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Mayor Lane: Good evening. It's approximately a little after 5:00. We can start with a roll call please.

ROLL CALL

[Time: 00:00:29]

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: Virginia Korte.

Councilmember Korte: Here.

Carolyn Jagger: Bob Littlefield.

Councilman Littlefield: Here.

Carolyn Jagger: Linda Milhaven.

Councilwoman Milhaven: Here.

Carolyn Jagger: Dennis Robbins.

Councilman Robbins: Here.

Carolyn Jagger: Acting City Manager Brian Biesemeyer.

Brian Biesemeyer: 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.

Mayor Lane: Just a little order of business. If you would like to give us some written comments on the agenda items, it's the yellow card she's holding up over her head on any of the items on the agenda. We do have Scottsdale Police officers Tom Cleary and Dave Pubins in front of me here if you need their assistance. The areas behind the dais are for Council and staff.

PLEDGE OF ALLEGIANCE

[Time: 00:01:26]

Mayor Lane: Today we are honored to have the Brownie Troop 718 and their leader Mary Nesbitt to lead us in the pledge. If you would, please. If you could please stand. Any time you are ready.

Brownie Troop 718: 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, for liberty and justice for all.

Mayor Lane: Very nice. Thank you for that. If you could, turn the microphone around and... perfect. And if you could just introduce yourself and tell us what school you go to and what your favorite subject is.

Brownie Troop 718: Hi, I'm Ashley. I go to Boulder Creek Elementary and my favorite subject is science. My name is Ashley Simmons and I go to Boulder Creek Elementary and my favorite subject in school is math. I'm Sara Johnson and I go to Boulder Creek Elementary and my favorite subject in school is reading. My name is Sarah Taylor. I go to Boulder Creek Elementary school and I like all of my subjects. My name is Helen Nesbitt. I go to Great Heart Archway, and I like all of my subjects. I'm Kate and I go to Boulder Creek Elementary and I like art.

INVOCATION

[Time: 00:03:31]

Mayor Lane: Oh, the invocation this evening is, we would like to welcome Pastor Bruce Johnson from the Scottsdale Presbyterian Church to provide that. Pastor?

Pastor Bruce Johnson: Thank you, Mr. Mayor. Let's pray. Great God, we thank you for this day, and for our City Council, we ask your blessing on them, that they would be wise in the things that they consider this evening, that the conversation be civil, that the questions be informative and instructive, and we pray for your blessing on our town. Thank you for young minds back in school. Thank you for public safety officials who are watching over us. Thank you for the opportunities we have to live in the City and to be contributing citizens for all of our good. For all of these things make us grateful this day and this night, in your great name we pray, amen.

Mayor Lane: Amen. Thank you, Pastor.

MAYOR'S REPORT

[Time: 00:04:36]

Mayor Lane: Just a little report on some activities that have been taking place. On Saturday, I and several of my Council colleagues had the honor of attending the Arizona Forward Awards for Environmental Excellence ceremony. I'm happy to report that Scottsdale had several winners. Vi at Silverstone, a beautiful new retirement center won for their site development and landscape in the private sector and I want to congratulate that team. Mike Nolan, on behalf of the McDowell Sonoran Conservancy received top honors for their valuable work with environmental education through its innovative citizen science program and that program is administered by Melanie Tluczek and congratulations to our friends at the Conservancy on the well-deserved recognition on that. Congratulations on that. Mike happens to be here. If you want to stand up or at least wave. Good to have you here.

And, of course, we here at the City are especially proud of Browns Ranch, a Trailhead this year. This year's Crescordia winner for site development of parks and trails. The Browns Ranch Trailhead is a wonderful example of teamwork and vision coming together to create something really truly special. The vision came from Scottsdale residents would wanted this entry into, would put this entry into the, wanted this entry into the McDowell Sonoran Preserve to be functional and beautiful. A place that reflects our natural desert and western roots. It came through the execution of that vision. The contractors led by Summit Construction and the architect Phil Weddle, they all did a marvelous job of

listening to input, working with the City staff and volunteers and designs something that meets the needs of the citizens and stands on its own as a landmark and a tribute to the Sonoran desert. Our sincere thanks to the Arizona Forward for this recognition of a new jewel for the Preserve and, please, let me take a moment to congratulate the City staff that had a hand in this project. Kroy Ekblaw. I think Kroy is here with us. Yes, Kroy is right over there. Liz Hildenbrand-Crossman and if you are, please give us a hand or an indication. Thank you, Liz. Scott Hamilton, Claire Miller, Robin Schweitzer, Robin Rodgers and Joe Mannino, Michael Hansen. And if you would all that are here, please come forward and we would like to make a presentation of this once again.

Additional item of note, we emphatically support the employees in the National Guard and Reserves and all Scottsdale residents that choose to serve their country in that capacity. To that end, we have a proclamation this evening. It's a proclamation Employer Support of Guard and Reserve Week. Whereas the National Guard Reserve forces comprise nearly half of our military strength and essential to the national security, Reserve component forces stand ready to answer the call to serve. Whether serving alongside active duty counterparts, all across the globe or responding to humanitarian crises at home and abroad. And whereas employers provide critical support to members of the National Guard and Reserve, allowing citizen warriors to serve whenever the nation calls. Often foregoing financial gain and making sacrifices in the process and whereas employer support is stronger than ever, more than 42 years after president Richard Nixon authorized the second tier of defense to establish the National Committee for Employer Support of the Guard and Reserve. And whereas our nation is in debt to the citizen warriors departing the comforts of home to ensure our freedom remain, ensure that our freedoms remain intact. Likewise, America pays special tribute to the commitment of dedicated and supportive employers who continue to make service in the Reserve components possible, and now therefore, I Jim lane, Mayor of Scottsdale declare this week the National Support of the Guard and Reserve Week. Thank you. Bill, if you would come forward, I would like to present this to you. Bill is a liaison.

PUBLIC COMMENT

[Time: 00:10:54]

Mayor Lane: Next is the Public Comment. Speakers are limited to three minutes each with a maximum of five speakers and there will be a point at the end of the meeting if we have additional cards. We have two Public Comment cards and we start with Joanne Handley and then Jim Geiser. Joanne, if you would come forward.

[Time: 00:11:41]

Joanne Handley: I'm Joanne Handley and I have to say that I am a Scottsdale native. I've been working on a little committee called COSMAC. What we are doing is trying to find the names of all the servicemen who lost their lives in battle. And this, to me, is a very personal thing. I had an uncle, Charles Mowry, who was a farmer here in Scottsdale. He was older and would not be drafted. He was a farmer and raised cotton. He said to my father that you're married. You have three girls. You shouldn't be going to the war. So he enlisted. Well, he was a very quiet man, a very, a man who I don't think could ever hurt a soul. So he became a medic. He was in North Africa and he was in Italy, and while he was in Italy, he was out in the battle field picking up an injured soldier, stepped

on a land mine. Badly injured. He was in the front hospital, forward hospital, and he wrote a letter to my father saying, everything would be all right, he would be okay, but he lost his life a few years later, a few days later. He was buried in Italy, but after the war, the government decided that they wouldn't have cemeteries for the United States servicemen all over Europe. They would move them to France. My dad said, he was never in France. So we brought the body back. He is buried in west Texas. He was born in west Texas, and he's in Fort Bliss.

So we're working on this to put together a plaque to honor all of these servicemen from Scottsdale that served in the military and lost their lives. We're working very hard and I'm going to, the next person that will be speaking is Major James Geiser. He's a retired Marine. He is the one who has done most of the research on this and is putting this together. If it had not been for Major Geiser. Thank you, Councilman Littlefield for getting us together to meet, and get this project going forward. Thank you.

Mayor Lane: Thank you, Joanne. Mr. Geiser.

[Time: 00:14:33]

Jim Geiser: Kiva elementary, Scottsdale High School, Arizona State University and my favorite subject was civil engineering. Go beavers, incidentally. I'm having my 50th high school reunion on November 1st. And if that doesn't make you feel old, nothing does. I'm currently on the board of directors of the Veterans Chapter the A.S.U. Alumni Association and I took this task on over there, because they wanted to read names every Memorial Day or Veteran's Day, but nobody knew where the list came from. I ended up getting rid of 30 names and added 50. We have 129 over in A.S.U. We will put a memorial up for them, by name. And doing this you know, I'm a Scottsdale resident forever, as far as I'm concerned. I came across some who lived in Scottsdale. Is there a memorial in Scottsdale, of Scottsdale residents who lost their lives on active duty. It turned out that there was no such thing and I have been working on this piecemeal a little bit but for about a year. We have currently 35 names right now, including Joanne's uncle. Some of you may know Marshall Trimble, he has a relative on there. Three of the individuals on here, I knew personally. They went to school with me.

But anyway, we want to move forward on this and what we are looking for is a place where we can do this and then somebody to design it and we want to have this in the ground by Memorial Day of 2015. That might seem like a lot of time, but it really isn't. So we need to move forward on this. I met with Bill Murphy, who is here tonight. We looked at some preliminary sites. We are having a meeting on the 6th of October which is a Monday coming up pretty soon, to try to pick a location. We want to make the decision, but we want to make the decision that the City has already approved, the staff has already looked at it and they know we are in agreement. We don't know exactly how all of this is going to work.

I'm certainly not a designer but we want to design something that is relatively maintenance-free and yet honors these individuals who lost their lives. I've had the privilege of learning all the details of their death and where they were born and I have a summary here that I will give to each one of you. These people need to be honored, I think. The statue we have out here is very nice but I want to see their names up and that's the goal here. What I'm looking for from you, I know you can't do anything

officially but we want to know that you are behind this. You are going to support it and it's not going to be something that's going to cause a problem anywhere in the community. Councilman Littlefield has met with me a couple of times. I think moving forward, this next meeting with city staff is going to be very productive, and hopefully we can all be out there Memorial Day of next year, in some kind of a ceremony to dedicate this. Thank you for your time.

Mayor Lane: Thank you, Mr. Geiser. That completes the Public Comment at this point in time.

MINUTES

[Time: 00:17:48]

Mayor Lane: The next order of business is the minutes. Those minutes have been distributed to us for our review. I have a motion to approve the Regular Meeting minutes of August 25th, 2014.

Councilman Robbins: I will move that Council approve those minutes.

Mayor Lane: The motion has been made and seconded. No further comments or input. We are now ready to vote. All those in favor, please register your vote. It's unanimous. And thank you for that.

CONSENT AGENDA

[Time: 00:18:21]

Mayor Lane: We move on to the Consent items 1 through 20. If there's any comment from Councilmembers, there are no cards and no requests to speak on any of the items within Consent. I would then entertain a motion to approve Consent items 1 through 20.

Vice Mayor Phillips: So moved.

Councilwoman Klapp: Second.

Mayor Lane: The motion has been made and seconded. No further comments seen so we are then ready to vote. All those in favor, please indicate by aye. Those opposed with a nay. It's unanimous on our Consent items 1 through 20.

REGULAR AGENDA

[Time: 00:19:02]

ITEM 21 – ARIZONA STATE TRUST LAND DEVELOPMENT AGREEMENT AND INITIATION OF REZONING CASE

Mayor Lane: Moving on to the Regular Agenda items 21 through 24. I will say that items 21 through 23, 21, 22, and 23 will be heard at the same time. So there's no speakers at this point in

time, but we will be listening to a presentation from Kroy Ekblaw and we will be voting on each of them separately, but they are combined for presentation and comment. Kroy?

[Time: 00:19:35]

Preserve Director Kroy Ekblaw: Good evening, Mayor and members of the Council. The presentation for you this evening will briefly overview previous actions that have led to this point in time, from the long cooperative relationship between the City of Scottsdale and Arizona State Land Department. We have a current interest in acquiring an additional 400 acres of State Trust Land and that has led to the three agenda items that are on this evening, the first one being a development agreement with the State Land Department and an initiation of approximately 4,000 rezoning, of approximately 4,000 acres of the trust land in north Scottsdale. Agenda item 22 is a request from Scottsdale to initiate rezoning on approximately 22,300 acres of Preserve land to the conservation open space district. Agenda item 23 which is a request to initiate an amendment to the same conservation open space district, in order to ensure the activity expectations are consistent with the Preserve ordinance.

From the standpoint of that past history, the actions that have occurred in 1998, the northern area of what is now the McDowell Sonoran Preserve was added to the recommended study boundary, approximately 19,000 or almost 20,000 acres were added in 1998. This next graphic identifies that a substantial amount of those almost 20,000 acres were State Trust Lands identified in the pink color on the graphic before you. That led to an application that the City of Scottsdale filed in 1998 with the State Land Department requesting that those lands be reclassified as suitable for conservation. And, again, that application was for 16,600 acres of trust land. Over a two-year period, the State Land Department held public meetings, reviewed a lot of information from the public and adjoining communities and experts and in August of 2001, the state land commissioner issued an order which reclassified approximately 13,000 of those 16,600 acres as being suitable for conservation.

The order that was issued by the commissioner did indicate that it was amendable subject to the City's working with the State Land Department to accommodate enhancement of land values on these tan or what's on this graphic, these areas in tan in order to justify the extent of those 13,000 acres of reclassified lands. In October of 2002, the City Council approved a General Plan amendment. This was a joint application between the State Land Department and the City of Scottsdale. It identified in these areas here this dark green, those areas had been identified as suitable for conservation. Those were General Planned as natural open space. The areas that were not designated as suitable for conservation, which tend to be along Pima Road and known as the postage stamps that go down to Scottsdale and Happy Valley, were identified predominantly as a variety of single family residential districts.

There's a little bit of retail and a little bit of resort that was also included in that General Plan amendment and that was part of that cooperation and anticipating the adjustment in land values based upon the suitable for conservation. In summary, what has occurred is the State Land Department, based on the order from 2001, and the General Plan here outlined in blue set limits for expectations in that area. Over the past four years, the State Land Department has held auctions for 12,800 acres and the City of Scottsdale has been successful in acquiring those 12,800 acres as part of the McDowell Sonoran Preserve. Additionally, we are interested in approximately 400 acres north

and east of the Pima and Dynamite intersection and north and east of the Dixileta and Pima area for inclusion in the Preserve. The State Land Department has identified that subject to that 2001 order and the 2002 General Plan, they expect to achieve not just the General Plan, but move forward with the zoning on those properties and with that, we will then set auctions for the 404 acres that we are interested in acquiring.

[Time: 00:24:39]

That leads then to item 21 this evening which is the development agreement, and the letter that came from the State Land Commissioner, expressing interest in the rezoning and requesting the initiation, the general expectations of this agreement, set that this rezoning would be consistent with the General Plan that was approved in 2002, and acknowledgment that both processes that will be involved, the auction sale process on the state land, as well as the zoning process through the City of Scottsdale have several process rights and opportunities for continuances, objections, protests that could affect the timing and the sequencing here and all of that has been anticipated or at least identified within the development agreement that's before you this evening.

There's specific responsibilities that have been identified for the State Land Department that includes that they will provide the staffing to process the case and be involved in the lead position on communications and the public outreach responsibilities as well as being at the public meetings associated with the case. There are process fees that are required for this and they will be responsible for those and, again, the request for rezoning will be consistent with the General Plan. Once the zoning case is initiated, should the Council take that action tonight, we will work with the State Land Department to get the submittal and the City will then submit to the state applications for the auctions and the state will then accept those applications and in a parallel manner to the zoning case be processing the sale or auction process.

From the City's responsibilities, we will be initiating the process and working with the State Land Department on their rezoning case, consistent with the General Plan. We will also and I will also have a little more detail on this initiating the zoning case for the Preserve lands will be involved, of course. The Preserve staff and others in informing the public of these past actions that I just summarized and we will, again, coordinate parallel public meetings, meeting times and locations. We will be paying a portion of those fees approximately 10% or the 400 acres that we seek to acquire, we will pay that zoning fee and we have also, as the state required, come to agreement that the minimum bid price for parcel one shall be set at a minimum of \$28.2 million.

That is consistent with a range that we had been expecting for that and the staff is comfortable with that. Again this identifies the overall General Plan that was approved in 2002, the rezoning is being proposed in the area that is highlighted on the screen. This next graphic backs out and shows those areas in tan, again to conform with that General Plan, predominantly residential, with a little bit of commercial and resort included. The City action on Preserve lands that we have acquired will be this 22,300 acres identified in the red cross hatch and, again, we are looking to rezone that to conservation open space. If you are asking us why aren't we doing it in the light blue areas, well, those areas already have conservation open space that has been the plan for quite a number of years that the Preserve lands be rezoned to conservation open space. Additionally, with this, we are looking to item 23 is seeking to initiate an amendment to the conservation open space district.

As I mentioned, before the primary goal here is we have the Preserve ordinance, which is separate of the zoning ordinance. The conservation open space is within the zoning ordinance and there's a potential of the use and the activities identified in the conservation ordinance being in conflict with the Preserve ordinance. And so the intent of the amendment is that the conservation open space will be amended to refer directly to uses and activities to the Preserve incident and that falls directly under the City Council. It avoids a potential conflict with interpretation under the zoning ordinance by the zoning administrator and appeal to the Board of Adjustment. This was a way of ensuring we had consistency and not dual interpretations.

[Time: 00:29:15]

From the standpoint of recommendations, the Preserve Commission had forwarded to you and recommended acquisition of parcels 1 and 1a. They have understood and evaluated that there will be a requirement for these initiations through expectations of the State Land Department and they are encouraging the Council to proceed with the initiation of these cases. As I said, tonight, we are simply initiating the cases. There's no approval of zoning. There's no commitment to spending dollars for Preserve lands. Those will all come in subsequent steps.

What is before you tonight, if it is approved, the City and the State Land will move forward to submit the zoning applications. We will then, from the City standpoint, submit those land acquisition applications for parcels 1 and 1a, 400 acres we are interested in and there will then be the ongoing processing and public hearing related to the zoning and auction. This will very likely be at least 5 to 6 months before the zoning case would return to the Council. We would be having public open houses, we will, of course, have to go through the Planning Commission as well as there are the public processes involved in the auction.

And so it would likely be that sometime in the early spring, we would be returning to the Council with the rezoning request fully vetted through the public hearing process, and subsequent, and following a zoning hearing from the City Council, would be the timing of the auctions for the 400 acres. With that, the three requests that are before you, item 21 includes the adoption of the resolution authorizing the development agreement with the State Land Department, and secondarily, we need the initiation of the zoning case on approximately 4,020 acres of trust land and item 22 is the initiation of the rezoning application for 22,300 acres of City-owned lands located within the McDowell Sonoran Preserve study boundary to the conservation open space district and item 23 is the initiation of the text amendment to the conservation open space district, again to promote consistency with the Preserve ordinance. We have Mark Edelman, the planning manager, the planning engineering manager with the Arizona State Land Department and that concludes my presentation. I'm happy to answer any questions that you may have at this time.

Mayor Lane: Thank you very much, Mr. Ekblaw. We don't have any cards to speak on this subject at the present time. If the Council has any questions, please so indicate or we'll make a motion.
Councilman Robbins.

Councilman Robbins: A couple of questions. How does this affect the ability of the D.D.C. and how does the rezoning with the State Land Department affect anything along the scenic corridor on

Scottsdale Road?

Kroy Ekblaw: The first question to the Desert Discovery Center, again, we believe this simplifies the process, eliminates the potential for conflict. Currently, the zoning in those Preserve lands, including the area where the, at the Gateway, where the D.D.C. has been discussed, is zoned residential. So it would require different processes, but all of this is under the Preserve ordinance, and that's where getting the parallel or getting the language to move to the Preserve ordinance eliminates confusion and potential for conflict and interpretation. So we believe it has no impact on the ultimate citing or the determinations in the future of the D.D.C. and that that would not be an impact to that.

I think your second question, if I heard correctly on the Scottsdale Road was it and the, was it the scenic corridors? In the General Plan approvals of 2002, not only Scottsdale Road but Pima Road, dynamite were all scenic corridor designations and there are wash, vista corridors that will be identified that will come forward in the application. There are the power line corridors and there are trail corridors. There are a number of things that will come forward that were referenced in the General Plan and the detail of that will ultimately come forward at the time of the properties are sold and developed, but all of that is already identified in the General Plan will be designated as such stipulated through the zoning case.

Councilman Robbins: Thank you.

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

[Time: 00:34:10]

Vice Mayor Phillips: Thank you, Mayor. Kroy, it sounds like this is fairly a done deal if it passes and we go through this and he go through the public hearing process, what do you anticipate our possible public participation. I mean, what could they complain about or want to change? It sounds like it's pretty well set and done, you know?

Kroy Ekblaw: Again, I would caution that the General Plan has been approved by the Council, and is the policy document that we go forward with, but the zoning case is one and that zoning process will take us through at least a couple of public open houses and the Planning Commission and the Council. We will be required both the state and the City in our zoning cases to send out what we have already estimated to be several thousand notices. We will be meeting all of those requirements. There will be a multitude of white signs, followed by red signs that there's this action. We will be within the initiation, we would go forward and advise our partners, the volunteers at the conservancy to educate them as to what is going on. And, you know, what we can't predict exactly is what will be the feedback. Clearly, there are a lot of edge issues here in both applications. And by that, I mean there's proximity to existing development and with, that that almost always brings questions at a minimum, is there issues of conflict or concern?

It could very well be at least at the beginning if they are not fully understanding of what is being proposed. In many cases, what is in the General Plan identifies open space for lower zoning districts or larger lot sizes in the areas adjacent to existing development in the areas of the state land case. Clearly, the City case is going to be for the most instances a down zoning from residential to

conservation open space and I don't expect much controversy with that one. With the State Land case, though, based on the General Planning effort and that was attended by a large number of citizens as well as that classification order had a public meeting that had 1500 citizens attend it as well. So over the past 15, 16 years, there's been previous discussions on that. I don't know that we'll have 1500 coming to the Council meeting but I think we'll certainly have a fair number of residents interested in this, and we will be doing a fair amount of work, both agencies in trying to get clear, concise, and accurate information out to the public, so they can understand that and comment as appropriate.

[Time: 00:37:05]

Vice Mayor Phillips: Well, would it be a possibility that some of the zoning that's already been kind of preset and determined, can be changed or moved around a little bit? I know it's like maybe some N.A.O.S. areas?

Kroy Ekblaw: That's certainly part of the reason for the public process. Ultimately the state land will have to be satisfied, that the trust in its total has not been impacted, but this certainly would be opportunities for refinements, adjustments, as based upon that public input and as the question from Councilman Robbins about open space and other things, those will all be considerations that would be included in that discussion.

Vice Mayor Phillips: Okay. Thank you.

Mayor Lane: Thank you, Vice Mayor. We don't have any further comments from the Council, as it is right now. So at this point, I would ask if there's a motion and taking each of these three items one at a time, 21, 22, and 23, starting with obviously 21, if I could ask for a motion.

Councilman Littlefield: So moved.

Mayor Lane: A motion has been made.

Councilmember Korte: Second.

Mayor Lane: This is the Arizona State Trust Land Development Agreement and Initiation of Rezoning case request. I'm sorry, Mr. Attorney?

City Attorney Bruce Washburn: I'm sorry, Mayor. I want to make absolutely clear that it was both the approval of the resolution and the initiation of the.....

Councilman Littlefield: That's what I said.

Bruce Washburn: That's exactly what he said.

Mayor Lane: Item 21?

Kroy Ekblaw: Yes.

Mayor Lane: Okay. Thank you very much, and then we're ready to vote. All those in favor, please register your vote aye. The motion and resolution passes unanimously. Item 21.

ITEM 22 – INITIATION OF PRESERVE LAND REZONING APPLICATION

[Time: 00:38:58]

Mayor Lane: The second item is the Initiation of Preserve Land Rezoning Application, as Item 22. There's no further comments on that. I would accept a resolution or a, let's see now, what are we talking about? A resolution in this case. A motion. A motion for the resolution.

Councilwoman Milhaven: Mayor, I move that we initiate a rezoning application for City-owned lands in the McDowell Sonoran Preserve study boundary to the conservation open space zoning district.

Councilwoman Klapp: Second.

Mayor Lane: The motion made and seconded. We are ready to vote. All those in favor please indicate by aye and those opposed with a nay. Motion passes unanimously.

ITEM 23 – INITIATION OF CONSERVATION OPEN SPACE TEXT AMENDMENT

[Time: 00:39:47]

Mayor Lane: Moving on to Item 23. The Initiation of a Text Amendment to Article 6, Supplementary District, Section 6.77. Do I have a motion?

Councilmember Korte: So moved.

Mayor Lane: Moved.

Vice Mayor Phillips: Second.

Mayor Lane: And seconded. Seeing to further comment, all those in favor, please indicate by aye, and those opposed with a nay. The motion passes unanimously. Thank you very much, Mr. Ekblaw.

Kroy Ekblaw: Thank you.

Mayor Lane: For your presentation.

ITEM 24 – MONTHLY FINANCIAL UPDATE

[Time: 00:40:28]

Mayor Lane: Moving on to the next and the final item on the Regular Agenda is the Monthly Financial Update and we have our Treasurer, Mr. Jeff Nichols here for us.

City Treasurer Jeff Nichols: Honorable Mayor, members of Council thank you very much for having me here tonight. We will be discussing the monthly financial update as of August 31st, 2014, only two months into the fiscal year. However, I would like to kind of start off by letting you know that things are looking fairly good. If you had a chance to review the report. I will focus on the variances, the larger ones. They are not large by dollar amount but they are large by percentage and the first three I want to talk about are the auto tax, and the property taxes and the franchise fees and I want to look at those as a group, because we are seeing the same thing. We believe that they are just timing issues and by that I mean we are not receiving revenues that we budgeted to date, however, we feel that as the fiscal year goes on, these will correct themselves. So it's, it won't be an issue at the end of the fiscal year.

Looking at the licenses, permits and fees, you see a \$200,000 or a 27% variance. Most of those relate to the WestWorld facility which is a good thing. We have our increased rental and concession fees that we are enjoying from the new Tony Nelssen Equestrian Center. The next item I would focus your attention on is building permits. A significant variance in our revenue sources of 100% when comparing '14/15 to the actual budget. It's not a budget spread issue. This is related to the carryover of the multifamily permits that were approved in previous fiscal year. Now these people are pulling their permits. They are starting their construction and we are enjoying those revenue sources. We had increased the budget in this area and perhaps we are having staff look at it, that it wasn't increased significantly enough, even though I believe it was increased significantly, we may have missed the mark on this one. We will find out. I truly believe at this point in time, I have no reason to believe that this isn't going to carry forward throughout the fiscal year and that we will enjoy increased revenues from this revenue source.

[Time: 00:42:53]

The bottom one, the transfers in, that's created that favorable variance of 8% or \$200,000 as being created mostly related to water services charges. And as you are aware, the enterprise funds are an in-lieu franchise fee for being in the right-of-way and their fees are up. So their in-lieu fees are up as well. Now, I would like to focus on the 1% sales tax category. As you can see, the major driver in this category is the construction, and its sales tax. Again, it's related to those multifamily units being constructed, but we are also starting to see some single family units being constructed in this category. So we are enjoying a favorable variance in this revenue stream. This slide, comparing year over year, some of the things I would like to point out as you can see at the far end, the far right-hand side of the graph, currently we are 7.8% year-over-year increase in the General Fund sales tax, the 1%. We had forecast a 3% increase in this category. What doesn't show or isn't readily apparent is that our fiscal year-to-date for these two months were at about 6.4%, increase in this revenue category. So, again, significantly above our forecasted increase of 3%.

Getting, going on to our General Fund operating uses, by category and the beginning we see salaries and wages a slight positive variance that's being created, of 100,000 being created by Community Services. They have some savings, some open positions and they also have savings in their part-time and seasonal positions that we're enjoying at this point too time. The overtime variance unfavorable variance of approximately 12% is being created by miss and fire overtime and the Police Department, the overtime is related to the activity related to the holidays, the 4th of July holiday, and also there's

some overtime that we are seeing that's related to the disposal of evidence. And you all recently were updated about some issues within the property evidence room within the Police Department, and so they are addressing that problem through the use of overtime. And the Fire Department, it's a constant staffing within the Fire Department. We have some firefighters that are either on workers' compensation at this point in time, or they are injured on the job and are off duty and we have to fill those positions to maintain constant staffing levels. So we are doing that.

The retirement, the \$100,000 positive in the retirement is being driven mostly by the Police Department, and what we are seeing is some people in the Command staff, some very high level positions where people have retired and the people that are filling those positions are paid at a reduced level and so the requirement is at a reduced levels well. So we are enjoying that when we compare actuals to budget. And the contractual capital out, commodities and capital outlay area, it's timing related issues and what's happening there is in photo radar in the fire service contract that we have with the City of Phoenix, we haven't received those and so we haven't paid them for the month of August and they will be paid in September and that should make that correction.

Going on to operating uses by division, the variances I would really like to address, you see \$200,000 variance in the Mayor and the Council and Charter Officers area. Those positive variances are being created one, the Mayor's budget, the M.A.G. membership fee has not been processed. It was budgeted in August and it won't be paid until September. That will self-correct. And the City Auditor, there's an external audit fees that were budgeted, again, in August, that have not been paid yet. More than likely just not receiving a billing from the external auditor to pay the bill. And in the City Treasurer's, my office, some banking fees. Again, they were budgeted in August, but they are not being paid until September. So these will be self-correcting.

The other variance that I would like to point out is in the Public Safety Fire, again, we talked about a timing issue related to the Phoenix invoice for fire service contract. We received it late. We just didn't have time to pay it in the month of August and that will self-correct in September. Finally, as the summary, I would like to point out sources overuses, we are enjoying a \$3 million or an 8% positive variance in our uses, \$300,000 positive variance, approximately 1% and in total, the change in fund balance, positive variance to date through two months of \$3.3 million. And with, that I would be happy to answer any questions you all may have.

Mayor Lane: Thank you, Mr. Nichols. Very good report and certainly positive news on most, all fronts. So thank you very much. I have no cards and at the moment, I do have a question or a comment from Councilmember Robbins.

Councilman Robbins: Jeff, have we closed out last fiscal year?

Jeff Nichols: We have not. We have closed the year. I mean, we have done several closings, as a matter of fact, but we have not completed that. I do expect to bring forward in October, I believe it's the October 21st meeting, the report on the end of the fiscal year for fiscal year '14.

Councilman Robbins: Okay. Thank you.

Jeff Nichols: You're welcome.

Mayor Lane: Thank you, Councilman. Okay. This is just for our information. So there's no action to be taken. So thank you, again, very much.

Jeff Nichols: Thank you.

Mayor Lane: We have no further Public Comment cards or petitions and no Mayor or Council items indicated.

ADJOURNMENT

[Time: 00:49:13]

Mayor Lane: I would accept a motion to adjourn.

Councilman Littlefield: So moved.

Mayor Lane: Moved and seconded. All of those in favor of adjournment, please indicate by aye. We are adjourned. Thank you all very much.