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CALL TO ORDER

[Time: 00:00:04]

Mayor Lane: Good afternoon, everyone. Nice to have you here. Thank you for joining us for our October 10th, 2016, meeting. I would like to call the meeting to order. It's approximately 5:00. And we will start with a roll call, please.

ROLL CALL

[Time: 00:00:21]

City Clerk Carolyn Jagger: Mayor Jim Lane.

Mayor Lane: Present.

City Clerk Carolyn Jagger: Vice Mayor Kathy Littlefield.

Vice Mayor Littlefield: Present.

City Clerk Carolyn Jagger: Councilmembers Suzanne Klapp.

Councilwoman Klapp: Here.

City Clerk Carolyn Jagger: Virginia Korte.

Councilmember Korte: Here.

City Clerk Carolyn Jagger: Linda Milhaven.

Councilwoman Milhaven: Here.

City Clerk Carolyn Jagger: Guy Phillips.

Councilman Phillips: Here.

City Clerk Carolyn Jagger: David Smith.

Councilman Smith: Present.

City Clerk Carolyn Jagger: Acting City Manager Brian Biesemeyer.

Acting City Manager Brian Biesemeyer: Here.

City Clerk Carolyn Jagger: City Attorney Bruce Washburn.

City Attorney Bruce Washburn: Here.

City Clerk Carolyn Jagger: City Treasurer Jeff Nichols.

City Treasurer Jeff Nichols: Here.

City Clerk Carolyn Jagger: City Auditor Sharron Walker.

City Auditor Sharron Walker: Here.

City Clerk Carolyn Jagger: And the Clerk is present.

Mayor Lane: Thank you very much. Some items of business for us all and that is that we have -- if you would like to speak to any one of the public comment or any of the agenda items we do have a white card the city clerk is holding up over her head over here to my right and if you would like to give us some written comments on any of the items on the agenda, that's the yellow card and we will read them throughout the course of the proceedings if you are inclined to write us some comments on that.

This evening we have Scottsdale police officers Tom Cleary and Jason Glenn directly in here in front of me. The area behind the council dais are reserved for council and for staff and we do have rest rooms under that exit sign over there, to my left for your convenience.

PLEDGE OF ALLEGIANCE

[Time: 00:01:31]

Mayor Lane: We are privileged to have Troop 194 here this evening, to give us the Pledge of Allegiance and they are led by the troop leader Priscilla Sanders and I think she's here with them. She most assuredly is. And so if you are able, please stand. Ladies move to the microphone. Please stand and join them.

Troop 194: 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, ladies. Turn the microphone around.

Kerry Sanders: My name is Kerry Sanders.

Troop Leader Priscilla Sanders: What school?

Kerry Sanders: I go to Hohokam elementary school.

Troop Leader Priscilla Sanders: And your favorite thing. Your favorite class.

Kerry Sanders: I like math class.

Troop Leader Priscilla Sanders: Okay. Go sit down. Jen. Hurry.

Genovese: My name is Genovese and I go to Hohokam traditional school and my favorite subject is reading.

Alex: My name is Alex, I go to Hohokam. My favorite subject is reading.

Mayor Lane: Thank you very much.

INVOCATION

[Time: 00:03:05]

Mayor Lane: Just a real quick check, is Pastor Brian McAnally here? He may have been held up.

So what I would like to do instead since he's not here for invocation, I would like to take a moment of silence for us all to thank and pray if it's part of what you might do in consideration of people, but hurricane Matthew has Doppler radar some real damage and destroyed sympathy people's lives and actually ended some people's lives. We would like to take a moment of silence and think about

that -- that tragedy. Thank you.

MAYOR'S REPORT

[Time: 00:03:59]

Mayor Lane: Tonight we have two special 25th anniversary celebrations to announce. The first is the Scottsdale Historical Museum on Thursday, October 20th, 2016, from 5:30 to 7:00 at the Little Red Schoolhouse with the program beginning at 6 p.m.

In honor of this event, I would like to read the following proclamation. I would want everyone to know that the Little Red Schoolhouse has been around for much longer than the 25 years that the Historical Society has been doing a fantastic job using that facility for the city of Scottsdale for the past 25 years.

And so the proclamation reads: Whereas, Scottsdale's little red school house is built in 1909 and served as the center of the community life for many years, including as a church, polling place, home of the farm improvement society -- I didn't know that -- and as a red cross bandage rolling station, politician, library and more. And whereas in 1968, the city planned to tear the building down as part of the Scottsdale mall development and Scottsdale historical society was formed to save the building. And whereas the Scottsdale chamber of commerce raised the money needed and started in 1972, to use the building as its offices. And whereas the chamber moved to larger quarters and in 1991, the Scottsdale official council officially leased the little red schoolhouse to the local history museum was opened. Whereas this year marks the 25th year of this all volunteer museum, be free and open to the public, welcoming nearly 20,000 residents and visitors each year. I therefore, Jim lane, the mayor of Scottsdale proclaim October 20th, 2016, as little red schoolhouse day in Scottsdale and I invite the entire community to preserve, protect and promote Scottsdale's wonderful history.

So let me make a presentation to some of the board members right here, if that's all right.

[Time: 00:07:03]

Mayor Lane: Next is an item that is also having its 25th anniversary since its beginnings. And that is 25th anniversary of the McDowell Sonoran Conservancy. We have Mike Nolan of the McDowell Sonoran Conservancy C.E.O. here and I will do the same on the proclamation for the McDowell Sonoran Preserve.

Whereas the citizens of Scottsdale have consistently and strongly expressed that the preservation of the McDowell mountains and the surrounding Sonoran desert is a high priority and whereas the McDowell Sonoran Preserve, Scottsdale's most valuable national resource and ground jewel has protected over 30,000 acres as national open space and whereas 25 years ago the citizens of Scottsdale established the McDowell Sonoran Conservancy, a nonprofit organization to partner with the city to steward the significant historic asset. Scottsdale wants to celebrate and recognize the important role of the McDowell Sonoran Conservancy, the 25 years of contribution and the incredible

amount of volunteer effort and coordination in support of this valuable community asset. And whereas the McDowell Sonoran Conservancy has developed a collaborative and beneficial relationship with the city, and council appointed McDowell Sonoran task force. The Scottsdale McDowell Sonoran Conservancy, I therefore, Jim Lane the mayor of city of Scottsdale proclaim the month of October, 2016, McDowell Sonoran Conservancy preserve, recognizing 25 years of partnership with the McDowell Sonoran Conservancy.

Congratulations for 25 years of great progress.

PRESENTATIONS

[Time: 00:09:28]

McDowell Sonoran Conservancy CEO Mike Nolan: Thank you, Mayor Lane and City Councilmembers. 25 years ago, our organization, then called the McDowell Sonoran land trust launched the Preserve movement in Scottsdale when a group of citizens formed the organization and set out to save the McDowell mountains. Their vision came together when the city council established the task force that first defined ideal preserve boundaries and the council later adopted the plan. We then worked with the city, civic leaders and the tourism community to encourage our citizens to first approve a mechanism to pay for the land, and then second, finance access and trail improvements to the land. It was sometimes messy, but in the end, a remarkable coming together of the citizens of Scottsdale on a future vision for the community.

In 1998, the McDowell Sonoran Conservancy launched its steward program and gave citizens further opportunity to participate in the development and the protection of the Preserve. The conservancy's partnership with the city of Scottsdale grew, as we work with the city staff and the city council to ensure that the rapidly growing preserve was adequately cared for and watched over. Today we have over 600 stewards, who contributed more than 56,000 hours of service last year to the Preserve. In 2010 we created the McDowell Sonoran field to leverage the expertise of university professors, agency scientists and other experts to the benefits of the citizens of Scottsdale.

Today, as we celebrate our first 25 years, we look to the future and the next 25 years and more for the preserve. We look forward to an even stronger relationship, with the city council, the preserve commission, and the city staff. In partnership, we hope to establish permanent, effective, responsive actions to manage, operate, market and enhance the preserve, visit safe historical society, and to educate current and future citizens and visitors about the preserve. Scottsdale's crown jewel serves no less. Thank you.

Mayor Lane: Thank you very much and thank you for the work of the conservancy.

PUBLIC COMMENT

[Time: 00:11:52]

Mayor Lane: Next order of business is public comment and public comment is reserved for citizens comments regarding non-agendized items, with no official council action to be taken on these items. Speakers are limited to three minutes each, with a maximum of five speakers and there will be another occasion at the end of the meeting if, in fact, there's another request to speak for public comment.

We have one card and therefore, one period of comment. I do see two names on here, but it still remains at three minutes but I would say Elizabeth, I think it is Tishman and Angie Carrasco. And hopefully I was reasonably close on both of those.

Elizabeth Deitchman: All right. Good afternoon, my name Elizabeth Deitchman. I'm a citizen of Scottsdale and I participated in the Scottsdale arts vision program from 2013 to 2016. Visions is a mostly multi-visit program offered by Scottsdale museum of contemporary. Students from six schools across the valley meet for an all-day workshop. The workshops include meeting with a professional artist, studio visits and a once a year retreat in Prescott. The year culminates with an exhibition of students work and the arts gallery in the performance arts building.

I feel that this is an important program because it allows students the opportunity to grow as young artists and as people while gaining knowledge that they otherwise would not have received. Visions greatly affected my decision about education, by giving me knowledge into the Herberger Institute for the Design and the arts at A.S.U., where I'm currently studying architecture. So I strongly feel that Visions is an indispensable program for Scottsdale, as well as other districts.

Angie Carrasco: Good afternoon, my name is Angie Carrasco and currently I'm a senior at Arizona State University. I'm studying industrial designs. Visions, like she said, brought us to meet other artists around the valley and every year we had the retreat where we were able to learn from other students, not only from, you know, artists as well as we had the exhibition that I'm very proud to say always helped me to push myself towards the art and that led me to discovering what industrial design was. And if you guys don't know, the design school, it's pretty hard to get into. You have one year, and then they decide whether you make it or not.

And because of all of these things that I learned through the Visions program, I was able to meet those goals and now I'm a senior, about to graduate with the internship with autodesk. So the vision program truly helped me to achieve some of my educational goals and it's definitely helping me because I have Laura as a mentor. I'm getting to my career goals as well.

Mayor Lane: Well, thank you, ladies. Thank you very much. That does complete the public comment for this evening.

MINUTES

[Time: 00:15:38]

Mayor Lane: So the next order of business is a request to approve the regular meeting minutes of September 13th, 2016, and September 20th, 2016, work study session minutes of September 19, 2016,

special meeting minutes of September 20th, 2016, and executive session minutes of September 20th, 2016.

Do I have any questions or comments, adds or deletes? Otherwise I would accept a motion.

Councilmember Korte: So moved.

Councilwoman Klapp: Second.

Mayor Lane: The motion has been made and seconded by Councilwoman Klapp and we are now ready to vote. All those in favor, please indicate with aye. Those opposed with a nay. The minutes are approved unanimously.

We move on to the next order of business which are consent items 1 through 21, and we have item 16 was removed and this is a fiscal year 2016/17 home investment and partnership program conditional subrecipient program was removed at the request of staff. It will be brought back at another time. So item 16 is removed from the consent agenda items.

ITEM 14 – PICKLEBALL COURTS FUNDING DONATION AGREEMENT

Mayor Lane: And I have a request by Councilwoman Korte for a presentation, maybe some comments on item 14. Councilwoman, if you've got some questions of staff?

[Time: 00:17:07]

Councilmember Korte: Thank you, Mayor. I would like Mr. Murphy to just come and give us a brief presentation, report, on this pickleball courts funding donation. I would really like to recognize a community, Grayhawk Community Association. They have recognized the needs of their citizens, their residents by contributing to the cost of the conversion of a basketball court to pickleball courts but also they have recognized that yes, it is a good investment and they are willing to put some money into their own communities. So I think it's a great story. Thanks.

Community Services Director Bill Murphy: Thank you Mayor, thank you, Council. And thank you, Councilwoman Korte for a nice introduction to this. A year ago, pickleball was the big thing we tried to do at Cholla Park. So in the summer, we were at Cholla averaging about 35 people a day. So 245 a week. In the fall a year ago, we were getting 60 to 75 people playing up there, and in the winter, we ran around 85 as an average.

So the sport of pickleball does continue to grow. Our staff just attended the national parks and recreation national conference in St. Louis and did a presentation on the partnership that they completed at Cholla Park. The needs for the courts obviously continues to grow and we are trying to address that as we can. And so this donation, from the Grayhawk Community is a real kick for us here that we can get some things moving.

So this is just to give you a layout of the conversion. So we have two basketball courts up there. You might recall when we talked to you before about the pickleball and how we chose Cholla, we wanted to have parking, which this park does. Have we wanted to be away from residents, which this is located far enough away that there shouldn't be a problem with that. And we wanted to have restrooms for the people to be able to utilize. The basketball court up there right now is the boys and girls club actually has their own gymnasium and we have a couple of other parks nearby that have some courts. We also evaluated the amount of play that we have on there, but the one thing that these courts will provide is these are on posttension concrete, which is not the asphalt that we have on our tennis courts. So the longevity of the courts should last a while.

We will remove the basketball standards on one of the court. We will install nets and resurface the net so that we can put three pickleball courts on there and we will fence the perimeter. We will still have a basketball court and we will still have the ability for the pickleball as well.

So the Grayhawk Community has generously offered this to us. Their president Linda Shaw is here tonight as well. We are very grateful for that opportunity. We have assured them that we will be able to move ahead and get this completed before the end of the year. So that completes my report, but Linda is here if you have any questions for her. Thank you.

Mayor Lane: Very good. Thank you, Mr. Murphy. No further questions then on that. Thank you for that presentation and Councilman Korte for bringing it to the attention of the public on this. So thank you.

And we then still have our consent items which includes that -- that item, 14 but does not include item 16. Actually, I'm not sure -- yes, we have a vote without item 16. Unless there are any other questions and I see none, I would like to have a motion to approve the consent items minus item 16.

Councilwoman Klapp: Move to approve.

Councilmember Korte: Second.

Mayor Lane: Motion has been made by Councilwoman Klapp and seconded by Councilwoman Korte. We are then ready to vote on the items. All those in favor say aye and register your vote. If you are here for the consent items, you may stay. Otherwise, we ask that you leave quietly.

ITEM 22 – PUBLIC HEARING ON THE BIENNIAL CERTIFIED AUDIT OF THE LAND USE ASSUMPTIONS, INFRASTRUCTURE IMPROVEMENT PLANS, AND DEVELOPMENT FEES

[Time: 00:21:38]

Mayor Lane: We will move on to the regular agenda item, item 22, and that is the public hearing on the biannual certified audit of the land use assumptions, infrastructure, improvement plans and development fees. The request here is to solicit and receive public comment on the biannual certified audit for the land use, as indicated and we have our city auditor here with us, Sharron Walker.

Thank you, and welcome Sharron.

City Auditor Sharron Walker: Thank you, Mayor and members of Council. I will take a few minutes to outline for the council and the public, why this biannual certified audit was conducted and then I will introduce Frank Davis so he can present his findings and then I will return to present the requested action.

Five years ago the state legislature placed several requirements on city's development fees, and for Scottsdale these requirements applied to the water and the wastewater development fees. So using the professional services applied economics, water works engineers, Carollo, engineers the city updated the required analysis that underlies its development fees.

First the land use assumptions report provided tenure projections, changes in population and land use, densities and intensity for the service area. These growth projections then go into updating the water and the wastewater infrastructure improvement plans. The I.I.P.s, e describe the water and the wastewater projects that are expected to be completed within the next ten-year period to add capacity to accommodate future growth, and then the existing excess capacity that will also accommodate that development. So based on these projections the city then updated the development impact fees.

So as a check on these required elements, the state law then further requires the city to either appoint an advisory committee, which has several detailed duties or biannual certified audit. And Scottsdale water like most of the large cities in the valley opted for the biannual audit, and to our knowledge, we are actually the first ones to complete this requirement here in the valley.

So the state law requires the audit to be conducted by qualified professionals who are not employees or officials of the city and did not prepare the I.I.P. Qualified professional as further defined as an engineer, surveyor financial analyst or planner providing services within the scope of their professional expertise. So my office issued the RFP, selected Raftelis and administered the contract.

So the final piece of my background information is the city is required to post the report on its website which we did first posted on September 13th for the audit committee, and then conducted a public hearing within 60 days which is why we are here in front of you today.

And so I will ask Mr. Davis from Raftelis to present the biannual certified audit results and I will return.

[Time: 00:25:08]

Rafetelis Financial Consultants Representative Frank Davis: Thank you. Again my name is Frank Davis and I'm with Raftelis Financial Consultants and we are a financial services company that works with local governments, primarily counties and cities and we focus on water and wastewater primarily and one of the things that we do, is -- one of the core services we provide is calculating development fees and impact fees. And through our work with other communities in the valley and in Arizona, under this new legislation, the senate bill 1525, we have both calculated impact fees and we prepared

the I.I.P., so we are very familiar with the legislation, but also the information that is included in these -- in these documents.

The objective of this audit, we -- it's not an audit of your financial statements under accepted accounting principles. It's more of a check to make sure that we want to look at the progress of the land use assumptions report, and the I.I.P.s and make sure that these are progressing in a consistent manner with what was projected in the original documents. And also, as part of that, we want to look at how the city has collected and expended the monies it's collected from the impact fees that were implemented as part of this process, to make sure that there's no inconsistencies or no inequalities in how the city has imposed the fees on development.

That's really the main objective of this audit is to make sure that the city is going through and how it administers the fees and goes through the planning. It's making sure that the city is doing that appropriately and within the guidelines of the legislation.

So our approach to this was we looked at a two-year period, the fiscal years, '15 and 2016. Those are the first 24 months that the -- since the fees were implemented and as far as our process, we looked at how actual growth has occurred in comparison to what was projected in the land use assumptions report, and also carried over into the I.I.P. plans for both water and wastewater. As part of that, we looked at some of the assumptions in the I.I.P., which included things like your current levels of service, because the legislation requires that you can't assess fees to the development based on a higher level of service than what you are providing to your existing customers.

So we looked at those levels of service and we saw how they progressed and see if they are still in line, and then finally, we looked at a review of the city's process of actually collecting the fees and how they apply the fees to different customers based on meter size, to ensure that they are collecting the fees appropriately and also once they collect the fees, whether or not the city is accounting for them correctly, within separate fee accounting -- you have to have the separate account for each of the fees for the different public services required in the public service fees and then also just whether or not those expenditures were made on the appropriately defined projects within the I.I.P.s and also the eligible -- in the legislation there's certain things that are eligible to be paid for through the development fees and other things that aren't. You can't use it for operating costs. You have to use it for growth-related capital costs and debt service that's available to certain customers.

Ultimately -- then we looked at the I.I.P.s for both water and wastewater and, again, we looked at them to determine whether or not there were any inequities in how the plans were progressing and, again, we looked at the levels of service and those appear to be -- today, they are within 5 to 10% of what they were predicted to be in the I.I.P.s. So they are still consistent and the thing that we saw is that the city has -- it has been scheduling and constructing the projects that as they are laid out in the I.I.P., so that, you know, that was consistent. And the growth has been within the same general -- there's not a strain on growth. In other words, your growth has not occurred to the point where you don't have the capacity to serve new development as they come in. You are providing the projects you said you were going to provide to development, and you are also providing the capacity for development. So we didn't see any inequities in the I.I.P. or the L.U.A. plans as far as how they

are progressing, versus what, you know, were predicted as far as the forecast.

The I.I.P.s, we looked at those and made sure that each of the I.I.P.s contained the information that was required by the legislation and they met that standard. Also, as I said, there's available capacity that remains in your systems. You are at a stage in your growth where you have constructed a lot of the capacity far out in the future. So you still have quite a bit of capacity available in your water treatment and production facilities and in your wastewater treatment facilities.

The current levels of service, again, I mentioned this, are very close to what we -- what was predicted in the I.I.P. and calculated by the two engineering firms that did the respective I.I.P.s. Projected demands are consistent with the planning projections and, again, we looked at the progress of the I.I.P.s and we do not see any inequities in how they are progressing, in terms of whether or not it would cause an inequity and how the city is imposing the fees to new development.

The last thing we looked at was the permitting data of how the city is actually collecting the fees from customers. The fee increases based on meter size and so we looked at all the fees collected during the two fiscal years and the -- the city is applying those fees to the development accurately based on the meter size and the table that was published in the I. I. P.s, as far as how much each meter size will pay for water and wastewater development fees. The actual expenditures, again, are consistent with how they are scheduled in the I.I.P. and the expenditures are also consistent. The city has allocated the correct fees and segregated them into different funds and have paid for the projects and the debt service that is associated with the fees and what they are collecting.

So based on that, and looking at how the city is administered and collected and expended these funds over the last two years, we don't see any inequities in how the city is administering the -- the process of collecting and expending the fees. And for that reason, you know, overall, the -- our opinion was that the city has been consistent with the requirements of the legislation and how they are carrying out both the land assumptions plan, the I.I.P. plan and then how they are collecting and expending the impact fees.

Mayor Lane: Excuse me, if I might, it's worth noting that sb1525 was invoked a few years back because there were some real difficulties with the -- well, with what impact fees were being expended upon and frankly the inconsistencies sometimes in the application and the assessment and the collection of those fees. It's -- so it was not something that sainted Scottsdale in any way shape, or form, but nonetheless, the results of that legislation and the enactment of that law is what has precipitated this audit and we think it's a significant improvement, an overall view, control of resources and also the application of those impact fees to make sure that they are matched up with expenditures to be applied toward the additional need for capacity when it arrives and also just the general overall infrastructure that's associated with the project.

Rafetelis Financial Consultants Representative Frank David: Yes. And all the cities have to do this audit -- well, one or the other, either the audit or the committee, and as Sharron said, most of them have elected to do the audit. So it's certainly something that every community in the valley and throughout the state is going to have to do, but it makes everyone on the same level playing field.

So –

[Time: 00:34:03]

Mayor Lane: A good report. Thank you very much. Sharron, you said something about an action to be taken and --

City Auditor Sharron Walker: Yes, if Brian will switch back to the last slide on my presentation. So the audit committee received and accepted the report so that it could be posted for public notice so the only action that we're requesting tonight is that the council solicit public testimony on the biennial certified audit and Scottsdale water staff, Mr. Davis and I will be available to answer any questions that the council or the public may have.

Mayor Lane: Okay. Very good. Thank you very much. It looks like we do not have any cards from the public on this, but I will start with Councilman Smith.

[Time: 00:34:46]

Councilman Smith: Thank you, Mayor and I think this is a question for you Mr. Biesemeyer. You can wear either your city manager hat or your water department hat on this. But somebody, perhaps you, decided that it was better to do an audit than to have established an advisory committee, which is the other option. Can you talk for a moment as to why one versus the other is our preference?

Acting City Manager Brian Biesemeyer: Mayor, Councilman Smith, yes. We evaluated those and the audit seemed to be the more clear way to provide confidence to our, excuse me -- to our customers and to you that we were actually doing what the law stated it was doing versus the committee, which to -- in our evaluation, it did not seem as a precise a way to evaluate that. It involved -- it just seemed the cleaner and more precise way to get the information to you and stand by that information.

Councilman Smith: Is there -- can you share with me what an advisory committee would have been. Is this an internal group of city staff or is this citizens of community or what -- what's the vision?

Acting City Manager Brian Biesemeyer: Well, luckily the auditor has the bill before the -- the state requirement here, and that's at least five members appointed by a governing body in the municipality, and those members must represent real estate development, development or the building industry and one member of the committee must be home building industries. Members shall not be employees, officials of the city, and the civility, they advise on adopting these measures, review the infrastructure plans, monitor and evaluate infrastructure plans, and there's a number of advice that they would go through. And so based on that, they provide advice to us, but to, again, in review of that, it seemed cleaner just to do an audit where we would actually have somebody from the outside, say that we did this, and according to the requirements placed on us. There are a number of requirements that we saw Mr. Davis go through it.

It seemed a cleaner way to do that than to have this committee just to advise us specifically what the law provides and granted, it was, you know, a decision that we had to make and certainly we were open to it if council decides otherwise.

Councilman Smith: Well, I should ask, I guess, did the council at some time, perhaps before I got involved decide to do this or was this a council decision?

Acting City Manager Brian Biesemeyer: Mayor and councilman Smith, no, at the time it was not. It was a staff decision on which way to proceed forward.

Councilman Smith: And I guess again, how often do we have to do this and what is the cost of the audit.

Acting City Manager Brian Biesemeyer: It's every two years and I will defer to the auditor for the cost.

City Auditor Sharron Walker: Mayor, Councilman Smith, I don't remember the -- off the top of my head the exact amount. It was around \$35,000 once every other year and I would like to comment that the other thing that the advisory committee was required to do, is to do a similar process every year. And so it would be -- it would have involved a lot more of staff time, in addition to the committee's time because they would be required to go through the same process that Mr. Davis went through every single year.

Councilman Smith: Okay. Thank you, Mayor.

[Time: 00:38:33]

Mayor Lane: Thank you, Councilman. Councilwoman Milhaven.

Councilwoman Milhaven: My question is for Mr. Davis. In our community we have an ongoing debate about whether or not development pays for itself and it seems to me, based on what you are saying, I just want to confirm that, at least with regard to water and wastewater, where development puts additional demands on infrastructure that requires additional expenses that we are -- that the development is paying for the additional infrastructure capacity required to support itself; is that correct, sir?

Rafetelis Financial Consultants Representative Frank Davis: Yes, the fees are designed for them to pay for the projects that benefit them. There's a methodology that is used to calculate the fees, but in practice, what -- there is a lag in -- you obviously have to -- the city has already made the capacity available for the customers. Unfortunately, you can't sell each increment of capacity when a new customer comes in. It already has to be in place, because the planning that goes into it and the economies of scale. So there's a lag effect. So it -- a lot of the impact fee revenues go to pay for debt service, which was used to fund stuff up front but, yes, that's what we are designed to do is make

sure that growth pays for itself.

Councilmember Milhaven: Thank you, sir.

Mayor Lane: Thank you, Councilwoman. That seems to wrap up our testimony from the council, and no other cards. So I think we are settled on that. So I think we fulfilled our obligation then. So that completes the item on that. Thank you very much, Mr. Davis and Sharron.

That completes our work for this evening. We have no additional public comment or petitions and so with that, we'll thank everybody for their participation and I would ask for a motion to adjourn.

ADJOURNMENT

[Time: 00:40:32]

Councilmember Klapp: Move to adjourn.

Councilmember Korte: Second.

Mayor Lane: The motion has been made and seconded. All those in favor please indicate by aye. We are adjourned. Thank you again.