Littlefield: I WOULD LIKE TO MAKE A LITTLE CORRECTION HERE TO SOMETHING SOMEBODY SAID EARLIER. THE NO MOTORIZED VEHICLES IS NOT PART OF THE ELECTION IF IT WERE, THEN WE WOULDN'T BE UP HERE HAVING THIS DISCUSSION BECAUSE WE WOULD NOT HAVE THE AUTHORITY TO MAKE THAT CHANGE. IT'S PART OF AN ORDINANCE, COUNCIL PASSED ORDINANCE. SO THAT'S WHY WE ARE TALKING ABOUT HOW WE MIGHT MODIFY THAT EITHER TEMPORARILY OR PERMANENTLY. BUT THERE WAS ONE THING THAT WAS ALL OVER THE ELECTIONS. ALL OF THE ELECTIONS. I HAVE BEEN HERE FOR ALL OF THEM. AND THAT WAS TOURISM. AND I WILL REPEAT AGAIN, IF YOU NOW SAY WE ALL LOVE TOURISM, BUT WE'RE GOING TO CUT OUT THE JEEP TOURS. WHAT KIND OF MESSAGE DOES THAT SEND? I THINK IT SENDS A VERY BAD MESSAGE AND I THINK THAT MESSAGE IS BAD FOR FUTURE PUBLIC SUPPORT FOR THE PRESERVE. AND THAT PUBLIC SUPPORT IS THE ONLY THING THAT KEEPS THE PRESERVE THERE. IF YOU DON'T HAVE THAT, THEN THE PRESERVE, OR PARTS OF IT WILL GO AWAY. IT'S JUST THAT SIMPLE. THE OTHER THING IS, I CAN'T HELP BUT HAVE THE IRONY OF PEOPLE SAY, WE LOVE SMALL BUSINESS AND WE REALLY LOVE THE JEEP OPERATORS, BUT WE'LL PUT YOU OUT OF BUSINESS. THAT'S JUST CRAZY. SO I WON'T BE SUPPORTING THE ALTERNATIVE MOTION. LOVE YOU GUYS, BUT IN THIS CASE, YOU'RE WRONG. AND I'LL BE SUPPORTING THE MAYOR'S MOTION.

Mayor Lane: THANK YOU COUNCILMAN. COUNCILMAN PHILLIPS.

Councilmember Phillips: YOU KNOW, THE POLITICALLY EXPEDIENT THING WOULD BE KEEP THE JEEP TOURS, YOU KNOW, KEEP EVERYBODY HAPPY OR WHATEVER. BUT THE FACT IS, THE LAW IS, THERE'S NO MOTORIZED VEHICLES ON THE PRESERVE. AND PRESERVE IS CREATED, VOTED ON, AND PAID FOR BY THE CITIZENS OF SCOTTSDALE TO PROTECT AN AREA FOR NOW AND FUTURE GENERATIONS. IT WAS NOT TO BE USED FOR PROFIT BY ANY INDIVIDUAL, ANY GROUP OR ANY MUNICIPALITY. YOU KNOW, NOT EVERYTHING IS ABOUT MONEY. OKAY, IT'S TOO BAD FOR TOUR OPERATORS. I'M SORRY, BUT YOU KNEW THIS DAY WAS COMING YEARS AGO. AND I FIND IT HARD TO BELIEVE THAT THIS WILL PUT YOU OUT OF BUSINESS. THE FUNNY THING IS, NONE OF THESE TOUR OPERATORS CAME TO ME. NOBODY SAID, COUNCILMAN, WE WOULD LIKE TO EXPLAIN HOW OUR TOUR OPERATES. AND SEE WHAT YOU DO THERE. SO I WENT ONLINE AND LOOKED AT ALL YOUR OPERATIONS INSTEAD. I SEE YOU HAVE MANY TOURS. THIS ISN'T THE ONLY ONE. THIS IS JUST A PORTION OF ONE OF THE TOURS. I DON'T SEE HOW IT'S GOING TO PUT YOU OUT OF BUSINESS. AND I JUST DON'T FEEL THAT, YOU KNOW, LIKE COUNCILMAN LITTLEFIELD SAID, WE HAVE THE AUTHORITY TO CHANGE THIS ORDINANCE AND PERMANENTLY HAVE JEEP TOURS. IF THAT'S TRUE, WE HAVE THE AUTHORITY TO DO ANYTHING ON THE PRESERVE. ONCE WE ALLOW THIS, SAY HEY, WE ALLOW THIS, WHAT ELSE CAN WE ALLOW? THAT'S

WHY WE HAVE TO STOP IT BEFORE IT STARTS. I'M SORRY FOR YOUR BUSINESS. BUT I REALIZE THAT YOU HAVE OTHER PLACES TO TAKE TOURS AND I DON'T THINK IT'S GOING TO AFFECT YOU THAT MUCH.

Mayor Lane: THANK YOU COUNCILMAN. I WAS SEEING NO FURTHER COMMENTS ON THIS. WE DO HAVE THE ALTERNATIVE MOTION, WHICH IS TO EXTEND FOR ONE YEAR AND THEN AS A FINAL YEAR FOR THE MOTORIZED JEEP TOURS ON THE PRESERVE. ALL THOSE IN FAVOR OF THAT ALTERNATIVE MOTION, PLEASE INDICATE BY AYE OR NAY IF YOU OPPOSE.

MOTION FAILS 5-2 WITH VICE MAYOR APPROVING AND COUNCILMAN PHILLIPS APPROVING. SO, WE WILL GO TO THE ORIGINAL MOTION THEN. SEEING WE HAVE NO FURTHER COMMENTS ON THAT AS WELL. AND THAT MOTION WAS TO, AS IT IS INDICATED IN OPTION 2A ON ACCOUNTS TO REPORT. THE STAFF WILL TAKE STEPS TO IMPLEMENT A TEMPORARY TRIAL PERIOD. WE ARE READY TO VOTE ON THAT. ALL THOSE IN FAVOR OF THAT MOTION INDICATE BY AYE AND NAY IF YOU OPPOSE. COUNCILMAN PHILLIPS. THE MOTION PASSES 4-3 WITH VICE MAYOR KLAPP, COUNCILWOMAN KORTE AND COUNCILMAN PHILLIPS OPPOSING. SO THAT IS THE FENCE WE ARE ON. PLEASE, APPLAUSE IS NOT IN OUR NORMAL PROTOCOL. I APPRECIATE EVERYONE'S COMMENTS AND WORKING THROUGH THE ISSUE. THANK YOU.

Mayor Lane: IF YOU COULD, PLEASE, EXIT QUIETLY. I WOULD APPRECIATE IT. WE HAVE ADDITIONAL BUSINESS TO DO. WE WOULD LIKE TO CONTINUE ON. BUT THANK YOU AGAIN.

ITEM 30 – LEAGUE OF ARIZONA CITIES AND TOWNS ANNUAL MEMBERSHIP DUES REQUEST

[Time: 02:34:10]

Mayor Lane: WHICH DOES MOVE US TO THE NEXT ITEM AND THAT IS ITEM 30. AND THAT IS THE LEAGUE OF ARIZONA CITIES AND TOWNS ANNUAL MEMBERSHIP DUES. WE HAVE MR. LUNDAHL TO GIVE US AN PRESENTATION ON THEIR EXERCISES.

Government Relations Director Brad Lundahl: GOOD EVENING. I AM HERE TONIGHT FOR THE ANNUAL APPROVAL OF THE DUES FOR THE LEAGUE OF ARIZONA CITIES AND TOWNS. EACH YEAR I COME BEFORE YOU AND WE BRING YOU THIS INFORMATION AND GET YOUR REQUEST TO APPROVE THIS ITEM. LET ME JUST OFFER SOME VERY QUICK BACKGROUND. I KNOW IT'S GETTING LATE. I'LL BE AS BRIEF AS I CAN. THE LEAGUE, WHICH WE ARE A MEMBER OF WAS FORMED IN 1937, AND ADVOCATES ON BEHALF OF ALL CITIES AND TOWNS IN ARIZONA. THE CITY OF SCOTTSDALE HAS BEEN A PAYING MEMBER SINCE 1951 AND THERE ARE CURRENTLY 91 MEMBERS OF THE LEAGUE OF CITIES AND TOWNS. THE LEAGUE'S OPERATIONS ARE OVERSEEN BY AN EXECUTIVE DIRECTOR, THE CURRENT DIRECTOR IS KEN STROBECK. THE POLICIES ARE DEVELOPED BY A 25 MEMBER EXECUTIVE COMMITTEE OF WHICH MAYOR LANE IS A MEMBER. THE ANNUAL DUES ARE BASED ON POPULATION. THERE ARE CERTAIN THRESHOLDS. IF THE CITY'S POPULATION MEETS THAT THRESHOLD, THAT'S WHAT YOUR DUES WILL BE FOR THE YEAR. THE DUES THIS YEAR ARE \$88,250, WHICH IS CONSISTENT WITH WHAT THEY WERE LAST YEAR. AND SO RESOLUTION NUMBER 9423 AUTHORIZES THE PAYMENT OF THESE DUES. SO, THE RECOMMENDED ACTION TONIGHT IS TO ADOPT RESOLUTION 9423, AUTHORIZING THE PAYMENT OF ANNUAL MEMBERSHIP DUES IN THE AMOUNT OF \$88,250 TO THE LEAGUE OF CITIES AND TOWNS. WITH THAT, I WOULD BE HAPPY TO ANSWER ANY QUESTIONS.

Mayor Lane: THANK YOU. APPRECIATE THAT. WE DO HAVE SOME QUESTIONS OR COMMENTS AND WE'LL START WITH COUNCILMEMBER KORTE.

Councilmember Korte: THANK YOU MAYOR.

Mayor Lane: A LITTLE CHOKED UP ABOUT IT.

Councilmember Korte: YEAH, IT WAS THE LAST ISSUE. I WOULD LIKE TO MAKE A MOTION TO ADOPT RESOLUTION NUMBER 9423, AUTHORIZING PAYMENT OF ANNUAL MEMBERSHIP DUES IN THE AMOUNT OF \$88,250 TO THE LEAGUE OF ARIZONA CITIES AND TOWNS.

Councilmember Phillips: SECOND.

Mayor Lane: MOTIONS ARE MADE. WOULD ANYONE LIKE TO SPEAK TOWARD IT AT ALL?

Councilmember Phillips: THIS PAST YEAR, I HAVE DISAGREED WITH THE LEAGUE A FEW TIMES AND I WANT TO GIVE THE MAYOR A LITTLE KUDOS FOR STANDING UP FOR US. I APPRECIATE WHAT HE HAS DONE. BUT OBVIOUSLY WE CAN'T BE OUT OF THE LEAGUE. SO WE'LL BE VOTING FOR IT. THANK YOU.

Mayor Lane: THANK YOU COUNCILMAN. I WOULD LIKE TO ADD, I SUPPOSE THERE ARE INSTANCES WHERE CERTAINLY THE LEAGUE REPRESENTS 91 DIFFERENT CITIES AND TOWNS AND THEY ARE SMALL AND RURAL AND THERE'S A WIDE DIFFERENCE OF ISSUES THAT AFFECT THAT DIFFERENTIAL BETWEEN THE SIZE OF COMMUNITIES. AND SO, THIS LAST YEAR, THERE'S BEEN A NUMBER OF ISSUES WHERE THE LEAGUE HAS TAKEN THE LEAD ON SOME MAJOR ISSUES AND MOST NOTABLY, RIGHT NOW WAS A VERY PROMINENT ONE AND THAT'S THE TRANSACTION PRIVILEGE TAX, THE TPT, THAT CAME THROUGH THE COMMISSION AND IT WAS AN EXERCISE IN AN ATTEMPT TO SIMPLIFY AND TO CONSOLIDATE THE TRANSACTIONS IN OUR SALES TAX PROCESS. IT WAS A DIFFICULT ITEM TO SAY THE LEAST, PARTICULARLY AS IT DEVELOPED IN THE LAST FEW DAYS OF THE SESSION AND EVEN THE EXTENDED SESSION. BUT THE BOTTOM LINE IS, THE LEAGUE STUCK TOGETHER AND I THINK ON THE OVERALL REPRESENTED US ALL VERY, VERY WELL AND CERTAINLY EARNED THEIR DUES THIS YEAR. THEY OFTENTIMES DO, BUT NONETHELESS, IT'S ONE OF THOSE THINGS GATHERING 91 CITIES AND SOMETIMES GETTING ON THE SAME PATH. I HAVE A CERTAIN DEGREE OF RESPECT FOR ALL THE CITIES AND TOWNS AS LONG AS THE LEADERSHIP HANDLED IT THIS YEAR. SINCE THERE'S NO INCREASE, ESSENTIALLY EXACTLY THE SAME FEES. SO THEY HAVE BEEN VERY JUDICIOUS IN MAINTAINING THEIR FEES TO THE CITY. NOW IT'S A COMBINATION OF THINGS. OUR POPULATION ALONG WITH THE SIZE OF THE BUDGET. THEY HAVE BEEN JUDICIOUS IN MAINTAINING REASONABLE FEES FOR US AS THE YEARS HAVE GONE ON. PARTICULARLY IN THE DOWNTURN. SO I'LL BE SUPPORTING THE MOTION, CERTAINLY. AND SEEING THAT THERE'S NO FURTHER COMMENT ON THIS ITEM, ALL IN FAVOR, WE ARE READY TO VOTE, PLEASE INDICATE BY AYE, AND IT PASSES UNANIMOUSLY. THANK YOU VERY MUCH.

ITEM 30A – THE ARIZONA COUNCIL FOR INTERNATIONAL VISITORS CONTRACT REQUEST

[Time: 02:39:11]

Mayor Lane: OKAY, WE'LL MOVE ON TO OUR NEXT ITEM, WHICH IS NUMBER 30A, THE ARIZONA COUNCIL FOR INTERNATIONAL VISITORS CONTRACT. BRAD, STAY RIGHT WHERE YOU ARE, MAKE A PRESENTATION ON BEHALF OF THAT ORGANIZATION. I'M GOING TO RECUSE MYSELF FROM THIS, I HAPPEN TO BE ON THE BOARD OF THIS ORGANIZATION AND EVEN THOUGH IT'S AN UNPAID POSITION, IT'S NOT NECESSARY, BUT I THINK UNDER THE CIRCUMSTANCES OF WHAT IS BEING REQUESTED, I THINK IT'S IMPORTANT THAT I TAKE LEAVE FROM THIS. I'LL BE HANDING IT OVER TO OUR ILLUSTRIOUS VICE MAYOR AND I KNOW SHE STANDS READY. WE HAVE A BIG CIRCLE AROUND SOMETHING.

Vice Mayor Klapp: OKAY, BRAD, IF YOU WOULD LIKE TO PRESENT THE INFORMATION ON THIS ONE.

Brad Lundahl: OKAY, THANK YOU VICE MAYOR. I'M HERE TONIGHT FOR THE APPROVAL OF THE CITY'S CONTRACT WITH THE ARIZONA COUNCIL FOR INTERNATIONAL VISITORS, WHICH IS A GROUP THAT WAS FORMALLY KNOWN TO MOST OF YOU AS THE WORLD AFFAIRS COUNCIL. AT THIS TIME, I WOULD LIKE TO PROVIDE YOU A BRIEF BACKGROUND ON THE ORGANIZATION AND FEEL FREE TO STOP AND ASK ME QUESTIONS ALONG THE WAY, AND WE HAVE SPEAKERS HERE TONIGHT AS WELL THAT CAN ANSWER MANY OF YOUR QUESTIONS. THE ARIZONA COUNCIL FOR INTERNATIONAL VISITORS IS A NONPROFIT ORGANIZATION FOUNDED BACK IN 1964. ORIGINALLY WAS IN PHOENIX, BUT THEN MOVED TO SCOTTSDALE DURING THE MID 1980s. THE CITY HAD A CONTRACT SINCE 1994. PRIMARILY TO PROVIDE PROTOCOL SERVICES FOR INTERNATIONAL VISITORS TO THE CITY, SCHEDULE INTERNATIONAL VISITS TO THE CITY, AND SCHEDULE VISITS AS THE LOCAL ARM OF THE NATIONAL COUNCIL FOR INTERNATIONAL VISITORS, WHICH IS OF COURSE AFFILIATED WITH THE U.S. STATE DEPARTMENT.

[Time: 02:41:00]

THE MAIN MISSION OF THE AZCIV IS TO DEVELOP CITIZEN DIPLOMATS IN PUBLIC AND BUSINESS SECTORS THROUGH EDUCATION AND AWARENESS OF INTERNATIONAL ISSUES AND BY PROVIDING A BROADER UNDERSTANDING OF WORLD CULTURES AND GLOBAL AFFAIRS THROUGH THE HOSTING OF FOREIGN LEADERS. IN ADDITION, THEY PROMOTE BUSINESS BETWEEN THE U.S. AND FOREIGN VISITORS AND ASSIST SCOTTSDALE WHEN MEETING WITH FOREIGN DIGNITARIES. THEY PROVIDE TRAINING ON INTERNATIONAL PROTOCOL, CROSS CULTURAL COMMUNICATIONS, AND BUSINESS NEGOTIATIONS. THEY ALSO RESPOND TO INTERNATIONAL REQUESTS THAT ARE RECEIVED FOR FOLKS WANTING MORE INFORMATION ABOUT SCOTTSDALE. IN THE PAST TWO YEARS, THIS IS ON THEIR PERFORMANCE AS REQUIRED IN THE CONTRACT, THE AZCIV HAS BROUGHT IN APPROXIMATELY 600 VISITORS FROM 34 DIFFERENT COUNTRIES FROM AROUND THE WORLD TO SCOTTSDALE. THEY PROVIDE OFFICE SPACE FOR THE SCOTTSDALE SISTER CITIES ORGANIZATION AS PART OF THEIR CONTRACT. AS I MENTIONED BEFORE, THEY ARE NOW A SCOTTSDALE BOARD. THEY HAVE A SIX MEMBER EXECUTIVE BOARD. I HAVE GONE OUT AND LISTED THE ANNUAL FEES STARTING BACK IN FISCAL YEAR 7, WHERE IT WAS \$31,178 FOR THE TERM OF THE TWO-YEAR CONTRACT. AGAIN, DURING FISCAL YEARS 9 THROUGH 11, AND THEN DURING FISCAL YEARS 11 THROUGH 13, BACK WHEN WE WERE MAKING SOME BUDGET EFFICIENCY CHANGES, WE DID REDUCE THE AMOUNT OF THEIR CONTRACT BY JUST A LITTLE BIT. FOR THIS FISCAL YEAR, THEY ARE REQUESTING AN ADDITIONAL AMOUNT FOR A TOTAL OF \$75,000 EACH YEAR FOR TWO YEARS OF THE TWO-YEAR CONTRACT. AND I DO NEED TO POINT OUT AT THIS TIME THAT THERE WAS AN ERROR IN THE COUNCIL REPORT IN A SECTION THAT IS LISTED AS \$75,500 THAT SHOULD READ \$75,000. I DID WANT TO MAKE THAT KNOWN. THEY ARE LISTED IN ATTACHMENT 3 OF THE COUNCIL REPORT. THAT SHOULD BE ATTACHED

TO YOUR PACKET. IN ADDITION, I THINK THE SPEAKERS WILL PROBABLY WANT TO SPEAK TO THOSE ISSUES AS WELL. I'M GOING TO GIVE YOU A 30,000 FOOT OVERVIEW OF THE ADDITIONAL SERVICES AND AGAIN, I'LL LET THE SPEAKERS RESPOND IN MORE DETAIL. BUT I DID WANT TO PROVIDE A BASIC OVERVIEW OF THE ADDITIONAL SERVICES PROVIDED IF THE CONTRACT AMOUNT DOES GO UP TO \$75,000 PER YEAR. MONEY WILL BE USED FOR HIRING ADDITIONAL STAFF AND TRAINING EXISTING STAFF TO PURSUE INCREASED U.S. STATE DEPARTMENT INTERNATIONAL VISITOR LEADERSHIP PROGRAMS TO ARIZONA. THAT'S THE IVLP. THEY WILL ALSO DEVELOP AND ADMINISTER FURTHER INTERNATIONAL PROGRAMS IN ADDITION TO THE IVLP. THEY ALSO PLAN TO INCREASE THE PROGRAM THROUGH THE INCREASED USE OF SOCIAL MEDIA AND ELECTRONIC MEDIA SINCE TAKING ADVANTAGE OF NEW TECHNOLOGIES TO BROADEN THEIR HORIZON. THEY ALSO HOPE TO IMPROVE THE QUALITY OF THE CURRENT PROGRAMS BY INCORPORATING MORE PARTICIPATION WITH THE CITY OF SCOTTSDALE. THERE ARE ESSENTIALLY THREE OPTIONS THAT ARE LAID OUT BEFORE YOU TONIGHT. OPTION, I DON'T KNOW IF WE WANT TO TAKE TESTIMONY NOW OR GO THROUGH THE OPTIONS.

Mayor Lane: YES, WHY DON'T YOU.

Brad Lundahl: OKAY, I'LL GO THROUGH THE OPTIONS. OPTION ONE IS TO ADOPT THE RESOLUTION AS IT IS PRESENTED TO YOU. THIS WOULD RAISE THEIR CONTRACT AMOUNT UP TO \$75,000 EACH YEAR FOR THE TWO-YEAR TERM OF THE CONTRACT. THERE WOULD ALSO NEED TO BE A BUDGET TRANSFER OF \$43,701 TO ACCOUNT FOR THE DIFFERENCE BETWEEN WHAT WAS BUDGETED AND WHAT IS REQUESTED. OPTION NUMBER 2 IS MAKE AN AMENDMENT TO THE RESOLUTION. THAT'S RESOLUTION 9352 AND ADJUST IT TO A LEVEL THAT THE COUNCIL FEELS ADEQUATE FOR FUNDING FOR THE AZCIV AND DIRECT STAFF TO MAKE CHANGES TO THE CONTRACT AND THE RESOLUTION TO ACCOUNT FOR THE COUNCIL DECISION. THEN FINALLY, OPTION 3 IS, OF COURSE DO NOT APPROVE THE CONTRACT. THAT WOULD ELIMINATE ALL FUNDING. THEY WOULD NEED TO FIND FUNDING FROM ADDITIONAL SOURCES TO MAKE UP FOR THAT LOST REVENUE. WITH THAT, MADAME VICE MAYOR, I WOULD BE HAPPY TO ANSWER ANY QUESTIONS.

Vice Mayor Klapp: ARE THERE ANY QUESTIONS? WE HAVE A NUMBER OF SPEAKERS. OKAY, WE'LL GO TO THE SPEAKERS.

Brad Lundahl: THANK YOU.

Vice Mayor Klapp: I'M SORRY, WE DO HAVE QUESTIONS. COUNCILMAN ROBBINS.

[Time: 02:45:20]

Councilman Robbins: THANK YOU VICE MAYOR. BRAD, I UNDERSTAND HOW WE FUNDED THIS IN THE PAST YEARS OUT OF GENERAL FUND DOLLARS, BUT SINCE WE HAVE AN INCREASE IN A REQUEST, HAS THERE BEEN THOUGHT TO ADDING THIS FROM THE BED TAX FUNDS THAT WE HAVE INSTEAD OF CONTINGENCY?

Brad Lundahl: VICE MAYOR, I'VE BEEN AT THE LEGISLATURE TOO MUCH LATELY. COUNCILMAN ROBBINS, I BELIEVE THERE HAVE BEEN SOME INFORMAL DISCUSSIONS ON THAT AND PERHAPS FOLKS MIGHT WANT TO PROVIDE MORE INPUT ON THAT. I DON'T THINK THAT THERE WAS TIME THIS YEAR

TO LOOK AT THAT FURTHER, WITH THE CONTRACT COMING UP DUE WHEN IT DID. BUT I KNOW THERE HAVE BEEN SOME INFORMAL DISCUSSIONS.

Councilman Robbins: I'D LIKE TO SEE THAT HAPPEN FOR THE FUTURE DEFINITELY FOR FUNDING THIS, BECAUSE THAT WOULD SEEM LOGICAL AND WE TALKED TO THE TREASURER'S OFFICE AS WELL; THAT JUST MAKES SENSE. THANK YOU.

Vice Mayor Klapp: COUNCILMAN PHILLIPS.

Councilmember Phillips: THANK YOU VICE MAYOR. YOU MENTIONED ABOUT THE STAFF. ARE YOU THE STAFF ON THIS? TO ASK QUESTIONS TO?

Brad Lundahl: NO, I WOULD NOT BE THE STAFF ON THIS.

Councilmember Phillips: BECAUSE I'M WONDERING WHAT WE'RE GETTING FOR THAT EXTRA \$43,000 AND IF STAFF HAS A PRESENTATION TO EXACTLY SHOW US WHAT THAT IS.

Brad Lundahl: I BELIEVE THE REPRESENTATIVE IS HERE TONIGHT.

Councilmember Phillips: ALRIGHT, I'LL WAIT FOR THAT.

Vice Mayor Klapp: OK, WE'LL GO TO PUBLIC COMMENT. FIRST WE'LL HEAR FROM MICHAEL CASPER.

[Time: 02:48:09]

Michael Casper: GOOD EVENING MADAME VICE MAYOR AND MEMBERS OF THE COUNCIL. IT'S A PLEASURE FOR ME TO BE HERE TONIGHT. MY NAME IS MICHAEL CASPER, I RESIDE AT 7399 E. CAMINO DEL MONTE IN SCOTTSDALE. I AM ON THE BOARD OF DIRECTORS OF AZCIV AND I'VE HAD THE PLEASURE OF BEING THE TREASURER FOR THE LAST SEVERAL YEARS. IT'S A PRIVILEGE FOR ME TO BE ABLE TO MAKE THIS PRESENTATION ON BEHALF OF AZCIV. MR. LUNDAHL HAS REVIEWED THE FUNCTION OF AZCIV AND I WOULDN'T WANT TO REPLICATE WHAT HE HAS MENTIONED BUT I WANT TO FOCUS ON COUNCILMAN PHILLIPS' COMMENTS AND ADDRESS THE FINANCIAL IMPACT OF WHAT WE DO AND WHAT WE'RE TRYING TO DO GOING FORWARD. AZCIV, OUT OF THE FIVE THOUSAND SOME ODD VISITORS THAT COME TO THE U.S. THROUGH THE INTERNATIONAL LEADERSHIP PROGRAM, AZCIV HOSTS ABOUT 150 EVERY YEAR. PLUS ESCORTS, INTERPRETERS, STATE DEPARTMENT OFFICIALS, SO AS MR. LUNDAHL MENTIONED, 600 OVER A COURSE OF TWO YEARS, 300 A YEAR. IF WE LOOK AT JUST THE ECONOMIC IMPACT THAT THAT POOL OF VISITORS MEANS FOR THE CITY OF SCOTTSDALE, IT LEAVES A FOOTPRINT OVER THE TWO-YEAR PERIOD OF THE CONTRACT, ABOUT A MILLION DOLLARS. LOOKING AT HOTEL REVENUE, SOLEY HOTEL REVENUE, ALL THESE VISITORS STAY AT HOTELS IN SCOTTSDALE. THAT ALONE GENERATES, GIVEN THE NUMBER OF VISITORS, THE NUMBER OF DAYS THAT THEY SPEND HERE AND THE AVERAGE ROOM RATES, IN EXCESS OF \$220,000 A YEAR IN REVENUES FOR SCOTTSDALE HOTELS. IN ADDITION, THEY ALL HAVE A PER DIEM THAT THEY USE IN SCOTTSDALE FOR MEALS, RECREATION, SHOPPING, ENTERTAINMENT, GROUND TRANSPORTATION AND THAT EASILY GENERATES ANOTHER \$250,000 A YEAR IN REVENUE FOR THE CITY OF SCOTTSDALE. THE BED TAX AND SALES TAX REVENUE THAT IS GENERATED FOR THE CITY RUNS ABOUT \$35,000-40,000 A YEAR AGAINST THE GRANT WE HAVE BEEN RECEIVING FOR ABOUT \$30,000 A YEAR. SO WHY

ARE WE ASKING FOR THIS INCREASE IN THE GRANT? WE HAVE ACHIEVED THESE RESULTS FOR A NUMBER OF YEARS LARGELY ON THE BASIS OF HAVING ONE EMPLOYEE, A VERY CAPABLE EMPLOYEE IN THE GUISE OF OUR CHIEF EXECUTIVE OFFICER, SUE REINER. LAST FALL, THE COUNCIL DETERMINED, AS A PART OF ITS STRATEGIC PLAN, TO ENGAGE AN ADDITIONAL STAFF MEMBER TO GROW THE ORGANIZATION. OUR GOAL IS TO DOUBLE THE NUMBER OF VISITORS OVER THE NEXT COUPLE OF YEARS IN ORDER TO ESTABLISH OURSELVES MORE FIRMLY WITH THE IVLP IN WASHINGTON, GENERATE MORE REVENUES FOR THE ORGANIZATIONS, ENABLE US TO DO MORE THINGS, AND BY EXTENSION TO BENEFIT THE CITY OF SCOTTSDALE. THE MORE VISITORS WE HAVE, THE MORE REVENUE COMES TO THE CITY OF SCOTTSDALE, BOTH BUSINESSES AND THE CITY ITSELF, TAX REVENUE.

Vice Mayor Klapp: MR. CASPER, YOU NEED TO WRAP IT UP.

Michael Casper: OK. WITH THAT IN MIND, WE ARE ASKING THE COUNCIL TO APPROVE OUR REQUEST, TO BE OUR PARTNER IN GROWING THE ORGANIZATION IN ORDER TO GROW THE ECONOMIC FOOTPRINT FOR SCOTTSDALE AND THE REVENUES FOR THE CITY COUNCIL ITSELF. THANK YOU VERY MUCH.

Vice Mayor Klapp: THANK YOU. THE NEXT SPEAKER IS SUE REINER.

[Time: 02:51:52]

Sue Reiner: THANK YOU VICE MAYOR AND MEMBERS OF THE CITY COUNCIL FOR A CHANCE TO ADDRESS YOU THIS EVENING. MY NAME IS SUE REINER AND FOR THE PAST 22 YEARS I HAVE BEEN EXECUTIVE DIRECTOR OF THE ARIZONA COUNCIL FOR INTERNATIONAL VISITORS. OUR ADDRESS IS 3295 N. DRINKWATER BLVD. SUITE NUMBER 9. MUCH LIKE THE CITY OF SCOTTSDALE IN THE '60S, THE COUNCIL WAS MUCH SMALLER AND SIMPLER IN ITS OPERATIONS WHEN IT RAN AS AN ALL VOLUNTEER ORGANIZATION. WHEN I JOINED AZCIV WE HOSTED JUST A HANDFUL OF INTERNATIONAL VISITORS ANNUALLY. BUT MUCH LIKE SCOTTSDALE GREW, SO DID WE. I WRITE PROPOSALS TO THE STATE DEPARTMENT, ARTICULATING THE VALUE THAT A VISIT TO SCOTTSDALE WILL BRING TO EACH OF THESE INTERNATIONAL VISITORS. I HIGHLIGHT OUR RICH CULTURAL HERITAGE, OUR VIBRANT ECONOMY AND THE MANY AND VARIED RESOURCES IN OUR LOCAL COMMUNITY. CENTERS FOR INTERNATIONAL VISITORS EXIST IN NEARLY EVERY MAJOR AND SMALLER U.S. CITY AND TOWN. OF THE MANY PROPOSALS THAT I WRITE EACH YEAR, AZCIV IS SELECTED PERHAPS ONLY ONE IN THREE OR ONE IN FIVE TIMES. I ARRANGE PROFESSIONAL APPOINTMENTS, AS MANY AS FIVE A DAY, FOR EACH DAY OF THEIR VISIT. I ARRANGE HOTEL, GROUND TRANSPORTATION ACCOMMODATIONS, RESTAURANT RESERVATIONS, SHOPPING DESTINATIONS, GUIDE TOURS, AND ALL OTHER ARRANGEMENTS TO MAKE THEIR STAY INFORMATIVE AND COMFORABLE, HOPING ALL THE WHILE TO LEAVE A LASTING MEMORY OF SCOTTSDALE. AS THE SUCCESS OF THE COUNCIL HAS GROWN OVER THE YEARS, OUR INTERNAL RESOURCES HAVE SIMPLY REACHED CAPACITY AND THE NUMBER OF INTERNATIONAL VISITOR PROGRAMS HAS BECOME STATIC. THERE ARE SIMPLY A FINITE NUMBER OF HOURS IN A DAY TO MANAGE THE OPERATIONS OF THIS ORGANIZATION. I WAS DELIGHTED AFTER MANY YEARS OF FINANCIAL SAVINGS, THE ARIZONA COUNCIL WAS ABLE TO PROVIDE ADDITIONAL PERSONNEL IN THE FORM OF A NEW DIRECTOR OF OPERATIONS, JAMES LIFFITON. HE BROUGHT AN ADVANCED LEVEL OF TECHNOLOGY, SKILL AND EXPERTISE TO OUR ORGANIZATION AND WORKED WITH KEY MEMBERS OF OUR BOARD TO DEVELOP AND IMPLEMENT A STRATEGIC COMMUNICATION STRATEGY. THANKS TO JAMES' INVOLVEMENT, WE HAVE ALREADY SEEN DRAMATIC RESULTS AND AN

INCREASE IN INTERNATIONAL VISITORS. WE NOW HAVE BOARD MEMBERS REPRESENTING THE ARIZONA CHAMBER OF COMMERCE AND INDUSTRY, THE ARIZONA COMMERCE AUTHORITY, ARIZONA INTERNATIONAL GROWTH GROUP, FORMER AMBASSADORS AND CAREER DIPLOMATS, MEMBERS OF THE INTERNATIONAL COUNCIL BOARD, LEADERS IN BUSINESS AND ACADEMIA, AND ONE LOCAL BOARD MEMBERS SERVES AS THE CHAIRMAN OF THE NATIONAL COUNCIL FOR INTERNATIONAL VISITORS, OUR PARENT NON-PROFIT PARTNER IN WASHINGTON, DC. NEVER BEFORE HAS AZCIV BEEN BETTER POSITIONED TO LEVERAGE RELATIONSHIPS LOCALLY, NATIONALLY AND INTERNATIONALLY. MAYOR, VICE MAYOR AND MEMBERS OF THE COUNCIL, YOU HAVE ALREADY DEMONSTRATED YOUR COMMITMENT TO THIS ORGANIZATION WITH YOUR PAST FINANCIAL SUPPORT AND WITH THE COUNTLESS HOURS MANY OF YOU HAVE SPENT WITH OUR INTERNATIONAL VISITORS. BUT IT IS WITH A RENEWED SENSE OF OPTIMISM AND THE REASONS JUST OUTLINED THAT WE COME BEFORE YOU TONIGHT TO REQUEST AN INCREASE IN OUR GRANT FROM THE CITY. THANK YOU VERY MUCH FOR YOUR TIME, YOUR SERVICE TO OUR COMMUNITY, AND YOUR CONSIDERATION OF THIS REQUEST.

Vice Mayor Klapp. THANK YOU. NEXT IS JAMES LIFFITON.

[Time: 02:55:24]

James Liffiton: GOOD EVENING VICE MAYOR AND MEMBERS OF THE COUNCIL. MY NAME IS JAMES LIFFITON AND I AM THE DIRECTOR OF OPERATIONS AT THE ARIZONA COUNCIL FOR INTERNATIONAL VISITORS. FOR THE RECORD OUR OFFICE IS LOCATED AT 3295 N. DRINKWATER BLVD. AS YOU JUST HEARD, I AM THE NEW STAFF MEMBER REFERENCED IN THE PREVIOUS TESTIMONIES. I WOULD VERY MUCH LIKE TO CONTINUE IN MY POSITION OVER THE NEXT COUPLE OF YEARS. I JOINED AZCIV IN NOVEMBER AFTER GRADUATING FROM ASU. I'M RESPONSIBLE FOR PROPOSAL WRITING, PROGRAMMING AND DEVELOPING A NEW STRATEGIC COMMUNICATIONS STRATEGY TO REFLECT THE GOALS OF THE NATIONAL COUNCIL FOR INTERNATIONAL VISITORS. THE NATIONAL COUNCIL IS PRESENTLY UNDERGOING SIGNIFICANT CHANGE. THEY'RE IN THE PROCESS OF RENAMING, REBRANDING, REMESSAGING AND MOST IMPORTANTLY, BUILDING A NEW COMMUNICATIONS PLATFORM USING NEW MEDIA; ONLINE MEDIA, SOCIAL MEDIA AND MULTI-MEDIA AND SO FORTH. THE INTENT BEHIND THIS IS SIMPLE. CHRONICLE EACH PROFESSIONAL INTERACTION OF EACH INTERNATIONAL VISITOR FROM WHEN THEY ENTER THE UNITED STATES TO WHEN THEY DEPART. THE GOAL IS SIMPLE TO DEMONSTRATE AND QUANTIFY THE INTRINSIC AND TANGIBLE VALUES OF THESE EXCHANGES. TOO LONG THIS NETWORK HAS RELIED UPON OUTDATED MESSAGING. IT HAS BEEN, WE DO THIS BECAUSE IT'S RIGHT OR BECAUSE IT CREATES MUTUAL UNDERSTANDING AND ADVANCES PEACE. WHILE THESE POINTS ARE ACCURATE, THEY FAIL TO REACH THE ROOT BENEFIT OF EXCHANGE, THE QUANTIFIABLE, TANGIBLE AND DEMONSTRATABLE RESULTS OF THIS WORK. IN ORDER TO ADVANCE TO THE NEXT STAGE OF THE CIVIC EVOLUTION, THE NATIONAL COUNCIL HAS SET IN MOTION AN INITIATIVE WHEREBY LOCAL COUNCILS WILL BE MANDATED TO INVEST TIME AND RESOURCES INTO DEVELOPING MULTI-MEDIA, SOCIAL MEDIA AND ELECTRONIC ARCHIVES FOR EACH PROGRAM. IN OTHER WORDS, A SHORT VIDEO, PHOTOGRAPH, BLOG, OR TWEET ARTICULATING EVERY SINGLE APPOINTMENT, EXCHANGE AND INTERACTION THAT A VISITOR HAS WHILE IN THE U.S. MOST IMPORTANTLY, THE LOCAL COUNCILS THAT HAVE THE MOST PROLIFIC ELECTRONIC PRESENCE WILL BE ASSURED OF MORE PROGRAMMING OPPORTUNITIES. IN OTHER WORDS, MORE VISITORS TO SCOTTSDALE EQUALING MORE ECONOMIC IMPACT FOR SCOTTSDALE. I'M PROUD TO LET YOU KNOW THAT DUE TO OUR CURRENT SOCIAL MEDIA DEVELOPMENT AZCIV WILL BE NOMINATED FOR A NEW MEDIA AWARD AT THIS YEAR'S NATIONAL MEETING. NOT ONLY WILL THIS USE OF NEW MEDIA

POTENTIALLY INCREASE THE NUMBER OF INTERNATIONAL VISITORS TO SCOTTSDALE, IT WILL PROVIDE AZCIV WITH A GREATER OPPORTUNITY TO PROMOTE THE CITY OF SCOTTSDALE. IN CLOSING, I JUST WANT TO SAY WHAT AN HONOR AND PRIVILEGE IT HAS BEEN TO SERVE AZCIV AND THE CITY OF SCOTTSDALE. YOU ARE WONDERFUL PARTNERS. WE COULD NOT DO IT WITHOUT YOUR SUPPORT AND I URGE YOU TO CONTINUE TO SUPPORT US. ALSO IF POSSIBLE, PLEASE LIKE US ON FACEBOOK AND FOLLOW US ON TWITTER. THANK YOU VERY MUCH.

Vice Mayor Klapp: THANK YOU. NEXT IS SUZANNE KINNEY.

[Time: 02:58:40]

Suzanne Kinney: GOOD EVENING VICE MAYOR KLAPP AND MEMBERS OF THE COUNCIL. MY NAME IS Suzanne KINNEY AND I'M HERE THIS EVENING IN MY VOLUNTEER CAPACITY AS THE VICE CHAIR OF COMMUNICATIONS ON THE BOARD OF DIRECTORS FOR THE ARIZONA COUNCIL FOR INTERNATIONAL VISITORS. I'VE BEEN HONORED TO SERVE ON THIS BOARD FOR THE LAST SEVERAL YEARS WITH A DEDICATED GROUP OF CITIZEN DIPLOMATS WHO ALSO VOLUNTEER THEIR TIME FOR THIS ORGANIZATION IN ORDER TO ADVANCE ARIZONA WITHIN THE INTERNATIONAL BUSINESS COMMUNITY. IN TERMS OF MY PAID EMPLOYMENT, FOR THE PAST EIGHT YEARS I SERVED AS THE SENIOR VICE PRESIDENT OF PUBLIC POLICY FOR THE ARIZONA CHAMBER OF COMMERCE AND INDUSTRY. I MENTION THIS SIMPLY BECAUSE IT HAS GIVEN ME A UNIQUE PERSPECTIVE ON ARIZONA'S BUSINESS ENVIRONMENT AND HOW WE'RE PERCEIVED IN THE INTERNATIONAL BUSINESS COMMUNITY. WHILE ARIZONA'S ECONOMY HAS GENERALLY GROWN FOR THE LAST SEVERAL DECADES, ONE AREA THAT IS CLEARLY IN NEED OF MORE FOCUS AND INVESTMENT IS OUR ROLE IN INTERNATIONAL TRADE AND BUSINESS DEVELOPMENT. AS A RELATIVELY YOUNG STATE WITH AN EMERGING ECONOMY, WE ARE SIMPLY BEHIND MANY OTHER STATES THAT ARE MORE INTERNATIONALLY MINDED AND INVOLVED. THE GOOD WORK THAT THE ARIZONA COUNCIL FOR INTERNATIONAL VISITORS IS DOING TO BRIDGE THIS GAP IS SOMETHING THAT SHOULDN'T JUST BE RECOGNIZED AND COMMENDED, IT IS IN FACT WORTHY OF INVESTMENT. PERHAPS NO OTHER NON-PROFIT ORGANIZATION IN ARIZONA IS DOING MORE TO SPUR BUSINESS INVESTMENT AND TRADE RELATIONS WORLDWIDE. THE VISITORS THAT TRAVEL TO SCOTTSDALE UNDER THE AUSPICES OF THE INTERNATIONAL VISITOR LEADERSHIP PROGRAM ARE WELL-RECOGNIZED LEADERS IN A PROFESSION, TRADE AND INDUSTRY. THEY ARE DIRECTLY NOMINATED BY THE U.S. AMBASSADOR SERVING AT POST IN EACH COUNTRY AROUND THE WORLD. THESE VISITORS REPRESENT EXACTLY THE TYPES OF RELATIONSHIPS THAT ARIZONA AND SCOTTSDALE NEED TO BUILD. MANY RETURN HOME TO ASCEND TO THE HIGHEST LEVELS OF BUSINESS, GOVERNMENT AND ACADEMIA. OVER 230 CURRENT AND FORMER INTERNATIONAL HEADS OF STATE HAVE TRAVELLED UNDER THIS PROGRAM INCLUDING SOME NOTABLES SUCH AS PRESIDENT OF AFGHANISTAN HAMID KARZAI, SOVIET PRIME MINISTER VLADIMIR PUTIN, FORMER BRITISH PRIME MINISTERS MARGARET THATCHER AND GORDON BROWN, AND FORMER FRENCH PRESIDENT NICOLAS SARKOZY JUST TO NAME A FEW. WHILE THE WORK OF THE ARIZONA COUNCIL FOR INTERNATIONAL VISITORS IS A BENEFIT TO THE STATE OF ARIZONA OVERALL, IT IS OF PARTICULAR BENEFIT TO THE CITY OF SCOTTSDALE. AS MEMBERS OF THE CITY COUNCIL, I'M SURE YOU CAN TAKE PRIDE IN HAVING THIS ORGANIZATION WITHIN YOUR JURISDICTION. MANY OTHER MUNICIPALITIES WOULD LONG FOR THE OPPORTUNITY TO HAVE IT WITHIN THEIRS. TRULY SCOTTSDALE IS THE ENVY OF THE VALLEY AS IT RELATES TO INTERNATIONAL EXCHANGE AND THIS IS THE TYPE OF PROGRAM THAT IS WORTHY OF FURTHER INVESTMENT. I HOPE YOU WILL AGREE. THANK YOU.

Vice Mayor Klapp: NEXT, MICHAEL PATTERSON.

[Time: 03:01:50]

Michael Patterson: THANK YOU FOR YOUR TIME. MIKE PATTERSON. I'M FROM A LAW FIRM HERE IN TOWN. I'M NOT BRAGGING ON THEM BUT I'M PART OF A DOZEN INTERNATIONAL INITIATIVES AND ORGANIZATIONS AROUND TOWN. THIS IS THE ONE I'M THE MOST PASSIONATE ABOUT. THIS IS THE ONE I DO FOR FUN BUT I REALLY BELIEVE IN IT BECAUSE I'VE BECOME INCREASINGLY CONCERNED ABOUT HOW WE'RE VIEWED AROUND THE WORLD. THIS ORGANIZATION JUST REALLY HAS MY PASSION. I CAN'T BELIEVE THIS, A NATIONAL PROGRAM PAYS FOR PEOPLE TO COME TO ARIZONA AND WE CHANNEL THEM INTO SCOTTSDALE AND DUMP THE REVENUE INTO HOTELS AND WE HAVE A PASSIONATE GROUP OF VOLUNTEERS, AND I'M ONE, WHO WANTS TO BRING THEM IN OUR LIVING ROOMS AND GIVE THEM HOT DOGS AND APPLE PIE. THAT'S WHAT THEY TALK ABOUT. THEY SAW KIDS DOING HOMEWORK ONE NIGHT AND DOGS RUNNING AROUND. I HAD THE PRIVILEGE TO HAVE TWO LATIN AMERICAN INVESTMENT BANKERS IN MY LIVING ROOM WITH 60 OR 70 OTHER PEOPLE AND THEY HAD A GREAT TIME. THEY'RE GOING TO GO AWAY AND REMEMBER THAT. THEY MAY BRING THEIR MONEY BACK AND INVEST WITH US. I HAD THE PRIVILEGE OF SERVING WITH BILL MILLER TO TALK WITH A GROUP ON CORRUPTION FROM THE DOMINICAL REPUBLICA. WE TALKED ABOUT HOW WE DEAL WITH CORRUPTIONSIN MY AREA BEFORE THE SCC AND HIS AREA OF INVESTMENT BANKING AS WELL. I STOOD IN A LIVING ROOM WITH ONE OF OUR VOLUNTEERS WITH A TALK SHOW HOST WHO ARE GOING TO GO HOME AND TALK ABOUT SCOTTSDALE AND THEIR EXPERIENCE WITH A BROADER AUDIENCE. I WAS AT A FUNCTION UP IN NORTH SCOTTSDALE. IT WAS AN AMAZING THING INTRODUCING THEM TO SCOTTSDALE. THIS GROUP HAS BECOME AT THE FOREFRONT NATIONALLY, AS THEY SAID. YOUR QUESTION WAS WHAT ELSE ARE YOU GETTING FOR THIS? THE NATIONAL ORGANIZATION CHANGED ITS WAY OF DOLLING OUT THE TRIPS TO AN ELECTRONIC DATABASED ELECTION. HOW WE RESPOND TO QUICKLY GETTING THAT INFORMATION --MY TIME IS UP. THANK YOU.

Vice Mayor Klapp: I HAVE A CARD FROM MARTY DAY. HE'S NOT HERE. LAST SPEAKER IS KYLE MOYER. WHAT WAS THAT? THANK YOU. THAT'S ALL THE SPEAKERS. OKAY. COUNCILMEMBER KORTE.

Councilmember Korte: I WOULD LIKE TO MAKE A MOTION VICE MAYOR TO ADOPT RESOLUTION 9352 AUTHORIZEING CONTRACT 2013-043-COS FOR \$75,500 DOLLARS IN FISCAL YEAR 2013-14 AND ANOTHER \$75,500 IN FISCAL YEAR 14-15 WITH THE ARIZONA COUNCIL FOR INTERNATIONAL VISITORS. THAT ALSO AUTHORIZES A BUDGET TRANSFER OF \$43,701 FROM THE FISCAL GENERAL FUND OPERATING CONTINGENCY TO THE CITY'S GENERAL FUND.

Vice Mayor Klapp: BRAD, I THINK YOU SAID \$75,000 WAS THE EXACT AMOUNT.

Brad Lundahl: I DID.

Vice Mayor Klapp: WOULD YOU MIND CHANGING YOUR MOTION.

Councilmember Korte: OKAY BUT THAT'S WHAT IT SAYS IN HERE.

Vice Mayor Klapp: IS THERE A SECOND? ANY OTHER SPEAKERS ON THIS? WE'RE READY TO VOTE. ALL THOSE IN FAVOR OF THE MOTION INDICATE BY SAYING AYE, THOSE OPPOSED NAY. OKAY. WE HAVE A UNANIMOUS VOTE OF 6-0 FOR THE MOTION. THE MAYOR CAN COME BACK.

Brad Lundahl: THANK YOU.

Mayor Lane: HAVING COMPLETED THAT ITEM, I'LL EXTEND THE THANKS TO EVERYONE WHO TESTIFIED WITH GOOD INFORMATION. WE MOVE ONTO ITEM 31, PUBLIC HEARING AND ADOPTION OF THE CITY COURT DEFAULT FEE. JUDGE OLCAVAGE HERE.

ITEM 31 -- PUBLIC HEARING AND ADOPTION OF THE CITY COURT DEFAULT FEE

[Time: 03:07:27]

Presiding Judge Olcavage: MR. MAYOR, MEMBERS OF THE COUNCIL, GOOD EVENING. AS PART OF THE OVERALL BUDGET PROCESS, THE COURT HAS REVIEWED FEES AND ASSESSMENTS AND IS RECOMMENDING THAT THE DEFAULT BE INCREASED FOR NEXT FISCAL YEAR. PURSUANT TO STATE LAW, THE COUNCIL HAS AUTHORITY TO SET CERTAIN COURT FEES AND ESTABLISH THOSE RATES. INDIVIDUALS THAT ARE CHARGED WITH TRAFFIC VIOLATIONS AND CIVIL ZONING VIOLATIONS ARE THE ONES AFFECTED BY THIS. WHEN YOU'RE GIVEN A CITATION YOU'RE GIVEN A COURT DATE. IF YOU FAIL TO APPEAR A DEFAULT JUDGEMENT IS ENTERED AND A FINE AND DEFAULT FEE IS IMPOSED. IF THE PERSON IS FOUND RESPONSIBLE AND CAN'T PAY THE ASSESSMENT THEY CAN BE PUT ON A PAYMENT PLAN. IF THEY MISS TWO PAYMENTS THEY'RE DEFAULTED. THE CURRENT RATE IS \$50 PER CHARGE. WE'RE RECOMMENDING THAT BE MOVED UP TO \$65 PER CHARGE. IN DETERMINING WHAT IMPACT THIS WOULD HAVE ON THE GENERAL FUND, THE COURT LOOKED AT THE NUMBER OF CASES DEFAULTED LAST YEAR AND TOOK INTO CONSIDERATION THE NUMBER OF CASES REMOVED FROM DEFAULT. IF ONE ENTERS DEFAULT ONE CAN FILE A MOTION WITH THE HEARING OFFICE. IF IT IS A VALID REASON THAT YOU MISSED THE COURT DATE OR COULDN'T MAKE THE PAYMENTS YOU CAN BE REMOVED FROM DEFAULT AND START OVER. TAKING INTO ACCOUNT THOSE TWO MATTERS WE THINK IT WILL HAVE A POSITIVE INFLUENCE. WE'RE SUBMITTING FOR COUNCIL CONSIDERATION TO AMEND ORDINANCE 4084 TO INCREASE THE FEE FROM \$50 TO \$65 STARTING AUGUST 1, 2013. THANK YOU.

Mayor Lane: THANK YOU, JUDGE. WE DO NOT HAVE ANY CARDS ON THIS FOR COMMENT. COUNCILMAN PHILLIPS.

Councilmember Phillips: I MOVE WE ADOPT ORDINANCE 4084 REVISING THE COURT COST TO INCREASE COST TO \$65 EFFECTIVE AUGUST 1, 2013.

Mayor Lane: MOTION MADE, SECONDED? COUNCILMAN, WOULD YOU LIKE TO SPEAK TO IT AT ALL? NO FURTHER COMMENT. WE'RE READY TO VOTE. ALL IN FAVOR INDICATE BY AYE, OPPOSED NAY. UNANIMOUSLY APPROVED. THANK YOU JUDGE.

ITEM 32 – FISCAL YEAR 2013/14 PROPERTY TAX LEVIES.

[Time: 03:10:33]

Finance Director Lee Guillory: MAYOR, MEMBERS OF COUNCIL, I'LL TRY TO KEEP THIS BRIEF TONIGHT. ON JUNE 4, BY A 5-2 VOTE, YOU APPROVED A MOTION TO LEVIE THE PROPOSED FISCAL YEAR 13-14, PRIMARY SECONDARY PROPERTY TAX RATES SHOWN ON THE SCREEN TONIGHT WITH A MINIMUM OF 14 DAYS BEFORE ADOPTING THE ORDINANCE. THAT WILL BE THE ACTION TONIGHT. BASED ON THAT JUNE 4 ACTION, TONIGHT YOU WOULD BE MAKING A MOTION TO ADOPT ORDINANCE 4085 ASSESSING THE FISCAL YEAR 13-14 PRIMARY AND SECONDARY PROPERTY TAXES. ARE THERE ANY QUESTIONS?

Mayor Lane: I WOULD SAY THAT'S PRETTY STRAIGHT FORWARD, ONE OF YOUR EASIER PRESENTATIONS. I DON'T KNOW IF IT'S A QUESTION, COMMENT OR MOTION. COUNCILMAN ROBBINS.

Councilman Robbins: I MAKE A MOTION THAT WE ADOPT THE ORDINANCE 4085.

Mayor Lane: MOTIONED, MOVED AND SECONDED. WE'RE READY TO VOTE. MOTION PASSES 6-1. I UNDERSTAND WE HAVE THE PLEASURE OF YOUR COMPANY ON THE NEXT ONE, STREET LIGHT LEVIES.

Lee Guillory: SIMILAR TO THE PRIOR ITEM, ON JUNE 4th WE HAD THE HEARING ON THE STREET LIGHT LEVIE AT WHICH TIME YOU ADOPTED MOTION BY A 7-0 VOTE TO LEVIE THE STREET LIGHT DISTRICT WITH THE DOLLAR AMOUNT ON THE SCREEN. THE ACTION IS TO ADOPT 4086.

Councilman Robbins: I'D LIKE TO MAKE THE MOTION TO ADOPT 4086, STREET LIGHT LEVIE BY DISTRICT.

Mayor Lane: MOTION MADE AND SECONDED. WE'RE READY TO VOTE. MOTION PASSES UNANIMOUSLY. VERY SUCCESSFUL, THANK YOU. MOVING ONTO OUR NEXT ITEM OR ITEMS, ITEMS 34 AND 35 MAY BE SUBJECT TO A SIMILAR REQUEST TONIGHT. I MIGHT OFFER TO THE COUNCIL IF WE WOULD LIKE TO, I'D ACCEPT A MOTION TO RECESS INTO EXECUTIVE SESSION TO DISCUSS [INAUDIBLE] AND REPRESENTATIVES IN THE PUBLIC BODY FOR LEGAL ADVICE REGARDING THE SAME. DO I HAVE SUCH A MOTION OR ANY CONVERSATION?

Councilwoman Milhaven: I JUST HAVE A QUESTION. I NOTICED THAT'S ITEM 34 AND 35, AND 36 IS THE MONTHLY FINANCIAL UPDATE. DID YOU WANT TO CONTINUE THAT OR DO THAT FIRST?

ITEM 36 – MONTHLY FINANCIAL UPDATE REQUESTS

[Time: 03:14:42]

Mayor Lane: THAT'S NOT A BAD IDEA. THAT'S THE LAST ITEM SO WHY DON'T WE GO AHEAD, VERY GOOD IDEA. WE'LL HOLD ON 34 AND 35 AND MOVE ON TO 36. JOYCE? SPARE YOU A LITTLE BIT OF TIME OF US. I HOPE YOU APPRECIATE THIS JOYCE.

[Time: 03:15:01]

Accounting Director Joyce Gilbride: THANK YOU VERY MUCH. MAYOR LANE AND MEMBERS OF THE CITY COUNCIL, THIS IS THE FINANCIAL UPDATE AS OF MAY 31, 2013. WE HAVE AN OVER ALL POSITIVE

VARIANCE AT THE END OF MAY OF 2% OR \$5 MILLION. AS WE'VE SEEN IN THE LAST SEVERAL MONTHS THAT'S DRIVEN PRIMARILY BY THE BUILDING PERMIT REVENUE. THAT WAS EXCEEDING OUR BUDGET FOR THE MONTH OF MAY BY ABOUT 24% OR \$200,000. WE HAD \$2.7 MILLION ON THAT LINE ITEM. WE ALSO SAW SOME OF THE TIMING DIFFERENCES KIND OF EVEN OUT AT THIS POINT. PROPERTY TAX REVENUE IS FLAT WITH THE BUDGET. WE'VE SEEN A VARIANCE FOR MOST OF THE MONTH. ON THE AUTO LIEU WE HAD AN UNFAVORABLE VARIANCE OF 8% BUT IT'S DOWN TO 2% BECAUSE OF THE TIMING DIFFERENCES. LOOKING AT THE ONE PERCENT SALES TAX COLLECTIONS, WE HAVE AN OVERALL UNFAVORABLE VARIANCE OF 1% OR \$1.1 MILLION. IF YOU LOOK AT ACTUAL TO ACTUAL WE'RE AT A 5% INCREASE OVER THE SAME PERIOD OR ABOUT \$4.1 MILLION. WE'RE STILL SEEING SOME GOOD ACTIVITY UNDER THE CONSUMER SPENDING IN MISCELLANEOUS GOODS AND AUTOMOBILE SALES AND MAINTENANCE. TOURISM AND ENTERTAINMENT, THE HOTEL LODGING AND MISCELLANEOUS SALES ARE UP SHOWING A POSITIVE VARIANCE OF \$200,000. WE'RE SEEING A LAG IN THE CONSTRUCTION CONTRACTING. THAT 10% UNFAVORABLE BEARING IS EQUIVALENT TO LAST MONTH. SLIGHT INCREASE IN RENTAL UP TO 4%. THIS GRAPH SHOWS THE OVER YEAR CHANGE IN THE ONE PERCENT SALES TAX COLLECTION. SO FOR THE MONTH OF MAY 2013 COMPARED TO 2012, WE REALIZED ABOUT AN 8.2% INCREASE IN OUR REVENUE. MOVING TO OUR GENERAL FUND OPERATING USES BY CATEGORY, TOTAL PERSONNEL SERVICES SHOWS AN UNFAVORABLE VARIANCE OF \$300,000. THAT'S THE NET EFFECT OVERTIME OF \$900,000 AND SOME SAVINGS THAT WE'RE REALIZING IN SALARIES, WAGES AND HEALTH AND DENTAL. \$800,000 IS THE POLICE DEPARTMENT OVERTIME. FOR THE MONTH OF MAY THE POLICE DEPARTMENT DID EXCEED THEIR BUDGET BY ABOUT 26% OR \$63,000. CONTRACTUAL COMMODITIES AND CAPITAL OUTLAY SHOWS A VARIANCE OF \$2.2 MILLION WITH OPERATING OF 1%. AFTER FACTORING IN DEBT PAYMENTS AND TRANSFERRING OUT, POSITIVE VARIANCE OF 1% OR \$17.6 MILLION. LOOKING AT THE \$1.9 MILLION SAVINGS BY DIVISION, MAYOR, COUNCIL AND CHARTER OFFICERS, \$9 MILLION VARIANCE. THE HIGHEST DOLLAR CONTRIBUTORS ARE CITY CLERK, CITY ATTORNEY AND CITY TREASURER. ADMINISTRATIVE SERVICES HAS A \$300,000 VARIANCE AND THAT'S IN I.T. SOME OF THAT WILL BE USED BEFORE THE END OF THE YEAR. COMMUNITY AND ECONOMIC DEVELOPMENT HAS UNFAVORABLE VARIANCE OF ONE HUNDRED THOUSAND DOLLARS. COMMUNITY SERVICES HAS A MILLION DOLLARS FAVORABLE VARIANCE. THAT'S DUE TO SEASONAL WORKERS AND PART-TIME WAGES. PUBLIC SAFETY FIRE HAS A POSITIVE VARIANCE OF A HUNDRED THOUSAND DOLLARS IN SALARIES. PUBLIC SAFETY POLICE IS REFLECTING NO VARIANCE AT THIS POINT. AS WE'VE SEEN IN THE PRIOR MONTHS THEY'RE ABLE TO OFFSET THEIR VARIANCE IN PERSONNEL SERVICES WHICH IS SLIGHTLY OVER \$1 MILLION AT THIS POINT. PUBLIC WORK SOCIAL SERVICES SHOWING AN UNFAVORABLE VARIANCE OF \$0.4 MILLION. THAT'S DUE TO A LOT OF THE OPERATING PROJECTS THIS YEAR, PAINTING BUILDINGS, REPLACEMENT OF CARPETING, REPAIR OF CONCRETE. AT THIS POINT THEY ANTICIPATE SOME OF THE VARIANCE WILL BE REDUCED BY JUNE. THAT'S THE CAUSE OF THAT CHANGE FOR THE MONTH. SO IN TOTAL AGAIN, WE SHOW A FAVORABLE VARIANCE OF 1% OR \$1.9 MILLION. THAT CONCLUDES THE PRESENTATION.

[Time: 03:20:26]

Mayor Lane: THANK YOU JOYCE. JUST A QUICK QUESTION ON THE PUBLIC SAFETY POLICE LINE. YOU SAID OBVIOUSLY IT'S SHOWING EVEN BUT BY VIRTUE OF A TRADE-OFF BETWEEN CONTRACTUAL SERVICES OF APPROXIMATELY A MILLION DOLLARS IN SAVINGS THERE TO OFFSET APPROXIMATELY A MILLION DOLLARS IN PERSONNEL SERVICE COSTS.

Joyce Gilbride: MAYOR LANE, CITY COUNCILMEMBERS, THE JAIL SERVICES CONTRACT IS SHOWING ABOUT \$900,000 FAVORABLE VARIANCE AT THIS POINT. I DON'T BELIEVE THEY'RE CURRENT ON THEIR BILLING RIGHT NOW. FLEET HAS ABOUT A \$300,000 VARIANCE FOR THE POLICE DEPARTMENT AS WELL. THAT PROBABLY WILL HOLD.

Mayor Lane: THAT WAS FLEET?

Joyce Gilbride: YES, FLEET MAINTENANCE AND OPERATIONS.

Mayor Lane: IT SOUNDS LIKE A SIZEABLE AMOUNT OF MONEY. MAYBE I WOULD ASK THE CITY MANAGER WHEN YOU HAVE \$900,000, NOTWITHSTANDING THE BILLING, TIMING OF BILLINGS OR SOMETHING, IT'S UNQUANTIFIED BUT \$900,000 IN CONTRACT SAVINGS IN THE JAIL SERVICES CONTRACT, THAT SOUNDS LIKE A LOT. I DON'T KNOW WHAT THE LINE ITEM HOLDS AS A TOTAL. IF IT HAS A 10% SAVINGS IT MAY BE LESS THAN THAT.

Acting City Manager Dan Worth: MAYOR, MEMBER OF COUNCIL, I'D LIKE TO REMIND YOU OF A DISCUSSION WE HAD IN APRIL AND THEY POINTED THAT OUT. LARGELY AS A RESULT OF SOME OF THE ENHANCEMENTS OUR COURT WAS ABLE TO EFFECT FOR US. THAT REDUCES THE AMOUNT OF COST TO INCARCERATE PEOPLE AND WE CAN GET THEM ARRAIGNED AND OUT OF JAIL QUICKLY. THAT WAS AN ANTICIPATED SAVINGS. WE'VE ADJUSTED NEXT YEAR'S ESTIMATES TO ACCOUNT FOR THAT SUCCESS.

Mayor Lane: SO THERE WON'T BE A REPEAT OPPORTUNITY TO HAVE THAT KIND OF SAVINGS IN THAT LINE ITEM FOR THE NEXT FISCAL YEAR. YOU SAY YOU ADJUSTED IT DOWNWARDS TO REFLECT THE SAVINGS IN THAT AREA THEY'RE SEEING NOW.

Dan Worth: THAT'S CORRECT. THE BUDGET WE APPROVED FOR FISCAL YEAR 13-14, WE LARGELY REFLECTED THE VARIANCES, THE POSITIVE VARIANCE ON THE JAIL SERVICE AND NEGATIVE VARIANCE IN PERSONNEL BY ADJUSTING THE NUMBERS ACCORDINGLY.

Mayor Lane: THANK YOU. THANK YOU, JOYCE. SEEING NO OTHER QUESTIONS ON THAT ITEM I THANK YOU FOR THE PRESENTATION. SO MR. SMITH, PRESENTATION AND DISCUSSION ON ACCOUNTING AND PENSIONS.

[Time: 03:23:23]

City Treasurer David Smith: YES, MR. MAYOR AND MEMBERS OF COUNCIL, I HOPE THIS DOESN'T MAKE YOU REGRET MOVING THIS ITEM UP. THIS ITEM, SEVERAL YEARS AGO WHEN I TOOK THIS POSITION I TOLD YOU I WOULD TRY TO ANSWER EVERY QUESTION THAT YOU ASK AS WELL AS ANSWER A FEW YOU NEVER THOUGHT TO ASK. THIS PRESENTATION IS INFORMATION ONLY. YOU'RE WELCOME TO GIVE COMMENTS AND GUIDANCE OR WHATEVER. WE'RE HERE TO MAKE YOU AWARE OF A COMING EVENT. WHAT WE'RE GOING TO TALK ABOUT TONIGHT IS A STATEMENT THAT THE G.A.S.B. HAS ISSUED, NUMBER 68. THE BACKGROUND OF THIS IS APPARENT FROM WHAT A COUPLE OF RATING AGENCIES SAID IN RESPONSE TO THE NEW ACCOUNTING RULE. THE FIRST STATEMENT IS FROM MOODY'S FROM LAST YEAR WHEN THEY SAID PENSION LIABILITIES ARE WIDELY ACKNOWLEDGED TO BE UNDERSTATED. CRITICS ARE FOCUSED ON THE DISCOUNT RATE. THE DISCOUNT RATE IS 8% HERE IN ARIZONA. IT IS SCHEDULED TO GO DOWN TO 7.8 NEXT YEAR. BUT AT THE TIME OF THIS WRITING IT'S

AN 8% RATE. AND THAT'S ACKNOWLEDGED TO BE THE PRIMARY REASON FOR THE UNDERSTATEMENT OF THE PENSION LIABILITIES. FITCH HAD THEIR OWN TAKE ON THE G.A.S.B. 68 RULING, SAYING THAT IN THEIR VIEW, THE NEW G.A.S.B. STANDARDS SHOULD INCREASE PUBLIC PRESSURE ON DECISION MAKERS TO REFORM PENSIONS. WHAT THE RATING AGENCIES ARE SAYING, THEY'VE KNOWN ABOUT THESE LIABILITIES FOR YEARS. BUT THEY'RE SAYING NOW WITH G.A.S.B. 68, THEY THINK THERE WILL BE INCREASED AWARENESS ON THE PART OF THE PUBLIC AND THAT OF COURSE WILL COME TO BEAR AS INCREASED PRESSURE ON YOU AS THEIR ELECTED REPRESENTATIVES. THE GOVERNMENT ACCOUNTING STANDARDS BOARD STATEMENT NO. 68 BECOMES EFFECTIVE JUNE 30, 2015. IT WILL REQUIRE THAT UNFUNDED LIABILITIES FOR PENSIONS APPEAR ON THE EMPLOYER, THAT MEANS US, THE CITY, APPEAR ON OUR BALANCE SHEET. AND THEN THEY'RE ALSO GOING TO SET SOME STANDARDS FOR DETERMINING WHAT THAT LIABILITY AND PERIODIC EXPENSE MIGHT BE. TO REMIND YOU, WE DO NOT RECORD THIS LIABILITY ON OUR BALANCE SHEET. WE DON'T ACKNOWLEDGE IT, IF SOMEONE WANTS TO KNOW WHAT THE LIABILITY IS, WE TELL THEM GO TALK TO THE STATE, THAT'S WHERE THE AGGREGATE LIABILITY IS FOR ALL THE CITIES, SCHOOLS, COUNTIES, AND EVERY OTHER INSTITUTION THAT'S A MEMBER OF THE STATE PENSION FUNDS. WE'LL HAVE TO TAKE OUR SHARE OF THE LIABILITY AND PUT IT ON THE BALANCE SHEET. DEPENDING ON WHAT THEY DETERMINE ON THE STANDARDS FOR DETERMINING THAT LIABILITY, IT MAY INCREASE BOTH THE LIABILITY AND IT MAY INCREASE OUR PERIODIC PENSION EXPENSE BECAUSE THEY MIGHT INSIST THAT THE PROPER RATE TO USE IS SOMETHING LOWER THAN WHAT THE STATE IS CURRENTLY USING, THE 8% RATE, OR THEY MIGHT SAY THEY HAVE TO AMORTIZE THESE COSTS OVER A SHORTER PERIOD OF TIME. WE REALLY DON'T KNOW WHAT THEY'RE GOING TO DO EXCEPT THAT THEY ARE GOING TO SET STANDARDS. BEFORE I GO ANY FURTHER LET ME TELL YOU THE SIGNIFICANCE OF THAT DISCOUNT RATE. THE LIABILITY OF THE PENSION PLAN IS DETERMINED BY TAKING ALL THESE FUTURE PAYMENTS, MANY, MANY YEARS HENCE, AND PRESENT VALUING THEM. FIGURING OUT HOW MANY DOLLARS WE NEED TO SET ASIDE OR RECOGNIZE TODAY TO PAY THAT LIABILITY WHEN IT COMES DUE. MATHEMATICALLY, IF YOU PICK A HIGH INTEREST RATE, THE LIABILITY IS A LOW NUMBER. CONVERSELY, IF YOU PICK A VERY LOW INTEREST RATE, THE LIABILITY IS A HIGH NUMBER.

[Time: 03:27:49]

AS A REFERENCE POINT IN THE CITY OF SCOTTSDALE, WHEN WE EVALUATE OUR LONG-TERM LIABILITIES, AND WE DO HAVE SOME TO EMPLOYEES FOR UNUSED VACATION THAT THEY WILL TAKE WHEN THEY RETIRE, AND FOR ANY UNUSED MEDICAL LEAVE THEY WILL TAKE WHEN THEY RETIRE. WHEN WE VALUE THOSE LIABILITIES WE LOOK AT THE FUTURE PROBABLE PAYOUT AND PRESENT VALUE BACK TO TODAY'S DOLLARS AT 4% INTEREST RATE. QUITE A BIT DIFFERENT THAN AN 8% DISCOUNT FACTOR USED AT THE STATE LEVEL FOR PENSIONS. HERE'S THE STATUS OF THE THREE PRINCIPLE FUNDS THAT EXIST IN THE STATE OF ARIZONA. THE ASRS COVERS THE BULK OF GOVERNMENTAL EMPLOYEES IN THE STATE. THERE ARE A COUPLE OF BIG CITIES THAT ARE NOT PARTICIPANTS IN THE STATE ASRS PROGRAM, PHOENIX AND TUCSON. FOR THE MOST PART, OTHER STATE EMPLOYEES LOCAL, COUNTY AND STATE-WIDE ARE MEMBERS OF THE ASRS. YOU CAN SEE THAT THE AGGREGATE LIABILITIES OF THESE NUMBERS HERE ARE IN THE BILLIONS OF DOLLARS. THE AGGREGATE LIABILITIES THAT THEY RECOGNIZE AT THE 8% DISCOUNT FACTOR IS \$39 BILLION AGAINST WHICH THEY HAD A JUNE 30, 2012 \$27 OR \$28 BILLION OF ASSETS, LEAVING THEM SHORT BY \$11.1 BILLION. BEFORE I LEAVE THAT LINE LET ME JUST TELL YOU, I'LL EMPHASIZE SEVERAL TIMES DURING THIS PRESENTATION, IT IS AN 8% DISCOUNT FACTOR AS THE FOOTNOTE SAYS DOWN THERE IF YOU CAN READ IT, BUT IT ALSO SAYS THAT IF YOU CHANGE THAT TO JUST A PERCENTAGE POINT LESS, IF

YOU CHANGED IT TO 7%, THEN THE LIABILITIES FOR ALL THREE OF THESE PLANS COMBINED GOES UP BY \$6.5 BILLION. AND OF COURSE THE LIABILITIES GO UP BY \$6.5 BILLION. THE ASSETS DON'T CHANGE, THE ASSETS ARE JUST ARE WHAT THEY ARE. SO THE FUNDED STATUS WOULD BE SUBSTANTIALLY WORSE THAN DISPLAYED HERE.

[Time: 03:30:09]

Mayor Lane: EXCUSE ME MR. Smith, WE DO HAVE A QUESTION. COUNCILMAN LITTLEFIELD.

Councilman Littlefield: WHAT DOES IT MEAN TO CHANGE THE DISCOUNT FACTOR FROM 8% TO 7%? OTHER THAN JUST ON PAPER, WHAT IS THE REAL OF THAT? WHAT DOES IT MEAN TO CHANGE THE DISCOUNT RATE?

David Smith: THE MATHEMATICAL IMPACT OF COURSE IS THAT IT WOULD INCREASE THE LIABILITY. IF YOU'RE ASKING WHY WOULD THAT HAPPEN, IF YOU THINK OF IT AS A, CONCEPTUALLY THINK THAT YOU'RE GOING TO OWE SOMEBODY A THOUSAND DOLLARS A YEAR FROM NOW. AND IF YOU WANT TO FIGURE OUT HOW MANY DOLLARS DO YOU HAVE TO SET ASIDE TODAY TO MAKE SURE YOU HAVE A THOUSAND DOLLARS TO PAY THEM A YEAR FROM NOW, IF IN YOUR MIND YOU ARE DISCOUNTING YOUR FUTURE LIABILITIES BY EIGHT PERCENT, YOU WILL SET ASIDE \$920. COUNTING ON YOUR ABILITY TO MAKE THE OTHER \$80 IN THE ENSUING TWELVE MONTHS. ON THE OTHER HAND, IF YOUR JUDGMENT IS THAT YOU ARE ONLY GOING TO MAKE SEVEN PERCENT ON YOUR MONEY IN THE MEANTIME, YOU BETTER SET ASIDE \$930, YOU WILL MAKE \$70 AND HAVE A THOUSAND TO PAY THE LIABILITY. SO MATHEMATICALLY, THE NUMBER YOU PICK AS THE EXPECTED DISCOUNT FACTOR IS WHAT YOU THINK YOU WILL MAKE ON YOUR PORTFOLIO GOING FORWARD IN THE FUTURE, AND EIGHT PERCENT IS, IN THE JUDGMENT OF PEOPLE, A FAIRLY OPTIMISTIC NUMBER AND AS I MENTIONED EVEN IN THE STATE, THE STATE HAS AGREED TO LOWER THE NUMBER TO 7.8% NEXT YEAR, BUT THE STATE IS RELUCTANT TO MAKE LARGE CHANGES IN THE DISCOUNT FACTOR CERTAINLY TO THE MAGNITUDE I SHOWED HERE, DOWN BY A FULL PERCENTAGE POINT, BECAUSE YOU CAN SEE THE DOLLAR EFFECT THAT IT HAS.

Councilman Littlefield: BUT ISN'T EVEN A 7.8% OR A 7%, UNREALISTIC IN THE CURRENT CLIMATE?

David Smith: IT IS HARD TO SAY. THEY ARE GOING TO GIVE GUIDANCE IN TERMS OF THE NUMBER. THEY WILL PROBABLY SAY THE BETTER FUNDED YOUR PLAN IS, PROBABLY THE BETTER YOU WILL EARN ON IT IN FUTURE YEARS. WHY WOULD THEY SAY THAT? WELL, LOOKING AT THESE THREE PLANS AT THE ASRS LEVEL, THE ASRS LEVEL HAS MORE ASSETS. THEY ARE 71 AND A HALF PERCENT FUNDED. THEY HAVE MORE FLEXIBILITY IN INVESTING THEIR PORTFOLIO IN A VARIETY OF DIFFERENT WAYS THAN THE SECOND PLAN LISTED HERE, THE PSPRS. AND I DIDN'T EXPLAIN THAT IS THE PUBLIC SAFETY PLAN COVERING FIRE AND POLICE OFFICERS IN THE STATE. THAT PLAN IS ONLY 50% FUNDED, AND SO THE MANAGER OF THAT PLAN HAS TO BE CAUTIOUS TO A GREATER DEGREE IN HIS INVESTMENTS, MORE CONSERVATIVE IN HIS INVESTMENTS THAN THE ASRS BECAUSE HE IS CLOSER TO BEING JUST ON THE CASH FLOW BASIS.

Councilman Littlefield: BUT SHOULDN'T THE DISCOUNT RATE ACTUALLY HAVE SOME RELATIONSHIP TO THE ACTUAL RETURN THEY'RE GETTING ON THEIR INVESTMENTS?

David Smith: YES, BUT IT IS DOING IT PROSPECTIVELY, LOOKING OUT TO THE FUTURE

Councilman Littlefield: WHAT ARE THE PLANS EXPERIENCING? I'M GUESSING THEY ARE NOT EARNING 7 OR 8%.

David Smith: MR. MAYOR, MEMBERS OF COUNCIL, IT IS A DIFFICULT QUESTION TO ANSWER. I CAN ANSWER IT FOR ANY PARTICULAR PERIOD OF TIME. FOR THE PAST FIVE YEARS, IT IS STILL A NEGATIVE NUMBER. IT IS NOT EVEN A POSITIVE NUMBER, MUCH LESS EIGHT PERCENT, EVEN WITH THE GAINS OF THE PAST TWO OR THREE YEARS.

[Time: 03:34:05]

Councilman Littlefield: SO HOW WOULD SOMEBODY JUSTIFY SAYING WE'RE GOING TO MAKE 7.8% NEXT YEAR? I MEAN, DOESN'T THAT SOUND A LITTLE WEIRD?

David Smith: WELL.

Councilman Littlefield: I WOULD LIKE TO KNOW WHAT THEY ARE INVESTING IN.

David Smith: I DON'T KNOW THAT "JUSTIFY" IS THE RIGHT WORD, BUT THEY PAWNED OFF THAT RESPONSIBILITY ON THEIR ACTUARY AND THEY LOOK OFF 20, 30 YEARS, AT EQUITY, FIXED INCOME MARKETS AND THERE IS A SCHOOL OF THOUGHT THAT SAYS THAT MAY NOT BE REPRESENTATIVE OF WHAT THE NEW INVESTING WORLD WILL BE, BUT THAT'S HOW IT IS DONE. THE ACTUARY GIVES THEM THE NUMBER OR SUBSCRIBES TO THE NUMBER THEY CHOOSE.

Councilman Littlefield: I'M DONE.

David Smith: LET ME SCOOT ON A LITTLE BIT.

Mayor Lane: BEFORE YOU SCOOT ON, LET ME ASK, YOU KNOW, AS BOB WAS TALKING ABOUT, CERTAINLY, YOU KNOW, LONG-TERM PROJECTION FOR WHAT YOU MIGHT EARN ON ANY PORTFOLIO, GOING WITH THE S&P OR THE DOW 500, ARE THERE OTHER MEASUREMENTS? IN THE PAST, IT FREQUENTLY HAS BEEN MEASURED IN THAT HIGHER RATE OF THINGS. BUT YOU MADE AN INTERESTING AND PERTINENT POINT, WHETHER IT APPLIES TO THE STATE OR WHETHER OUR SHARE OF IT. IT DEPENDS ON YOUR INVESTMENT STRATEGIES AND THE INVESTMENT STRATEGIES ARE DEPENDED ON HOW WELL FUNDED YOUR PLAN IS WHETHER YOU ARE GOING TO DO PROTECTIVE INVESTMENTS, FAR BELOW EIGHT PERCENT LONG TERM OR OTHERWISE. BUT THAT'S, I THINK WE ALL UNDERSTAND THAT. THAT IS A BASIC PREMISE OF WHEN THIS BECOMES PART OF OUR BALANCE SHEET, OUR PROPORTIONATE SHARE OF THIS. WE'RE GOING TO HAVE TO JUSTIFY A DISCOUNT RATE, AN EARNINGS RATE THAT IS GOING TO BE REPRESENTATIVE OF WHAT WE REALLY EXPECT TO GET AND FRANKLY WHAT THE FINANCIAL WORLD IS GOING TO BE ABLE TO AGREE TO. BUT I WANTED TO ASK THIS WITH JUST THAT STATEMENT, I SUPPOSE, LET ME ASK THIS. YOU SAID THAT IF THERE WAS A ONE POINT CHANGE ON THIS SCENARIO RIGHT HERE, ON EACH OF THESE PLANS, THERE WOULD BE A SIX BILLION DOLLAR CHANGE. IS THAT ON THE BASIS OF THE ENTIRE PORTFOLIO, OR THE LIABILITIES, BECAUSE THE DISCOUNT RATE APPLIES TO THE LIABILITIES. SO THAT IS ESSENTIALLY ABOUT \$50 MILLION. IF THERE IS A ONE POINT CHANGE IT GOES AGAINST THAT ENTIRE \$50 MILLION?

David Smith: IT DOES. AND I CIRCLED, MR. MAYOR, I CIRCLED THE NUMBERS, YOU'RE RIGHT. THE SIX AND A HALF MILLION DOLLAR FOOTNOTE REFERS TO ALL THREE PLANS. IT IS ABOUT \$50 BILLION OF LIABILITY. THE MATHEMATICS, IT IS NOT VERY PRECISE, BUT THE MATHEMATICS ARE EVERY ONE POINT YOU PULL DOWN THE DISCOUNT RATE ON A PLAN YOU INCREASE BY ABOUT 13% THE LIABILITY. THAT'S HOW THE NUMBER WAS COME UP WITH. \$60 BILLION. IF IT GOES UP ANOTHER 13%, THAT WILL BE ABOUT SIX AND A HALF BILLION MORE. AS I SAID, OF COURSE, SINCE THAT.....

[Time: 03:37:43]

Mayor Lane: SO, IF WE HAD A GAP OF FOUR PERCENTAGE POINTS, WE'RE TALKING IN ROUND FIGURES OF SOMEWHERE IN THE AREA OF \$24 TO \$25 BILLION OR MAYBE MORE THAN THAT, ACTUALLY.

David Smith: THAT WOULD BE AN EXTRAORDINARY RESULT, BECAUSE, AS I SAID, LOOKING AT THE NUMBERS IN THE FAR RIGHT COLUMN THAT ARE CIRCLED, WHATEVER YOU DO TO THE LEFT COLUMN FLOWS THROUGH DOLLAR FOR DOLLAR TO THE RIGHT COLUMN AS AN UNFUNDED LIABILITY. SO ALL THREE PLANS, \$16.4 BILLION, IF IT GOES UP BY EVEN SIX AND A HALF, MUCH LESS THE \$25 BILLION THAT YOU SUGGESTED COULD BE POSSIBLE, IT COULD BE A LARGE AND SIGNIFICANT IMPACT. I WANT TO MAKE SURE WE UNDERSTAND, THOUGH, YOU SAID WE MAY HAVE TO PICK A NEW RATE. WE, THE CITY OF SCOTTSDALE, WILL PROBABLY NOT PICK A RATE. IT WILL NOT BE OUR RESPONSIBILITY TO DO SO, BUT THE PRESSURE WILL BE ON THE PLAN ADMINISTRATORS, THE ARIZONA STATE RETIREMENT SYSTEM, THE PUBLIC SAFETY PLAN, AND THE ELECTED OFFICIALS PLAN. THE PRESSURE WOULD BE FOR THEM TO GET REALISTIC ABOUT THE AMOUNT THEY USE.

Mayor Lane: WHAT THE G.A.S.B. 68 IS ACTUALLY CALLING OUT FOR, THOUGH, IS AN ALLOCATION TO EACH OF THE ENTITIES THAT PARTICIPATE IN THE STATE PLANS, TO BE PUT ON OUR BALANCE SHEET.

David Smith: CORRECT.

Mayor Lane: AT WHICH TIME WE'LL HAVE TO RESPOND TO THE ACCURACY OF THAT UNFUNDED LIABILITY NUMBER.

David Smith: I THINK THAT'S A FAIR STATEMENT. I DON'T THINK WE'LL BE LIABLE FOR IT, BUT WE'LL CERTAINLY HAVE TO BE, AS YOU SAY, RESPONSIBLE FOR IT AND ACCOUNTABLE TO OUR CITIZENS. BECAUSE IT MAY COME AS A SHOCK TO THE CITIZENS TO KNOW THIS KIND OF A LIABILITY HAS INURED AT THE CITY LEVEL UNBEKNOWNST. IT IS A GOOD SEGUE INTO THE NEXT SLIDE, IF I MAY, WHICH TAKES THE STATE LIABILITY, THE SAME NUMBERS YOU SAW ON THE PREVIOUS SLIDE, THE UNFUNDED PART OF THEIR LIABILITY, THAT NUMBER WHICH ON AN EIGHT PERCENT BASIS IS \$16.4 BILLION, AND ACTUALLY, I APOLOGIZE, THIS SLIDE IS ACTUALLY, I DON'T KNOW THAT WE HAVE A NEWER PACKET HERE, BUT I COULD TALK FROM THIS POCKET. THERE WAS A NEWER PACKET. LET'S KEEP GOING. WHAT I WANTED TO EMPHASIZE IS ON THIS NEXT SLIDE. THAT IS WHAT OUR SHARE OF THE LIABILITY WILL BE. AND UNFUNDED, AGAIN, OF EIGHT PERCENT, USING THE STATE'S UNFUNDED EIGHT PERCENT LEVEL, OUR SHARE IS \$228.3 MILLION. AT LEAST THAT'S WHAT IT IS IN OUR ESTIMATE AT THIS POINT IN TIME. ABOUT \$125 MILLION OF THAT IS BECAUSE OF THE LIABILITIES ASSOCIATED WITH THE ARIZONA STATE RETIREMENT PLAN, AND ABOUT \$100 MILLION IS THE POLICE PLAN. THE BALANCE OF

THIS REPORT, I WILL NOT BE TALKING ABOUT THE LIABILITY FOR THE FIRE DEPARTMENT. YOU ALL KNOW THE HISTORY THERE. IT IS NOT A VERY BIG LIABILITY BECAUSE THAT WHOLE GROUP JOINED THE CITY JUST SIX OR SEVEN YEARS AGO AND THERE IS NOT MUCH LIABILITY THERE BECAUSE NOT MANY OF THEM HAVE YET MATRICULATED INTO THE QUALIFIED RETIREMENT PROGRAM.

[Time: 03:41:29]

Mayor Lane: MR. SMITH, JUST ANOTHER QUESTION. WITH REGARD TO THE PSPRS, IT WAS MY UNDERSTANDING ONE OF THE REASONS THE CITY CONTRIBUTES SOME 22 OR 23% OF THE SALARIES TO THE PENSION PLAN IN THE PUBLIC SAFETY AREA AS OPPOSED TO ABOUT SEVEN PERCENT IN THE OTHER TWO CATEGORIES IS BECAUSE THEY NEED TO MAKE UP FOR NONFUNDED PORTIONS, SOME KIND OF SHORTFALL THAT TRIGGERS AN EVER-INCREASING PERCENTAGE, SINCE THEY ARE THE INDIVIDUAL MEMBERS OF IT, WERE HELD AT ONE NUMBER, THE CITY CONTRIBUTES MORE. I THOUGHT THAT WAS TRIGGERED BY SOME EFFORT TO KEEP THEIR PLAN FUNDED. AM I MISTAKEN IN THAT?

David Smith: MR. MAYOR, MEMBERS OF COUNCIL, IT IS PROBABLY A COMBINATION OF REASONS WHY THEIR NUMBER IS HIGHER. PRINCIPALLY, THEIRS IS A MUCH MORE GENEROUS PLAN. IT IS MORE GENEROUS IN TERMS OF THE MULTIPLIER TIMES INCOME THAT IT PAYS AND A SIGNIFICANTLY MORE GENEROUS IN TERMS OF HOW SOON AN INDIVIDUAL CAN RETIRE. I'LL REMIND YOU THAT YOU CAN RETIRE FROM THE PUBLIC SAFETY PROGRAM AFTER 20 YEARS OF SERVICE. YOU CANNOT DO THAT IN THE ARIZONA STATE RETIREMENT SYSTEM. SO YOU END UP WITH A MUCH YOUNGER RETIREEE POOL ON AVERAGE OUT OF THE PUBLIC SAFETY SECTOR THAN THE ARIZONA STATE RETIREMENT AND IT IS COMPOUNDED BY THE SAME DEMOGRAPHIC THING THAT HAPPENS TO ALL PLANS, THAT PEOPLE ARE LIVING LONGER. WHEN I SAY YOU CAN RETIRE AFTER 20 YEARS IN PUBLIC SAFETY, I MEAN, YOU CAN, YOU DO NOT HAVE AN ACTUARIAL REDUCTION. YOU GET 50% OF YOUR HIGHEST THREE-YEAR PAY, SO IF YOUR AVERAGE FOR THE HIGHEST THREE YEARS WAS \$60,000, YOU GET \$30,000 FOR THE REST OF YOUR LIFE.

Mayor Lane: BUT WHAT IS IT THAT DRIVES THE PERCENTAGE OF THE TAXPAYERS OR THE CITY CONTRIBUTES TO THAT? WHAT DRIVES THAT? IS IT A MATTER OF A CALCULATION ON BENEFITS, OR A SHORTFALL FROM REVENUES?

David Smith: IT IS BOTH. IT IS THE FACT THEIR BENEFIT IS RICHER AND THEIR PLAN IS LESS WELL FUNDED.

[Time: 03:44:03]

Mayor Lane: SO THERE IS NO INTENT REALLY TO KEEP IT 100% FUNDED, THEN?

David Smith: WELL, I'M SURE THERE IS AN INTENT AND A GOAL, AN OBJECTIVE.

Mayor Lane: IF I READ THESE NUMBERS, IF THAT WERE THE CASE, WE WOULD BE PAYING 50 OR 60%.

David Smith: THE PREVIOUS SLIDE INDICATED THAT THE PUBLIC SAFETY PLAN WAS ONLY 50% FUNDED, SO ON AN ONGOING BASIS THEY WILL HAVE TO COLLECT MORE MONEY PRETTY QUICKLY

JUST TO MAKE UP THAT DEFICIT, AND THEN ON AN ONGOING BASIS IT IS A RICHER PLAN, SO EVERYTHING BEING EQUAL, IT WILL ALWAYS HAVE A HIGHER RATE.

Mayor Lane: SO THEY WILL CONTINUE TO INCREASE THE RATE BUT IT DOESN'T NECESSARILY COVER EITHER THE BENEFITS AND/OR THE UNDERFUNDING PORTION OF IT?

David Smith: THAT'S CORRECT. IF YOU LOOK AT THE SCREEN, THIS IS WHAT I WAS LOOKING FOR BEFORE. IT WAS IN THE PACKET THAT WAS HANDED OUT TO YOU. I WAS TRYING TO MAKE THE NUMBERS A LITTLE MORE ADJUSTABLE. BUT IT SHOWS OUR ACTIVE MEMBERS VERSUS THE ACTIVE MEMBERS STATE-WIDE, BUT MORE IMPORTANTLY IN THE FAR RIGHT COLUMN IT SHOWS OUR SHARE OF THIS \$16.4 BILLION OF UNFUNDED LIABILITY AT THE STATE LEVEL. A REMINDER AGAIN, THE FOOTNOTE AT THE BOTTOM IS WHAT WE TALKED ABOUT BEFORE, IF THE STATE PLANS WENT TO A SEVEN PERCENT FACTOR, THEIR LIABILITIES STATE-WIDE WOULD INCREASE BY SIX AND A HALF BILLION DOLLARS AND NOW IT TRANSLATES BACK TO THE CITY AND SAYS IF THAT HAPPENS, OUR \$228 MILLION BOOKED LIABILITY WOULD GO UP BY \$90 MILLION. \$90 MILLION FOR EVERY ONE POINT CHANGE IN THE DISCOUNT FACTOR. AND AT THIS POINT, I SHOULD MENTION, TOO, THAT BECAUSE IT RELATES TO SOMETHING, MR. MAYOR, THAT YOU MENTIONED, THESE PLANS DO HAVE PARTICIPATION FROM BOTH EMPLOYEES AND THE CITY. THIS LIABILITY THAT WE WILL HAVE TO BOOK IS THE LIABILITY FOR BOTH. IT IS THE EMPLOYEE AND CITY LIABILITY COMBINED, SO THE EMPLOYEES WILL BE HELPING US DISCHARGE THIS LIABILITY IN FUTURE YEARS TO SOME DEGREE DEPENDING ON WHAT THEIR PARTICIPATION IS. I SUPPOSE THAT IS GOOD NEWS FOR THE CITIZENS. I THINK WHAT WE'LL FIND IS THAT EMPLOYEES, AS THEY BECOME SENSITIZED TO THIS PROBLEM, THEY WILL BECOME AS CONCERNED AND PERHAPS DEMANDING AS MUCH IN CHANGE AS THE CITIZENS MIGHT. SO THEY WILL HAVE TO PAY FOR IT BUT THAT FACT ALONE WILL MAKE THEM PRETTY ANXIOUS OVER WHAT THIS IS SHOWING. WHAT WILL BE THE EFFECT? WELL, THE FINANCIAL EFFECT ON THE CITY, OF COURSE, WHEN WE BOOKED THIS LIABILITY, THERE WILL BE NO OFFSETTING ASSET, SO WE WILL HAVE AN EROSION OF WHAT IN GOVERNMENTAL ACCOUNTING TERMS IS CALLED THE UNRESTRICTED NET ASSET VALUE. THE UNRESTRICTED NET WORTH IF YOU WILL OF THE CITY. AND I MENTIONED THEY WILL PROBABLY GO NEGATIVE. IT IS NOT A VERY BIG NUMBER NOW. IF YOU PUT A 200 AND SOME ODD MILLION DOLLAR LIABILITY ON THE BOOKS THAT NUMBER WILL BECOME NEGATIVE. AND THEN FOR A VARIETY OF REASONS WE MAY HAVE FLUCTUATIONS IN THE ANNUAL PENSION EXPENSE. A REASONABLE QUESTION FOR YOU TO ASK IS WHAT EFFECT WILL THIS HAVE ON THE CITY'S TRIPLE-A RATING. I WOULD SAY THAT THE DOLLAR AMOUNT OF THIS LIABILITY WOULD PROBABLY NOT HAVE AN EFFECT ON YOUR TRIPLE-A RATING. THE RATING AGENCIES HAVE KNOWN FOR YEARS THAT CITIES ALL OVER THE STATE, ALL OVER THE COUNTRY ACTUALLY HAVE THIS LIABILITY. BUT WHAT WE DO ABOUT IT MAY HAVE AN EFFECT ON OUR TRIPLE-A RATING AND BOTH OF THE RATING AGENCIES HAVE MADE STATEMENTS BROADLY TO THAT EFFECT.

[Time: 03:48:07]

MOODY'S, YOU CAN READ THEIR STATEMENT. THEY HAVE A FINANCIAL LIABILITY. THEY SAY THAT THE APPROACH THAT WE TAKE TO MANAGE THAT WILL INFORM THEIR FEW OF MANAGEMENT STRENGTH, AND ALMOST THE SAME WORDS ARE USED BY FITCH, THAT THEY ARE GOING TO ANALYZE MANAGEMENT AND OUR RESPONSE TO THIS PROBLEM. AND MANAGEMENT IS OF COURSE THE CITY STAFF AND YOU AS THE ELECTED LEADERS, HOW ARE WE GOING TO DEAL WITH THIS. THE RATING AGENCIES DO CONSIDER MANAGEMENT STRENGTH WHEN THEY ASSIGN THE TRIPLE-A RATINGS, THEY

ARE NOT JUST A FINANCIAL EXERCISE. THE HISTORY, THE HISTORY OF THIS IS FAIRLY RECENT AND FAIRLY PROFOUND. IN TEN YEARS, THE CONTRIBUTIONS FROM HAVE INCREASED FROM \$6.9 MILLION TO OVER \$36 MILLION, AN OVER 500% INCREASE. YOU HAVE AT SOME TIME IN THE PAST SEEN THIS GRAPH, WHICH IS JUST GRAPHICALLY SHOWING THE SAME THING I STATED IN WORDS. THAT IS WHERE WE WERE TEN YEARS AGO. EACH BAR ON THE LEFT IS THE CITY'S PART, AND THE RIGHT IS THE EMPLOYEE'S PART. AND IN THE EARLY YEARS, THE CONTRIBUTION WAS EQUAL. THEN THEY FROZE THE EMPLOYEES AND THE CITY'S PART BECAME TALLER AND TALLER. AND SUPERIMPOSED ON HERE IS THE SILVER BAR AT THE TOP. THAT'S THE VERY SMALL PART WE PAID. ONCE WE TOOK IN THE FIRE DEPARTMENT. AS I SAID, I WILL NOT TALK ABOUT THE FIRE DEPARTMENT. THEY DO FIGURE IN THE TOTAL CONTRIBUTIONS. LOOKED AT ANOTHER WAY, THE CITY'S CONTRIBUTIONS TO THE ARIZONA STATE RETIREMENT PLAN, THIS IS FOR 1800 FULL-TIME EMPLOYEES, THAT'S ABOUT TWO-THIRDS OF ALL THE PEOPLE THAT WORK FOR THE CITY RIGHT NOW, HAS GONE UP OVER 400% IN THE TEN-YEAR PERIOD. THE BAR IS DIVIDED BETWEEN THE CITY'S CONTRIBUTIONS AND THE EMPLOYEES' CONTRIBUTIONS. IN THIS PLAN FOR ALL PERIODS IT IS A 50/50 CONTRIBUTION. AND SO THE POINT I WANT TO MAKE IS IT IS NOT ONLY A PROBLEM FOR THE CITY AND FOR THE CITIZENS, IT IS RAPIDLY BECOMING A PROBLEM FOR YOUR EMPLOYEES AS WELL. THEY ARE BEARING AN EXTRAORDINARY BURDEN, AS JUST AS THE CITIZENS ARE. THAT'S THE TWO-THIRDS OF THE EMPLOYEES IN THE ASRS PROGRAM. IN SPITE OF THE PERIOD WHERE WE HAD A SALARY FREEZE AND TWO PERCENT SALARY TAKE-BACK AND SO ON, UNLESS SOMETHING IS DONE, WE'LL QUICKLY BE BACK ON THE GROWTH PATH OF INCREASES. THE NEXT SLIDE COVERS 400 EMPLOYEES IN THE POLICE DEPARTMENT. THEY REPRESENT ABOUT 15% OF THE CITY'S EMPLOYEES. THE CITY'S COST THERE HAS INCREASED 480% OVER THIS SAME TEN-YEAR PERIOD. AND OF COURSE YOU CAN SEE VISUALLY PART OF THE REASON FOR THAT IS THE EMPLOYEE PART HAS BEEN FROZEN, THE GREEN BOTTOM PORTION OF THE BAR WAS UNTIL RECENTLY LOCKED IN AS A CONSTANT PERCENT OF PAYROLL. I TRIED TO DRAW SOME COMPARISON. WHAT I HAVE ON THIS CHART IS FAIRLY BUSY, BUT I THINK EVERYONE HAS KIND OF A FUZZY UNDERSTANDING OF FEDERAL SOCIAL SECURITY, AND WHILE SOCIAL SECURITY IS NOT A RETIREMENT PROGRAM, IT IS A SAFETY NET, IF YOU WILL, THAT'S ALL IT WAS EVER DESIGNED TO BE, BUT I THINK IT LENDS SOME UNDERSTANDING WHY OUR RATES ARE SO MUCH HIGHER. THE THREE OR FOUR BULLET ITEMS I MENTIONED IN THE ARIZONA RETIREMENT PLANS, WE DISCUSSED THIS, NORMAL RETIREMENT CAN HAPPEN AS YOUNG AS AGE 50 AT WHICH POINT THERE IS NO ACTUAL REDUCTION. THAT IS IN CONTRAST TO SOCIAL SECURITY, WHERE AT AGE 66, SOON TO BE 67, AND IF YOU RETIRE FIVE YEARS SOONER, YOU GET A 25% REDUCTION ON THE BENEFITS. THE SECOND ITEM IS ANOTHER FACTOR, THE UNLIMITED RETIREMENT BENEFIT COMPARES IN STARK DIFFERENCE TO THE SOCIAL SECURITY PROGRAM WHERE THE BENEFIT IN NO GREATER IN ANY CASE THAN 33,396 AND THAT'S ONLY IF YOU RETIRE AT THE NORMAL AGE OF 66. ONE OF THE BIGGEST THINGS THAT CAUSES AN INCREASE IN OUR PLANS IS THE BENEFIT FOR AN INDIVIDUAL IS BASED ON THEIR BEST THREE YEARS, THE THREE HIGHEST CONSECUTIVE EARNINGS YEARS. IT SAYS FIVE THERE, BUT THAT IS ONLY FOR NEW NEWLY HIRED PEOPLE. FEDERAL SOCIAL SECURITY DETERMINES THE BENEFIT BASED ON A MINIMUM OF TEN YEARS AND A MAXIMUM OF 35 YEARS AVERAGE EARNINGS. AS I SAID, THE ONLY PURPOSE OF THIS OTHER THAN TO PUT IT IN A FRAME OF REFERENCE IS TO HELP UNDERSTAND WHY SOCIAL SECURITY WITH ALL OF ITS PROBLEMS IS HIT WITH A 12.4% PORTION OF PAYROLL, 6.2% FOR THE EMPLOYEES, AND 6.2% FOR THE EMPLOYER.

[Time: 03:54:24]

BY COMPARISON, THE PERCENTAGES FOR THE TWO PRINCIPAL PLANS WE PARTICIPATE IN, THE PLAN FOR THE BULK OF OUR EMPLOYEES, THE ARIZONA STATE RETIREMENT PLAN, 21.8%, SHARED 50/50, AND 33.5% FOR POLICE, OF WHICH THE BULK OF THAT, 24% OR SO IS PAID BY THE CITY AND LESS THAN 10% PAID BY THE EMPLOYEE. THESE NUMBERS, AS HIGH AS THEY ARE, ARE GOING UP. NEXT YEAR, THE ASRS NUMBER, WHICH IS 21.8% WILL GO UP TO 22.6%, UP EIGHTH-TENTHS OF A PERCENT. AND THE POLICE PROGRAM, WHICH IS NOW 33.5% WILL GO UP TO 36.79%, UP 3.3%. AND IF THERE IS ANY CONSIDERATION THIS IS AN ANOMALY, I WOULD QUOTE FROM THE ASRS ANNUAL REPORT, WHERE THE DIRECTOR OF THE ARIZONA STATE RETIREMENT SYSTEM SAID THE PENSION CONTRIBUTION RATE IS EXPECTED TO INCREASE FOR APPROXIMATELY THE NEXT SEVEN YEARS. I DON'T OFTEN USE THE WORD "UNSUSTAINABLE" BUT WHEN I DO EVERYBODY SEEMS TO PAY ATTENTION, SO I'M GOING TO SAY THAT THIS PROGRAM IS UNSUSTAINABLE. THIS LEVEL OF INCREASE IN COST, ANY COST FACTOR FOR THE CITY, IS NOT A SUSTAINABLE SCENARIO. THE LEGISLATURE MADE SOME CHANGES LAST YEAR, BUT AS NOBLE AS THEY WERE, THEY WERE CHANGES THAT AFFECTED NEWLY HIRED PEOPLE. THEY ARE GOING TO MAKE THEM EARN THE BENEFIT BASED ON FIVE YEARS OF EARNINGS RATHER THAN THREE, WHICH IS WHAT THE CURRENT EMPLOYEES ALL ENJOY, AND THEY WILL MAKE THEM WAIT LONGER TO RETIRE, 25 YEARS, FOR THE NEW EMPLOYEES. IT WILL TAKE MANY, MANY YEARS TO SEE THE BENEFITS OF THAT. AND AT THIS POINT, IT IS NECESSARY TO TALK ABOUT ONE OF THE PROBLEMS THAT WE HAVE IN CHANGING ANYTHING, AND THAT IS THAT THERE IS AND THERE WAS IN 1998 A CONSTITUTIONAL AMENDMENT THAT WAS PUT BEFORE THE VOTERS. I THINK THE VOTERS WERE BEING PUT INTO A STATE OF ALARM ABOUT THE FACT THAT THE LEGISLATURE WAS ABOUT TO STEAL SOME OF THE MONEY OUT OF THE PENSION PLANS, BUT TO PRECLUDE THAT, THE CONSTITUTIONAL AMENDMENT THAT WAS PUT IN FRONT OF THEM AND THEY APPROVED BASICALLY STATES THAT PUBLIC RETIREMENT SYSTEM BENEFITS SHALL NOT BE DIMINISHED OR IMPAIRED. IT DIDN'T REALLY HAVE MUCH TO DO WITH STEALING MONEY OUT OF THE FUNDS. IN SPITE OF THAT, I ONLY OBSERVE WHAT I READ IN THE COURT FINDINGS, THAT WE HAVE PECULIAR COURT FINDINGS AS THEY TRY TO INTERPRET THIS CONTRACT BETWEEN US AND OUR EMPLOYEES. MOST RECENTLY, THE COURT DETERMINED LAST YEAR THAT INCREASING THE COST OVER A MEMBER'S EMPLOYMENT FOR RECEIPT OF THE BENEFIT NEGATIVELY AFFECTS THE IMPACT OF THE BENEFIT AND IS NOT ALLOWABLE. IN SPITE OF THAT WE INCREASE THE COST ALL THE TIME AND WE WILL FOR THE NEXT SEVERAL YEARS. IN SOME CASES, WE AFFIRMATIVELY AFFECT THE VALUE OF THE BENEFIT WHEN WE FIRE AN EMPLOYEE, IT SUDDENLY HAS NO BENEFIT. SO IT IS KIND OF A NONSENSE RULING. NOW, WHAT I WOULD LOVE TO HAVE TO PUT IN FRONT OF YOU IS A THEREFORE I RECOMMEND, BUT ALL I CAN REALLY DO IS REPEAT WHAT ONE OF THE RATING AGENCIES SAID AND PUT MY OWN REQUIREMENT IN THERE. THIS NEW REQUIREMENT THAT WE BOOK THIS LIABILITY, I DON'T THINK IT IS A QUESTION OF WHETHER IT SHOULD INCREASE PUBLIC PRESSURE, IT DEFINITELY WILL INCREASE PUBLIC PRESSURE, NOT ONLY FROM THE CITIZENS BUT THE EMPLOYEES AND IT WILL COME TO BEAR ON THE DECISION MAKERS TO FIND SOME REFORMATION. IF SOMEBODY SAYS THERE IS NOTHING THAT ONE PERSON OR ONE CITY CAN DO, THEY ARE PROBABLY RIGHT. BUT IF ALL THE CITIES COLLECTIVELY SAY THAT, THEN SURE ENOUGH, NOTHING WILL BE DONE. AS I SAID, I WISH I HAD A SLIDE NUMBER TO FOLLOW THIS, BUT THAT'S KIND OF THE END OF THE PRESENTATION.

[Time: 03:59:14]

Mayor Lane: THANK YOU, MR. SMITH. AND I THINK YOUR CONCLUSION AT THE END HERE WITH THE QUOTE, IT SAYS AN AWFUL LOT. IT DOES LEAVE US IN THE PRECARIOUS POSITION, GIVEN THE NEXT FISCAL YEAR, WHEN THIS WILL BE PUT ON THE BALANCE SHEET AND DISCLOSED AND DIVVIED UP TO

EVERY COMMUNITY PARTICIPATING IN THE STATE RETIREMENT SYSTEM, WHAT KIND OF APPROACH WE INDIVIDUALLY WOULD TAKE WITH RESPONDING TO THAT, THAT SHORTFALL WHEN THE ENTIRE PORTFOLIO IS CONTROLLED BY THE STATE. I MEAN, WE CAN DO VERY LITTLE OTHER THAN, I SHOULD NOT SAY THAT. THERE ARE A LOT OF THINGS WE NEED TO EXPLORE, AND IT MAY BE, JUST AS YOU SAID, COLLECTIVELY, BECAUSE WE'RE NOT GOING TO BE IN A POSITION TO CHANGE THE POLICY WITHIN THE STATE RETIREMENT SYSTEM OR THE DISCOUNT RATE OR ANYTHING LIKE THAT OTHER THAN IF WE WERE TO SAY WE RECOGNIZE IT, AND WE ARE GOING TO SET ASIDE MONEY, WE ARE GOING TO REFINANCE IT. WHETHER WE WOULD PUT TOGETHER A GROUP TO STUDY THIS ISSUE ON AN INDIVIDUAL BASIS FOR THE CITY TO DETERMINE IF THERE IS A COURSE OF ACTION FOR US TO STOP, STOP THE SYSTEM AT A POINT IN TIME AND ADDRESS THE SHORTFALL THE BEST THAT WE CAN INDIVIDUALLY, I DON'T KNOW IF THAT REQUIRES THAT WE TAKE OWNERSHIP PHYSICALLY OF OUR SEGMENT OF THE BUSINESS AND START WITH SOMETHING NEW. BUT IN ANY CASE, THERE IS PROBABLY ANY NUMBER OF APPROACHES WE COULD THEORIZE ABOUT, BUT THERE IS PROBABLY A SELECT FEW THAT WE MIGHT BE ABLE TO INSTITUTE INDIVIDUALLY. AND ONE OF THEM WOULD BE SOMEHOW BUYING OUT OF THE SYSTEM AND SETTING UP SOMETHING NEW GOING FORWARD, ACCEPTING THE LIABILITY AS IT EXISTS AND GOING FORWARD WITH SOMETHING NEW, FOR NEW HIRES.

David Smith: MR. MAYOR, MEMBERS OF COUNCIL, YOU ARE RIGHT. I MEAN, IT IS A TOPIC RIPE FOR DISCUSSION AND RIPE FOR STUDY, AND WHETHER, YOU KNOW, SOME, I KNOW AT ONE POINT A FEW YEARS AGO, I THINK THE COUNCIL CONSIDERED CREATING A SUBCOMMITTEE ON PENSIONS JUST TO LEAVE NO STONE UNTURNED. I KNOW THAT YOU ASKED THE CITY ATTORNEY'S OFFICE AT ONE POINT CAN WE GET OUT OF THE PLAN AND IT SEEMED IMPROBABLE THAT WE COULD. THERE IS A LOT OF LEGISLATION, I TALKED TO BRAD LUNDAHL, BUT SOME OF IT IS ALMOST UNDECIPHERABLE. THEY PASSED A SENATE BILL LAST YEAR THAT GOT SIGNED INTO LAW, 1194, THAT SAID THE ASRS SHALL ALLOCATE A LIABILITY TO AN EMPLOYER THAT IS NO LONGER IN PARTICIPATING IN ASRS AND THAT WILL HAPPEN IF YOU ARE NOT PARTICIPATING BECAUSE YOU ARE NO LONGER PARTICIPATING. I DON'T KNOW WHAT THEY MEANT BY THAT NONSENSE LANGUAGE, BUT MAYBE THERE WAS AN INTENT BY THE LEGISLATURE TO ALLOW CITIES TO EXTRICATE THEMSELVES FROM THE PLANS, AS YOU SUGGESTED, AND COME UP WITH SOMETHING DIFFERENT FOR THEIR COMMUNITY.

[Time: 04:02:40]

Mayor Lane: YOU KNOW, IF WE ASSUME, JUST AS IT IS, THAT THE ALLOCATION OF THE LIABILITY WOULD BE PUT UPON WHATEVER CITY DECIDED TO EXTRICATE THEMSELVES FROM THE PLANS, AND WE ACCEPTED THAT LIABILITY AND ADDRESSED IT, THAT SAID THAT NO HARM WAS IMPOSED UPON ANYONE WHO WAS IN THE PLAN, BUT MOVING FORWARD, THERE WAS SOMETHING MORE SUSTAINABLE, AND EVEN WITH THE KINDS OF RATES AND KINDS OF CONTRIBUTIONS WE ARE ALREADY MAKING, I THINK WE COULD HAVE A VERY AGGRESSIVE KIND OF ALTERNATIVE PLAN.

David Smith: ONE OF THE THINGS, MR. MAYOR, THAT I WILL MENTION, IS THAT THIS PLAN, REGARDLESS OF WHAT IT IS CALLED IS IN A SENSE, IN MY INTERPRETATION, A JOINT AND SEVERAL LIABILITY, IT DOES NOT HAVE A STATE GUARANTEE. IF IT FALLS SHORT, THE PARTICIPATING EMPLOYERS ARE RESPONSIBLE. WHEN YOU ARE IN THAT SITUATION AND YOU THINK SOME OF YOUR OTHER FELLOW MEMBERS MAY BE WEAKER THAN YOU THAT IS OFTEN TIMES A GOOD TIME TO TAKE YOUR MARBLES AND GO HOME. SO THERE ARE MANY ISSUES TO NOODLE AROUND ON HERE AND

THEY WILL BE PROVOKED, I'M AFRAID, BY THIS SIMPLE BY IMPACTFUL CHANGE IN ACCOUNTING RULES.

[Time: 04:04:08]

Mayor Lane: WELL, DISCLOSURE AT THIS POINT IN TIME, WE'RE TALKING ABOUT ONE THING AND THAT IS AN ALLOCATION OF A LIABILITY THAT WOULD BE DISCLOSED. AS TO WHETHER OR NOT THE DISCOUNT RATE BY OUR INDEPENDENT AUDITORS WOULD BE APPROPRIATE IN THEIR EYES, WHETHER OR NOT THEY HAVE ANY DEMAND THAT THEY MIGHT SAY THAT IT WOULD SET IT DIFFERENTLY. I REALIZE THERE IS A GREAT DEAL OF PRESSURE ON THE STATE RETIREMENT SYSTEMS NOT TO CHANGE THEIR DISCOUNT RATE BECAUSE IT WOULD JUST EXACERBATE IN EVERYONE'S EYES THE IMMENSEITY OF THE ISSUE. I THINK IT IS SOMETHING THAT THIS COUNCIL WILL HAVE TO TAKE UP IN RELATIVELY SHORT ORDER. BUT THAT IS SUBJECT TO ANOTHER AGENDA. COUNCILMAN LITTLEFIELD.

Councilman Littlefield: SO WE GOT HERE BECAUSE THE EXPECTED RATE OF RETURN WAS WAY HIGHER THAN THE ACTUAL RATE OF RETURN FOR A LONG TIME. IS THAT A GOOD SUMMATION OF HOW THIS HAPPENED?

David Smith: I WOULD SUMMARIZE IT DIFFERENTLY. YOU GOT WHERE YOU ARE IN PART BECAUSE YOU DID NOT REALIZE THE RATE OF RETURN THAT YOU HAD HOPED FOR, AND APPARENTLY YOU GOT HERE BECAUSE YOU ALSO WERE NOT CHARGING ENOUGH IN PAST YEARS TO AMORTIZE WHAT YOU TOOK ON AS AN ASSUMED LIABILITY. SO THE PLANS GOT RICHER AND THE EARNINGS GOT LOWER AND THAT IS NOT A WINNING COMBINATION.

Councilman Littlefield: WE IS NOT US, WE IS THE STATE. WE DIDN'T DECIDE THE CONTRIBUTION AND THE BENEFIT. THE PROBLEM WE HAVE WHEN WE ASKED FOR A LEGAL OPINION ON THIS IS THE STATE RETIREMENT SYSTEM IS LIKE THE ROACH MOTEL. ONCE YOU CHECK IN, YOU DON'T CHECK OUT. PHOENIX, THEY NEVER CHECKED IN. THEY HAVE THEIR OWN SYSTEM, WHICH IS ALSO UNDERFUNDED. THAT DIDN'T HELP THEM ANY. THE PROBLEM IS, THE WAY I UNDERSTAND IT, WE ARE NOW STUCK IN A SITUATION IN WHICH WE DON'T HAVE THE OPTION TO CHECK OUT, SO TO SPEAK, SO THIS IS SOMETHING THAT WE NEED TO PRESSURE THE STATE LEGISLATURE TO FIX. WOULD THAT BE CORRECT?

David Smith: I WOULD TAKE IT A STEP HIGHER. I THINK THIS IS AN ISSUE THAT IN SOME FORM OR ANOTHER WILL HAVE TO GO BACK TO THE CITIZENS.

Councilman Littlefield: BECAUSE OF THE 1998 INITIATIVE.

David Smith: CORRECT.

Councilman Littlefield: THANK YOU.

Mayor Lane: THANK YOU COUNCILMAN. MR. WASHBURN, I THOUGHT SOME YEARS AGO PHOENIX OPTED OUT OF THE STATE RETIREMENT SYSTEM. COUNCIL LITTLEFIELD SAID THEY WERE NEVER IN IT?

[Time: 04:06:50]

City Attorney Bruce Washburn: I'M SORRY, YOUR HONOR, I DON'T KNOW THE ANSWER TO THAT QUESTION. IF THEY OPTED OUT, I WAS NOT AWARE. IF THEY DID OPT OUT, THEY HAD A DIFFERENT SET OF AGREEMENTS FROM THE ONE SCOTTSDALE ENTERED INTO OR AT THE TIME THE AGREEMENTS WERE BEING INTERPRETED DIFFERENTLY.

Councilman Littlefield: THEY WERE NEVER IN IT. THAT'S HOW THEY GOT AWAY.

Mayor Lane: I UNDERSTOOD THEY HAD BEEN. THAT MAY BE LEFT TO QUESTION. AND THE SITUATION MIGHT HAVE BEEN DIFFERENT, AS MR. WASHBURN INDICATED. BUT IN ANY CASE IT GOES BACK A LONG WAYS. WELL, AT THIS POINT IN TIME THERE IS NO PARTICULAR RECOMMENDATION. WE ARE FACED WITH THE FACT THAT WE WILL HAVE THE OBLIGATION TO DISCLOSE THIS. THERE WILL BE SOME CONSEQUENCE TO HOW IT IS DISCLOSED AND HOW IT IS DETERMINED OR CALCULATED AND FRANKLY WHETHER THERE IS A FOOTNOTE ON THE \$238 MILLION. THE FOOTNOTE SAYS PART OF THIS IS THE OBLIGATION OF THE INDIVIDUAL MEMBER. WE WOULD HAVE TO QUANTIFY THAT, TO SHOW WHERE THE CITY AND TAXPAYERS ARE RESPONSIBLE FOR. AND AGAIN, THIS IS A LIABILITY THAT IS OVER A PERIOD OF TIME, WHICH IS ANOTHER FOOTNOTE ITEM TO THIS DISCLOSURE, I WOULD PRESUME. THIS IS NOT SOMETHING THAT WILL POP ON OUR DOORSTEP TOMORROW. IT IS REAL AND IT IS.

David Smith: THE LIABILITY POPS ON YOUR DOORSTEP, BUT IT IS LIKE A LONG-TERM DEBT ISSUE. YOU WILL PAY IT OFF OVER A NUMBER OF YEARS.

[Time: 04:08:17]

Mayor Lane: SO HOW WE FUND IT, IF WE GO TO THAT CONCLUSION, IS GOING TO BE A FACTOR OF THE EXTENT OF THE DEBT BUT ALSO THE TIME FRAME TO PAY IT.

David Smith: AND MR. MAYOR, MEMBERS OF COUNCIL, THERE ARE MANY CONUNDRUMS HERE. ONE OF THE IMPONDERABLES IS IF YOU GET OUT OF THIS PLAN, WHAT ARE YOU GOING TO DO? YOU CAN'T JUST NOT HAVE A PLAN. THEN YOU'LL BE NON-COMPETITIVE IN THE MARKETPLACE.

Mayor Lane: YES, YOU ARE RIGHT. THAT IS NOT ONE OF THE, I DON'T THINK THAT IS A CONVERSATION RIGHT NOW, TO DETERMINE WHAT WE MAY OR MAY NOT BE ABLE TO DO IN THAT REGARD. THAT IS SUBJECT TO ANOTHER MEETING, ANOTHER AGENDA. I WOULD ONLY SAY THAT TO THE EXTENT WE CONTRIBUTE RIGHT NOW, IT COULD BE A VERY GENEROUS PLAN BUT IT MIGHT TAKE A DIFFERENT FORM. I HAD SPOKEN ABOUT, BEFORE, AS A DEFINED CONTRIBUTION VERSUS A DEFINED BENEFIT OR OTHERWISE GOING FORWARD, BUT AGAIN, THAT'S SOMETHING THAT WE HAVE TO WRESTLE WITH IN A DIFFERENT SESSION. SO I APPRECIATE YOUR, I SEE THAT.

Councilman Littlefield: HOW LONG HAVE YOU BEEN WAITING TO USE THE WORD CONUNDRUM IN A PRESENTATION?

Mayor Lane: THANKS, BOB. THANK YOU, MR. SMITH. I APPRECIATE THAT. AS ALWAYS, UPLIFTING.

**ITEM 34 – CITY TREASURER RECRUITMENT
ITEM 35 – ACTING CITY TREASURER**

[Time: 04:09:48]

Mayor Lane: NOW, THANKFULLY, WE DID TAKE COUNCILWOMAN MILHAVEN'S ADVICE AND HAD TAKEN CARE OF THIS AHEAD OF TIME, AND WE NOW, AFTER HAVING COMPLETED ITEM 36, WE WILL NOW CONSIDER ITEM 34 AND 35. RATHER THAN REREAD IT, WE MAY CONSIDER A MOTION, UNLESS YOU WOULD LIKE TO DISCUSS EITHER ONE OF THE ITEMS HERE RIGHT NOW, TO ANY EXTENT, I WOULD SUGGEST THAT WE CONSIDER AN EXECUTIVE SESSION.

Councilman Littlefield: I MOVE WE GO IN EXECUTIVE SESSION.

Mayor Lane: MOTION IS MADE. SECOND? ALL THOSE IN FAVOR? WE WILL GO INTO EXECUTIVE SESSION. WE REALLY BLEW AWAY THE TECHNOLOGY. OKAY. WE'LL MAKE IT RIGHT.

RECESS REGULAR MEETING INTO EXECUTIVE SESSION

[Time: 04:10:49]

RECONVENE REGULAR MEETING

[Time: 04:28:43]

Mayor Lane: WE NOW RECONVENE THE REGULAR MEETING. THE TIME IS APPROXIMATELY 9:30. WE ARE RECONVENING FROM EXECUTIVE SESSION, WHERE WE DID DISCUSS SOME OF THE ITEMS THAT RELATE TO THE CITY TREASURER'S RECRUITMENT AND THE ACTING CITY TREASURER APPOINTMENT. THERE WAS A RECOMMENDATION MADE BY THE CITY TREASURER ON THE APPOINTMENT OF MS. GUILLORY TO ACCEPT THE POSITION AS ACTING CITY TREASURER AND WITH THE CAVEAT THAT SHE WOULD BE STILL AVAILABLE TO, WELL, TO BE APPOINTED TO THAT ACTING POSITION. BUT IN ANY CASE, THAT RECOMMENDATION IS SOMETHING THAT WE'VE CONSIDERED. IF THERE IS ANY FURTHER DISCUSSION ON THAT IN THE SESSION HERE. OTHERWISE, I WOULD ENTERTAIN A MOTION ON THAT ISSUE.

Councilman Robbins: THANK YOU, MAYOR. I WOULD LIKE TO MOVE THAT THE CITY COUNCIL APPOINT LEE GUILLORY AS THE ACTING CITY TREASURER EFFECTIVE JULY 5 WITH A SIMILAR COMPENSATION PLAN AND I WOULD LIKE TO HAVE COUNCIL DIRECT THE STAFF TO CONDUCT AN INTERNAL RECRUITMENT FOR A PERMANENT CITY TREASURER. I GUESS THAT WOULD BE EFFECTIVE.

Mayor Lane: JULY 5, I BELIEVE IT IS.

Councilman Robbins: AS SOON AS POSSIBLE. YES. AND ANOTHER PART OF THAT MOTION IS IF MS. GUILLORY WOULD LIKE TO APPLY FOR THE PERMANENT TREASURER POSITION, THAT WOULD BE ALLOWABLE AS WE LOOK FOR A NEW CITY TREASURER. WE WILL NOT PROHIBIT HER FROM APPLYING FOR THE NEW JOB.

Mayor Lane: SO A TWO PARTER THEN. THE APPOINTMENT OF AN ACTING AND THE GUIDANCE FOR AN INTERNAL SEARCH. OKAY. DO I HAVE A SECOND?

Councilwoman Milhaven: SECOND.

Mayor Lane: MOTION IS MADE AND SECONDED. IF THERE IS ANY FURTHER COMMENT I THINK WE'RE READY TO VOTE. ALL THOSE IN FAVOR INDICATE BY AYE. IT IS UNANIMOUS.

Councilman Littlefield: I MOVE WE ADJOURN.

ADJOURNMENT

[Time: 04:31:12]

Mayor Lane: WE HAVE NO PETITIONS. AND NO OTHER ITEMS OF BUSINESS. SO I WILL ACCEPT THE MOTION TO ADJOURN, DO I HAVE A SECOND? DO WE AGREE TO ADJOURN? ALL THOSE IN FAVOR PLEASE INDICATE BY AYE. WE ARE ADJOURNED. THANK YOU, EVERYONE.