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CALL TO ORDER

[Time: 00:00:23]

Mayor Lane: Good afternoon, everyone. Pardon for the slight delay. Just trying to get some things in order here before we got going. Thank you very much for being here and joining us this evening. We now call to order our June 12th, 2018 City Council meeting.

ROLL CALL

[Time: 00:00:28]

Mayor Lane: It's approximately 5:10, and we'll start with a Roll Call, please.

City Clerk Carolyn Jagger: Mayor Jim Lane.

Mayor Lane: Present.

Carolyn Jagger: Vice Mayor Guy Phillips.

Vice Mayor Phillips: Here.

Carolyn Jagger: Councilmembers Suzanne Klapp.

Councilwoman Klapp: Here.

Carolyn Jagger: Councilmember Korte.

Councilmember Korte: Here.

Carolyn Jagger: Kathy Littlefield.

Councilwoman Littlefield: Here.

Carolyn Jagger: Linda Milhaven.

Councilwoman Milhaven: Here.

Carolyn Jagger: David Smith.

Councilman Smith: Present.

Carolyn Jagger: City Manager Jim Thompson.

Jim Thompson: Here.

Carolyn Jagger: City Attorney Bruce Washburn.

Bruce Washburn: Here.

Carolyn Jagger: City Treasurer Jeff Nichols.

Jeff Nichols: Here.

Carolyn Jagger: City Auditor Sharron Walker.

Sharron Walker: Here.

Carolyn Jagger: And the Clerk is present.

[Time: 00:00:50]

Mayor Lane: Thank you very much. We do have cards if you want to speak on any one of the items on the agenda or for Public Comment. Those are the white cards held about the clerk's head here to my right and there are yellow cards if you would like to give you any written comments. Those are items that we will read during the proceedings and they are also being held over the head of our city

clerk over here to my right. As we have Scottsdale Police Officers Jason Glenn and Anthony Wells who are here to assist you. They are directly here in front of me on the mezzanine there if you have need for their assistance. The areas behind the Council dais are for staff and Council only. And rest rooms available to the public are right over here to my left under that exit sign there.

PLEDGE OF ALLEGIANCE

[Time: 00:01:41]

Mayor Lane: This afternoon we have the Pledge of Allegiance from, going to be given to us or announced by, oh, anyway! Troop 916 are here to lead us in the Pledge of Allegiance and their leader Rich Slavin. Any time you are ready.

Troop 916: 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: Thank you, gentlemen, if you can turn that microphone around, and address the crowd and let us know your name, where you go to school and your favorite subject.

Troop 916: I'm Nathan Slavin and my favorite subject is history. I am Ross C. Angelini. My favorite color is red and my favorite subject for school is science. Hi. My name is Asher. And I go to Cactus View Elementary. My favorite color is also red, and my favorite subject is math. Hi, my name is Eric Marino, I go to Mountain Sky Junior High and my favorite subject is advanced science. My name is Ben stall. I go to North Canyon High School. I'm a soon to be a sophomore and my favorite subject is science. My name is Cole Cedars. I'm going to be a junior at Paradise Valley High School, and my favorite subject is science. I'm Jared Kane. My school is Thunderbird High School. I'm a freshman and my favorite subject is bioscience. My name is Howie Swoboda and I go to Cactus Elementary and I'm in the sixth grade and my favorite subject is math. Hi, my name is Chad. I go to Constitution Elementary School and my favorite subject is science. Hi, my name is Brandon and I go to St. Teresa Catholic School. I'm in the sixth grade, and my favorite subject is science.

Mayor Lane: Thank you, gentlemen.

INVOCATION

[Time: 00:04:35]

Mayor Lane: This evening, we will have an invocation from Dennis Robbins, former Councilmember Dennis Robbins.

Former Councilman Dennis Robbins: Good evening, Mayor and Council. Let's pray, please. Good evening, God of all creation. We thank you for this day and the many blessings that we have received. We thank you for the people with whom we have touched our lives, our family, our friends, and for those we have just met. We thank you for the ability to use our minds, to discern

your will, and work to create a strong and healthy community. We thank you for our community of Scottsdale and for those who serve it, for those who teach and support, for those who clean and who repair, for those who work in parks and who work on the roads, for those who plan and for those who would make plans happen. For those who heal and those who counsel, for those who govern and those who elect. For those who live into the best example of what it means to be a citizen, we thank you for our community. Please bring peace and healing to those who are hungry, homeless, or live in violence. For those and all the burdens of our community, Lord, hear our prayers. Lord God, shortly before his death, Chaplain Winfield Scott said, "I leave you my work in Scottsdale. I had planned to do much this winter with you, but God has called me. If you take this work and do it, and enlarge it as God gives you strength, you will receive my blessing and his." Dear God, let us continue Chaplain Scott's work with your blessings. We ask this as your community, confident in your goodness and love. Amen.

Mayor Lane: Amen. Thank you, Mr. Robbins.

MAYOR'S REPORT

[Time: 00:06:35]

Mayor Lane: On the Mayor's report, I would like to report the Public Lawyers Section of the State Bar of Arizona recently selected Scottsdale Municipal Court Presiding Judge, Joseph Olcavage as the 2018 Michael D. Ryan award winner. This honors judicial excellence and a judge who demonstrated a dedication and a commitment to improving the justice system. Among many kudos, judge Olcavage was distinguished by his participation in the east valley veterans court. His demonstration of invocation by expanding the court's eservices and the establishment of a domestic violence court to focus resources and expertise on difficult and sensitive cases to prevent recidivism. Congratulations to Judge Olcavage. He's right here in front of us. Thank you very much, judge. Congratulations! And thank you for your service to our great city. Thank you, Judge.00

On another note, we received a touching note from the family of Scottsdale citizen Larry Glick. Sadly, Mr. Glick recently passed away after a long illness. The family was to grateful to the Scottsdale Fire Department, especially Station 1, that they added their thanks for the compassionate and professional assistance in Mr. Glick's obituary, and asked that I make mention of it. I want to thank the Scottsdale fire department you do for all of us, and for the care and comfort to our citizens. Thanks and congratulations to our Fire Department. Thank you for those members who are here with us tonight.

I have a proclamation for Education Progress Meter. In February of 2016, expect more Arizona and the center for the future of Arizona launched the Education, Arizona Education Progress Meter. The Education Progress Meter represents key mile phones on the path to improving educational opportunities and outcomes for all Arizonans.

I have got a proclamation and I will just simply say that we have got, well, as it goes, whereas Scottsdale recognizes education as a top priority in our community and to ensure strong economic future and higher quality for life, of life for everyone; and whereas, Scottsdale understands the future

economic will require more than a high school diploma and only 42% of Arizona adults currently possess a degree, certificate or industry decree denial; and whereas, Scottsdale recognizes the need to improve educational attainment across the state and local communities and supports the statewide attainment goal of 60% by 2030; and whereas, more Arizona and the center for future of Arizona Statewide organizations have launched the Arizona education progress meter by which the progress on attainment and other key educational indicators can be measured. I therefore, Jim Lane, the Mayor of the city of Scottsdale do hereby proclaim for the statewide attainment by 60% by 2030 and support the use of the Arizona education progress meter as a tool to make progress towards the attainment of that goal available. And witness of where, I here unto set my hand cause to be affixed the seal of the great city of Scottsdale, Arizona. And I would like to ask Christine Thompson, the expect more Arizona to accept the proclamation and for a photo.

PRESENTATIONS/INFORMATION UPDATES

[Time: 00:11:03]

Mayor Lane: We have a presentation for Bike Month update and presenter is Susan Conklu, Senior Transportation Planner. Susan, welcome.

Transportation Planner Susan Conklu: Hi. Thank you for welcoming me. I'm excited to talk about Bike Month and I'm so glad this many people turned out to hear me speak. So since 2012, Scottsdale has been a Gold Bicycle Friendly Community, recognized under the League of American Bicyclists and part of what they look at is not just the infrastructure that we build but we look at the five "Es" so engineering and infrastructure would be the first.

Education, enforcement, events, and encouragement, like Bike Month, and also evaluation and planning, which we do with the Transportation Master Plan. But in the valley, April is valley Bike Month and the rest of the country is in May, which would be a terrible idea with the kind of climate we have. And it began as a single day event back in the 1980s, and then by 2005, it grew to a full month of biking activities. And Valley Metro partnerships, they have a partnership with all the cities. They promote the events. They have a website called sharetheride.com where people can look to find everything centralized for Bike Month.

They also provide printed brochures to all the cities, a Bike Month challenge, where the teams win prizes for biking the most, and they also get sweet deals, which are discount, they used to just be on bike-to-work day but it's grown to the full month at different businesses and they also have T-shirts every year that artists design that they hand out to the cities. And then within Scottsdale we specifically do Scottsdale cycle the arts each year, and bike-to-work day.

So our event began back in 2005, as an annual Bike Month activity. It's very special compared to some of the other cities that just do a bike ride. We feel like this is even more, a more fun event that we partner with the Public Arts staff, their board members, and a lot of their artists and to promote the Public Art and our bikeways to all ages and bike abilities, and we also include education on bike skills in case people don't know the rules of the road and it really helps to promote the percent for art

program and our extensive art collection that we feel is really special here. And then this gives some of us public works nerds a chance to talk about the capital improvement program to people who otherwise wouldn't learn about things like that and we encourage all types of people to ride bikes. We try to keep it more comfortable with smaller groups and we have ride leaders every year that volunteer to take the groups around to reach stop.

This year we had one event downtown on April 8th. It was typical of our usual event which is family-friendly. It begins and ends at Museum of the West and we stay under 10 miles in distance to make sure that we're not going too far for everyone's ability and we featured 14 different stops. So one of these on the left was the Bell, the Flower and the Wash by Alan Averbuck and the Doors by Donald Lipsky.

We had almost 50 people who came out this year. And each person got a free T-shirt. This is the first time that Scottsdale has had shirts designed. So the Public Arts staff member designed them and Transportation provided them. Then we had a bigger challenging ride up north, the following Sunday. We had about 20 people turn out to do 30 miles. Featuring a lot of Public Art that you may not see by bike up in those areas of the city, including Soho has a new mural and also the WestWorld equestrian project.

[Time: 00:14:54]

Bike-to-work day has previously included a very small group ride with city staff and members of public as our main event. This year it was on April 18th, and we wanted to do something more, just like what other cities in the valley do. So we arranged to have breakfast stops at SkySong, regroup coffee and bicycles, One Civic Center and Mountain View Park and people could get a free T-shirt, get breakfast, snacks, drinks. It's a lot like what goes on in Phoenix, Tempe, and Mesa, each year. And the sponsors we have paid for the snacks at that booth and volunteered there. And we had approximately 108 riders. I feel like that was a really great turnout for our first year and the sponsors are already excited to help us out next year.

And the next step is really to have a Bike Month debrief meeting with everybody that was involved and get their feedback while we are still thinking of everything that just happened and form a Bike Month committee that would really just be staff, sponsors, volunteers and really start planning for next year ahead of the event, and then we would really love for everybody join us next April for Bike Month, maybe have a Mayor proclamation of April being Bike Month in Scottsdale and you don't have to ride a bike to come to our events. You can support us all different ways or just come celebrate with us. So thank you.

Mayor Lane: Thank you very much. I appreciate it.

PUBLIC COMMENT

[Time: 00:16:31]

Mayor Lane: Next item on our agenda is for Public Comment and Public Comment is reserved for citizen comments regarding non-agendized items for which no official Council action is taken on these items. Comments are limited to issues within the jurisdiction of the City Council and speakers are limited to three minutes. There's no sharing of time. There's a maximum of five speakers that can speak at any time within this time period. There will be another opportunity at the end of the meeting if it's needed. Today we have three requests to speak in Public Comments area, and one is toward a petition, but I will start with Jason Alexander.

[Time: 00:17:24]

Jason Alexander: Hello, Jason Alexander, I'm represent no DDC and protect our preserve political action committee. A couple of weeks ago, we filed a campaign finance complaint against Desert Edge advocates and Desert Discovery Center Scottsdale incorporated. You can see a copy of our complaint online at this link. And the complaint basically said three things that these groups were in violation of Arizona campaign finance law for not putting a paid for by attribution they were handing out and failing to register as an election committee, and did not file a campaign finance complaint.

So these are your contractors, your lobbyists and their friends. And it's not that they are advocating for a position. It's that they are not following the rules. At best, it's a clumsy mistake by a group asking you to give them \$68 million and let them run a \$7 million a year business. A group supposedly of experts in this type of matter. At worst, this continues a year's long pattern of illegal activity, something to influence legislation and electioneering by Desert Discovery Center Scottsdale incorporated and their advocates group.

No one has seen DDC SI's financial books since they published them last in December of 2016. They make claims of donations. This is dirty money. There's only one stance that our group and our community views is acceptable and that's to support our ballot initiative getting on the ballot. It is our land, our taxes and our vote. You are asking citizens for help with a new tax, and a new debt but we don't necessarily trust your vision for the city of over development and zoning exemptions.

Our ballot initiative is a Litmus test for the November 2018 Council election. Now I want to say hello to the many folks from Grayhawk. Welcome. For those of you who don't know me being I'm one of the directors of the opposition to the Desert Edge. Our issue is your issue. And your issue with Crossroads is our issue. They are both excessive, expensive, zoning concessions being made against the General Plan of the city, and without enough input and participation by the citizens of Scottsdale.

In both cases, there's a need to redefine the city's zoning ordinances to enable these projects. Grayhawk, you will get a brand new zoning classification right next to your neighborhood. Congratulations to all of you! So as this discussion goes on, watch closely who votes for you. Watch closely who votes for the interest of the residents and watch would votes for the interest of the developers and vote in November of 2018. Thank you.

Mayor Lane: Thank you. Excuse me. I'm sorry. But I will ask, because we do not allow booing or applause or otherwise, and just for the sake of decorum, even though I appreciate the sentiments, I

very much appreciate if we could maintain that sense of order in this. So thank you very much, and thank you, Mr. Alexander. Clapping is generally reserved for Boy Scouts and Girl Scouts and such. On next is Marna McClendon.

[Time: 00:21:09]

Marna McClendon: Good evening, members of Scottsdale City Council, I'm Marna McClendon. My favorite color is purple. You don't often get to hear the positive but I felt it important to come tonight and tell you something really positive. I just finished the recent program of Scottsdale 101. It was fantastic! I'm here to express my gratitude for that opportunity. For the last 15 years, I have lived in this beautiful city and I certainly have appreciated its many services. I have come from Howard County, Maryland, a very comparable community and most of my professional life was in government service. I wanted to know more about my community and so I signed up, as well as several other people in this room tonight.

I cannot express to you how professional knowledgeable, supportive and responsive every department head that came to us and how they spoke. And they were so articulate. But perhaps the best was that we were able to ask them and you questions and people got back to us. And if they didn't, people at Citizen Services made sure they got back to us. That's a responsive government. I appreciate the time that every person that spoke to us, several are in this room, took to prepare and come out of their day to spend time with us. I thank you for your time in coming and speaking to us, and your support of the program.

Particularly, I have to say thanks to the people at Citizen Services and the staff that really took care of us. And the energetic den mother to us all, Christy Hill. I know several of us will now continue with our involvement and engagement with this city because of this particular experience. There's several people here that would share these sentiments, including Chad Worthington, Ed Kelty would have been here and I know there are several others, but I just wanted to express my gratitude on behalf of myself, several others and say, let's have even more of these wonderful programs. Thank you. And now there's no applause?

Mayor Lane: That's right. I'm sorry. It's reserved. Thank you, Ms. McClendon. Next is Quent Augspurger. That will be okay? All right.

[Time: 00:24:02]

Quent Augspurger: Good afternoon, Mayor and Councilmembers. I'm here to present a petition to the City Council to direct the City Manager to resolve the issue of non-conforming public utility equipment. My name is Quent Augspurger and for 22 years, my wife Noe and I have lived in north Scottsdale in Desert Views Four Peaks. It happens to be about a fourth of our life here on earth. Part of Troon Village, which lives within the environmentally sensitive land ordinance, ESLO. Our subdivision was designed and permitted in 1994.

After moving in, we became aware that public utility equipment had been installed in locations that

reduced visibility when entering and leaving our subdivision. Working with our HOA and studying the recorded plat for parcel at Troon Village, we learned at each of the six intersections of our subdivision, there existed both site distance easements and safety triangle easements that limit the height of any object placed within those easements. These requirements come from the COS, design guidelines and policies manual and were adopted from the ASHTO policy on highways and streets.

They are not only good ideas for traffic safety and standards. We determined the heights and the locations of installed public utility equipment. So we could evaluate what was acceptable and what was non-conforming. We approached the COS transportation department for Resolution. On one Cox installation, the COS transportation department was able to get it relocated subsurface. On the rest of the utility installations we were unsuccessful. Those installations remain non-conforming as they were installed. The COS requires public utilities to get permits for installing their permits and inspections by COS to follow. We never located any permits or inspection records for utility equipment in our subdivisions.

In 1992, table 100-7 of the design guidelines and policies for the ESLO listed as a performance standard subsurface utilities are required. In 2004, the design standards and policies manual, Section 22-100 requires number six, all utility facilities are to be placed underground or screened from public view. As you drive around, you see examples of rusted steel screening at some utility installations. If these screenings were applied to existing utility installations that are within the SDEs and STEs, the already reduced visibility only gets worse. The only way to remedy these installations is to put the equipment underground where it should have been in the first place. Our records or lack of them at the site, and the site conditions show that the utility installations as they were installed are non-conforming to COS standards. Because these violations of standards reduced visibility, they pose a continuing safety risk to drivers and pedestrians.

[Time: 00:27:40]

Mayor Lane: Mr. Augspurger, your time has expired. If you could wrap it up.

Quent Augspurger: Additionally, the intention of the ESLO to preserve the desert features is violated. Thank you.

Mayor Lane: Thank you, Mr. Augspurger. That completes the requests to speak for public testimony. We do have a petition that we will consider at the end of the meeting for action or not.

MINUTES

[Time: 00:28:15]

Mayor Lane: And so with that, we are moving on to our next order of business which is the approval of minutes and I would request for the approval, if there are not any changes or adds or deletes that may be suggested. A motion to approve the Special Meeting minutes of May 22nd, 2018, and Regular Meeting minutes of May 22nd, 2018.

Vice Mayor Phillips: So moved.

Councilmember Korte: So moved.

Vice Mayor Phillips: Mayor, I move that we move the Special Meeting minutes of May 22nd, 2018, and Regular Meeting minutes of May 22nd, 201.

Councilmember Korte: Second.

Mayor Lane: We are ready to vote. All those in favor register your vote. And those opposed nay. Aye. The big screen is not working any longer. So it will just be my announcement. So if you can verbally give your registration of a vote that would be fine but in this case, as a start, it's unanimous to accept the minute but probably not surprising, but nevertheless. We're missing a little bit of our technology. Normally it's up on the board. I suppose that inside bit of information should have been explained. So with that, that's the end of Minutes.

CONSENT AGENDA

[Time: 00:29:14]

Mayor Lane: We move on to the Consent items, which is 1 through 22, information and assessment has been given to the Council previous to, but we have that before us now and we have one request to speak towards this. I will start with, oh, okay. One request to speak on Item 10. Just to speak on Item 10, which is not a request for anything other than that. That's Chris Irish. If you would come forward, Chris.

[Time: 00:30:11]

Scottsdale Public Art Advisory Board Chair Chris Irish: Mayor Lane and members of the Council, thank you for the opportunity to speak to you today. My name is Chris Irish, and I serve as chairperson for the Scottsdale Public Art Advisory Board. We are requesting your help with the Scottsdale freeway art, the path most traveled by artist Carolyn Braaksma. Built between 1996 and 1999 for \$4 million, this city asset is now valued at more than \$6.5 million. The path most traveled is highly valued by our citizens.

The art work has resulted in international acclaim for Scottsdale, and has been used as a shining example for what can be done by cities all over the United States. Perhaps you remember the first time you saw the freeway art, and the awe that it inspired. To this day, I continue to take my first-time visitors to Scottsdale down that particular part of the freeway, and I'm always very proud of their reaction. Most say they have never seen anything like it.

Scottsdale Public Art and city staff were recently informed by the Arizona department of transportation that they will begin additional expansion of the freeway. The expansion will remove

the art work and ADOT has stated that they will not provide any funding to replace it. This is unacceptable. If the state of Arizona is destroying a \$6 million city asset, they need to take responsibility to replace it.

The proposal that's before you tonight, Consent Agenda Item number 10, deals with construction that will affect a small part of the art. ADOT as tied our hands with a tight time frame on it and the city must commit to spend these funds today or the art in this phase will not be replaced. Thus the Scottsdale Public Art advisory board reluctantly and I should say very reluctantly approves of the \$118,000 expenditure. The issue that needs to be addressed is the next phase that ADOT will undertake from Pima Princess to Shea.

That will remove a significant portion of the art. The cost to replace it will be huge. Probably into the millions. It's critically important that the City Council and our citizens understand that this is going to happen and that the freeway art, as we now know it will no longer exist, unless we work together to find a solution. The fact that Scottsdale is agreeing to pay for this initial portion cannot be seen as setting precedent to pay for future replacement of the art. We need your support, connections and commitment to work with us through all means available, ADOT, MAG, the governor's office, et cetera to ensure that the funds are provided from entities besides Scottsdale to replace the art in the next phase of this project. I hope you will help us. Thank you.

Mayor Lane: Thank you. And with that I have to say Councilwoman Milhaven would like to speak on this.

[Time: 00:33:19]

Councilwoman Milhaven: Thank you, Ms. Irish for coming and drawing our attention to this. I couldn't agree with you more and I want to go on record and direct staff. We paid for the art. It's an asset that belongs to the city. If the state is going to come along and destroy an asset that belongs to us, I think they have a responsibility to repay us for our own asset. In addition to which, we send far more tax money from the state from our citizens than we get back in return.

We are a donor city. With we layer that back in, I think it's an even more compelling reason for us to insist that the state keep us whole, not destroy an existing asset and they pay, if they are going to alter it, that they pay to make sure that that's maintained or replaced. And so I hope that staff will work with extraordinary rigor to represent that point of view. Thank you, Ms. Irish.

Mayor Lane: Thank you, Councilwoman. And let me just say that the conversation that's taken place on this is a little outside the agenda. The agenda question is right now for the immediate 118,000, which is understood here, and the request is certainly to vote for it, from both parties that spoke toward it. The remaining is a future issue. A fairly immediate future issue, but it is something that we will have to address at a later date. All right. With that, that was the only request to speak on any of the Consent Agenda items. And therefore, unless there are any other questions of Council, I will take a motion.

Councilmember Korte: Mayor, I would like to move to approve Consent Agenda Items 1 through 22.

Vice Mayor Phillips: Second.

Mayor Lane: The motion has been made by Councilwoman Korte and seconded by Councilman Phillips for Consent Items 1 through 22 and the approval thereof. All of those, we are ready then to vote. All those in favor please indicate by aye. It's unanimous, I keep looking to that screen. It's unanimous, 7-0 on the Consent items. So if you are here for the Consent items, certainly, you are welcome to stay with us, otherwise, if you would please leave quietly.

REGULAR AGENDA

ITEM 23 - Crossroads East Rezoning and Development Agreements (19-ZN-2002#6, 2-DA-2018, and 3-DA-2018)

ITEM 24 - Economic Development Agreement

[Time: 00:35:45]

Mayor Lane: Next order of business is our Regular Agenda items. And I would like to say that our agenda Items 23 and 24 will be heard together as they are associated and we will have a presentation on these items by staff, and by the State Land Department after which we will hear Public Comment on both items. Quite extensive in presentation on the part of staff, as well as state, and therefore, we are going to have some timely, timing issues, I should say. We also have a request of 24 individuals to speak towards this which may require some adjustment to the time allotted but we will deal with that as it comes up and if we have a complete number of cards at that point in time.

What I will ask of Council, and I probably should have advised earlier on, we are going to have somewhere in the area of nearly an hour of presentation. Then I'm going to allow for the public to speak. So I would ask if we can, at all possible, we hold our questions, write our questions down and hold them, just in case they might be answered in the presentation, or otherwise, and just for the efficiency of time. So I would appreciate if we could follow that order of things.

So it will be presentations and then it will be Public Comment and then it will be our discussion, deliberations and decision. So with that, we have Mr. Randy Grant here to make a presentation. He's our Planning and Development Director. Please, welcome.

[Time: 00:37:18]

Planning and Development Director Randy Grant: Thank you Mayor Lane, members of Council. There is a dizzying array of activities that are associated with Item number 23 and 24. So what I'm going to try to do is boil them down to kind. Core elements. Following me is Greg Bloemberg, who will walk you through the applications that have been made and then as is customary, we will turn over to the applicant to make a presentation about what they are proposing. Item 24 is an Economic Development agreement that is a performance-based infrastructure payback that will follow up on

these items. So the items in Item number 23 are in two groups of three. The first three items are related to a rezoning request for 1,000 acres of state land, known as Crossroads East.

If you might remember in 2001, there was an update that rezoned this area and assigned categories and appropriate land use densities from which applicants could draw and the state could apply the zoning when these properties were sold. It was updated again in 2011 and now it's being updated primarily for two reasons. The first is to be able to utilize PCP or airpark core zoning, which was developed after the 2011 update, and the second is to add additional residential units into the overall Crossroads East area. So the first three items on Item 23 are an ordinance, a Resolution, accepting the development plan, and a development agreement.

The last three items in that agenda item are related to 134 acres within the thousand acres that is being requested for rezoning to PCP, again, airpark core zoning, to allow the development, the sale and the development of that property. And so there is an ordinance, a Resolution and a development agreement with those items as well. The intent of the PCP zoning, when it was adopted by City Council, was to implement the airpark area character of the plan. And that promotes a mixed-use environment in which all activities that are supportive of Economic Development in the airport and airpark can be conducted. And we do know that there are a number of concerns that have been expressed with one or both of these plans being put forward tonight.

[Time: 00:40:02]

One concern has been simply that development is being proposed and the freeway frontage along this area is quite remarkable, actually, that it hasn't been in for development before and presumably the height and the density would be adjusted to mitigate the impacts of the freeway corridor itself. So we would expect additional height and density. The second issue is height and density, which comes up oftentimes in development requests, and in this instance, they are asking for a height that is more than the base in PCP zoning, which is 84 feet, but not as much as the 134-foot cap that they could ask for as the maximum in PCP. Additionally, traffic has been a concern. Drainage has been a concern, and all of those things are going to be identified and discussed during the presentations that follow.

Final concern has been that there hasn't been enough planning done. You may remember that this area is a part of what was called core north and core south. And that was master planning efforts in the 1990s to anticipate the ultimate sale of state land and the development of that state land to densities that are not unlike what is being proposed tonight. So there are a lot of behind-the-scenes programming, planning and design documents prepared to determine what the impacts will be.

State land is a unique and complex system where they sell the land that's put up for bid. There are bidders on it, and as you can imagine, a bidder on state land for the prices that state land is going for, wants to understand what that land can be used for. So the 134 acres is being projected for an auction this fall, and there is a potential bidder that has come to the city and asked for preparation in the event that they get the bid for what could be done with that property and that's the second three items on the agenda this evening. Greg Bloemberg in planning and development services will be making a presentation, and then we will have an opportunity to address any concerns that you have

following that. Greg?

Mayor Lane: Thank you, Mr. Grant. Mr. Bloemberg, welcome.

[Time: 00:42:45]

Senior Planner Greg Bloemberg: Thank you, Mayor Lane, Councilmembers, Greg Bloemberg Senior Planner here to give you the specifics on this particular zoning case. The site in question is located on the north and south sides of the Loop 101, to the north is the Grayhawk community and also to the northeast is the Grayhawk community, and to the east is the water treatment facility. To the south is the Princess resort, and a lot of the supporting the Princess communities and to the west is the city of Phoenix. Here's a closer view of the site. So far, the only parcels that have been developed on Crossroads are over on Scottsdale Road, Bell Lexus was built a while back. This is not an updated area. I apologize for that but this parcel here is also fully developed with a mixed-use project that has PRC zoning and Shanty place is also a mixed-use project.

So just a little bit of history on the state land holdings in Scottsdale. State Land Department owns plus or minus 6,000 acres in Scottsdale. As Randy mentioned, they are not a developer, and as such, development plans for state-owned property by necessity are a little less detailed because we do not know who will be ultimately developing the property. More detail becomes available, obviously, once the land is sold to a private developer. The Crossroads East consist of 1,000 acres plus land on either side of the freeway and it was last updated in 2011. And Randy already mentioned this but I will go ahead and reiterate, there are two parts to this application an amendment to the entire Crossroads East planned community development plan, and then the rezone, which is actually closer to 136 acres give or take from PCD to PCD with comparable planned airpark core zoning in anticipation of a future land auction and no development is proposed with either one of these requests.

So a brief summary of the Crossroads East, the overall master plan request, the state wishes to add 237 acres of the PCP zoning to the land use budget. A corresponding reduction in the available acreage for industrial park zoning is also requested, because the acreage of the 237 acres for PCP would be taken from the I-1 bank. So the overall I 1 bank would be reduced from 447 acres to 210 acres which represents about a 47% reduction. An increase in the overall number of potential residential units for the entire Crossroads PCD from 4,596, to 6,969 units, which represents about a 51% increase. An increase in the number of planning units from four to 11 to stream line master planning efforts. I will get into that a little bit more in my presentation. And amend the original entitlement. And summary for planning unit five.

The state is seeking amended PCP developments including bonus height of 115 feet and floor area ratio of .85. Significant offsite infrastructure improvements are required in response to requests for the boldness development standards and it includes minimum frontage to upper face buffers which is fairly important along Hayden Road and along Legacy, a minimum of 15 feet of buffering. With an average of 20. Miller Road, minimum of 10 feet with an average of 20. And then the Loop 101 frontage road, a minimum of 20 feet.

So here's the current zoning map. The entire Crossroads property, again as I mentioned is zoned PCD, planned community development, and then there's these sites over here, which are already sold and developed. There's another property in this area which was recently purchased by Mark Taylor and they have approached the city and done preliminary discussions on developing that site. This is the zoning map as it would look if this entire application is approved this is planning unit five here. If this application is approved, the zoning for the 136 acres would change to PCD, PCP. The General Plan identifies the majority of Crossroads as a mixed-use neighborhood. The dashed lines indicates regional use district, which implies that this is the most intense vertical and horizontal mixed-use. It's this area over here which is designated by employment by the General Plan. And just for context, the entire area of planning unit five is in the mixed-use neighborhood designation. None of it is in the employment designation and also underneath the regional use district.

The Greater Airpark Character Area Plan is very similar to the General Plan in terms of land use designation. It designates the majority of Crossroads as airpark mixed-use residential and this area over here, similar to the general man that's designated as employment. In terms of development types and greater character of planned airpark core, it's Type C, which indicates higher scale development. There's an area over on the western edge, the western portion of the site that is skated as regional core, which is the greatest intensity of development. And this graphic also shows planning unit five relation to that. So the entire planning unit five area is in the higher scale land use.

The original entitlement, there were four planning units established and basically with the idea of, for master planning purposes. We discovered along the way that it's fairly difficult to master plan 250 or 300 acres if you are a developer that's purchased 10 acres. So now this request would increase the number of planning units to 11, with the planning unit five being right here which is the second part of this request. Increased in the number of planning units should substantially streamline and make master planning efforts a lot easier. So we feel like that's a good thing.

[Time: 00:49:48]

Also with the original entitlement, there were character areas established, along the borders of Crossroads. C-1 character area here adjacent to Grayhawk is restricted to CO and O-5 zoning. And the C-2 underneath the power line corridor is restricted to R5-CO or I-1 only. The B-2 character area down here is restricted to I-1 only at the request of the residents down here in Stonebrook two. And then character area d is restricted to R5 or PCC only currently. Now I will get into a little bit of zoning here shortly.

And what we are doing is, or what the applicant is proposing is to change those character areas to transition areas officially. The character areas is a little bit misleading and those transition areas are going to be maintained. Those are not being changed with this application. And I want to focus on the mixed-use graphic here in your upper right of this slide, and that's where the PRC and the PCP are indicated in terms of where they will be allowed and those are the most intense districts. You can see that along, in those transition areas, the mixed-use districts with the more intense height and potential for density and FAR floor area ratio is prohibited. Oh, I'm sorry. It is allowed wherever you see yellow. So you won't see along the transition areas, along the perimeters of the Crossroads

areas, any of the mixed-use areas and that's the intent behind this land use application.

I just want to focus on the strike throughs. I won't go through all the other stuff here but I will talk about the language at the bottom. So as I mentioned previously, currently the gross acreage allowed for I-1 in Crossroads is 447 acres. With this request, it would be reduced to 210 acres. The 237 acres would be transferred to the mixed-use district primarily for the PCP to be added to that category. And there are two obsolete zoning districts being eliminated from the land use budget PCoC and PCC relatively minor acreage, 14 acres. That 14 acres would be added to the C2/C3 bank. So instead of 156, there would be 170 acres of C2 or C3 and then residential units, all the residential units are proposed to be added to the mixed-use category. The additional units totals about 2400 units for the entire Crossroads project.

[Time: 00:52:46]

And just for information purposes, I just wanted to put this information at the bottom of the slide. The acreage, as I referred to earlier in my presentation, there's 10 acres that was developed and is actually completed now that has 187 units, apartment units on it. The site to the south of that site is under construction and there's 301 multifamily units in that project, and as I mentioned Mark Taylor recently purchased some acreage and is proposing 640 more units. So it is 1128 units either developed or in the pipeline in Crossroads or for Crossroads. So that concludes the overall Crossroads East portion of my presentation.

Will now get into the planning unit five portion of the presentation. As Randy mentioned, since the property has not gone to auction yet, we don't have a whole heck of a lot of detail to show you but we do have some graphics to go through. This is the land use profile, as proposed for planning unit five, I direct your attention to the bottom of the screen. Residential, there's proposed to be between 1200 and 1600 dwelling units. The hotel is proposed to be 130, to 140 rooms potentially of retail and service. There is proposed to be potentially 50,000 to 200,000 square feet of floor area. And office and employment, 800,000 to 1.8 million square feet of gross floor area.

This isn't really, I wouldn't go so far to call this a site plan, but it's sort of a land use dispersal plan and what we are basically indicating here is that residential will generally be located in the upper half of the parcel, if and when it gets developed. The hotel would be located around Hayden or along the Loop 101 frontage. Retail and service uses along the Hayden Road frontage. Office and employment, primarily along the freeway frontage, maybe extending up along Hayden Road.

In terms of transportation and circulation, again, this is a fairly conceptual 20,000-foot level graphic, but it shows we have frontage, that this particular frontage does have arterial, and a major collector, as signalized intersection here and freeway ramp access here. Eventually, and I will get into this in a little bit, there will be a Miller Road underpass under the Loop 101 and I will get into that here shortly. And then there will be a basic grid system of streets internally to the site, a monitor collection and another collector north-south. As I mentioned before, frontage open spaces is fairly significant to us. We feel like that's a rather important feature, and we'll be working obviously with the future developer on this, but this just kind of gives you an idea of what potentially we could see in the way of

open space.

In terms of maximum building heights, the state is proposing this particular breakdown of building heights within 600 feet of the Loop 101. Building heights of 115 feet would be allowed. Another 300 feet beyond that, building height steps down slightly to 98 feet. For the majority of the planning unit five area, building height would be limited to 84 feet, which is the base height allowance for PCP, and then eventually as it gets closer to Legacy Boulevard, within 250 feet of Legacy Boulevard, heights would max out at 62 feet.

So building heights, obviously, as we get closer to the Grayhawk community will step down and obviously when development comes in and that transition area, heights will be even lower, maxing out probably around 42 feet. And in terms of floor area ratio, the overall floor area ratio for the project planning unit five development plan is proposed to be .85. However, there is a request to provide additional FAR, Floor Area Ratio, depending on where the development occurs. So, for example, along that more intense area, along the freeway corridor, the floor area ratios of 1.15 could be provided but the overall for the entire planning unit five development man would be .85 of the development plan area, and I will give you some figures on that here in a moment.

So when I mentioned the bonus development standards for planning unit five, one of those is floor area ratio, the base allowance for PCP is 0.8 for the development plan and the development plan area is the net acreage and not the gross acreage and in this case it's 124 acres. That's 4.3 million square feet of floor acreage. With this proposal, it would increase to 0.85 which equates to about 4.5 million square feet of floor area and at the bottom, I just explained what the, or identify what the difference is there. It's about 270,000 square foot difference. And this square footage, the 4.5 million square feet includes residential. There is no separate density on top of floor area ratio in this particular case. So obviously with bonus height and FAR, the applicant is required to demonstrate community benefit. And the best way to do that is to provide off-site infrastructure and regional improvements that will benefit the community.

[Time: 00:58:48]

What is proposed, basically required consideration for 115 of height and .85 floor area ratio, per the PCP district is about \$3 million. In order to meet that requirement, to demonstrate that community benefit, the state is proposing to have Hayden Road widened from four to six lanes, and this actually is incorrect and I apologize for that, it's not from Loop 101 to Thompson Peak. It's Loop 101 to Legacy Boulevard and that's a little shorter and that's estimated to be valued, the construction is estimated to be about \$2 million. Also proposed are regional drainage improvements for the power line channel, which is underneath the power line corridor up at the northeast corner of the site. That, the cost estimate for that is right around \$1.3 million.

So the total contribution for bonus development standards rounds out to about \$3.3 million, and these cost estimates have been reviewed by the city engineer. Just for context, just to give you an idea of how this layout, how the site, the Crossroads project in general lays out, the entire city really slopes to the south, but in this particular instance, this number here indicates basically the finished grade,

664 feet and by the time you get to Loop 101, it's 1609, and there's a difference from Grayhawk down to the 101. I wanted to throw that in.

The Airport Advisory Commission did hear this case on January 7th of this year and recommended denial by a vote of 6-1, citing concerns about the proposed increases in residential density and building heights. A little background on the AAC situation. Typically, the AAC advises City Council on aviation-related development proposals at and surrounding the airport or other development proposals that are in conflict with the FAA code of federal regulation Title 14, part 150 noise compatibility study. At the hearing in January, the AAC did acknowledge the need to balance operations with economic growth in the area but expressed general concern about the effects of residential development on airport operations and other cities.

The applicant did coordinate with the FAA on this proposal and the FAA has issued a determination of no hazard for the proposed building heights. In this case, again, the maximum building height is 115 feet, not the 134 that is available on the PCP. This is only for the 115 feet proposed for planning unit five, subject to roof top warning lights on the taller buildings. And as with any zoning case in the airport influence area, disclosure, navigation easement and sound attenuation from noise-sensitive uses will be required.

[Time: 01:02:15]

In general, the Crossroads East applications are consistent and conform to the General Plan and Greater Airport Character Plan. And the Planning Commission heard this case on May 19th, 2019 and recommended approval with a vote of 4-2. Real quick, related to the airport influence zones, I wanted to show you this graphic. Here's the entire Crossroads area and here's planning unit five. You can see the majority of Crossroads is the least impactful area import zone, AC-1 and the entire planning unit five area is in the AC-1. There's 60 or 70 acres or so at the southeast corners that's in AC-2. That area is slated to be employment uses office or light industrial. And then here's the Crossroads project and planning unit five in relation to the 2025 noise contours. As you can see, the outer 55DNL contour is well outside the borders of the Crossroads project. So none of the Crossroads project actually falls into the noise contours.

And just from a traffic perspective, real quick, just a couple of slides here, there are basically four north-south roads right now north of the Loop 101, Scottsdale Road, Miller Road, which actually is coming, but there is Miller Road in Grayhawk, Hayden Road, and Pima Road. Currently, those roads are operating at 88% capacity. With the proposed development plan, and stipulations, if Miller Road, well, when Miller Road is added and the underpass is done, and Hayden is widened to six lanes as stipulated, the capacity would decrease to 73%. Without those improvements, and with the development plan and stipulations, they would be at 96% capacity. And I got this information specifically from our traffic engineering division. And just to let you know, the Miller Road underpass, as I mentioned is, was included as part of the city's Transportation Master Plan from 1991 to 2016 and is scheduled to be completed as part of the ADOT widening of the Loop 101 freeway, sometime around 2020.

So I will just go through these real quick, because Randy, I think already kind of mentioned these. There are six actions associated with this application. The first three are related to the overall Crossroads application. Adopt Ordinance 4346 which is the zoning map amendment to update the master plan. Resolution 11145 which is to declare the Crossroad East's development plan a public record. Resolution 11146 is to authorize the, the third amendment to the Crossroads development agreement, and then related to planning unit five, Ordinance 4347, which is the zoning map amendment to change the zoning on the 136 acres from PCD, to PCP, and adopt Resolution 11147, declaring the document Crossroads East planning a public record and Resolution 11148, authorizing development agreement with the state of Arizona. And that concludes my presentation, unless there's immediate questions, I will turn it over to the applicant for their presentation.

Mayor Lane: Very good. Thank you, Mr. Bloemberg.

[Time: 01:06:12]

State Land Commissioner Lisa Atkins: Good evening, Mayor, members the Council, my name is Lisa Atkins, I'm the State Land Commissioner and I'm very pleased to be here tonight. Just to take a couple of minutes before the planning division director for the department goes through the details, I wanted to thank you. Our being here tonight is a shared vision between the State Land Department and the city of Scottsdale to create a regional employment and commercial center. As you are away, the State Land Department manages, as a fiduciary, a trust of 9.3 million acres, which was given to the state at statehood, primarily solely and the state's constitution enabling act. The largest of which is K-12 education in the state of Arizona.

We have an almost 35-year history in conversation with the city of Scottsdale regarding this area. In the 1980s this area was first envisioned as an appropriate use in the Loop 101 corridor during planning for Grayhawk and perimeter center. In the '90s, impacted by economic cycles and the need for significant investments in road, utility and drainage infrastructure, the original land use and circulation plans became obsolete. In the 2000 Scottsdale introduced the first use of flexible zoning bank entitlements by the State Land Department to accommodate shifts in market, trends and demands and I'm pleased to tell you that that model we worked on with you, that you developed we are using in other places to enhance the value of raw land that benefits the beneficiaries. In 2010, the department and Scottsdale worked together to refine a regional drainage solution to benefit Crossroads East and downstream private properties.

First sales on the site brought 1 million and 1.6 million per acre, values to the State Land Department and auto sales tax revenues to the city of Scottsdale. In 2017, we began working together to structure a land sale to provide a site for a major employment relocation and retention, drainage infrastructure at significant reduced cost to Scottsdale and future site development. So to me, as the commissioner of a portfolio that is to align the interests s of today's beneficiaries with tomorrow, to align the interests of trust, where we have a footprint throughout the state of Arizona, and to align the interest of the trust with regard to the priorities of the state. This is a win, win, win situation. At a minimum, the appraised value of this project is \$83 million that sets the stage for increased land and development values. It's a win for Scottsdale in Arizona with regard to retention and growth of a

fortune 100 employer and it's a win for Scottsdale, the Arizona State Land Department, and at the end of the day, it's a huge win for the K-12 education system of the state of Arizona. Thank you.

Mayor Lane: Thank you, Ms. Atkins. Mr. Edelman, welcome.

[Time: 01:09:22]

Applicant Representative Mark Edelman: Mayor and Councilmembers, good evening, and neighbors. Mark Edelman, Arizona State Land Department. 1616 West Adams Phoenix, Arizona. We come before you tonight with the Crossroads East rezoning proposal. And as we have already discussed this is a long-term partnership to provide regional, and the optimal use of the last unused parcels in the 101 area. The commissioner has discussed our beneficiaries and I will skip past.

But to get straight to the concerns that we have heard speaking with the community, and these are concerns about land use. So first, the zoning height and density, we will be discussing that a little bit later in my presentation. The second concern we heard is which planned land uses, which historically planned uses are appropriate in this area, and my presentation will refer as the commissioner did to the core north and core south zoning cases in the 1980s and '90s. As Greg already noted, Scottsdale General Plan in 2001, and the greater airpark character plan in 2010. Other concerns involved road and traffic circulation studies and plans. We will discuss the traffic mitigation analysis that the Land Department performed in 2011.

Scottsdale master plan in 2016. Floodplains and drainage have been brought up, we will discuss the Crossroads drainage infrastructure completed in 2015. Discussion of aircraft operations compatibility with residential uses and height along the freeway. Discussion of, as Greg already did, the noise compatibility study performed by the aircraft for FAA and also the determination of no hazard air navigation that with obtained from FAA in 2017.

And finally we have heard concern from the community about water availability for this project, and the ability to serve the project by the city. And so we'll refer to the integrated water master plan and the Crossroads East Master Plan updated in 2012. So going through that list, starting with zoning height and density. I have repeated this slide, many, many times. It will be familiar to everybody in the audience, I'm sure but what snot changing with our proposal is the proposal that Greg already described to, I'm the facts that Greg already proposed to you that we have buffer areas next to existing residential neighborhoods that we are not proposing to change in any manner.

One thing I think that Greg also proposed was the most intense district, PCP and PRC, the missed use district would not be allowed in those transition areas north of Legacy Boulevard in the southeastern quadrant of the property in the areas of the General Plan designates as employment and also at the southern edge next to the Princess community. Only the area in yellow would be permitted for PRC or PCP uses.

Specific to planning unit five, as Greg already described 135 acres of PCP zoning with amended development standards via a bonus. This is already described by Greg and I won't spend much time

on it. But I will note that if you note that we have a 250-foot band as long as Legacy Boulevard that would be limited to 62 feet in height at the request of our neighbors, DMV to the west, we have agreed to carry that 62-foot height limitation all the way from Miller Road to their boundary as well.

So if a future developer were to select a district in that area that exceeded 62 feet in height, they would be limited to that 62 feet for the first 250 feet south of Legacy Boulevard. And this should also be a letter of support from DMV in the file to that effect. And I won't go into the changes that Greg already described to you to the mixed-use being proposed on planning unit five. This was also described how is the bonus height and density being used?

New benefits on Hayden Road and building new drainage infrastructure in what is referred to as the power line channel corridor. The dark blue provided by the developer of planning unit five and the light blue would be provided by the city of Scottsdale. The planning unit five development plan has already been discussed in detail, but I will just put it up here on the screen for a moment. 800,000 to 1.8 million, and 430 hotel rooms and also a request for 1200 to 1600 dwelling units on the property.

Most importantly, we would like to note that no dwelling units will be permitted until at least 450,000 square feet of nonresidential development has been permitted by the you will, the winning bidder for this parcel. In addition, we will limit one dwelling unit per 1,000 square feet of nonresidential use and this is to ensure that this is a true mixed-use project as it goes forward. Also, the winning bidder will, as we already described, will be required to provide additional traffic studies prior to each development phase, to ensure that there's adequate transportation infrastructure at all stages of development of this site.

And as already noted, will be required to design and construction key drainage infrastructure. Discussing historical plan uses for a moment, I think this is a familiar map to many people. To the north is core north or we call Grayhawk and to the south is core south or today the perimeter center. In the middle is Crossroads East and these two maps which it an amalgamation of 1986 and 1990 zoning, the uses within that yellow area do include I-1 industrial park uses, PRC, mixed-use retail. We have C-3 auto center, C-2, neighborhood commercial, and also employment, and several other, and also apartment uses R5.

[Time: 01:15:20]

So this area has been planned, and has been zoned for the types of uses that are being proposed, since at least 1986. As also noted in the city's long-range planning documents both the General Plan and the airport character plan do allow for, do permit mixed-use in the pink areas and also employment in the gray areas and then the overlaid cross hatch on the General Plan indicating a regional use core area. Road and traffic circulation studies and plans have been performed on this site. In 2011, the department, Arizona State Land Department commissioned a traffic impact mitigation analysis, and this was prepared and approved by the city of Scottsdale. It evaluated all or arterial and collector roadways and evaluated uses on planning unit five.

At the time, they were looking at and evaluated approximately 1.8 million square feet of employment

uses and about half a million square feet of retail and commercial. This is slightly different than the proposal before you today. But the city of Scottsdale traffic model shows similar findings. Within the last year, additional study has identified the need for new lanes on Hayden Road between Legacy Road, between Legacy Boulevard and Loop 101, which you already heard are proposed with this proposal.

Floodplains and drainage. Very simply, we sit at the bottom two of major floodplains, alluvial fan floodplains, is very difficult. You see the Rawhide Wash floodplain and significant parts of that are being mapped out to the left-hand side of that stream, however, there's still fugitive flow in that area and we do have an existing power line channel that starts around Deer Valley Road, collects water from the neighborhoods and starts to channel it south. Today that channel ends around Thompson peak park and outlets on to Crossroads East. As it flows today that goes directly into planning unit five and into the site used for development. So it's necessary and actually very desirable that the power line channel be completed in the manner described to you a moment ago and then the Reata Wash floodplain over here to the east.

[Time: 01:17:33]

Airport operations. We know that there's a letter on file from the Airport Commission. We also visited them in January and Greg described their vote that was taken. And their letter, they described two significant concerns, one was residential uses in the AC-1 area, and an increase in dwelling units on site and also building lights in the Loop 101 corridor. As Greg, as we also already mentioned, the areas closest to the airport overflight are designated as employment only, no residential. Residential is in the pink areas on both of those maps.

In addition, Greg already showed you these graphics from the 14th CFR part 150 noise compatibility study prepared for FAA. I added a couple of tables and text at the bottom. The table on your left indicates that dwelling units are permitted use within ac1 with the types of attenuation efforts that Greg described in his presentation. Also some text from the document to your right, noting that the FAA is generally concerned with noise impact at the 65 DNL level and higher which is now moving closer to the airport. In addition, as also mentioned, we did submit to FAA requested their determination of the appropriateness of a 120-foot building at the corner of Hayden and Loop 101 and in December, we received this feedback from the FAA that there was a determination of no hazard to air navigation, provided that as Greg described it, the building was built and lighted in the manner that is typical for buildings around airport.

And finally with water availability and service. When we say that this development is in conformance with the city's long-range planning documents, what that means is on the left-hand side, the city is, what we see there is the cover of the city's integrated water master plan which plans for the availability of water, planning for drought and scarcity and sustainability and the city has planned for and does have adequate supply and does have adequate treatment for capacity. In addition, we commissioned studies in the, in 2012 for both water and sewer and so those studies are on record and are accepted by the city of Scottsdale and will serve as the basis for future development on this site.

So this is the table we already saw at the beginning, but I will run through all of these items and have discussed the reports and the studies that went with them, that came before you tonight. And with, that I think the commissioner probably said it best and I won't belabor the point but we do feel this is the shared partnership with the city and the state going back 30 years. With, that we thank you and we will request your vote for approval this evening. Thank you.

Mayor Lane: Thank you, Mr. Edelman and Ms. Atkins. Thank you. I guess, I don't have it here, but we do have Danielle Casey here in front of us and I understand she's making a presentation as well, the director of Economic Development.

[Time: 01:20:49]

Economic Development Director Danielle Casey: Thank you. Yes, this is regarding Item 24 on your agenda tonight. It's requesting approval of a development agreement with Nationwide realty investors for reimbursement of a portion of public infrastructure costs paid by the developer up to a maximum amount. I will walk you through this quickly. Significant consideration has gone into this agreement to ensure that performance requirements are tied to delivery of a regional corporate headquarters befitting Scottsdale. It also brings a long-term partner and a developer that will be fronting \$30 million in infrastructure and in turn saving the city carrying costs over time. In exchange, it offers partnership from the city on a portion of overall public infrastructure costs a majority of which will be constructed in the first few years of project's development, much sooner than the city likely deliver otherwise.

A number of these improvements are already heard offer regional benefit and just in case anybody is confused about what parcel I'm talking about after seeing hundreds of maps, it's that piece right there. So as the staff member responsible for working to advance the Council approved Economic Development strategic plan, I do want to point out that this project supports a and a division of that plan which in relation to the state-owned land along the Loop 101, actually states in quotes in 2019, this area of the community will have been planned as a signature corporate campus leading firms and developers around the nation are excited because it's the only site in greater Phoenix, in the greater Phoenix marketplace and perhaps the southwest U.S. that can be developed as a corporate headquarters center replete with the high quality amenities including retail, dining and entertainment, and coupled with a strategic location.

Now, the plan states that to achieve this, the city must make working with the State Land Department a priority to address and resolve the issues resolving future development. So we have been working at that very diligently. The Crossroads East planning area is highly desirable location, due to its prominent visibility in Scottsdale and location along the Loop 101. And development of the property, however, you know, in turn requires significant infrastructure investment, as you saw due to the drainage and the transportation requirements, making it very expensive to develop in comparison to other sites locally, regional and within Arizona but one that will bring benefit to a larger portion of the community. Competition for larger build to suit campuses is increasing. Again, locally, regionally and nationally.

The launch of the development of Crossroads East is going to present Scottsdale and Arizona with competitive product for the attraction of national and international corporate users. So these users are increasingly focused on the ability to operate and live workplace style, mixed-use developments while also having the type of visibility that height directly adjacent to a freeway corridor provides. So proposed improvements will provide amenities and public benefits to the city, including retaining existing jobs and creating new ones. Tax revenue, water, sewer and drainage enhancements and other economic benefits.

In the absence of this site being developed, it's unlikely that Nationwide Mutual Insurance Company will be able to expand the existing operations within the city of Scottsdale. So in addition to these reasons we are also pleased to have also received letters of support from key Economic Development partners across the state, the Arizona commerce authority, the greater Phoenix Council and the Arizona public service. I will get into the impacts of this project. The development of this 136-acre project is anticipated to produce an annual economic impact to the city after build-out of 500 million a year. So it's half a billion dollars a year that will be pumped into the overall economy every year after it's completed.

[Time: 01:24:46]

First of the impact model that was conducted by a third party. It doesn't consider a decrease in sales tax revenue due to the end of the Preserve tax that's going to occur in 2025 and 2034, however, it also does not take into account any potential sales tax reforms currently under discussion. So, you know, there are some slight changes that could occur but these assumptions are built on what's happening today. In addition, while the impact analysis is highlighted in the Council action report, we did want to point out that it's intended for the purpose of demonstrating why we feel this is a good project for the city and showing the revenue that's going to come back. Because all the reimbursements are specific to public infrastructure, the city could pay for or construct all of this on its own with General Funds without requiring economic benefit.

Commercial portions of Nationwide development are also anticipated to support at build out more than 5500 total direct jobs on site, as well as an additional 1800 in direct jobs at other local businesses in the community. And then finally as you probably see up there, it does anticipate around \$24 million in direct revenue to the city over 20 years, which is the term of the agreement that's being proposed. Because this is a significant proposal, I do want to tell you just a little bit more about Nationwide mutual insurance as a company.

Nationwide was founded in Ohio in 1926 and is ranked number 66. It's gone up a couple of rankings in the last couple of years in the fortune 100 with more than 33,000 total employees. Of its 1564 employees, and associates that work within the city of Scottsdale, 364 of them also call Scottsdale home as residents. It's recognized for its strong commitment to corporate diversity and inclusion, such as being noted as one of fortune's best companies for women. I like that.

A top 40 company by Black Enterprise, a Catalyst Award winner and a top veteran friendly community by U.S. Veterans' Magazine and it was committed to giving back. In 2016, the company's foundation

gave \$300,000, \$370,000 in strategic grants and \$200,000 in corporate sponsorships in Arizona, and as recently as May 7 of this year, it gave \$1 million grant to St. Mary's Food Bank and that's going to play a critical role in infrastructure the food bank needs to help its fight to end hunger in Arizona.

Nationwide Realty Investors, we refer to them as NRI, they are a real estate development has actively been engaged in real estate for 20 years and holds more than 200 in real estate developments across the country. It currently owns more than half a million square feet of commercial property in Gainey Ranch, where the bulk of the Arizona associates are based and leases space at Pima center to support hundreds of additional associates. If the project moved forward NRI will continue to own and manage its property at Gainey Ranch but it's been strategically putting associates at Pima so it can open up space at Gainey Ranch and bring in other high-quality tenants.

So it does not want to see a huge, vacant building, for example, if it moves into this new campus. It will be bringing in other great companies. In fact being right now they have brought in quality tenants such as Shea Homes and Wells Fargo corporate offices. The proposed campus anchoring the project would accommodate 2200 associates initially with room to grow to 3,000 over time and these are with average wages of \$58,000 and that is base wage and bonus. It does not include benefits. Benefits are above and beyond that \$58,000.

[Time: 01:28:29]

This chart simply shows the anticipated phases of development and how we have structured this agreement and what we think will happen and, again, you know, not being wizards and knowing exactly what the market is going to demand, we do feel like this is a very educated guess based on the experience of the developer. So what you see here are milestones laid out in the agreement. If the milestones are not met, then the overall pong of infrastructure reimbursement per phase reduces over time according to a formula. It summarizes the key points, I will just restate that the maximum reimbursement in the agreement is less than the direct fiscal impact, which is also sometimes referred to as the revenue impact to the city over the course of the agreement terms.

Performance is required in the phases described earlier before any reimbursement can occur. And there's a reduction in total reimbursement opportunity, again, if milestones are not achieved in the time frames described. So finally for a little bit more clarity, the city is also going to be receiving \$5.6 million in repayment for prior infrastructure investments when this parcel is auctioned by the Arizona State Land Department. It's a condition of the auction. So the city will be receiving that immediately following the land sales transaction. \$1.6 million will be obligated in interest to the State Land Department.

Another way to look at this, the city will be receiving over the course of 20 years in this project, more than \$24 million in direct revenue impact, plus an additional \$4.1 million in repayment right away, and so that is, you know, that's about \$28 million in revenue coming in and we ran some quick numbers to look at what does this mean in terms offer mitts and, of permits that will happen over the counter and a conservative number on that is an additional \$1.4 million that will come to the city.

I would like to quickly point out that here with us this evening is Mr. Brian Ellis, the president and if you want to say hi. He's the president and chief operating officer of Nationwide Realty Investors. As you can tell, he's excited to be here and he's prepared to offer brief comments should Council invite him to the podium and he will answer questions that may come up during Council discussion. And I would like to recognize Mr. Nathan Weimer, he's been instrumental in this process with us all along. So in closing this looks a little familiar, just a little by different design, but this slide is just another quick visual aid showing all the actions before you tonight the first actions were described by Greg Bloemberg and then the very last action is in relation to Item 24, which you just heard me chat you up about, and so Mr. Mayor and Council, this concludes all of the staff and applicant presentations at this time. Thank you.

Mayor Lane: Thank you very much, Ms. Casey. Thank you for the presentation. And Mr. Ellis, I would be happy to have you come and say a few words if you like, please.

[Time: 01:31:41]

Nationwide Realty Investors President and CEO Brian Ellis: Thank you, Mayor and Councilmembers. It's really a thrill to be here. And proud to represent Nationwide as we continue the long relationship that we have had with the city of Scottsdale over so many years to take you back, 1982, Scottsdale insurance company was founded here in Scottsdale as a start-up and an affiliate of Nationwide insurance, with just a handful of people.

In 1990, they built a new building and began to occupy a building at Gainey Ranch corporate center. The growth of that company has been remarkable. It's now the number two excess and surplus insurer in the country, and the staff levels continue to grow as well. So from that handful of people, we now have just under 1800 people employed in the state of, in the state of Arizona. And, in fact, after 28 years, we are to a point where we are beginning to really outgrow Gainey Ranch corporate center. So we are here today for a couple of things that are very important.

This is a milestone day for us, because we are going to determine whether or not we can continue to grow and stay in Scottsdale, continue to grow, continue to grow here and also continue to invest in our communities. We love to invest where we have associates. We have a history of that around the country and we want to be able to invest in this community. And we think we have a really good opportunity. I can't tell you that when you outgrow space. It isn't easy to find an appropriate site in the city of Scottsdale.

It's a challenge but we have been up to the challenge and we couldn't have done it without a great team effort from the city of Scottsdale staff, the staff of the Arizona State Land Department to put together, to put us in a position where we may, and there's no sure thing, that we may have an opportunity to do this, because part of the challenge here is, in fact, that we have to go to auction, and there's risk associated with that. We are hopeful.

We put the time in and we put the effort in, but we hope that we will be successful and be able to achieve the objectives that we have set out. We have a great, we have a great team that's worked

on this and worked with your team here at Scottsdale and I'm proud of those folks. We have also worked in collaboration with Grayhawk development, Gregg Trias is here, the C.E.O. of that organization and I think many of you know Gregg, and he has a significant history with this site.

It was really Gregg that encouraged us to look at this particular piece of property as we were trying to identify appropriate sites to not only do our campus, but to also create a great neighborhood, a live, work, play environment that's essential requirement for where we want to house our, house our associates. So Mayor, if it's okay with you, I would like to request that I give a little bit of my time to Mr. Trias to just say a few words and a little background on the project, if that's okay.

Mayor Lane: That would be fine, Mr. Ellis, and thank you.

Brian Ellis: Thank you.

[Time: 01:35:00]

Greg Trias: Mayor, I'm Gregg Trias, I reside in Paradise Valley. I have been in this chamber since the early '80s. Don started in '76 and I started coming in '81. I was actually a partner in the State Land Department in the 1990s and I remember it very well in the '92, '3, '4, and acquired the Grayhawk community and all the neighbors that lived in Scottsdale were all over us. A lot of those neighbors are here today that actually live within Grayhawk.

It's never easy to go through a process like this. It takes foresight to understand why you are trying to get something accomplished. Randy made this mention earlier tonight about how this land could be sitting on the freeway for so long. Having been a planning permittee and a friend of the Land Department for a very long time, we're proud of what Lisa is doing with the Land Department right now. I can tell you because it's complicated. Rarely do you find a company willing to vest two years into a process where they are not sure that they will be successful bidder. Who will take the time to do that? I applaud Brian and his team at Nationwide to follow this through. Your staff did a fantastic presentation. The breadth and the depth of detail involved in this project is significant.

Breaking all of that area down into 11 districts makes a credible amount of sense to somebody in the land business. You have the ability to change what has held you at a stalemate for 25 years here tonight. A lot of people have talked about all the details and the drainage channels but one of the things I didn't hear, you were trying to buy the detention basin from the Land Department. It didn't work because you didn't want to pay for it and they wanted to get paid for it. You can increase the zoning. As we are talking about, we are talking a 275 square foot delta.

What it might be fit so much better, live, work, play and that's where the future of real estate is going. You have to have people with the capability Nationwide to bankroll those type of projects, very, very patient capital, who the protect that investment. We didn't have that in Scottsdale for a while. We had a large project. We had millions of dollars of infrastructure that somebody had to put on it. The Land Department wanted to get paid for that. The developers couldn't afford it. We found a developer that can, I think this is a unique culmination of a lot of cycles to have Nationwide realty

standing in front of you with a user, the development capability of a national developer, and the ability to be very patient with their capital.

And that last piece that wasn't talked about much in the, why the Land Department hasn't been able to sell this ground. In addition to the developer paying the infrastructure, you are picking up 65 acres of easements that are going to be incorporated into that auction document, that are off property. You are going to be able to connect Miller Road from Legacy down to where it needs to be south of the freeway. They will be able to, ADOT will get the right-of-way they need to build the underpass. You will have a drainage channel.

The city has already mentioned because of the amount of money and engineering being spent prior to auction is crazy in my opinion. Doesn't happen very often. And picking up the 40-acre detention basin which has been a big stumbling block for north Scottsdale. I applaud Lisa and the Land Department staff for giving up that ground to allow this deal to happen. This is a much bigger deal than the 200,000 square feet difference in the two zoning sites, and the two zoning cases historic and today. It's an opportunity for Scottsdale to take a piece of what has been happening around the valley and Economic Development.

This could be the epicenter, Tempe, Chandler, Gilbert, Salt River reservation. These people, north Phoenix, these people are grabbing the opportunities because there are no sites in north Scottsdale to do large employment. So I would strongly encourage you to trust the people I trust and hope that you vote for this project. Thank you.

Mayor Lane: Thank you, Mr. Trias. And thank you all for your presentations and for your comments on that. We will go next to the requests to speak from the public. The public testimony. And given the nature and I had some additional cards since the last count, but nevertheless, the number of cards, I will have to rein this in, up to two minutes for a single card and when you have additional cards added, up to a minute for the first three. So I hope that we can all work within that bounds. It's for the sake of everyone here on this Council, for the audience, and for this many people to be heard as we can within a reasonable set of time. So with that said, one card, two minutes, and I will give the count when the added cards to it, and we will add to it. We will start with Sonnie Kirtley, and Sonnie has time donated by Copper Phillips, and Paulette Morgenstern. So Sonnie, up to four minutes.

Sonnie Kirtley: Don't need it.

Mayor Lane: Okay.

[Time: 01:40:37]

Sonnie Kirtley: Good evening, Mayor, Councilmembers. My name is Sonnie Kirtley and I'm the chairman, very proudly of COGS, Greater Coalition of Scottsdale. Our address on file in Scottsdale. You each received a very detailed two-page COGS position paper on this case. We are not going to spend our time at the microphone going through these details. It's not our intent to spend the evening, we need to give a chance to the public to speak as well. Because COGS has been involved in

land cases, commissions, task forces, neighborhood issues, city government for 12 years, we're not a naive volunteer organization.

We know that this will pass tonight. We want to use this time at the microphone to remind you that the existing property owners and the city residents throughout the city only recently learned the following. There have been months of City Council closed Executive Sessions. Although the city of Scottsdale is not obligated to increase the value of any landowner prior to sale, or flip, it was a major part of these behind-the-door discussions. Increase to 11 separate units was not known on this 1,000 acres, and that prepares this unit five with increased heights, increased density, tailored design for one bidder.

Although when the land is sold to anyone, according to the agreement with Arizona land, Scottsdale is to be reimbursed \$5.9 million for the improvements that we have put in there years ago. It is our understanding that this \$5 million does not return to the city, but instead is part of this deal. Don't miss agenda Item 24. These development agreements include more city of Scottsdale millions being spent. It is a fact, and we discussed this during our General Plan update, and even had a special group in from economic stakeholders throughout the city.

It's a fact that new residential dwellings do not pay for themselves in return revenue to the city. New fire stations must be built. We add increased coverage for police and fire. And there's an additional impact on our area, sewer and water systems. So the bottom line questions that need to be answered by our City Council, is this a good deal for our city? How does this benefit our residents who live here now? Thank you.

Mayor Lane: Thank you, Ms. Kirtley. Next is Richard Rees.

[Time: 01:43:55]

Richard Rees: Good evening. Thank you for the opportunity. I am here in support of the proposal by Nationwide on the Economic Development of the parcel that we're discussing tonight. I'm a resident of McDowell Mountain Ranch, 10836 E. Mirasol Circle, I've lived in the area for seven years. I relocated here from Howard County, Maryland.

One of my neighbors here, not with her, but from the same Maryland town, for a job with a Phoenix company, Phoenix-based company with offices in Scottsdale. It was a good company and because of its success it was a target of a larger company and was acquired earlier this year in January of, they were acquired by a Boston-based company, and because of the acquisitions, I will find myself soon as a displaced worker, looking for other opportunities. I'm in support of this proposal, mainly because of the economic advantages that it gives to residents such as myself in the form of jobs. I would like to think that if I had relocated for a company like Nationwide, a top 100 fortune company, or excuse me, top 66 fortune company, and with the economic resources and, and environment that it creates, I wouldn't be looking for a job at this point. But I recognized that Nationwide is the kind of company that can provide us, our children, and our neighbors resources and advantages going forward. Thank you.

Mayor Lane: Thank you. And is it Rees? Thank you, Mr. Rees. Next is Robert Palumbo.

[Time: 01:46:12]

Robert Palumbo: Thank you for the opportunity. Great presentation by Nationwide. You are going to do a great deal here, I'm sure, but it's going for Nationwide. It's not going to be for us. I have a math question. The last time you said you sold some parcels for \$1 million an acre, and 1.6 million.....

Mayor Lane: Sir, could you speak into the microphone.

Robert Palumbo: Sure. I have a question regarding mathematics. And the state representative just explained that they get 1 million to 1.6 million per acre. The minimum they are willing to take on this project is \$614,000 per acre, and I want to, I want you to explain that.

Mayor Lane: Sorry, this is not a question period.

Robert Palumbo: Oh, I can't ask questions. I can only do commercials?

Mayor Lane: Just your statement, support or otherwise.

Robert Palumbo: The second part of this, we are talking about traffic planning. Of course you can't do traffic planning because you really don't know what you are going to build here. There's a big difference between 130-room hotel and a 400-room hotel. There's a big difference in office space planning and residential space planning. Each one has separate traffic requirements. There's no way to tell what traffic come down the pike here. We already have major events here that have lots of revenue generated to the city of Scottsdale. Barrett-Jackson, Phoenix Open, NCAA tournament will be here, all the WestWorld events, these are high impact short-term events, which will severely affect the traffic and none of that has been discussed.

And losing any one of those events will easily wipe out, which has already been wiped out by proposal 24, any financial benefit. The last thing I would have to say is that there are no firm commitments on jobs here. We have estimates of jobs being created. We don't have firm commitments. We know we will vacate one unit to fill another unit, but there are no hard numbers here. I'm done.

Mayor Lane: Okay. Thank you, Mr. Palumbo. Mr. Henry Hoffer.

[Time: 01:48:36]

Henry Hoffer: Good evening Mayor and Councilmembers. My name is Henry Hoffer. I'm an associate vice president of claims for Nationwide. I have been with the company for eight years. My address is 10638 East Firethorn Drive, Scottsdale Arizona 85255. I work in the Gainey office location. Nationwide is a number 66 employer, top employer in the country, and there are

opportunities for continued employment at our company, and great careers.

What I really want to focus on is Nationwide as a philanthropy company. The passion it has by its associates in its community as to the hours that it's committed to the various causes across the entire community of metro Phoenix and Scottsdale. Many associates volunteer in many different programs and have many different passions that we support. I sit on the Council of Child Crisis Arizona and many of my peers do and many of our associates contribute to many causes in our community and support our community. I also believe that whatever Nationwide does in the community, from a building perspective, we respect the topography of our environment and our beautiful city and our beautiful state. Thank you very much for your time today.

Mayor Lane: Thank you, Mr. Hoffer. Next would be Solange Whitehead.

[Time: 01:50:21]

Solange Whitehead: Good evening, Mayor, and City Council. I am Solange Whitehead and I lived in Scottsdale for 22 years, and I am here tonight in opposition to the proposal, and I will break it down into two parts. One is the state part. This City Council is here to represent Scottsdale's interest, not the state's. So when the state says, hey, Scottsdale how about rezone a whole bunch of your land so we can maximize the bucks coming into our bank account. I get their side, but that's not our side. The answer should be pretty clear. It's no.

Second is Nationwide. I would love to see Nationwide relocate to wherever they want in Scottsdale. It is a great company, but it should relocate here because Scottsdale is the absolute highest quality of life community for the price in the west. So you should relocate here and do your philanthropy here because we are a great community. I think many people in this community do a lot of philanthropy. So I welcome you.

But the last thing we would want is to destroy the rules that make Scottsdale valuable because that's not a favor to your future employees because nobody wants to live in a high desert with wall-to-wall apartments. Nobody. That's not good for the city. It's not good for the Nationwide, and it's not good for any of the people that already live here. So send us back to the drawing board. It is a terrible proposal, but it could be better, if we just demand that it be better. Thanks.

Mayor Lane: Thank you, Ms. Whitehead. Next is Herb Natker.

[Time: 01:52:29]

Herb Natker: Mayor Lane and Councilmembers, by the way, 20100 N. 78th Place, 85255. Two six-lane highways will be driven into the heart of north Scottsdale. One of the most prestigious communities, upscale and not downscale, but with magnificent views and miles of preserve. A true bedroom community with outstanding residential neighborhoods and property values in the millions. Sorry. Now just a few questions, more or less food for thought. What will change with the six-lane superhighway of traffic north and south on Scottsdale and Hayden Roads? These roads will have to

be widened to accommodate the traffic.

What will change with 13 to 16 story high hotel office billings with the jammed on and off ramps. What will change with an additional 4,500 residential car trips daily just for this 136-acre high density project not counting commercial traffic and existing traffic. Why should the citizens of Scottsdale pay Nationwide realty development and impact fees for 21,900,000. Let's make that 22 million, instead of collecting these fees from them thus creating and setting precedents for future developers. Why is the density in north Scottsdale lower by 15% in Scottsdale. Why is the Phoenix Open the largest and most popular golf tournament played in north Scottsdale and not in Phoenix. Why is the Barrett-Jackson auto show in Scottsdale and not Phoenix? Why has a traffic study not been presented and conducted by the Planning Commission?

Why hasn't a traffic impact mitigation analysis for this project conducted and presented by the Planning Commission. Why hasn't a land use plan conducted by and conducted by the Planning Commission. Why hasn't the media been contacted by the city's public relations office to cover these highly sensitive development matters which will forever change the face and character of north Scottsdale? Mixed use, by the way, is the death knell of residential communities. Finally, a question of transparency.

Mayor Lane: Your.....

Herb Natker: I understand. Why are the Council Planning Commissions.....

Mayor Lane: Your time has expired, so please wrap it up quickly. Thank you.

Herb Natker: I will wrap it up. Question of transparency, why are the Council and Planning Commissions meetings held at 5 p.m. instead of 7 p.m. when working Scottsdale taxpayers can attend? Thank you.

Mayor Lane: Thank you, very much, Mr. Natker. Next is Jim Friesner.

[Time: 01:55:55]

Jim Friesner: Mayor and Councilmembers, I my name is Jim Friesner, I reside in north Scottsdale, 20100 North 78th place. I have been a resident in Scottsdale since, an owner of a condo in Scottsdale since 2011. That's my retirement home and I chose the condo because it has a beautiful view of the mountains, excuse me, of the mountains and the desert and enjoyed that very much. I know that will be destroyed. I have known for some time that eventually that land would be developed, and that time has come. I would like for it not to be developed in the manner I have seen here with the high-rises, the hotels, the increased density of vehicles is a major concern.

I see the traffic daily on Hayden and Scottsdale, particularly during the winter months, and it's, it's very difficult to imagine an increase of the vehicles that is projected. I also think there's been a lack of, there's been a lot of planning going into this project, but I think there's a lot of planning that didn't go

into the infrastructure, the lack of roads to handle that increased volume traffic, and I would like to know, is there a study, has a study been done on how the existing residents, properties will be affected by this project? Thank you for your time.

Mayor Lane: Thank you, Mr. Friesner. Next would be Jim Huntwork. Okay. Thank you very much. All right. Mr. Tom Kertis.

[Time: 01:58:48]

Tom Kertis: Good evening, Mayor Lane and Councilmembers. My name is Tom Kertis and I'm the president and the C. E.O. of St. Mary's Food Bank which is at 2831 North 31st Avenue in Phoenix. Scottsdale is part of the area that we service, and we have already heard some things today about the philanthropy of Nationwide insurance. Unfortunately, in our state, we have a state with, where nearly 1 in 4 children go to bed hungry at night and it's with our partners that we are able to fight that hunger, and overcome that. That's with citizens of this great city who contribute to St. Mary's. Citizens around our state and with great corporate partners.

And I would just like to reinforce the fact that Nationwide has been a great partner of St. Mary's, and helping us end this fight against hunger. They have been donating for St. Mary's for years and most recently we heard earlier that they donated \$1 million to St. Mary's to rebuild our coolers so we can provide more efficient and nutritious produce to our constituents in our state. We are grateful for their support. We look for their continued support. I would say that from my experience, where they have a corporate presence, they invest heavily into those markets into philanthropy in those markets and they are an incredible corporate citizen and I would encourage you to consider their community involvement, their focus on taking care of those in need in the community, as you evaluate this number 24 agenda item. Thank you.

Mayor Lane: Thank you, Mr. Kertis. Next, Mr. Richard Verri.

[Time: 02:00:45]

Richard Verri: Thank you, Mr. Mayor. Mr. Vice Mayor, members of the Council, my name is Richard Verri and I'm a resident at 20100 North 78th Place and I am the president of the Grayhawk community Edge condominium association and I'm speaking here tonight on behalf of the 450 homeowners that reside at the Edge. On June 4th, I submitted a four-page letter to each of you. I won't go over all the particulars I added into that letter but I would like to say on behalf of the 450 homeowners we oppose the Council voting on this, these amendments this evening until after there could be studies concerning traffic, noise, property values, changes in the character of the surrounding community, housing density and the costs to the city of infrastructure. I think it would be prudent for the Council to consider those types of studies to have them available for the public so the public can review them, before you take action on these amendments. Everybody knows that the property will be developed, but I think it's prudent on the Council's part to conduct its due diligence and to be transparent with the community in that regard. Thank you.

Mayor Lane: Thank you, Mr. Verri. Ms. Sandra Verri. You are.

[Time: 02:02:30]

Saundra Verri: Good evening, Mayor, and Councilmembers. My name is Saundra Verri, live at 20100 North 78th Place. I'm a condominium owner. I am also the wife of Richard Verri. As a citizen of Scottsdale since 2005, we came here from the east, and loved it for its beauty, its aesthetics and the thoughtfulness as how it was developed. Now we did know that there would be development next to us, but I am quite alarmed at how it is being changed. The games being changed in the middle of it, the rules. Now we are changing the height, the density and the height of the buildings and what is going to go there. And I'm asking you to be very thoughtful of the people that presently live in this area, and came to this area, north Scottsdale for what it offers. And I don't see it as a win/win, as the state representatives say for the people, that presently invested heavily here and want to continue to enjoy their lives. Thank you very much.

Mayor Lane: Thank you, Mrs. Verri. Next, please Ety Green. Pardon me if that sounds like a D.

[Time: 02:03:59]

Ety Green: Thank you, Mayor. You pronounced it perfectly and thank you for listening and hearing all of our comments, Mayor and Council. I understand that this property is valuable and will be built on at some point. In fact, I'm in favor of the property being built on in general. When I purchased property 12 years ago, I understood that a high-end mixed-use development would be built in this vicinity and it is, in fact, one of the reasons that I bought in Grayhawk. But I have concerns about these amendments and the changes to the density and the changes to the height.

I'm not sure I totally understand the change from the PCD to the PCD PCP but I believe it means that in other areas, there is the potential for development to 135 feet, even though the current participant is only asking for 115 feet. I have concerns with 115. I have greater concerns with 135. There is agreement, I believe among the residents that this is moving very, very quickly, more quickly than we can keep up with and particularly in the summer season when a vast majority of our owners are out of town and not able to be here, and participate fully.

I urge the committee to slow it down. I don't see why a vote has to be taken this evening and I think that there are concerns that should be further studied, including the height, including the proposed amendments not, I don't believe having sufficient square footage for retail spaces for shops and restaurants and bars and marks that both, all of these residents and all of these workers, 5:00, everybody wants to go out for a cocktail. Where will they go? There's not enough space.

As it is, there is currently not enough space in the high season for the people who live there to go to the supermarket, to park their cars and to get and out of the shopping centers. Traffic will also be impacted and I don't believe that widening Hayden from Legacy 101 resolves this issue. With all respect to Mr. Bloemberg, if you ever tried to go on Scottsdale Road in any rush hour in the high season, and even this season in rush hour, you can't get anywhere quickly! Thank you very much.

Mayor Lane: Thank you, Ms. Green. Next is Stuart Warner.

[Time: 02:06:54]

Stuart Warner: Mayor, members of the Council, I'm Stuart Warner. I'm a resident of Grayhawk. It seems clear to me that these concerns of current owners around the development are being ignored. First of the current residents have expressed a desire for more services, restaurants, bars, et cetera, uses of the current and future residents and employees could access conveniently. Current plan does not adequately provide for this and it should be amended to ensure these services are provided. Second cost to benefit ratio are not openly or timely provided. How much are we putting out as a Scottsdale community and how much are we getting back from the proposed developer? This demands more open information and discussion. Scottsdale and especially those in north Scottsdale should not be subsidizing a for-profit development. Lastly it seems the current plan is being ramrodded to the current residents who would rather have more time and involvement in determining the nature of our neighborhood. Please, more time is needed. Thank you.

Mayor Lane: Thank you, Mr. Warner. Next is Mark Stanton. Dedicated time from Kevin Maxwell. Mark will be up to three minutes.

[Time: 02:08:20]

Mark Stanton: Thank you, Mayor and good evening, Council. My name is Mark Stanton. I serve as the C.E.O. as the Chamber of Commerce, 7501 East McCormick Parkway, Scottsdale, 85258. Since 1987, the Scottsdale Chamber has served as an advocate to build a vibrant and prosperous business communicate and help support the quality of life for all of our residents and guests. The Chamber advocates on behalf of 1,100 businesses that contribute in a myriad of ways to our economy. We work to attract and support the businesses that come to Scottsdale and that thrive here.

We are excited that Scottsdale and Nationwide, a long-standing member of the Scottsdale Chamber are working together to not only keep Nationwide in Scottsdale but to help allow the company to grow, to add additional high wage jobs to our city, and to undertake important infrastructure needs. It's significant, as we have heard, that Nationwide is the number 66 in this fortune 100 list and that they are located here in Scottsdale. The organization really has been and is a leader in the business community, and one of the largest private employers in the area.

Moreover, they are a significant partner and philanthropic leader that has produced a number of wonderful opportunities and commitment and investment that has supported our town, our city, and our quality of life. Nationwide's track record of community involvement is felt throughout the greater area, greater Phoenix area and their employees donate a substantial amount of time to the community. This proposed development is a demonstration we believe of how government and business can work together. And we believe that a project like the one proposed will benefit taxpayers, create a long-standing value through career and economic opportunities and we look forward to how the development evolves, working with the city, working with the community, and

working with the businesses. The Chamber supports the proposed development and we anticipate that moving forward it will be a benefit not only for the business community and the residents, but for the greater region. So thank you for your consideration and we are in support of the project. Thank you.

Mayor Lane: Thank you, Mr. Stanton. Next is Geoff Beer.

[Time: 02:11:08]

Geoff Beer: Hi, Mayor Lane, members of Council, my name is Geoff Beer, I'm a long-standing volunteer board member at the Scottsdale Chamber of Commerce and mostly, notwithstanding our day-to-day challenges and disagreements, a big fan of this city, its leadership and the people who make it run every single day. I also happen to be a real estate developer around the valley. And I want to make it very clear that I have absolutely no interest in this project of any kind, no affiliation, direct or tangential.

I'm here to give a couple of thoughts from a real estate developer's perspective and frankly it's from a developer's perspective, it as I lousy deal, and that's a good deal for the city. I know it's hard to believe, but it's a good deal for the city. The land seller is not a private entity. The value that's added to the land from the entitlement changes go to our public school system, including the allocation to Scottsdale Unified.

Next, the developer itself is actually the user. This is rare. Typically third party like mine builds an improvement, leases it and sells it. We don't have the same incentive that somebody who is going to use it to make it high quality. I have been to Columbus. I have seen the Nationwide headquarters. It's gorgeous. They did not try to skimp on quality.

And then the last thing I would like to point out is development agreement is a good deal for the city. I know it sounds like a lot of money. They could do better 2,000 employer company could go just about anywhere it wanted in the country and get a huge check. They are actually leaving millions of dollars on the table in my opinion to stay in Scottsdale. I will leave you with one final thought, sorry I'm out of breath. The Scottsdale Waterfront was a project I was affiliated with. At the time, it was very passionate, tensions were high. Projections of doom and gloom for downtown were ubiquitous and the development team were quite worse than anything we have heard tonight. It was very polite and thank you for that. At the end of the day, I think that project turned out primarily well. It's the home page for the Scottsdale website and it's 20 feet taller than what is proposed here today. I would ask you strongly to reward a great developer like Nationwide to move forward with their project. Thank you.

Mayor Lane: Thank you, Mr. Beer. Next is Pam Weaver.

[Time: 02:13:42]

Pam Weaver: Hi, Mayor and Councilmembers. I just want to introduce myself as Pam Weaver. I

do work at Nationwide in the Scottsdale Gainey Ranch Scottsdale campus and I have been in the area working with different insurance companies from Scottsdale Road to Pinnacle Peak on both sides of the valley. Since 1980, so I do know the value of the land. I also live in ZIP code 85255. So I'm just here to express how grateful our company is to us as associates.

We are also out there sharing the community as well as taking care of and putting some beautification back into everything that we do. We also have showcased a lot of different volunteer situations, and we are also out there looking for a place for our daily family that are we work with every day in and every day out, even though we go home and it's going to be, you know, something where you are in a family situation, you are dealing with everybody as an associate day in and day out. It's a great place to work. And I appreciate the fact that they are willing to keep us close. We are not being transferred out. I want to say thank you and hopefully this will go through.

Mayor Lane: Thank you, Ms. Weaver. Next is Paul Hughes.

[Time: 02:15:32]

Paul Hughes: Mayor Lane, Vice Mayor Phillips, members of Council, my name is Paul Hughes. I'm the vice president of business attraction for the Arizona Commerce Authority. I'm here to express my support for Item 24, but I'm more than just my position within the A.C.A., I'm a long-time resident of the city of Scottsdale. We moved here in '98. If you are doing the math that means 101 ended at Thomas Road. And we have lived in the airpark area that entire time. We are committed to the area. We have seen it change.

We have heard Public Comment on what changes, but more than anything, it's the quality and the caliber of the companies that are locating in Scottsdale that's making a difference. For a long time, the state has sought out corporate headquarters, regional headquarters to stabilize the workforce within our state, and it wasn't long ago that the entire community that's here today saw 25% of their homes in their communities on the market because people were losing their homes when the economy was weak. So when companies can't find what they are looking for, and to extend on Mr. Trias' comments, the time put into this project is amazing.

When the companies can't find what they are looking for, we have direct evidence that they either split or leave, two different versions of the word "split." But we have seen it with Taser, and JVA Software. We've seen with it with Go Daddy and on down the line. There's several of them. There's direct evidence of this. We are here to support the project because this is not a speculative build. This is a company that's explaining that they need a bigger home. They need a home for their employees so they can enjoy the same quality of life that everybody in the room enjoys. That's my time. Thank you.

Mayor Lane: Thank you. Next is Chris Camacho.

[Time: 02:17:47]

Chris Camacho: Good evening, Mayor and Council, I'm Chris Camacho, just a few comments because many were already made today, regarding Item 24, I'm here to speak in support of Item 24. I can tell you in the world of competition, I deal with 300 companies per year, that have the opportunity to move jobs, capital, head count anywhere in the United States that they want, and, you know, we are here tonight with a national class developer that has built, you know, I mean, world-class product in top innovation and employment centers across the United States. And we have the opportunity to build one of those here, expand one of those here.

And in the world of competition, there's a lot of factors that go into how capital is placed, how jobs are created, and Paul touched on an important subject that we as an economy have been so heavily reliant on growth, on consumption-based industry, on housing and construction and tourism, retail, to drive the economic disposition of the market. Our goal is to see more employment-laden investment and that's what Item number 24 represents.

One other item is I work closely with the city of Scottsdale to attract these employers which, again, Paul alluded to the fact that Scottsdale has an amazing quality of life, I'm a member of the community, the economic balance in terms of diversification is happening, and the one challenge that Scottsdale has is limited product. So we are talking about a corridor that for over 20 years has been playing with this use being planned and bringing these kind of jobs and opportunities and ultimately future tenants to this location will be vitally helpful to maintain the balance of this economy. So I would encourage you to support this effort tonight. Thank you.

Mayor Lane: Thank you, Mr. Camacho. Next is Deborah Palumbo.

[Time: 02:20:00]

Deborah Palumbo: Good evening. Deborah Palumbo from the Edge. Regarding the rezoning. At our meeting at the Edge on June 4th, we were told that the maximum height with the bonus would be 115 feet and Councilwoman Milhaven said she wanted to understand that we were quibbling over 25 feet above the 90-foot maximum that was currently on the books. At our Grayhawk meeting on June 5th, we were also told the maximum height with the bonus was 115 feet. On June 7th, we received an email from James Davis from Cox telling us that the maximum height of the bonus could be 134 feet. That's now 44 feet, four stories higher than the 90 feet maximum. It seems like we were misled at a few points.

Regarding the economic point 24, the Nationwide slides said that they were being, going to be outlying greater than \$30 million for the infrastructure. The state, Mark Edelman told us that the developer would be responsible for the infrastructure development. Well, according to .24, it seems that we the people, the city of Scottsdale will be giving out 21.9, \$21.9 million, which means Nationwide the proposed purchaser if it does happen would only be responsible for \$8.1 million. Also that point seems to me to be an associated deal, not an open auction item.

To set us straight about the \$21.9 million, that would be the equivalent of 20 years of property taxes for that parcel of land, plus the tax, the bed tax revenues for the hotel for 20 years. It seems to me

the city's responsibility is to protect and provide for its residents and to provide for the city's future with responsible growth and vision. By rewarding the purchaser with extraordinary building heights, higher density housing, seems to be, if you rezone that to a PCP, you would be failing in both of your two basic duties. Thank you.

Mayor Lane: Thank you, Ms. Palumbo. Jeffrey Luth.

[Time: 02:22:44]

Jeffrey Luth: Mayor and City Councilmembers, good evening. Jeff Luth and executive recruiter, I live in Grayhawk. I have a three-minute comment, that I may go slightly over two-minutes. I beg your indulgence. I want to talk about vision, opportunity and yes, tradeoffs. I worked in New York City for the first 15 years of my career. If you want serious density and traffic congestion, try the New York metro area. In 2001, I moved to Arizona courtesy of a corporate relocation. My company's offices were in south Chandler but we didn't want to live down there. We liked the high desert and the idea of living in Scottsdale. As we scouted for housing with the Realtor, we drove the 101 further and further north. We got off at Pima Princess and I thought we were entering Utah.

We saw Grayhawk and for me compared with back east, the 25-minute drive down the 101 to Chandler was heaven. In 2005, Scottsdale leaders agonized over proposed over the Los Arcos site off McDowell Road. Some members of the City Council were dead set against enabling the development but fortunately, the Council had sufficient vision. And the proposal was approved and today SkySong is an unquestioned success over 1 million square feet at nearly full occupancy, 2,000 employees working at 50 companies, four office buildings a fifth building and a hotel under development. An economic impact estimated in the billions of dollars.

SkySong has become an economic engine that has revitalized south Scottsdale and an outstanding example of where vision meets opportunity. More recently the marina heights development took shape on south shore of Tempe Town Lake. It's a master piece and it has become its own economic engine. These two products and numerous others like around did not simply sprout out of the ground. The people behind these projects saw opportunity. They had a vision and they were able to marshal the resources necessary to move the dial. Kudos to them.

I wish we had a Tempe Town Lake but we have the 101, a vital transportation artery which like Tempe Town Lake is a magnet for development. I think having the Nationwide campus is a fabulous opportunity for Scottsdale and the entire region with any luck, we will get a big breakfast here like the one in Marina Heights. I realize many chose to live here because of what the master plan community represents. When we built here 16 years ago we fully expected to see further development around Grayhawk. We have faith in the planning process.

As Crossroads East is developed, traffic will increase the view south and the Estrella mountains will be impacted. When considering the amenities this development should bring such inconveniences or to be expected. My hope is that we recognize the opportunity and embrace the vision and ensure that our city planners minimize the tradeoffs by carefully considering the human elements in large scale

developments. Thank you so much for your time.

Mayor Lane: Thank you Mr. Luth. We have 50 seconds on you. Next Allison Gilbreath.

[Time: 02:26:09]

Allison Gilbreath: Good evening, Mayor and Councilmembers. My name is Allison Gilbreath, the Executive Director of Arizona Manufacturing Council which is part of the Arizona Chamber of Commerce. Thank you for allowing me a few minutes to speak on behalf of the project today on behalf of the Chamber. We fully support Nationwide's proposed development in Scottsdale along the 101 and Scottsdale Road.

Having worked in Economic Development for more than a decade, I can tell you that this is a very good plan. It's a good deal for greater Phoenix, and it's a good deal for Scottsdale and a great deal for the state. Any time you have a company like Nationwide that is located, or preparing to locate more than, you know, thousands of jobs and significant capital investment into the region, that company is going to serve as a beacon for additional development in the area.

I, I'm not a Scottsdale resident. I'm a resident of Desert Ridge but it's pretty darn close. So I know the area quite well, and I know it's an area that's poised for growth for many, many years. And this is, this is absolutely in our view the right project for the area. So, again, on behalf of the Chamber, we fully support this. Thank you.

Mayor Lane: Thank you, Ms. Gilbreath. Next is Doug Watson. Doug Watson.

[Time:]

Doug Watson: Oh, okay. Can everybody hear me on that? Okay. Mr. Mayor, Council, thank you much. I would like to talk about, quickly here. I have seen a lot of things to, lately on the building high-rises. And one thing I have been thinking that's bringing a lot of people here and buildings and I, one thing I study is water and I was just wondering if we keep that up whether we would have enough water. So I looked at some of the detail on that. For example, California was trying to take our water here in Arizona. And our governor was fighting that. I don't know if they ever won or not. But they can take your water out, I guess. And the other one is kind of interesting.

The very day, over that, is Arizona is taking water from the other people that are trying to get the water. So essentially it's hard to tell how much you are going to get. And in terms of, you just have to look at the river itself. And the river itself, is it going to provide enough water for everybody? You can tell that, there's people that can count on that. But at some time, the pound of people that live here can be bigger than the water. And so that's my concern about it, when you start having bigger buildings, more people in this area. You have a river so much water in it, and there are people that study that quite a bit and that's what we will have to do. So that's it.

Mayor Lane: Well thank you, Mr. Watson.

Doug Watson: Okay.

Mayor Lane: Next is Alex McLaren.

[Time: 02:30:54]

Alex McLaren: Mayor, members of the Council, Alex McLaren, 7624 East Osborn. I think you had a lot of history this evening on, on this property. I think I would just like to say that I lived a lot of the history. I joined the city in 1985, and I think in about 1990, Core North and Core South were being discussed, and many meetings with Mr. Trias and his development team on Core North and he was right. There was a lot of opposition to Core North, but it was built and I think they built a great project.

With regard to the actual drainage and transportation in this area, I worked intimately with Kroy Ekblaw and others for a long time, trying to solve the drainage for this area, and I think as Mr. Edelman said, we have come to a drainage solution in the area, which the whole zoning for the property will be participating in which is a good deal.

As far as the transportation goes, I was involved in building Hayden Road north and south of the freeway. We filed paybacks to the State Land Department. All of those monies will be repaid to the city. So I think the zoning that is being requested is a good one. The heights, the densities are adjacent to the freeway which was always anticipated that way. With regard to the Nationwide development agreement, I think that also has huge benefits for the city, in that we will get the development, the, all of the, and it's tied to the performance measures within the, within the development. So I strongly support both the rezoning and the development agreement. Thank you.

Mayor Lane: Thank you, Mr. McLaren. Next is Mr. Greg Stein.

[Time: 02:33:28]

Greg Stein: Mayor Lane, Councilmembers, my name is Greg Stein and I'm one the attorneys who represents the Edge of Grayhawk Condominium Association and also venue at Grayhawk Condominium Association. You have heard from a number of residents of both associations already, including the Edge board president Richard Verri, who are deeply concerned with the nature, size and scope of this project. Now, I watched Mr. Edelman's presentation and he lists a number of studies that have been completed to date. My understanding these have not been made publicly accessible to residents and they are not readily accessible in any form. I also noted from the presentation that many of those studies have been completed between 5 and 15 years ago. For example, the traffic study was last completed in 2011, despite the fact that this project has gone through numerous variations since that time.

We have no traffic updated, updated traffic study to determine what some of those changes might be.

Frankly, from the association's perspective, what they feel is that government agencies are selling them a bill of goods. They are telling them that this will be a great project. We can't provide you any detail, but just trust us. This will be a great project. I think regardless of your political beliefs, those types of statements should concern you. It's also very frustrating the lack of detail because what we have been informed the, throughout the entire process is because of the state land trust auction process, we can't provide information to you because we don't know who the applicant will be. I'm sorry, we don't know who the winning bidder will be, but Nationwide is here.

We have proposal 24 on the City Council's agenda calling for payment or authorization of an agreement for payment by the city to Nationwide of \$22 million. It's clear that this development is back tailored to one applicant and the claims that we can't provide detail seems specious to the association. And I see my time is up. May I have an additional 30 seconds to finish one thought.

Mayor Lane: 30 seconds.

Greg Stein: Thank very much. I want to jump back to the issue of the traffic study. No traffic study has been completed since 2011. I noted from the Scottsdale design standards and policies manual that rezoning changes go through, have three categories. Category three being the most severe. This is clearly a category three change and if the state was not involved, the design manual requires that a traffic study be conducted, additionally the project is also asking for amendment of zoning code 5.4007, and it's specifically entitled unit five development. So we are amending a provision to get to create an entirely new development standard that's never been implemented before yet we don't have any traffic studies to determine what the effects of that new development study will be. It's almost as if we are going into this process wearing ear muffs and blindfolded. Thank you.

Mayor Lane: Thank you, Mr. Stein. Next is Jill Hegardt.

[Time: 02:36:49]

Jill Hegardt: My name is Jill Hegardt, I'm with DMB associates. We are the neighboring property owner to the west of the Crossroads East property. And we have a long-standing history of collaborating with the State Land Department on the development of both of our properties. We have also had the opportunity to meet with Mr. Edelman and their staff multiple times to review the application and understand the implications of it. We are in support of the application. We appreciate the comments by Mr. Edelman to articulate our agreements with regard to heights on Legacy. So with that, I just wanted to indicate that we are recommending approval. Thank you.

Mayor Lane: Thank you, Ms. Hegardt. And finally, last but not least, Jim Haxby. Mr. Jim Haxby.

[Time: 02:37:59]

Jim Haxby: Mayor and Council, I attended the zoning hearing on this about six weeks ago. At that commission hearing, it was asked by staff if we did have a traffic study or a water study and we didn't

at that time. Tonight, supposedly, we do have one, and it was quoted as 2011. And we're talking about between 1 and 1.8 million square feet of office space, 200,000 square feet of retail space. Somewhere between 7 and 8,000 units of residential dwelling, and we don't have a traffic study?

I mean have you been on East Cactus and the 101. It's a parking lot? How can we go forward with this, without knowing what we are getting into in traffic? The other thing that the commission, it was asked when the last public outreach on this project, and it was over a year ago. So why don't we slow down. Not to say it's a good project, a bad project. I'm sure Nationwide is a great company. Maybe it will give us a discount on, if you have a Scottsdale address on insurance. Why don't we slow down and know what we are getting into? What's the big rush? Why can't we do studies on traffic, water. I don't think there are any 115-foot buildings on 101 from Cabela's to Cactus as you go down there. You don't see any high buildings on there. So let's know what we are getting into. And why give away our standards and subsidize someone \$21 million when the public doesn't know about it? So let's have more public outreach, know what we are getting into before we say yay or nay on this. Thank you.

[Time: 02:40:39]

Mayor Lane: Thank you, Mr. Haxby. And that does complete our public testimony on these items. And with that, we will move to the Council for any questions, comments, or information that will lead to the deliberation on this. Since there seems to be reluctance and maybe because we are missing one member, I'm not sure, but nevertheless, I'm going to start by just saying one of the things I have been spending a about the of time on myself is determining the level and the extent of some of the comments certainly in opposition. And then also, the challenges to what is seen as being some difficulty with the process that we have employed. And I would just want to say, that the process was followed, and oftentimes, it doesn't come into view until somebody, you know, becomes interested in it.

The other item that I say is we do have an issue when we have state land involved. That's not because there's anything other than an active involvement in a major land holder, the state, and the city of Scottsdale. It does add an element of uniqueness and of additional challenge on how this land can come into use, and it has set idle without any, there's no tax on that land. There's no development of that land. In the meantime, over the last ten years or so, we have been actively engaged with this same State Land Department, and setting aside 47 square miles of the city and in an arrangement and working with the state land closely that was wanted for conservation. We have been successful in doing that and in part, it's due to a good working relationship with the State Land Department and for that, we are very, very appreciative. And it has worked to our citizens' benefit.

On the other hand, as we did just those kinds of things, we realize that there is a need and a call to develop the land, even as it relates to Maricopa Association of Governments in the regional transportation sales tax that we contribute to and don't recover much on. There's been a complaint as to why they have a piece of freeway that doesn't seem to be developed. So I would say, number one, the processes were followed. As to the element of mixed-use, however that may be seen here, however the development agreement was structured, mixed-use has worked since the great recession

to our great benefit of live, work and thrive environment and that's essentially what we are looking for here. It actually reduces the need for traffic, a great deal more of pedestrian and, frankly bicycle and other means of getting around. It also creates, as we found in a city that had the highest average population over 65, and I feel personally responsible for pulling that number up through the years, but nevertheless, we have been able to reduce our average age.

Now, to some people that seems like it may not be, they may not care for that. But what it's done is developed a market demand and market valuations to improve in those areas where we have implemented mixed-use projects. One of them is right here in downtown. And so it's been a very valuable tool. Not one that is denigrated valuations. In downtown here, at the depth of the great recession, we had property values were decreased by 50% or more in some instances. It's all to best indications one of the hottest areas now and has more than recovered from that decline.

[Time: 02:44:21]

So there's a lot of thought that went into this and there's a lot of process that has to be followed and it may be complicated a little bit because there's an auction involved. We do have a prospective, a very good resident corporation that has proven themselves not only to be a great corporate citizen, but also to prove themselves in this marketplace to be an owner of quality, the kind of quality that we want to have here in Scottsdale. These deals don't come along every day. It doesn't mean we rolled over.

I think that's pretty well been indicated in a lot of ways. The other is we're in compliance with our gift clause designation. This is not a straight subsidy in the straight sense of the word. There's a performance element involved with this, but an awful lot of the infrastructure that's being put in, is not infrastructure that any developer is necessarily required to build. So there is a tremendous exchange of value for value here, all the way around, which is in compliance with our program within our charter, which incidentally are some reforms that, with the help of Council, certainly initiated in putting on the ballot which some of the people in this room actually voted on those changes, those reform to the charter that stopped those things.

But nevertheless, I, you know, I certainly am sympathetic to the concerns when people become doubtful or mistrustful. I want to just add to that that word on "trust." We heard earlier from the folks from the No DDC and saying this is the same thing. This is hardly the same thing. This isn't even close to the same thing. And so I'm, you know, if there's a gathering of forces and trying to sell one issue on the other or otherwise, I get that but I can just tell you as one person this is not same thing.

So I strongly support the project. I think it's, it's a very good thing for us. I'm, I'm concerned when people may even have misinformation, maybe they are challenged for lack of information and the process may be a bit confusing. Frankly, that's one of the reasons you elect us, to be able to spend the time to go through these things and to do the best that we can to filter through all of the options. We worked every hard, every single member of this Council has worked hard on this subject and we will continue in the future.

Do we ever make a mistake? Sure, it does happen. But when you have a body of seven of us, you certainly hope that you, the majority are going to be on the right side of it, and then it, through the deliberations, through the information, even from our population, our citizens, it's something that we need to get educated and we need to get all the input that we can and weigh it against moving forward.

So, I will start out with that because I know there will be a variety of other opinions but I want to say that I do very much appreciate all the participants, the citizens and people who are concerned about, it all of the input that we had. But on the weighing of everything I have heard tonight, everything I knew before, I think we are in a good place to move forward and incidentally, if somebody wants to go and outbid Nationwide, they can, they can do that. But at the same time, that's, that's a bit of a risk that's still out there too, for this project. And anything that's been promised, it's certainly subject to this even happening. So anyway, that's my comment on it and I see that someone has come to the fray to weigh in as well. Councilman Smith.

[Time: 02:48:26]

Councilman Smith: Thank you, Mayor. Well, let me echo a lot of comments that you made. For some of the participants here tonight, certainly the, the State Land Department, I think you have put a lot of work into this project and I admire you pursuing your mission to increase the benefits to our schools. It's not our obligation to do that, but it's certainly yours and I know that you are trying to do that. And I think the, I want to certainly echo all of the accolades for Nationwide as a community citizen and as a neighbor. We as a community benefit from your presence here, in so many ways. And it's a very positive thing and I thank you for the work you put into this project, with as the Mayor said with the potential that you may not even win the bid.

My comments are going to be related not to any of those folks that I admire but to any client, if you will, the citizens of Scottsdale because I have to protect their interest. That's what I'm, that's what I'm elected to do. Regarding the project itself and I know that the, somebody stated that the Land Department goal was to, has always been to create a regional employment center. I have a question, and I don't know who this is to. What would be the current height limitation of buildings if we did not approve any of this discussion tonight? Both with and without bonuses if that's applicable to the area. I don't know whether it is as presently zoned.

Randy Grant: Mayor Lane, Councilman Smith, currently there's a height limitation in PRC of 60 feet which can be amended to 90 feet.

Councilman Smith: And when you say can be amended, what would that mean?

Randy Grant: You can, an applicant can request amended development standards, and can amend up to 90 feet. There are no bonuses that are required for that in the PRC district. It's simply an allowance that if Council approves it, they can ask for height up to 90 feet. In the PCB, the height is 84 feet. There is a bonus provision in PCP which allows them to request up to 134 feet. And those

bonus heights are accommodated through public improvements that are required for each foot of additional height and additional density. So with the PCP, up to 134 feet.

Councilman Smith: You raised another question that I think I have an understanding and memory about. If somebody asks for a bonus increase in height, then they either pay \$1 bonus or they do something of equivalent dollar value that we can evaluate but there is a companion right. But we determine whether that's in the public interest; is that right?

Randy Grant: That's absolutely correct.

Councilman Smith: Okay. And I will come back to that in a moment. In the meantime, sticking with the current zoning on the property, does anyone know what the current value of the property would be as presently zoned for Section 5, or area 5, whatever we call that. We know that it's \$83 million if we grant the new zoning, at least I think that's what we're hearing. I don't know how much the number is enhanced by the PRCs and all that sort of thing.

Randy Grant: Councilman Smith, I don't have the answer to that.

[Time: 02:52:58]

Councilman Smith: Does the State Land Department? I'm seeing a shake of the head no. Presumably it would be something less, though. I mean, I can't imagine it would be more. So would it be fair to say it would be something less. Now I get an affirmative nod. I guess a question to the staff or the State Land Department, I know following the Planning Commission concern about the project, additional public outreach meetings were held on June 4 and again on June 5 and I was at both of those meetings as was Councilwoman Littlefield. Were there any changes to the project that were done as a result of that public outreach?

Randy Grant: Mayor Lane, Councilman Smith, no, there were not.

Councilman Smith: So that was just to infer the public of what we were going to do or what was proposed we would do.

Randy Grant: Councilman Smith, I believe information distribution was one of the purposes. It was also to receive comments and questions. We certainly got a lot of comments and questions from those meetings.

Councilman Smith: But if I understand it, it didn't lead to any changes in the project? They were accumulated.

Randy Grant: There were no changes as a result of that.

Councilman Smith: On the question of the, the payments that are being made, first of all by, I'm now on parcel five, the payment by Nationwide to the city, and the payment would be in the form of

\$3 million that they would invest for in part widening of paved road and in part for making the improvements to the drainage on the, I guess what you call the power line corridor. That \$3 million, which is the bonus, if you will, that they are paying for the extra height, are those investments something that, the Mayor said that they are not investments that they would otherwise be required to make. Is that true? Can somebody talk to that? If somebody wanted to just develop this property and increase the traffic on Hayden Road and subjected itself to flooding, wouldn't they have to make those investments anyway? As an impact fee or whatever you call it nowadays?

Randy Grant: Mayor, Councilman Smith, typically that is correct, but we don't usually require a property owner to do more widening than a four-lane arterial. At some point, the trips that are being generated are attributable to a larger area and usually in those circumstances, the city will come in and provide some relief. Now they are providing right turn lanes and traffic signal and that type of thing, but usually for a widening we don't require more than a four-lane cross-section. For the reason that it's a more regional collector.

Councilman Smith: But I think you mentioned that they are providing turn-in lanes, left turn, right turn, I don't know which way it goes. But it seems like providing access lanes to get into their property would seem to benefit no one but them.

Randy Grant: That's correct and the traffic study that accompanies what they are going to be requesting specifically will include those mitigations that need to be implemented.

[Time: 02:56:52]

Councilman Smith: Regarding the bigger question, the \$30 million that they are investing, maybe not getting into the specifics of what all they are, I add some of them are the internal roads and combination of Miller Road underpass and so on and so forth. I think the question arises for whose benefit are these investments? And are they truly for the community or are they principally and primarily for the benefit of the owner of the, the future owner of Section 5?

Economic Development Director Danielle Casey: Mr. Mayor, Councilman.....

Councilman Smith: He's throwing you the ball.

Danielle Casey: These do all qualify as elements of public infrastructure. They serve visitors to the site. They serve employees that come to the site and working on the property, some of whom live on the community. They serve for greater access for the site to interact with other properties around it. So not being a transportation expert or land use expert myself, I'm taking a stab at that from an Economic Development perspective, but, you know, they do, I can confirm that through all of our internal discussions they do qualify as public infrastructure.

Councilman Smith: And does somebody who understands transportation want to confirm what she said? Is Mr. Basha here? I thought you were.

[Time: 02:59:29]

Transportation Director Paul Basha: Thank you, my name is Paul Basha, I'm the Transportation Director for the citizens of Scottsdale. I would like to address some of your questions. Yes. Reiterating what Ms. Casey just said, the infrastructure improvements we're requiring of this developer are for both the adjacent properties and for regional improvements. As Mr. Grant said, this was a comprehensive traffic study done in 2011 and that traffic study was updated and refined for the current proposal, and over the past two years, we have been in conversation with the consulting traffic engineer for Nationwide and state lands. So I would like to show you a few slides relative to that, if I may. Mr. Hancock, if you could, please.

Mayor, Council, this is an excerpt from the updated 2011 traffic study. I would like to point out in the lower right corner of the page, it says 2030 daily traffic volumes. And that's total. That is obviously 12 years into the future. And in addition, notice that it says high density option. The consultant actually analyzed three different traffic patterns based on three different land uses. We focused, we in the city focused on the high-density option. This particular part of the page shows the traffic volumes on Hayden Road, between the 101 and Legacy Drive. You will notice that it shows 33,000. That's the total traffic volume initially predicted by the consultant traffic model. The number next to it, 5700, that's the site traffic generated by the proposed development.

[Time: 03:01:36]

This particular slide also comes from that defined and updated 2011 traffic study. And you notice a value of 34,410. We, the Transportation Department that serves you and the citizens of Scottsdale didn't accept the 33,000 number. We compared it to our prediction models prepared by the Maricopa Association of Governments and we required a higher volume than the development high density option from 33,000 to 34,410 and that's significant. The capacity of a four-lane street happens to be 34,000. We saw this number of 34,410 and said, sorry, people, 34,410 is greater than 34,000. You are going to have to provide a six-lane street which has a capacity of 48,000, much, much greater than we are predicting in the year 2030.

As Mr. Grant implied, historically in the city of Scottsdale, we do not require large developments to build a six-lane street. We only require a maximum of four lanes. That's what we did with McCormick Ranch, when it constructed Hayden Road between Indian Bend and Shea. That was planned in the late '70s, constructed in the late '70s and early '80s. In the late 1980s, we the city of Scottsdale using taxpayer monies widen that road from four lanes to six roads. We did the exact same thing with DC Ranch and Troon and Troon north. We required Thompson Peak Parkway to be constructed to a four-lane facility and dynamite to be a four-lane facility, knowing that one day in the future, the citizens of Scottsdale would have to pay to widen those streets to six lanes.

Fortunately, somebody had the bright idea to purchase land and create the Scottsdale Preserve. What that did was remove a third of the city from development. Consequently Thompson Peak Parkway and Dynamite are only four lanes.

Councilman Smith: Let me keep you focused on Hayden Road, if you will, though.

Paul Basha: Yes, sir. The point I'm making is we are requiring this developer to build six lanes, which is atypical. Typically in Scottsdale, we only require four lanes of construction. For this particular project, we are requiring six lanes on Hayden Road. Councilman Smith, I hope I addressed your question.

Councilman Smith: I think you have. And given me more than I bargained for. But my observation may still be the same and that is that the proximate cause, let's say of having to widen Hayden Road, the approximate cause seems to be the development of Region 5, regardless of what our practice has been for assessing developers or whatever.

Let me turn the question back to someone, and maybe this is the City Treasurer, whoever keeps track of the revenues, we have, it sometimes talked about 21.9 of benefits that we will give back and I think we base that on an estimate of what the direct fiscal impact would be. And then I gather this was a later report that said it was 24.15 would be the, what Danielle the direct fiscal impact. Is that, is the 21.9 or the 24.15, whatever the number, is are those still valid? Are those, she mentioned something about it assumes the sales tax number continuing. I will leave it at that and you talk about it Mr. City Treasurer.

[Time: 03:05:52]

City Treasurer Jeff Nichols: The report done by applied economics assumed during the 20-year period that the sales tax rate remained at 1.65% for all 20 years. And it was brought to their attention that the sales tax rate will actually decrease in 2025 by .2% and then .15% in 2035, which would fall within the 20-year period. So the revenues generated by that sales tax on the property would subsequently decrease.

Councilman Smith: Was there also an assumption that they had on the property tax that would be generated and is that assumption valid?

Jeff Nichols: Mr. Mayor, Councilman Smith, the assumption on the sales tax, or, I'm sorry on the property tax within the property by applied economics assumed a rate of 1 point, approximately 1.2%, and that included both the primary and the secondary sales tax. That has been adjusted to include just the primary, I'm sorry. I'm sorry. Primary property tax. So it's been adjusted for that and so that would cut that, that payment from the investment in the property by approximately half. Our primary rate and our secondary rate are about equal.

Councilman Smith: So if we, if we took what we know to be true, and that is that the sales tax will, in fact, expire under its terms, we pay renew it. Who knows. But it is scheduled to expire and if we took consideration of the fact that the property tax, not all of that will enure to the benefit of the city. The primary tax, it goes up when somebody builds a property and the city gets more money, but the property owner will also pay a secondary tax but that doesn't enhance the city any. Other citizens, their tax goes down when that person's goes up. Because the city's receipt is a finite set amount.

And so having given you time to contemplate the answer, what, what might the revised number actually be?

Jeff Nichols: Mr. Mayor, Councilman Smith, for those two taxes, the decrease in them, it will be a decrease of approximately 4.8 million from the 24.3 million.

Councilman Smith: 24.15.

Jeff Nichols: So a decrease of 4.8 million.

Councilman Smith: I know the answer to this, but I will ask the question anyway. This is the gross receipts of, this is not a city benefit net of increased expenses that we might have elsewhere; is that right?

Jeff Nichols: Could you repeat the question, please.

Councilman Smith: I was saying the \$20 million or whatever the revised number is, 19, I don't know what it is, ... is an anticipated gross receipt for the city over the next 20 years? It is not net of what might otherwise be incurred costs additional fire, additional police, additional anything associated with the intensity of development of region five?

Jeff Nichols: Mr. Mayor, Councilman Smith, to the best of my knowledge, that is correct.

[Time: 03:09:56]

Councilman Smith: Well, I have to say that I'm concerned about the project, not because I don't expect this area to be developed. I do. I certainly hope it is developed and not, certainly not because I have any concerns about the potential winner Nationwide. I'm concerned that in this process the citizen group, the Airport Advisory Commission that we appoint and we look to their, them for guidance, voted overwhelmingly against the project, stating that they thought that the proposed zoning district map represented a threat to what they call the critical balance between growth and continued operations and success of the airport. And I don't know that their concerns have been addressed.

The Planning Commission also had a split vote in recommending this project. And I know that their concern was they felt they and the public could benefit for more time and more understanding and more, they wanted more public outreach and I guess we gave them that, by having public meetings on June 5 and June 6 or 4 and 5, rather. But other than just meeting with the public and selling them what we were going to do, I'm not sure that we reached out in any sense. I'm trying to get my arms around what is the net benefit to, if you will to my client, as I said, what does the public get out of this change in zoning.

And I'm not hearing any, I'm hearing a lot of justification for development of the project. I'm hearing a lot of justification for Nationwide being involved in the project. I'm hearing a lot of justification for

the benefits that it might be to the city in terms of tax revenues, although we are giving most of that back, I guess. I just don't know if we want to go to a higher and denser development. I would expect somebody to say, and this is the benefit. This is how John Q public will benefit from that. And I'm hearing that the Land Department benefits and Nationwide benefits and I'm hearing a lot of people benefits and I think that's what the public wanted to err in public outreach is how are we the current citizens of Scottsdale going to benefit from this greater height and this residential density.

And somebody made the comment during the presentation, one of the slides says that a greater height is a common request or even a retirement for new prospects and a pleased to hear that. It didn't tell me what it does for my client. That's something that everybody wants. You want more money that way. The higher you go on a piece of land by and large, the better the development. I think if somebody were coming here today and saying we are going to develop this property and it will be developed according to the current zoning, 60 feet and maybe up to 90 if you can prove your case. I don't think I or anyone else here would have a problem with that.

But we are talking about all of the goals of development but we are not talking about why we want to change the zoning. And why that's beneficial for anybody except the State Land Department and the applicants. And I'm even really, I guess fully convinced that the \$30 million of additional roads that we'll build on the interior of this development are going to be for the benefit of really, anybody except the project unless some of us go for a drive through there. And I think the traffic impacts on Hayden, the reason we are going to have to spend money, they are going to have to spend money and we pay them is because the project is being developed and perhaps developed to this intensity.

[Time: 03:15:05]

So I will leave it to others to say what they will, but at the end of the day, I know my preference would be that we slow the process down some, as somebody said. And take the time to study what is going to be the impact on surrounding areas. We have an impact that's in the Greater Airpark Character Area Plan that, that says the developments should inbound harmony with the characteristics of the surrounding area and I'm not, I'm not hearing any of that. I'm hearing it might be in harmony with the subsequent future development of the thousand acres but, and I would like to see what impact is going to be, what the impact is going to be on the city, not the gross receipts that we might get in, but what are some of the extra expenses that we might actually have associated with this development?

And, again, it's not saying that it shouldn't be done but we only have half the analysis done. And I would like to see public outreach that really has a value where we not only talk but we listen. Because I'm not hearing that we did anything except explain the project. I don't, one of the things that is, that baffles me is why we are increasing the number of housing units. What justification is there for that? We had a land use assessment report that's quoted in the Council report that said in the next ten years, whatever, we would need 3,028 units or something like that. And one of the slides says we already got 1,000 and something of those under construction. And now we want to increase for the whole site 4,500, 4,600 units. And it may be something that's something we should do, but we ought to discuss why.

And what benefit to the current citizens? I think there's need for an updated traffic study. We heard some of what was done but if there will be a traffic impact from this, that is caused by the project, that's one thing. If it's going to be a tragic impact that we expect in the normal course of events from normal development of this, then that's quite another. So I will leave it at that for the moment, but it's, I think we are a couple of steps away from having a project we should approve tonight. Thank you, Mayor.

[Time: 03:18:17]

Mayor Lane: Thank you, Councilman. Just a quick question, Mr. Nichols. What, in the gross receipts or the property taxes, the sales taxes, what number did we plug into this as far as just the overall improvements to the property and the construction and the taxing on that? What number did we use on that?

Jeff Nichols: Mr. Mayor, the applied economics report used numbers based on the square footage of office space and it was dependent on office space, whether it was office, whether it was hotel, and if it was retail, whether it was service restaurant or others. So there are various price per square foot as far as the costs and then you would calculate the construction costs and then the related sales tax from the construction.

Mayor Lane: Okay. And then the same kind of calculation as it related to the retail space that is maybe included as to what it would generate.

Jeff Nichols: Mr. Mayor, yes, there were certain assumptions on the retail, as far as the amount of retail per square foot. I ran those figures by our sales tax area and asked them if they seemed reasonable and they seemed hike they did.

Mayor Lane: And the property tax rate being at a .2, no, we're talking about the overall property tax rate on property tax as a 20% versus a 10% on the assessment.

Jeff Nichols: Mr. Mayor, this property would be taxed at the 18% rate for commercial property.

Mayor Lane: Okay. Thank you. Councilman Smith.

Councilman Smith: Well, since I'm not hearing anybody essaying anything, I will go ahead and make a motion that we.....

Mayor Lane: We do have a taker if you want to hold off.

Councilman Smith: Do you have a speaker?

Mayor Lane: Yes.

Councilman Smith: Well, I will hold off.

Mayor Lane: Councilwoman Littlefield.

[Time: 03:20:18]

Councilwoman Littlefield: Thank you, Mayor. Good evening to everyone. Thank you all for coming. I have to admit that as I sat at my desk sorting through all the emails and the letters and the notes that I had taken about this project and surrounding the details of this rezoning request, I have become more and more surprised and concerned about the process by which this has been handled by everyone involved. This land is the biggest rezoning case to come before Council that I remember and covers over 1,000 acres of land. That's a lot of land! It involves the largest single piece of undeveloped land left in Scottsdale. And it borders several of our largest HOA communities. It's near our airport and may affect its operations. And it either touches or it affects all of the major streets running north and south in Scottsdale.

To say that what is going to be built here will affect the future of the entire city, and every single person living in it, is not an exaggeration. Yet this project has been pushed through the city's processes about almost no citizen knowledge or input by anyone outside of the landowner, the builder, and the city staff that was working on it. Even the Council could not discuss it with anyone, because we only heard about it in Executive Session. So what is the inside rezoning, this inside rezoning that requires so much secrecy, that the citizens living nearest to it got their two required open houses only in the last two weeks? And had no real opportunity for any meaningful dialogue or input on that final request before us tonight. As we just heard, nothing changes. It was a sop to you.

It's hard to know because there's no land use plan submitted. What is actually going to end up being on this land, all of it? All I can tell you is the entire 1,000 acres are being rezoned and the land itself is going to be divided into 11 pieces. Each one to be auctioned off separately and piecemeal at the new and more expensive zoning levels, as buyers come along. We don't know what these buyers are going to ask for. We don't know who they are. But if history is a judge, it will be for something more.

These 11 land divisions all form a circle bordering the perimeter of this entire 1,000-acre parcel, except for parcel five, which is right in the center of it. That is the piece that will be auctioned off first and to give you an overall perspective, it contains 136 of the 1,000 acres. It's what is under discussion tonight, really, and the only interested bidder we have at the time is Nationwide. That we know of. The requested rezoning for parcel five will allow commercial and retail space, and residential space, totaling about 3,000 units and a hotel.

[Time: 03:23:51]

What the overall cost to the city are, are currently unknown because none of the necessary studies have been done. I assume we need water drainage, flood control, a fire station and the personnel and the equipment to man that station and to run it, police increases long with appropriate vehicles

and equipment, parks and open space to match our city codes for the same. And all the other things that are needed to build out an entire community from scratch. We do not know at this time what the total annual dollar amount for these cost increases will be. No studies have been done on that. Even estimates on it have been presented, no estimates on it have been presented to this Council that I know about.

Also just on a side note, something that has not yet been talked about, but which will affect the city and its tourism industry, I believe a great deal is what are we going to do about the elephant in the room on this? Parking! We depend on that land right now, part of that 1,000 acres, that we, we put parking there for all of our major events. All of our major events at WestWorld, for our golf tournaments, for all of these different things. We will have to move that and find another place to put that parking and I'm not talking about ten cars here. I'm talking about hundreds and hundreds and hundreds of thousands of cars. Where are they going to go? Do we need to build a parking facility to house these cars? Maybe. And what is the cost to the city for that? We do not want to lose those tourist events and attractions that come to the city because they can't find a place to park.

This is not necessarily a concern for Nationwide. It's a concern for the city of Scottsdale that we managed to keep those events here that bring us these tourism dollars and these high events that bring people with a lot of money to come and live in our hotels and spend money in our restaurants and in our shops. Where are we going to put them? We need to find this answer before we zone this paper, zone this land. There's nothing small or compact about this project anywhere. Indeed, Nationwide is planning to spend literally millions, upon millions of their dollars to create this center. And I'm sure they will build it well. My concern is not with Nationwide. I have no concerns about what they will build, that it will not be top of the trees. It will be. Their reputation is good and says as much. My concern is not with either the State Land Department or with Nationwide or any other bidder who might come to the auction. It's not my job. My job is to be concerned and to represent the residents of the city of Scottsdale. They are the ones that put me here.

[Time: 03:27:13]

My concern is the abridgment of almost all of our normal policies and procedures that we have in place for the protection of our city and our residents and our visitors whenever we consider zoning and land use changes. Two commissions that I know of have been considered for this rezoning, and have ruled on it. One is the Airport Commission, the other the Planning Commission. The Airport Commission denied it. Fearing not that an airplane is going to run into somebody's house but that the anticipated increase in citizen complaints regarding airport light and noise may force the airport to restrict its operations. This is not an empty threat. It has happened in other communities where the airports have totally been shut down. The airport itself is a huge revenue generator for the city of Scottsdale. Threatening its function could have major repercussions on our tourism industry, and on our business community.

The other commission that has discussed the project is Planning. Its vote was divided 4-2 in favor of the project. However, there are several concerns about this project, including discussions regarding the lack of an overall site plan and the lack of a city required impact and cost study neither of which

have been done, that they discussed. I believe these and other studies should be completed before this vote is taken. What are some of these studies? Any list should include at least the following: Evaluation of the impact and cost of traffic, noise, fire, police, property values, housing, housing unit density impacts, water, sewer, and the total cost to the city's General Fund as all of these units are sold off and brought online, not just for Nationwide. That's one of 11 parcels.

As these other units come online, now that we have rezoned them, what is going to be the impact to the city with those? I have seen no estimate to the total General Fund annual cost increases, to support these additional infrastructure issues that will be coming to us. As it is right now, we are being asked to vote without knowing many of these consequences to our city, to the annual budgets that we are responsible for overseeing, or to its citizens. And because of the size and the impact that this project will have on Scottsdale, these studies should be done by an independent agency or agencies so that we get true accurate and trusted results. The basis on which we should be making all of our land use decisions, especially one as important and as long lasting as this one, is the voter approved General Plan.

Unfortunately, the proposed rezoning fails to meet many of the basic criteria listed in this plan such as: preserve Scottsdale's unique southwestern character. The buildings in the pictures I have seen are very pretty and undoubtedly are modern and well built, totally up to date, and for the good use of Nationwide. However, I saw very little of a southwestern character design in them. In fact, they looked remarkably similar to those back east that they have in their units there.

Plan for and manage growth and harmony with the natural desert landscaping and surroundings. Well, sort of. They are building in the middle of a floodplain, after all, and so flood controls and water drainage have to play a huge role here, common sense. As far as I know, what they are planning to build is adequate to direct the floodwaters and cause them to drain downstream. I'm not sure they plan on being in harmony with the desert, but I'm not sure they are going to have much desert left when the buildings are up. I do know that they certainly plan on controlling what desert there is.

[Time: 03:31:34]

I just hope enough concern, and this is to the city, is given to where those waters are being channeled so that we do not have a concern for those folks downstream of Scottsdale. Promote the livability of the community. I'm sure their community will be extremely livable and comfortable. As for the current community surrounding them, probably not so much. There will be more traffic on our roads. That's already been discussed but how much we don't know since no traffic studies were done recently.

Pima, Hayden, and the 101 should expect to experience increased traffic. 3,000 employees plus their families will make a considerably impact. The other parcels will make it even more. We're not talking 3,000 here. Eventually, there will be a lot more, thousands more. These roads will all need to have additional lanes to accommodate this increase and although Nationwide will pay most of these immediate transportation costs up front, for which I thank them, Scottsdale, i.e., taxpayers will return

those dollars up to 21.9 million as Nationwide meets its building quotas. And I'm sure that they will meet them.

So in the end and once again the cost for this infrastructure improvement will be borne by the Scottsdale citizens, who will literally be forced to pay for development that they don't want. In addition, Scottsdale residents living nearby will experience a decrease in mountain views, open spaces and they will experience more noise, light, and air pollution.

Next, enhance and protect neighborhoods. Looking around the room, it's obvious these neighbors in these neighborhoods do not believe that their neighborhoods are going to be either enhanced or protected by this zoning change. I think this feeling is partially magnified by the city, and with the fact that there has been almost no outreach to the neighbors over the past year. This is our fault. What little did happen was done almost a year ago, before the city meetings or discussions were even agendized. Before last week, not many citizens even knew what this project was or that it was coming up.

Transparentness, transparency and openness were not part of the program here. When we finally held the mandatory neighborhood meetings, less than two weeks before the Council vote, people rightfully felt disenfranchised and left out of the process. This does not give them confidence that their neighborhoods are being protected or enhanced in any way. Ensuring and sustaining the quality of life for all residents and visitors. Well, no. We already covered this one. Look around you. No one believes that. I have received one single email in support of this project from a resident, and he wanted more bike paths. Other residents, all other residents' emails have been negative. One man at the last open house at Grayhawk even declared this is the worst project he has ever seen coming out of city hall.

In all the years, and this is really one of the biggest points that I have and I share Councilman Smith's concerns about this. In all the years I have been involved in Scottsdale's politics, I have never seen citizens treated in such a contemptuous manner, especially so large a project, so close to their properties. To quote from an email I received, we have virtually no options. That is a sad feeling coming from our residents. No wonder that tempers run high.

[Time: 03:35:50]

Once again the city has managed to spread negativity throughout our Scottsdale residents and once again it's growing. A huge part of that negativity, especially from those who live in other city locations and there are many now who know about this is the fear that this project will set a precedent and an expectation of even greater heights and density being allowed on other parcels and other areas of Scottsdale again without due diligence or concern from the city or input from the residents. It's a real concern to many, many citizens.

I don't see why we need to rush on this. As Planning Commissioner Serena stated, this is probably one of the most desirable pieces of land of commercial development remaining in the southwest he may have been very right and it certainly was for Scottsdale. It will be developed eventually. I

would hope that Nationwide would wait until the city could complete its responsibilities to its citizens and perform its due diligence. It has not done that.

But if they can't or won't wait, that that should not be the guiding reason for us not to complete our own responsibilities. The quality of life of our residents is not dependent on money that we get from developers. Nor is it something that we should trifle with. If we take away the very basic and real reasons that people want to come here and live here in the first place, we threaten the basic fabric of Scottsdale itself. That fabric is not made of brick and mortar or of money, but it's med of Scottsdale, the love and beauty for our land and for unique desert beauty that we call home. We were elected by citizens, need to represent citizens. There are others here that represent the other interests, and that's their job! When virtually 100% of our citizens say no, wait, do your due diligence first, we should listen to them and we should do it! Thank you.

Mayor Lane: Thank you, Councilwoman. Please, I ask that we maintain the decorum. I appreciate your sentiments but I would appreciate you don't do that. It looks like the only one back on the screen is Councilman Smith.

[Time: 03:38:48]

Councilman Smith: Yes, Mayor, I was going to make a motion. But I want to, I want to reemphasize something. We know and we even hope that this entire thousand acres would be developed. It's sat idle for years. I just don't want to see it over developed to our future detriment. To the detriment of those who bought in the community, our current citizens, or even the city. I know we used this land for parking and if it's sold, we will have to find parking somewhere else. That's a given.

But I want to understand what those impacts are. I want to understand what we are paying \$21.9 million, essentially to somebody to more intensely develop it, in other words, if you are going to hit the base line, you don't get any money. But if you can cram a lot of stuff in there, we will give you \$21.9 million. That seems like a, an odd position for the city to be taking. Let me say by illustration of why I want to defer this project, we were told coming in here, and I think even part of the presentation, the 21.9 was a number that was derived as being the economic benefit to the city. And within 24 hours, we have determined that that number is probably off by 20%. It probably should be reduced by \$4 million. If we have those kinds of errors in the last moments of looking at this project and there are so many people saying can't we just slow down and make sure we are doing the right thing for the city and for our citizens? I would urge us as a Council to do that, and therefore, I will make a motion that, do I have to recite all of these ordinances? Mr. City Attorney?

City Attorney Bruce Washburn: You can indicate them by saying all of the Resolutions on Items 23 and 24, if that's what you intend to address.

Councilman Smith: That is my intent.

City Attorney Washburn: That would be acceptable.

Councilman Smith: All the ordinance changes and Resolutions and whatever are embodied in 23 and 24, I would like to see us delay until a spring agenda. Someone suggests, one of the citizens a March agenda, if that's enough time to satisfy ourself and satisfy the citizens, that's great but we just have, in my judgment, a lot of due diligence to do. So that is my motion, that these be delayed until, until the March time frame. Thank you, Mayor.

Councilwoman Littlefield: Mayor, I will second that motion.

Mayor Lane: The motion has been made and.....

Councilwoman Littlefield: Councilman Smith beat me to it.

Mayor Lane: The motion has been made by Councilman Smith and seconded by Councilwoman Littlefield. Would you like to speak further on it? I'm sorry, Vice Mayor Phillips?

[Time: 03:41:57]

Vice Mayor Phillips: Thank you, Mayor. So I think the question is then, can we wait? What's the rush? What's the thing with the state land that's coming up for auction? Does it have to be done now? Can it be done later? What's, why is this so critical that it's got to be done right now? Anybody?

Mark Edelman: I left this up here about an hour ago. Ah. Thank you.

Mayor Lane: At least.

Mark Edelman: Mayor Lane and Vice Mayor Phillips, it's the Land Department's. We had extensive discussion with our applicant over the auction and the terms of the auction and our applicant has made very clear that they wish when they purchase this property that all zoning is in place and they are ready to then commence with design and pulling permits. Frankly, my understanding is that a delay as in the motion before you tonight will most likely push this project past the time date that our applicant wishes. And at that point, we will not have a deal and there will not be an auction going forward.

Vice Mayor Phillips: Can I ask the applicant why there's a time date?

Mayor Lane: Yes, please, if you would.

[Time: 03:43:41]

Brian Ellis: Let me start by just saying, it's interesting, everybody has a little different perspective on things. My perspective is that we have been at this for a very long time and we have been working with both the State Land Department and the city of Scottsdale in the effort to be able to stay in Scottsdale and grow in Scottsdale and a facility that's suitable for regional headquarters. And we

have worked very hard to achieve those goals and I think we are really, as I said earlier, we are at a point in time when we have an opportunity within our grasps to be able to accomplish those goals. We are now just about, I think, just about a year delayed. Our business won't wait.

Our employees' needs can't wait, and we need to be able to move the project, we need to be able to move the project forward or need to, we really, and even then, we have taken considerable risk. So we have put so much into this and so many others have as well. The issue in front of us is if, in fact, there is a land auction, that land auction is not going to occur until probably early September. And we won't know even then if we have a project. So we are not even there. We hope that we will be a successful bidder.

We certainly invested a lot to determine whether that's possible or not, but we can achieve our goals based on the delays that are put in front of us and it puts us in a terrible position to be able to need to abandon what has been a very successful 35-year relationship with the city of Scottsdale. And really, our sincere effort to try to stay in this community when, and in the state of Arizona. Where we have to, we have to make that decision and I have, with the folks that I have worked with and all the communities, we made very clear what our time frames were, what our decision making and we were hoping that we would be able to continue the legacy that we have in this city, and in the state. And we can continue it going forward and this is, this is, a delay of the magnitude that you are talking about will put us in a place where I don't think that is possible. I hope that answers your question.

[Time: 03:46:15]

Vice Mayor Phillips: Well, this is tough. I realize how long you have been at it, and either way, I plan on voting for this and I can tell you why. But I'm also for delaying it in any way possible, because I don't want to say staff dropped the ball because we dropped the ball too. We did have meetings, but we could have went to staff and said the public doesn't know about this and we won't vote for it unless they have some voice in it that didn't happen. You know, I'm guilty. I don't like this idea of having to vote tonight, it's a done deal or not. I just, it doesn't leave a good feeling in my stomach, you know, and I'm sorry about that.

I think this is a great project and I understand what will happen in the future, this whole area. I mean this is Scottsdale in 2050. But if there was any way that you could say we could wait until November or December or something, somehow be able to get some kind of public input and feel good about this instead of coming to us and, you know, we have to have like a week, I feel like. We had Executive Sessions but we couldn't discuss it with anybody and you have been working on it for years. Staff has been working on it for years. I even applauded staff at the deal that we made with you in the state, and it's an amazing deal that most people would never have figured would have happened. But we left the people out of it. And it's, it's just not good.

Brian Ellis: Well, you know, that's unfortunate Mr. Vice Mayor. I'm sure that the land will be developed and I won't sit here today. This is an unexpected turn of events if this is the way this goes from any standpoint. I would never draw a line in the sand. And I'm not going to do that now. But I can't tell you for certain that if the project is delayed that we will be a part of it.

Vice Mayor Phillips: Okay. And it sounds like, Mr. Edelman said that he's auctioning the land because of your time frame. Is that correct.

Brian Ellis: Well, I can't speak for the date Land Department. We let them know what our goals along with letting the city staff know what their goals are and we let our deadlines slide considerably to accommodate the complexity of this process, the complexity over the state land requirements, going through the, you know, the entire rezoning process with the city of Scottsdale and I think there's been, it's interesting from my perspective, I guess the lack of due diligence or at least some expression that there was a lack. I didn't see that at all from my perspective in anything we have done across the country.

The level of commitment of everybody that's involved with this to make sure that the i's were dotted and the t's were crossed have been almost unprecedented and we have done great projects around the country, and so it surprises me to hear that there's a lack of due diligence. I haven't seen that. It's tremendous effort by so many true professionals that are trying to do the right thing for this community.

[Time: 03:49:47]

Vice Mayor Phillips: You understand I'm not talking about your due diligence. I think you have done a great job. I said the city and the deal and everything has been amazing, but somewhere along the line we didn't tell anybody. And it's just, it's just not good now. You know, I was feeling like two weeks ago that, wow, this is great. This is really going to be good for Scottsdale. I can't wait. We are going to be blah, blah, blah. And then to have a public meeting and I hear the next day that everybody hates it and we will have a mob come down and where did this come from? So something happened somewhere. Somebody, we dropped the ball, I dropped the ball. Something happened that there was a disconnect somewhere. And if there was any way that we could somehow fix that, I sure would appreciate it. I realize that you probably have shareholders you have to account for and they are waiting and saying where is the deal you were going to do a year ago and, you know, I don't know what goes on in your meetings.

Brian Ellis: Well, yeah, I mean that's about the size of it. We have objectives that we are not achieving. And that we haven't achieved and we have allowed those goals to slide to try to accommodate this and to try to make good on the commitments that we made to the people that have been working on this project and that would like us to stay and grow in Scottsdale. So we have done our best. I think we have been, I don't think anybody that's been involved in the project would say that we have been anything other than patient, and cooperative and compromised, you know, at a reasonable degree. We have been asked to compromise in a number of areas and we have.

But we're to a point where I, like I said, I'm not going to, no absolutes will come from me today. I mean, in that regard, but I can tell you that this is a significant setback and I don't know what the end, you know, what the, you know what the end result will be. So I hope, I would ask again, I understand the concerns. You know, I appreciate the fact that you were going to vote for it. I hope you still will

and I hope that ultimately we have enough support on Council that this can pass and pass today. That's what I hope. And I would ask for that.

Vice Mayor Phillips: Well, I didn't mean to put you in the hot seat. I have some staff questions.

Mayor Lane: Mr. Grant, did you have something to add to that.

Randy Grant: Mayor Lane, I apologize, and I hope I'm not out of line, but I feel like I do have to respond to the outreach question. Because the thousand-acre project was notified a year ago. 750 feet from the property line, the south edge of the Edge subdivision was notified. One person attended. The current application for the 134 acres, the northern boundary of that is a thousand feet south of the Edge subdivision. Under normal circumstances, the state requires that we notify people within 300 feet. We notified people within 750 feet because we want to guarantee a higher level of coverage than the state requires.

Even in that scenario, we would not have notified people within a boundary of 1,000 feet away. So although it may appear that we dropped the ball on notification, I think the initial requirement that the applicant meet with neighbors and have an open house and notify people was met. And the two meetings last week were because at the Planning Commission, there was concern that there hadn't been enough outreach and so the applicant scheduled to meetings in addition to what they had previously done. Those meetings were not required by the process, but I think they achieved a valuable outcome. I just don't want it to appear that we have let our citizens down by not notifying them under our own process that we carry out under every application.

Mayor Lane: Thank you, Mr. Grant.

[Time: 03:54:13]

Vice Mayor Phillips: Mr. Grant, may I just say that when I first started to say that staff dropped the ball, I said actually it's us because we are the ones that didn't go to staff and say, we need more meetings. So if the city is only required to do one meeting a year, you did what you are supposed to do. But I think on a project the magnitude of this size, we probably should have done more. I would like to see that airport area map again, if I could.

Greg Bloemberg: Brian, can my presentation come back up? Were you referring to the greater airpark map?

Vice Mayor Phillips: The map that shows how the airport effective area and how this was a part of it?

Greg Bloemberg: Okay. Here's the noise contours map here. This is the Crossroads project, the 55, the DNL, 60, obviously as you get closer to the airport, the DNL goes up.

Vice Mayor Phillips: I think there was another one.

Greg Bloemberg: Yeah, there was one before this.

Vice Mayor Phillips: Yes, that one the influence zone. This yellow line, that's the entire project, right?

Greg Bloemberg: That's correct.

Vice Mayor Phillips: So number five is the orange part in the middle.

Greg Bloemberg: That's correct.

Vice Mayor Phillips: So it looks like areas 10 and 11 are going to be within that influence zone?

Greg Bloemberg: If you are referring to.....

Vice Mayor Phillips: Nine and eight.....

Greg Bloemberg: The green area here, yes, and that's, that is designated to be employment. There won't be any mixed-use or residential in that area. It's restricted to employment uses only.

Vice Mayor Phillips: Okay. And then as far as area nine goes which is right to the east of this project, it has nothing to do with that one, it's part of the map with the floodplain, I think that's where the floodplain goes into. So that area nine is probably going to be for the most part unusable because I think it, it's a floodplain where all of that water will go into.

[Time: 03:57:12]

Mark Edelman: Mayor Lane and Vice Mayor Phillips, you are discussing this area, you can't see me touching the screen, this area east of Hayden Road.

Vice Mayor Phillips: Yes.

Mark Edelman: The floodplain as mapped, this was a post-Katrina items, the floodplains do not consider freeways and railroad embankments that were not built as dams to hold the water back. The floodplains is mapped down to the C.A.P. canal. Now that doesn't mean that you can't develop in the floodplain. It simply means that you have to elevate your buildings by state law 2 feet above the base flood elevation and I believe you have to carry, I'm a little over my ski tips on this, but I believe you have to carry flood insurance on your property.

Vice Mayor Phillips: Right. Well, you call it the power line channel. I'm assuming it's some kind of a channel.

Mark Edelman: Mayor Lane, Vice Mayor Phillips, there's a channel, starting around Deer Valley Road and it currently terminates right around Thompson Peak Park and at that point, the water is then

released back out on to the land in a more or less natural condition, although it's being delivered to our land. And so in that case, I think if you were to look at what they call a flow 2d map where they model where water flows a good portion of water would come to the subject property the planning unit five property.

Vice Mayor Phillips: Yes, so these other properties are going to have a lot of flood mitigation?

Mark Edelman: We are in an alluvial fan floodplain and one of the characteristics of that is water can get anywhere on plain, unless you are able to control at what they call the apex, where I'm circling right up in here and similarly right up in here on the rawhide.

Vice Mayor Phillips: Okay. Thank you for that. I guess maybe Jeff Nichols or Danielle Casey can answer this one. We are repaying them back up to \$21,900,000, a maximum payment of 7,300,000 for each milestone completed. When they complete the milestones where are we getting \$7 million?

Jeff Nichols: Mr. Mayor, Vice Mayor Phillips that would just be from the General Fund.

Vice Mayor Phillips: Right now we don't have that in the General Fund. Where will that be generated? Is that something we will have to save a million a year or 2 million a year anticipating that we will have to make that payment?

Jeff Nichols: Mr. Mayor, Vice Mayor Phillips, it's something the City Manager and I would have to discuss regarding the budget. It would have to be planned for, that we would have assume that they will achieve their milestones and that's the way we want to plan, if they didn't achieve them, we wouldn't have to make a payment.

Vice Mayor Phillips: But.....

Jeff Nichols: We would plan that they would achieve them.

[Time: 04:00:11]

Vice Mayor Phillips: We have to plan that they would achieve it. I think that's a real concern where we will come one that money because all I hear about that is we have to bond, bond, bond because we have no money. I don't know if that will be a bond item. All this being said, you know, in the maps not up there for you to look at, I got this, I got a map in front of me. That's what I'm looking at. But going forward with this one, which is number five, you still have number one, number four, and number eight that all back up to Grayhawk. Those are the ones you are really going to have to be concerned about.

And I think those are the ones that we're really going to have to be concerned about and we will have to make sure that the residents are involved on those because those are the ones that will back right up to you. And I think you said you have up to 65 feet or something, 64 feet, you know, that's a five-story multifamily apartment. That's what it will be. So are those are the ones we have to worry

about in my opinion.

Greg Bloemberg: If I could real quick, Mayor Lane, Vice Mayor Phillips, adjacent to Grayhawk, there is that transition area that is remaining in place. It's the area on this graphic here that's in, I guess that's a peach color and everything north of Legacy, either has to be R5 or CO and within 300 feet of the north property line per the original zoning approval, they can't go over 30 feet in height and that's not changing.

Vice Mayor Phillips: Okay. So that doesn't show up there. The white line is 300 feet deep or something?

Greg Bloemberg: Yes, it's just mentioned in the stipulations and that's not changing.

[Time: 04:02:01]

Vice Mayor Phillips: Okay. That's very important. I guess what I'm getting at is we, we have to make sure residents get involved in this stuff. We can't wait until the last minute to say I didn't hear about it, even though you brought it up a year ago. If I got a card from a year ago and I was busy and couldn't go or whatever, and I didn't do it, I'm not going to remember it a year later. You know, I'm not going to, you know, look it up the next day or something and go to city hall and talk to people about it and what's going on here and there. People don't have time for that kind of stuff.

It's really up to us to make sure that we have enough meetings and I don't know if that's something Council is going to have to talk about and to change that, that we have more public meetings or the affected areas or something, but this just did not work out very well. Again, that being said, I don't want to see you guys leave. I think this is a good project.

You know, one thing that was funny is, you know, we don't want this height and we don't want this density. I hear that all the time. I don't want that height and density. But if we were going to have height and density, where would you put it? You put next to a freeway and the water treatment plant and this guy is willing to do it. So as far as I'm concerned, that's the place to put it, it's along the freeway. You won't build homes there. Nobody wants to live there. And then if you look at the views, you got no view looking south but the freeway.

This will actually block the freeway, it might actually even block some of the noise from the freeway, especially when two and nine all get developed you will have a wall of buildings instead of seeing the freeway. From the south looking north, it doesn't really block anything because to be is there either. Looking west, that's going to be Phoenix. It might block some views from the Phoenix people when they build their 30-story apartments that they are zoned for, and then obviously from the east, it's a water treatment plant and so there's nobody there looking either.

It really doesn't affect anything unless you are driving east on the 101 and want to look at the mountains and you see a building over there, kind of like you see the Henkel building, but you are still going to see the McDowells because you will pass it. I drive that freeway every day so I know. I just

feel like this is bigger than all of us, this project. This entire area, this is Scottsdale 2050. This is what will project in the future. This is where we will get all of our money from. Whether I like it or not, this is what we will have to do. The only thing that Council can do is make sure that the residents are involved. I go down Hayden Road and take the Pima Thompson Peak Parkway and go on the freeway, and easier than going down to Princess and doubling back on the freeway and I usually stop at jack in the box.

When they make six lanes there, that's going to be prime realty for any kind of restaurant or building or anything. Just like that shopping center with the jack in the box in it. You will see that all along up into the freeway. There will probably be a gas station, I guess. I don't know if you want a gas station or not. That will be something else we'll be building on. I like Circle K's because their drinks are 89 cents. You will get your restaurants and your shopping centers. It's such a prime area for that. So this whole area, it's future of Scottsdale. It's going to be developed. Let's make sure we develop it properly. But I believe this area five and this development is good for this spot. And if we can't delay it, and I can't vote for it, I wish we could, but I'm going to vote for the development.

[04:06:24]

Mayor Lane: Thank you, Councilman. You know, I think I have expressed what my position has been on this earlier on and I feel very strongly about it and I think that this is an opportunity that for the city and for this parcel of land on the freeway, some people might even get a project like this as being a buffer from a freeway, with a 50-foot drop in the elevation, it's something very different than what it would be if it were right next door to you.

But one thing about it is, we heard an awful lot from a couple of Councilmembers here about really the disdain and the annunciation of what this is all about, whether it's, whether it makes money for the city. We are in the business of actually preserving property rights for people. If somebody had just gone to, and they could easily do this, this is one of the concerns this Council and frankly, staff here in the city is concerned about. When state land gets sold at an auction, we have no control over it. None whatsoever. Much less trying to provide an opportunity for a fortune 100 company to maintain a headquarters, a regional headquarters here in Scottsdale. A very good corporate citizen as I have talked about before.

Are those considerations? Certainly they are, just as anybody who has been a good citizen here in the city of Scottsdale. But I can tell you that there may very well be an opportunity lost here. And I can hardly wonder that Nationwide would say, okay, we'll wait for six months, even though we are down the line a great deal right now with a huge investment on it. After listening to the concerns, not the process concerns, but the concerns with the project on the overall, that it's acceptable and it doesn't somehow provide something greater than a good investment in the city of Scottsdale.

I talked to, earlier about some of the intangibles of what a project like this does in a mixed-use project is concerned. It creates a market place for every one of, marketplace for every one of your homes eventually. I'm sure everybody will be here and stay here forever, but the bottom line is you create a business environment with a solid economic engine, with a good base, in an area like this, you create a

lot of interest in all of the real estate that's within the city. And that's a value to every one of us and it's not something we can measure by some calculated effect and frankly, I'm suspect on some of those elements alone.

[Time: 04:09:05]

Right now we have got nothing on that property. And we may not have anything for a long time! It's been a long time. We tried very hard to make sure that we had some measure of control, that it isn't the valuation, that it's not all apartments and that it's not even quality developers. We do not have any control over those things, unless we work a relationship with the State Land Department, frankly, and working with good prospects. Now, it's been known for a long time that Nationwide, once they bought Scottsdale insurance, and made their presence here a lot of years ago but nevertheless, that they were going to outgrow that facility.

And there's been conversations probably for five years to a decade about what it would, what could happen to have them stay here, and, in fact, at a point in time, the challenge was whether they would need to go somewhere else and they have an investment in Gilbert too. And so, I mean, I'm not sure what my advice would be, but a delay doesn't, if I were in their shoes, a delay doesn't tell me that I have got something really coming down the line, particularly after I have heard from a couple of Councilmembers that this is not something we want. And so I'm very concerned about a delay for what reasons that I know have been expressed here but I don't think they are entirely factual.

One of the things that we have to deal with in this environment, this is not just somebody coming in to buy a piece of privately held land. We are in, we are in a state land area, and anything and anybody who is going to do anything in the city at this point in time, is going to have to go through a bid process. And that's a risk issue all the time. And most developers, much less most quality developers don't want to even assume that risk. They just as soon go down to Chandler or Gilbert and say, I will buy a piece of farmland and we do what did he do with the city and it's all within the normal process.

It's a complication? Most assuredly it is. Is there a hiccup in how we communicated or not? I can tell you there's no malice involved in any of this. But there may have been some fall down in some of the timing and some of the discussions but not to damage, but really to bring huge value to your community, to your neighborhoods. Maybe that's been expressed in other ways, you know, by other people here, but that's not what I believe, and frankly, it's not what I have witnessed.

[Time: 04:11:58]

I have lived here in Scottsdale for 45 years plus now, and frankly, I have sat here as your Mayor for past ten years, through the great recession, and all the things in development of an economic engine that was going to sustain us all, pay for 47 square miles of preserve for all of our benefit, and to be able to move forward as a city, and not be held hostage to an auction to anybody that might come in and build up, build within whatever criteria that they have got, build whatever they want, and in this day and age, a lot of that is multifamily housing.

So I'm a big believer in mixed-use and this is what we are talking about. This is like having a premier anchor tenant. I mean, it's not a tendency at all, but nevertheless, it's like having a premier anchor tenant. And I think there's more at stake here than, I think some of the concerns about whether or not we get enough sales tax revenue off of this or that this is land right now that doesn't do anything for the city and I'm sure there are costs. We have to manage the city.

I once said when I heard this similar arguments about this, that somebody was describing to me that the best run city is where nobody lives, because they don't pay for themselves. And so, I mean, it's just, it's, we have to get real about some of this. So I'm, I'm of a mind that I think this is something that we need to proceed with and I'm positive on that. And I'm not looking to damage or hurt anybody. I personally and firmly believe this is a positive development for us here in the city and for your community.

And with that, I will make a motion that we accept, well, I can still make the motion, it would be an alternate motion, that's right. Anyway, well I will hold off because there are a couple of people, frankly, no, I will go ahead and say, I'm going to propose an alternate motion that we accept Item 23 and 24 in the total. And I'm not in a position to name off the ordinance or otherwise, but that's what we are talking about. Items 23 and 24 in this issue.

Councilwoman Klapp: I will second.

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

[Time: 04:14:44]

Councilwoman Klapp: Yes, I will be brief. It's almost 9:30. I know you are sitting in hard chairs out there. Ours is a little more comfortable than yours. We know what auctions are like. We have, we have been in the back room many times talking about how we are going to buy land for the preserve and how much money we are going to spend for that. This has been a long process.

I have been on the Council for ten years and I can sympathize with the fact that we have a business here that wants to bid on land at an auction, and I feel that we are looking at a, at a corporate leader, a fortune 66 company that wants to invest in Scottsdale, wants to expand their facility, and they want to grow to 3,000 employees, and they want to move the current employees that they have at the center in Gainey Ranch and bring them up to this facility. They want to expand their employment.

There will be a hotel. There will be shopping and there will be retail and there will be a hotel for tourists. There's a great deal of benefit that's going to be provided when there's been discussion about benefit. There's a huge benefit for this project in this location.

And I believe that the Economic Development department said that the economic impact of this over the course of 20 years and it might be arguable that it could be tweaked a bit based on what the sales tax might be but still it's around \$9 billion. I mean, I think that's a pretty big benefit that this is

bringing to the citizens of Scottsdale. So that money can be used for all kinds of things in the city of Scottsdale.

So I see the benefit and I definitely believe that this is an important project for the city. There are some people here, and I understand why you are opposed to this. But I have talked to many others, many who didn't send me emails but I just talked to in the course of day who said this is a great project! Why would anybody not support such a project? So there are people that aren't in this Kiva tonight. There are many people out in the community that support this project and we have heard from some of them, and, you know, I take my responsibility just as seriously as the other Councilmen that have spoken.

We have 240,000 citizens in the city of Scottsdale. They are not all here tonight. But I have to represent all of them. And I believe that the benefit of this project is big enough that we need to support it, as was mentioned by the one of the speakers, this is akin to the project of SkySong. SkySong was controversial. A lot of people didn't like it. It was built. It is now the anchor of south Scottsdale. It's caused so much to happen down there. Property values are rising rapidly in south Scottsdale and I fully believe that the properties surrounding this project will rise as well.

[Time: 04:18:02]

If you bring in 3,000 people working for Nationwide and there will be other employment, I think they said it's more like 6,000 employees in total, if you include other businesses that will employ even all the economic benefit of all the money that all those people spend in Scottsdale, it's also something to be considered plus the, the, you know, it's not just sales tax and it's not just property taxes. It's money spent in other restaurants and other businesses that are not going to be directly paid into the city of Scottsdale, but will benefit Scottsdale. So because of that, because this is such an important project for this part of the city, I must vote for it.

I believe this is the critical project that has to be approved, and as has been stated, we need to do it now. We can't wait because there needs to be an auction and there needs to be some provision for somebody to bid on it, and I believe that the development agreement that was put together with important milestones along the way are very, very important to understand because everything that will happen will trigger something that will also trigger more employment and a hotel to come in. There's a great deal of thought and strategy that went into this agreement.

So from that agreement and from the changes that are made here for the entire, the entire area, all of the, all of the area we see on the map here, including the yellow, mostly the yellow because the red parts are really changing, this is really important for us to understand that this is going to be greatly benefiting the city, the citizens, the business community, and the region and we wanted it to happen here in Scottsdale. I don't want this project to move down the road to some other city. I want it to be in Scottsdale. So that's why I'm supporting it.

Mayor Lane: Thank you, Councilwoman. Councilmember Korte.

[Time: 04:20:13]

Councilmember Korte: Thank you, Mayor. You know, this is one of the most complicated development plan and rezoning cases that I have ever come across, and quite honestly it's taken me a long time to get a grasp and understand it. And perhaps I still don't understand it, because I do have some, I do have some questions. So we have taken this thousand acres and we have divided it, we started with four segments, and we have divided it into 11. So can staff or State Trust Land give me a reason for the benefit of 11 segments? And why we have done that?

Randy Grant: Mayor Lane, Councilmember Korte, if I understand your question, it's the benefits of the project....

Councilmember Korte: The future development of those segments?

Randy Grant: Yes. I will take a swing at that. For one thing, this is in conformance with our General Plan. If we don't have the ability to meet with clients and steer them in the direction of the General Plan, then I'm not sure what we would tell them. For one thing, this project is solving, and not creating a drainage problem because they are committing to the channel along the power line corridor that solves drainage for not only this problem but for most of the remainder of the Crossroads area. This project being along the freeway corridor, I can't imagine what other types of uses we would be promoting to people if it's not a national headquarters for a large company which is going to stimulate the development, the spinoff development for retail and so many other things that diversify our economy. We are simply not going to be sitting down with people and saying this is a good location for single-family residential. On the freeway, it's not even a good place for multifamily residential.

So we start running out of options when we don't have the kinds of manufacturing that other cities would normally put along a freeway to buffer the noise and so forth from people that are living farther away. So I guess the, to answer your question directly, I think there's economic benefits that are driven from this for spinoff for other people that will be looking at this as an opportunity to locate along a freeway. Again, if this is not an appropriate place for height and density, then I'm at a loss as to what to tell people where to put it.

Councilmember Korte: I assume the State Trust Land as this they continue to sell off these segments, it will be sold off in segments to a single user, a single developer?

[Time: 04:23:23]

Randy Grant: Well, in some respects, the 134 acres at one time is kind of a mixed bag, because on the one hand, we don't have the ability to get a site plan for 134 acres because the property is so large. On the other hand, we have 130 acres that's being taken down by a known quantity that has a track record for quality development. And so we're balancing those two criteria. I think the, and Mark can answer this. I think they respond to what applicants submit as interest for state land parcels that could be 20 acres or could be 200.

Councilmember Korte: Thank you, Randy. Mr. Edelman

[Time: 04:24:05]

Mark Edelman: Mayor Lane and Councilmember Korte to get back to your original questions about the planning units. Originally this divided into four planning units that still exists today. This was in 2002, and one of the requirements is that the first buyer into a planning unit has to master plan the entire thing and so for example, this number remains the same. This is still planning.

This is planning unit three today, but it's a much larger piece, actually following Miller Road all the way up through this way. But we had a rare, a rare occasion here that Berge group wanted Bell Lexus on that corner and they were willing to take on that extra cost of development to be there. That was a, that was an unusual case. So, but as part of their desire to be on that corner and being the winner bidder in that auction, they did master plan that whole area. Now, that was, again, I'm getting into costs of development, but that's a rare thing.

But what we get with, when we start, what we got this was we got master planned infrastructure but we don't really have a master plan. It's not as you can see, so far it hasn't been developing as a cohesive. We have a 10-acre parcel and another 10-acre parcel and then we sold another 10-acre parcel south of that because we had an office user that came in and they applied for that land south ever Chauncey Lane and they ended up in a bidding war with auto dealers, apartment builders. Anyhow, where I'm going with that, we didn't get a cohesive master plan. We got some pieces. If you ask me, is that how I thought this area would develop, the answer is no.

One the concerns of the city was that the planning units were too large. We didn't have, as we did in the early 2000s, we didn't have builders or developers coming in for 300 or 400 acres at a shot. It was more likely that we would see smaller parcels such as you see on the map developing. As Randy mentioned, it's very rare that we would get anybody other than a single-family home builder that would master plan the whole thing. So we have a rare opportunity but with the rest of the parcels as you see on the map, that's the largest of all the planning units with the exception of three that has already begun.

We think there's a better chance that as we develop those other parcels that they will develop as true master plan components within Crossroads East and have more of a cohesion and I think that would also, I think what we really get with a development, a developer such as the applicant we have more us, we have a chance as I think has been expressed here earlier tonight, to really set the tone and the tenor for how the development would go forward on the rest of this property that are rather than taking it no 10-acre chunks, we will see master man pieces come in with one developer who is going to be in this case continuing with, on with the property not simply developing and then leasing and leaving. So I think that's a rambling answer, I know. But that is the reason, that's the rationale behind the smaller planning, is that we will see better development coming forward and also kicked off by this particular hopeful winning bidder.

[Time: 04:27:27]

Councilmember Korte: Thank you, Mark. Question for our Economic Development department. We state that 9-point, the economic impact of this over a 20-year period is \$9.8 billion. Can you tell me what, what that means? What is that?

Danielle Casey: Certainly. Mayor Lane, Councilmember Korte, sorry, I'm a little short. I can't see over some of the heads, but I will pretend that I'm looking at you. That \$9.8 billion is the project over a course of 20 years and those are direct and induced economic impacts. Not only is the economic impact generated on the project, but for example, someone working on that project gets, you know, they get their annual payroll and spending that annual payroll in the community it makes assumptions on percentages of employees that are working at those, at those offices and what they are paying in property taxes in their community. So, again, direct in all of these spinoff benefits, jobs like the ones at Nationwide also create induced jobs.

So we talked about the 5500 jobs on site and then the additional 1800 spinoff jobs that are then created by the higher page positions in the community so creating additional employment, the people working in those jobs then are getting a payroll and they are spending money in the community at retail operations. So it really calculates and takes into account all of the direct and we call it induced and indirect economic impact as a result of that project existing. I hope that answers that well enough for you.

Councilmember Korte: Thank you. And Randy, maybe you can help me with this. On the residential unit, there's 6,969 units. 1128 of those have already been built on the far west side. By two apartment complexes or in process of being built. So that leaves 5841. Help me understand how the stipulations on this site are supporting or inducing Class A office space being built, versus 5841 units of residential.

[Time: 04:29:51]

Randy Grant: Councilmember Korte. If you are referring to the thousand acres, then I think the mixed-use requirement, the PCP zoning, you know, requires a mix of uses. And presumably, the implementation of office along the freeway is going to stimulate the need for residential that's not going to have to travel the freeway to go out of town somewhere for their employees. So I think the way it's going to turn out is that the residential is in support of the other uses within the airpark area and not the area way around.

Councilmember Korte: So is there an estimate in our stipulations, is there a number of square feet of office versus residential in that mixed-use PCP ordinance? And what is that?

Randy Grant: Councilmember Korte, I don't have that on the top of my head, but we can look it up for you right quick.

Councilmember Korte: Okay. So as I started my comments saying that this is really a very

complicated case and it's even more complicated knowing that this State Trust Land is the most coveted State Trust Land in the valley. And I, I saw Mark nod his head. But it's true. And we have been waiting a long time for something to happen because this land has been sitting fallow for a long time. And I have to thank State Trust Land for working with us but not only working with us on this process but also our preserve effort.

You know, we here in Scottsdale covet our 30,500 acres of open space, and State Trust Land was a significant partner in making that happen. Not only in some of the larger parcels in the southern part of that preserve, but when they designated about 13,000 acres in the northern sector, as conservation quality that -- that designation allowed us to buy that land without competing with developers, and that's what made our preservation happen, is the state land designating that as conservation land. So I will always be thankful for that and for that foresight.

[Time: 04:33:02]

I have read every email. I have listened and I have taken notes tonight on every individual that stepped up here, and thank you for being here. And I am concerned by your concerns and our residents' concerns. And, you know, we would like to continue this too. Because one of the things I agree with Councilwoman Littlefield is the lack of outreach and the lack of transparency on this process. But I think the most important question that we need to answer for our citizens is what is it, what is in this for our citizens. What is that benefit for you and I think there are several benefits and I'm, I mean, as I close my comments, I want to talk about those benefits.

You know this Miller Road underpass, that's been on our capital improvement project list for several years. Our Transportation Plan calls for that. The fact that we only have two arterials serving the northern part of our city, which is geographically the larger part of our city, that's not adequate, and that Miller Road underpass is going to provide better access and better quality experience for people using Pima, Scottsdale or Miller. And that's been in our plan, our C.I.P. plan and we had every intention of using our taxpayer dollars to make that happen.

Solving the drainage issue, you know as Mr. Trias got up, he was involved in this area most of his life, not that you are old. But you are.

Mayor Lane: Involved for decades.

Councilmember Korte: We know that this whole drainage issue is one of the largest obstacles to this whole State Trust Land area, and to solve that drainage issue is huge. The 1,000-foot buffer between the Grayhawk community and this section five, you know, that's significant. That's very significant. What does this do for our citizens? Well, the diversification of our economy is probably number one on our list. You know, this is going to bring in well-paying jobs. And it provides that live, work and play option that we are looking for, that our young workers are working for.

You know, most of us probably don't realize in this room that we import 85% of our workforce into Scottsdale every day. And into downtown Scottsdale and Airport area, that equates to 87,000

employees. And you can equate that to the number of cars using our streets and it just magnifies the call quality of life issues. If we can provide live, work and play areas, centers of commerce, planned development, that adds to our work quality of life. And it keeps our property taxes low.

To say that Nationwide is an important corporate citizen is an understatement. I have been blessed would work with many employees of Nationwide on many nonprofit boards and know that they not only bring their time and talent but they bring their treasure too and that's Nationwide and the foundation. You know, the foundation every year brings hundreds of thousands of dollars into our nonprofit community here in Scottsdale. So I do support this. I am, to say that I have been resident, reticent to support this is, is a true statement but I think in the biggest picture and as our Mayor has stated eloquently, that this is a great vision for the future of our community.

Mayor Lane: Thank you, Councilwoman. Mr. Grant, did you have something you wanted to mention?

Randy Grant: Thank you, Mayor, Councilmember Korte, the PRC district has a requirement for a maximum of 50% of the gross floor area of non-density-based land uses. So in that district, you can't go more than 50% of what nonresidential uses are putting on there. In this particular case, the 134 acres, they are limited by the one unit per thousand square feet of nonresidential use. So for a 400 unit apartment complex, they need 400,000 square feet of office. Ultimately the determination is made by Council in the PCP application. You can define what that land use mix is, and if you choose to allow fewer residential units then that becomes the residential unit they must follow.

Councilmember Korte: Thank you. That's certainly one of my goals. I think this is, this area is ripe for a class A office space development all along that freeway that brings those jobs and brings the whole economic impact of more than \$9.8 billion over 20 years.

Mayor Lane: Thank you, Councilwoman. Councilwoman Milhaven.

[Time: 04:39:24]

Councilwoman Milhaven: I too attended the neighborhood meeting a week ago and have spent a great deal of time since then as Councilwoman Korte says, this is a complicated case and so I spent a lot of time since then digging in to understand the details of it and the implications of it and every time I rolled over in the middle of the night in last week contemplated what other questions what else should I ask, what else do I want to know?

And so having spent all of this time, wrestling with it myself and learning more detail, one of the things that's really clear to me is if we vote no tonight, this parcel is already entitled for a very dense commercial development. So what I heard from neighbors was I'm really concerned about traffic impacts and I'm really concerned about the height. And I see a neighbor out there, yep, that's right. Know that this is already zoned to be very dense, and so the traffic impacts even if we vote no, when it gets developed are going to be very substantial.

One of the things in the zoning case that's happening is we have shifted from, we are shifting the mix from industrial use to mixed-use. And we have increased the number of housing units and one of the things I have learned sitting in this chair is residential uses create less traffic than industrial and commercial uses. So this zoning while still intense, is less intense than what already exists on the property. The other is adding, and I think this point has been made, adding housing near an employment place would reduce trips and in addition to the change in the use.

So that leaves, so while it is intense, it is less intense in my opinion than what's already allowed. And that leaves the issue of height. When I look at the map that we have been given that we saw earlier, the height changes are only in the planning unit five. They've stipulated to less than the maximum that's allowed and they also said it's only going to go along the freeway. When I met with neighbors and somebody made the comment about, I talked about the height of the building, I asked the neighbors, what if we asked the applicant to restrict the height to less than 115 feet, would that be something, because I saw that as pretty critical to their concerns. And the neighbor said that that wasn't interesting to them. They were looking for more but I'm not sure what more. Where I am, since the height is limited to the middle of the property, and along the freeway, and less than what is allowed, I'm thinking that we are actually better off approving this.

[Time: 04:42:08]

I also want to speak to regional headquarters. 25 years ago, I was active with the Chamber and we are trying to recruit companies to town and we wring our hands over why don't we have more regional and corporate headquarters because that would diversify our economy and give us better better jobs and here we are 25 years later. We finally got one and we're arguing over whether or not they are going to be, whether or not that's a good idea. I think it is a great idea. When we look at the last recession Arizona and this region in particular suffered far more than the rest of the country because of our overreliance on tourism and real estate.

By having an employer like Nationwide, that diversifies our economy, we are all better off! The other thing is when I look at the infrastructure, right, so they are going to spend \$30 million on infrastructure and \$3 million on bonuses. So that's \$33 million. We are going to rebate to them \$22 million, which means we are getting \$11 million worth of infrastructure for free. So that says we are ahead of the game and they are front ending it. We don't have to build it. They are going to build it for us and it will be their costs to carry. That's amazing me and its rebating sales and property taxes. Councilman Smith said, some of the numbers may not be right but we talked about the economic impact, \$9.8 billion. We can be off by a lot and still be ahead of the game. And so I think this mixed-use development is actually critical to the success of our community, to the quality of our community.

We know our property taxes are low because we have a diversified economy where the businesses are generated property tax and sales tax and so I, I see that there is every benefit to our community for this project. So I will certainly be supporting it. And I would like to call the question.

Mayor Lane: Call for the question?

Councilmember Korte: I will second.

Mayor Lane: All right. The question has been called then. We are then ready to vote on the alternative motion.

Councilmember Korte: Do you want to restate it?

Mayor Lane: Well, it's simply the approval of 23 and 24. So all of those in favor, please indicate by aye and register your vote. Aye. All right. It is 5-2, with Councilwoman Littlefield and Councilman Smith opposing. So that completes the project for this evening and I thank everyone for your participation and for your input and thank you very much. I could ask, unless you are wanting to stay with us for the rest of the evening, if you could just leave quietly and maybe talk outside.

Question with regard to the CDAs, are they, the CFDs. Do we have to do them this evening? Okay. We will go ahead and proceed then.

ITEM 25 – TRUTH IN TAXATION HEARING AND PUBLIC HEARING ON THE PROPOSED FISCAL YEAR 2018/19 PROPERTY TAX LEVY

Mayor Lane: She's in place anticipating that we would continue. Judy Doyle is talking about truth in taxation hearing and the public hearing on the proposed fiscal year 2018/19 property tax levy.

[Time: 04:46:45]

Budget Director Judy Doyle: Thank you. Good evening Mayor and the Council. I will not take the mass exodus personally.

Mayor Lane: Well, somebody spoke us to earlier and said that the reason that they were there for that presentation first thing. So now you are on the poor end of the that. Anyway, Judy, please.

Judy Doyle: Thank you. This is the Truth in Taxation Hearing and Public Hearing for the Fiscal Year 2018/19 Property Tax Rates and Levy. State statute requires that the truth in taxation hearing and public hearing be held at least 14 days prior to actually adopting the levy, which is scheduled for July 2nd. I have just a short presentation tonight, as there is no change from what was included in the proposed budget. And from what you unanimously adopted in the tentative budget on May 22nd.

For fiscal year '18/19, we have a prior year base of 27.2 million, plus new construction. The 2% statutory adjustment for fiscal years '11/12 through 16/17, and '18/19, and the tort settlements and judgments awe proved for the recent calendar year for a total levy of \$31.9 million. Then the secondary property tax, which can only be used to pay debt service on voter approved General Obligation Bonds, we plan to levy 34.2 million.

The total rate is increasing per \$100 of assessed value from \$1.08 to \$1.10 for a change of about 2

cents from the current year. This translates to about \$5.25 for an average home price of \$300,000. This is a graphic to help illustrate the city of Scottsdale's share of the property taxes. For every dollar, almost half or about 48 cents is for state education. 18 cents for Maricopa County, 16 cents community colleges, and 7 cents for special districts and 11 cents for the city of Scottsdale. And of that 11 cents, over half is for secondary property taxes, that, again, are restricted to pay debt service on that voter approved General Obligation Bond. This slide is the same information just presented a little differently. This again highlights that the majority of the Scottsdale property taxes do not go to the city. So with that, the action tonight is to solicit public testimony on the proposed '18/19 property tax levy and by a roll call vote approve a motion to levy the proposed property taxes to be assessed by ordinance on July 2nd.

[Time: 04:49:48]

Mayor Lane: All right. Well, with that direction, we have, we have completed and we have solicited public testimony and we have no public testimony on 2018/19 property tax levy. And so by roll call vote, I would ask to approve a motion to levy. I would approve a motion to levy the proposed property taxes to be assessed by ordinance on July 2nd, 2018. Do I have a motion?

Councilman Smith: So moved.

Councilmember Korte: Second.

Mayor Lane: The motion has been made and seconded. No further comment or testimony. And we do need to do this individually.

Judy Doyle: That is correct.

Mayor Lane: Okay. If I then would start with Councilwoman Littlefield. Aye or nay.

Councilwoman Littlefield: Aye.

Councilwoman Milhaven: Aye.

Councilwoman Klapp: Aye.

Mayor Lane: Aye.

Councilmember Korte: Aye.

Councilman Smith: Aye.

Vice Mayor Phillips: Aye.

Mayor Lane: Very good. Thank you, Judy, for that.

Judy Doyle: Thank you.

Mayor Lane: And I think you are remaining right where you stand for the public hearing, yes.

Judy Doyle: Yes.

ITEM 26 - PUBLIC HEARING ON PROPOSED FISCAL YEAR 2018/19 MUNICIPAL STREETLIGHT IMPROVEMENT DISTRICT EXPENSES AND PROPERTY TAX LEVY (BY DISTRICT)

Mayor Lane: Public hearing on the proposed fiscal year 2018/19 municipal street light improvement district expenses and property tax levy by district.

[Time: 04:51:01]

Judy Doyle: That is correct. So just a bit of background, as it relates to the street light improvement districts. They were established in 1971 to allow taxpayers residing in the benefiting area to pay for the operation of street lights. Currently, there are 355 street light improvement districts formed by petition of the property owners for the sole purpose of purchasing electricity for the lighting of public streets.

State statute requires that City Council annually adopt an ordinance levying a special taxing district property tax in an amount sufficient to pay the expense of operating each of the street light improvement districts located throughout the city. The street light levy is calculated solely on energy costs. The cost of operating each district varies based on the cost of electricity, usage, and the number of street lights. Electrical services are provided either by SRP or APS, each assessing varying rates. As a result, the property taxes levy may differ.

So therefore, the property tax calculations are required, representing approximately 34,000 properties. This is a map of the 355 districts. The yellow represents the districts that are serviced by APS. Excuse me. That are, the yellow, yes, APS and the blue is those that are serviced by SRP. The street light district utility bills are paid for by the property tax levy. The levy request for fiscal year '18/19, is \$590,463. This item does require action tonight, but the formal adoption of the ordinance will take place on July 2nd. The action tonight is again to solicit public testimony on the proposed '18/19 proposed expenses and tax levy and to approve a motion to levy the proposed '18/19 street light improvement street light tax districts by district to be assessed on July 2nd.

Mayor Lane: Thank you, Judy. We have been in the process of soliciting public testimony on the 2018/19, and I would accept a motion to levy the proposed fiscal 2018/19, sled taxes on July 22, 2018th.

Councilman Smith: So moved.

Councilmember Korte: Seconded.

Mayor Lane: The motion has been moved and seconded. We will do again by roll call.

Judy Doyle: It doesn't require a roll call.

Mayor Lane: All those in favor please indicate aye. It's unanimous, 7-0 on that that levy.

ITEM 27 - FINAL PUBLIC HEARING ON THE FISCAL YEAR 2018/19 BUDGET

Mayor Lane: Moving right along, Judy remaining at the podium, the 2018/19 budget final public hearing.

[Time: 04:54:17]

Judy Doyle: Yes, we are on the home stretch. On May 22nd You unanimously adopted a tentative budget, which set the city's maximum expenditure limit. Tonight per state law you may reduce or reallocate the total budget expenditures, however, you may not increase the total amount of expenditures that were adopted in the tentative budget. Tonight's presentation is very brief, as there were no changes since the tentative budget adoption on May 22nd.

I wanted to highlight all the hard work that you did during the '18/19 budget development process, and showcase all of the opportunities that we had for public input. There were nine public meetings to discuss various budget topics, as well as an additional five public meetings held by the C.I.P. subcommittee. The remainder of the '18/19 schedule is this final budget hearing to solicit public testimony and then following in a Special Meeting to adopt the budget. And then again on July 2nd, the final adoption of the tax levies. And that concludes the presentation as I mentioned there is no action needed on this item. It was just to solicit public testimony.

Mayor Lane: All right and we have accomplished just exactly that. As you can see by the audience. We have solicited that. Okay. We are moving on.....

CITIZEN PETITIONS

City Clerk Carolyn Jagger: Your Honor? Your Honor? Just checking on the petition.

[Time: 04:55:59]

Mayor Lane: Okay. All right. And so no further Public Comments or citizen petitions. We all have a copy of that in hand and had a presentation by the petitioner on this. Do I have a motion to take no action? It actually doesn't require a motion at all.

Councilman Smith: I would direct the City Manager to investigate the matter and prepare a written response to Council with a copy to the petitioner.

Vice Mayor Phillips: Second.

Mayor Lane: Very good. A motion and a second. All those in favor of that motion. Okay. It's unanimous, 7-0 on that. So we will move forward with that. The City Manager understands that motion?

City Manager Thompson: Yes, sir.

ADJOURNMENT

[Time: 04:56:51]

Mayor Lane: Okay. So moving right along. Mayor and Council items. Hearing none, I would ask for adjournment of the City Council's Regular Meeting and we'll move to convene the City Council Special Meeting. But first an adjournment of the....

Councilmember Korte: So moved.

Councilwoman Klapp: Second.

Mayor Lane: The motion has been made and seconded to adjourn. All of those in favor adjournment of the Regular Meeting, please indicate by aye. We are adjourned.

SPECIAL MEETING

[Time: 04:57:25]

Mayor Lane: We would now like to convene a Special Meeting. It is approximately 10:05. And first item only item on this is the final adoption of fiscal year 2018/19 budget estimates and we have Judy at the podium again.

Budget Director Judy Doyle: Yes. Good evening. There is no presentation for this item. At this point, it's just a formality to adopt the final budget.

Mayor Lane: And that is the adoption of the....

Judy Doyle: Ordinance 4351.

Councilmember Korte: I move to adopt Ordinance 4351.

Mayor Lane: Very good.

Councilwoman Littlefield: Second.

Mayor Lane: The motion has been made by Councilwoman Korte and seconded by Councilwoman

Littlefield. I think we are ready to vote. All those in favor, we need it on the screen. All of those in favor indicate by aye and opposed with a nay. Aye. Ordinance 4351 is voted unanimously.

Judy Doyle: Thank you.

Mayor Lane: All right. Thank you very much, Judy. I appreciate that.

ADJOURNMENT

[Time: 04:58:34]

Mayor Lane: I would like to adjourn the Special City Council Meeting. I need a motion, please.

Councilmember Korte: So moved.

Mayor Lane: Motion has been made and seconded. All of those in favor of adjournment of the Special Meeting please indicate by aye. Register your vote. I guess we are good. We are adjourned.

BOARD OF DIRECTORS MEETING

[Time: 04:59:04]

D.C. RANCH COMMUNITY FACILITIES DISTRICT

Mayor Lane: All right. Let me make sure I have got my papers in order for, I would like to call to order the D.C. Ranch Community Facilities District. Roll call, please, we'll do the roll call one time for all districts.

City Clerk Carolyn Jagger: Chairman Jim Lane.

Chairman Lane: Present.

Carolyn Jagger: Board Members Suzanne Klapp.

Councilwoman Klapp: Here.

Carolyn Jagger: Virginia Korte.

Vice Mayor Korte: Here.

Carolyn Jagger: Kathy Littlefield.

Councilwoman Littlefield: Here.

Carolyn Jagger: Linda Milhaven.

Councilwoman Milhaven: Here.

Carolyn Jagger: Guy Phillips.

Councilman Phillips: Here.

Carolyn Jagger: David Smith.

Councilman Smith: Present.

Carolyn Jagger: Your Honor, if you like, we can forgo using the voting for these two and do ayes and nays.

Mayor Lane: You mean rather than....

Clerk Jagger: Save a little time.

[Time: 04:59:39]

Mayor Lane: All right. So first order of business is, do I have the approval of minutes of Tuesday, June 13th, 2017?

Councilwoman Klapp: Move to approve.

Mayor Lane: Seconded. Motion has been made and seconded. All of those in favor, please indicate by aye. Minutes have been approved. Number one item is the adoption of Resolution 49 which sets out proposed budget and calls for public hearing. Do I have a motion to adopt?

Councilwoman Klapp: Move to adopt.

Councilmember Korte: Second.

Mayor Lane: The motion has been made and seconded to adopt Resolution 49. All of those in favor indicate by an aye. Opposed nay. Second item is call for Public Comment on the budget. Now how do we, do we have a motion to call for it or just, do I shout it out? I don't remember this in the past.

Councilwoman Klapp: We will have retrain you!

Mayor Lane: We have requested Public Comment and have none. And number three is adopt Resolution Number 50 which approves the budget and sets the tax levy. Do I have a motion to

approve or adopt Resolution 50?

Councilwoman Klapp: We didn't do approval of the minutes.

Mayor Lane: Yes, we did. We did at the beginning.

Councilwoman Klapp: I can't remember that. All right.

Mayor Lane: It's getting late. You can tell for all of us. All right. We have a motion and a second to adopting Resolution Number 50. All those in favor indicate by aye. The motion to adopt Resolution 50 is adopted. So adjourn. Motion to adjourn D.C. Ranch, CFD Board.

Councilmember Korte: So moved.

Councilwoman Klapp: Second.

Mayor Lane: Motion is made to adjourn. All those in favor indicate by aye. We are adjourned.

MCDOWELL MOUNTAIN RANCH COMMUNITY FACILITIES DISTRICT

[Time: 05:01:38]

Mayor Lane: Convene the McDowell Mountain Ranch Community Facilities District. I would like to call to order this meeting and the first order of business is to approve the regular business meeting minutes of Tuesday, June 13th, 2017.

Councilwoman Klapp: Move to approve.

Mayor Lane: Moved and seconded. All those in favor. Minutes have been approved. First item is adopt Resolution 61 which sets out proposed budget and calls for public hearing. Do I have a motion to adopt?

Councilwoman Klapp: Move to adopt.

Mayor Lane: The motion has been made and seconded. All those in favor of adoption of Resolution 61, please indicate by aye. Unanimous. They are adopted. We have call for Public Comment and we have none on record. And so item three is to adopt Resolution Number 62 that approves the budget and sets the tax levy. Do I have a motion to adopt Resolution 62?

Councilwoman Klapp: Move to adopt.

Councilmember Korte: Second.

Mayor Lane: Motion to adopt and seconded. All those in favor, please indicate by aye. It is

adopted. Motion to adjourn.

Councilwoman Klapp: Move to adjourn.

Councilwoman Littlefield: Second.

Mayor Lane: All those in favor of adjournment, please indicate by aye.

SCOTTSDALE MOUNTAIN COMMUNITY FACILITIES DISTRICT

[Time: 05:02:47]

Mayor Lane: Convene the Scottsdale Mountain Community Facilities District. The first order of business is do I have a motion to approve minutes of Tuesday, June 13th, 2017?

Councilwoman Klapp: Move to approve.

Councilmember Korte: Second.

Mayor Lane: Motion has been made and seconded for minutes. All those in favor indicate by aye.

Mayor Lane: Minutes are approved and adoption Resolution 64, which sets out proposed budget and calls for public hearing.

Councilwoman Klapp: Move to adopt.

Mayor Lane: The motion has been made and seconded. All those in favor of adoption of 64, please indicate by aye. The motion has been passed for Resolution 64. We have made a call for Public Comment, and there is none recorded. Third item is the Resolution Number 65, which approves the budget and sets tax levy. Do I have a motion to adopt Resolution 65?

Councilwoman Klapp: Move to adopt.

Mayor Lane: The motion has been made and seconded. All those of in favor of adoption of Resolution 65, please indicate by aye. Resolution passes. Motion to adjourn the Scottsdale Mountain CFD Board.

Councilwoman Klapp: Move to adjourn.

Mayor Lane: The motion has been moved and seconded. All in favor of adjournment. We are adjourned.

VIA LINDA ROAD COMMUNITY FACILITIES DISTRICT

[Time: 05:03:59]

Mayor Lane: The Via Linda Road Community Facilities District, I call to order. Do I have a motion for the approval of the minutes of Tuesday, June 13th, 2017?

Councilwoman Klapp: Move to approve.

Mayor Lane: Motion has been made and seconded. All of those in favor indicate by aye. The minutes have been approved. Next would be adopt Resolution Number 45 which sets out proposed budget and calls for public hearing. Do I have a motion to adopt Resolution Number 45?

Councilwoman Klapp: Move to adopt.

Councilman Smith: Second.

Mayor Lane: The motion has been made to adopt and has been seconded. All those in favor to adopt Resolution Number 45 please indicate by aye. Number 45 is passed. Call for Public Comment on the budget. No Public Comment is available or has been made available to us. So item number 3 is to adopt Resolution Number 46 which is approves the budget and sets the tax levy. Do I have a motion to adopt Resolution 46?

Councilwoman Klapp: Move to adopt.

Mayor Lane: The motion has been moved and seconded. All those in favor please indicate by aye. Resolution Number 46 is adopted. Do I have a motion to adjourn the Via Linda Road CFD?

Councilwoman Klapp: Move to adjourn.

Mayor Lane: Motion and a second. All those this favor indicate by aye. We are adjourned.

SCOTTSDALE WATERFRONT COMMERCIAL COMMUNITY FACILITIES DISTRICT

[Time: 05:05:21]

Mayor Lane: Next is the Scottsdale Waterfront Commercial Community Facilities District. It's called to order. First item, approval of the minutes of Tuesday, June 13th, 2017.

Councilwoman Klapp: Move to approve.

Mayor Lane: Moved and second. All in favor. Those minutes have been approved. I guess I'm just, I'm not quick enough for you guys. Item one is adopt Resolution Number 31, which sets out preliminary budgets and calls for public hearing. Do I have a motion to adopt?

Councilwoman Klapp: Move to adopt.

Mayor Lane: Motion has been made and seconded to adopt Resolution Number 31. All those in favor, please indicate by aye. Resolution Number 31 has been adopted. There's been a call for Public Comment. And we have none on this subject. So that has been completed. Item, next item is adopt Resolution Number 32 which approves the budget and sets the tax levy. Do I have a motion to adopt Resolution Number 31?

Councilwoman Klapp: Move to adopt.

Mayor Lane: The motion has been made to adopt and seconded. All those in favor indicate by aye. Resolution 32 is adopted unanimously. Do I have a motion to adjourn, the Scottsdale Waterfront Commercial Community CFD?

Councilwoman Klapp: Move to adjourn.

Mayor Lane: All in favor of adjournment? We are adjourned. Thank you, everyone, for staying and witnessing the entire meeting.