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CALL TO ORDER

[Time: 00:00:05]

Mayor Lane: Good afternoon, everyone. Nice to have you here with us. I would like to call to order the May 1st, 2018, City Council meeting. It is a Regular Meeting, approximately 5:00 and we will start with a roll call, please.

ROLL CALL

[Time: 00:00:16]

City Clerk Carolyn Jagger: Mayor Jim Lane.

Mayor Lane: Present.

Carolyn Jagger: Vice Mayor Virginia Korte.

Vice Mayor Korte: Here.

Carolyn Jagger: Councilmembers Suzanne Klapp.

Councilwoman Klapp: Here.

Carolyn Jagger: Kathy Littlefield.

Councilwoman Littlefield: Here.

Carolyn Jagger: Linda Milhaven.

Councilwoman Milhaven: Here.

Carolyn Jagger: Guy Phillips.

Councilman Phillips: Present.

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: 00:00:40]

Mayor Lane: Thank you. Some items of business I would like to just say that we have for your, if you would like to speak, on any of the agenda items or for Public Comments, it's the white card that's held up over the city clerk's head right over here to my right. And if you would like to give us any written comments on any of the agenda items that's the yellow card she currently has over her head over here to my right. We will read those written comments through the course of the proceedings. Today we have Scottsdale police officers Jason Glenn and Tony Wells are here to assist.

And I might also say we have Commander, or Assistant Chief Jeff Walthers here with us for his last meeting here in the Kiva and with the city. He's not quite yet retired, but just about to, but we certainly want to take the occasion to give you a hand for all of your great work.

The area behind the Council dais are for Council and staff. We do have rest rooms over here under the exit sign over there.

PLEDGE OF ALLEGIANCE

[Time: 00:02:03]

Mayor Lane: And today for the Pledge of Allegiance, I'm going to ask Vice Mayor Korte to lead us in the pledge. If you can, please stand.

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, Vice Mayor.

INVOCATION

Mayor Lane: We do have the invocation this evening. We have Rabbi Ariel Shoshan here.

[Time: 00:02:51]

Rabbi Ariel Shoshan: Almighty God instill within our Mayor and the members of the City Council, the deep understanding that the potential of this day holds. Bestow your blessings on our Mayor and the members of this Council, so that the deliberations be just and with wisdom to benefit the people whom they represent. Guide them with your kindness and shower them with your love. Give them the strength and the wisdom to ensure the security of this great city. And to strengthen the hands of our distinguished police department, fire department, and first responders who care for our lives as they are called to risk their own. We ask you God to bless each and every member of this August body with the same courage exhibited by the leaders that preceded them in order to fulfill the vision and the purpose of this great city, for us and all who will follow in the future. Bless us all with the life of peace, goodness, safety, physical health, mental health, of life without shame or disgrace, a life with honor and dignity and our heart's desires are fulfilled for good. Amen.

Mayor Lane: Amen. Thank you, Rabbi.

MAYOR'S REPORT

[Time: 00:04:08]

Mayor Lane: The first item, the Mayor's report we have the Heroes Proclamation.

There's no greater quality to defend the freedom; whereas the men and women would defend those qualities may make deep sacrifices; and whereas both the Marine Corps Law Enforcement Foundation and the Marine Corps Scholarship Foundation are holding local events this month to assist military veterans and their families; and whereas assisting at those events will be eight medal of honor recipients, individuals who have been awarded the highest military recognition for valor our country can bestow. I, therefore, Mayor Jim Lane do hereby proclaim May 9th through the 19th, 2018 as gathering of heroes week and urge all citizens to thank the veteran heroes in our midst. In witness whereof I affix the seal of the great city of Scottsdale.

And I would have the Marine Corps Scholarship Foundation and the Marine Corps Law Enforcement to come to the podium and accept the proclamation and take a photo. Yes, I'm sorry. You were going to give us a bit of a presentation.

[Time: 00:06:24]

John Bennett: My name is John Bennett. I'm a volunteer with the Arizona Chapter of the Marine Corps Law Enforcement Foundation. To my left is retired Air Force Colonel Charlie Black, and I would like to have him say a couple of words.

Charlie Black: You wonder how Air Force colonel is in the Marine Corps.....

Mayor Lane: I'm sorry. We have an audience believe it or not on TV land.

Charlie Black: You are probably wondering how an Air Force colonel got involved with the Marine Corps. I was told my sergeant in the Air Force to get involved. I'm a volunteer too.

John Bennett: We have a short video if we can cue that in, please.

VIDEO

John Bennett: Thank you. The mission of the Marine Corps Law Enforcement Foundation is to encourage the spiritual, moral, intellectual and physical development of children through education. We strongly believe that this nation's most precious resource is its youth. We began in 1995 and it was formed, this foundation was formed by former marines and law enforcement officers. And what we do is we provide assistance and support to the families of our nation's fallen heroes. Since 1995, we have given away in terms of scholarships over \$74 million. And of that \$74 million, 1.4 million has gone here to Arizona recipients.

We are immensely proud of our work, but there's still a lot to be done and that's why this coming Friday, I'm sorry, not this Friday but May 11th, we have our annual golf tournament at the gray hawk country club. As Mayor referred to, this is a gathering of heroes week. Every year we have medal of honor recipients come in to support us, and this is our main fund-raiser. The night before is the

gathering of heroes at American legion post at number 34 in Cave Creek.

The Marine Corps Law Enforcement Foundation is a 501(c)(3) organization. It's been recognized for our excellence and efficiencies by independent charities of America. For every dollar that is donated or we take in, 98 cents go to the children of our fallen heroes. What we do is we give them \$30,000 Merrill Lynch EDU account. If they want to go to a vocational school or something like that, they can certainly use that. Depending on the age of the child, if it's a very young child, that \$30,000 grows considerably by the time they are 18. So \$30,000 to each child.

It takes a lot of money to be able to do that. And that's why this golf tournament is very important. If you so choose, we would encourage and welcome your donations. Our website is very simple. It's www.mclefaz.org. And we would welcome your donations. Thank you, Mayor Lane and members of Council for giving us the opportunity to speak here tonight and I would like to welcome Kathleen from the Marine Corps Scholarship Foundation. And although we are different organizations, we both strive to do the same thing. So Kathy?

[Time: 00:11:10]

Marine Corps Scholarship Foundation Representative Kathleen Winn: Thank you. Mike, there's a video to play for us too.

¶VIDEO

Kathleen Winn: This year we are hosting our annual event May 19th at the J.W. Marriott. We are honoring Scottsdale Marine Corps Lance Corporal Jacob Hugg who gave his life in the Middle East. We are setting up a scholarship in Jacob's name for children of marines. The Marine Corps Scholarship Foundation has been around since 1962. We currently provide 97 scholarships for Arizona children, children of marines that are attending four-year college, two-year college or trade school. We hope this year to raise over \$1 million. We are one of the top fund-raisers for the Marine Corps Scholarship Foundation in the country.

As you all know, your citizen Bruce Halle has passed away and we will be honoring him this year. Bruce gave, when we started this foundation here in Arizona, eight years ago to have this celebration, \$1 million the first year. So we will be renaming our top award the Bruce Halle semper fidelis award and we will be honoring Dan and Diane Nelson, who are also from Scottsdale. The wonderful thing about the Marine Corps Scholarship Foundation is that 92% of the kids that we give money to graduate. And 50% of the kids are first-time college attendees from their family.

So it's really exciting when you think that someone in their family has never been to college and yet they are now going on to be successful. And we are very fortunate this year to have the opportunities that we have with the scholarship foundation. We would appreciate any support you could give to the Marine Corps Scholarship Foundation. 100% of the money goes to these children. And I will just end that I'm a proud daughter of a U.S. Marine. Thank you for your time and semper fi.

Mayor Lane: Thank you. Thank you.

PUBLIC COMMENT

[Time: 00:14:31]

Mayor Lane: Now we move on to our Public Comment. And Public Comment is reserved for citizens' comments regarding non-agendized items of which no action will be taken via Council. These items the comments are limited to issues within the jurisdiction of the City Council and speakers are limited to three minutes each for a maximum of five speakers. We do have four requests to speak. We start with Howard Myers.

[Time: 00:15:21]

Howard Myers: Thank you, Howard Myers, 6631 East Horned Owl Trail in Scottsdale. Like it or not, Desert Discovery Center or Desert Edge has united this community in a way that I have not seen since the Preserve was created in itself. We have 360 people that have signed up to help in some way, in any way they can. The outpouring from the community has been overwhelming. If we can reach a voter, they are very eager to sign this petition, and actually thank our volunteers for doing this. They want a voice. They want a vote. They want to be heard.

The response from visitors has been equally supportive and a lot of them give us money because they can't sign the thing and they can't vote but they say, you know, we will support this in any way we can. Tourists love the Preserve as it is and they tell us all that. I also have to say that I'm amazed at the effort that our volunteers from put in, in getting the signatures required. If it's successful, it's because of their dedication, and their time and their passion to get this to happen. To give themselves and their neighbors a voice, because Scottsdale signature requirements are very difficult to meet, more so than the state, we are reaching about a third of the people who the vote in the next election. That's a fairly significant number.

The bottom line is you ignited the community not by what you have done, but really your actions on the DDC. We also hear loud and clear, they are upset and this is the other thing, it goes beyond just a DDC or a Preserve, that they are upset with the direction the city is taking, and allowing the tall buildings, the blocked views and increased traffic, the parking problems that are created, all of this really that decreases their quality of life. It's amazing how unified they are, in these sentiments. Most of them say that their concerns are not welcomed and they have no voice in government. This gives the citizens a vote in their Preserve has woken them up and energized. I have never seen anything like it before and we will see if it makes a difference in the election. For that, I thank you.

Mayor Lane: Thank you. Next is Jeremy Whitely.

[Time: 00:17:55]

Jeremy Whiteley: Thank you for the opportunity to talk. I'm Jeremy Whitely. I moved from

Bellevue, Washington, which is basically the Seattle area and I kind of noticed that condo buildings, particularly the condo building I live in doesn't recycle here and I brought it up to our board. They researched it and decided not to recycle because it would cost 110 more dollars per month. Which I think is stupid. Obviously if you don't recycle in Seattle, your neighbors will go serial mom on you. So I think I ask that you guys think about requiring condos and businesses to recycle here. Make it inexpensive for them to recycle and make it more expensive to just throw things away. Thanks.

Mayor Lane: Thank you, Mr. Whitely. Next, is Christie Lee Kinchen.

[Time: 00:19:08]

Christie Lee Kinchen: Hello, friends. Mayor, Vice Mayor, City Council, I wanted to thank you all for unknowingly galvanizing, helping us galvanize our community. Happy May. Today is first day of national conservation month. My friend Sonny reminded me that I will never agree with you 100%. I'm okay with that. We all love and respect our city and that's why I stand here and what truly matters.

I stand here for and out of mad respect for nature, our city and citizens united. Frank Lloyd Wright says you have to go wholeheartedly into anything in order to have anything worth having. When you deny the citizens a chance to vote, on the McDowell Sonoran Preserve. We did what my mom and her friends did when they started the Preserve 30 years ago. We talked with 23,000 Scottsdale citizens as we collected their signatures on our petition and it's really been kind of fun. When I'm talking to our neighbors and explain that the McDowell Sonoran Preserve, they are usually shocked and quickly grab my pen to sign.

It's the size of four New York central parks. This land belongs to us! This land belongs to you. It belongs to me, belongs to all the people here. Your kids and your grandkids. I want a say with what happens with the city assets that we happily voted and taxed ourselves to pay for. Protecting our Preserve is not a political issue. I have been walking arm in arm with all walks of life and political affiliations and we laughed and cried and gone through just about every emotional possible. We all have strong personalities and yet we remain steadfast. We are now what I would consider a giant family. The 23,000 citizens who have signed our position agree that our desert is mesmerizing all without being refrigerated or augmented in any way. This is fueling my life and ignite my love for our awesome city.

I love Scottsdale. I will never agree with the destruction of our Preserve under STEM education and sustainability all while using the tax funds. We have the McDowell Conservancy and the 650 volunteers do incredible thankless work. The Preserve saved my life and I want to pay it forward. It's almost Mother's Day and you must love your mother. In this case, mother earth. There's no more land being created. We have an opportunity to keep Scottsdale authentic and unique. We went out to the gateway trail head on Earth Day. We created a gift for you all and in five hours we had hikers bikers and their families signing what they love about our Preserve. Presenting this reflects how our community is responding to this issue. I like to think of myself as a magical woman and I want to succeed in saving my sanctuary. Which basically means it will come true. Thank you.

Mayor Lane: Thank you, Ms. Kinchen. Pardon me. We try to maintain decorum. I appreciate the sentiments. Next is Jason Alexander.

[Time: 00:22:27]

Jason Alexander: Thank you. So as Howard and Christie have already shared with you. We had thousands and thousands of conversations with our fellow neighbors. I have personally collected 1200 signatures for this effort, and as you can imagine that translates into a tremendous number of conversations with my fellow citizens and the overwhelming sentiments that comes through for them is anger and frustration with the vision that this City Council has put forward.

Development, density, debt and the DDC. That could summarize the frustrations and anger of our citizens with the direction of the City Council has led the city, development, density, debt and the DDC. There's been a lot of talk about trust and I think the citizens trust you. I think they very much trust that you will do what you say, and you say what you mean. They don't share your vision. It's that simple.

So trust is not the issue. It's a shared vision. It's that we feel, many of us feel that this Council is not listening. We want often space. We want lower taxes. We want a balanced budget. And instead, we are getting development, density, debt, and the Desert Discovery Center. The reason so many people have signed our petition is not just the Desert Discovery Center. It's the canyons of four-story buildings lining McDowell Road. It's the legions of littered lime bikes up and down our downtown streets. It's the upside down Public Safety costs because we're supporting businesses at the expense of Public Safety. In the entertainment district. It's six and eight-story projects coming in at the airpark with no plan for traffic other than more roundabouts up and down Raintree Drive. It's the giant thing at Costco that was crammed under the auspices of a church's zoning. It's storage units being built on Shea Boulevard, and zoning exemptions being given for those things that simply were not intended to be there. It's high density housing being built in the far north up by Pinnacle Peak, which we need to balance our budget.

These are the reasons people are signing our petition. So we all agree that the city has infrastructure. Every single one of us agrees with those needs and we agree they are apolitical. But to get a vote you need to separate those needs out from the questions and the obscurity and the murkiness of a \$350 million bond package, but some of you tried to make a \$380 million bond package at the very last minute. Again we trust our City Council. We don't agree with some of you. Thank you.

Mayor Lane: Thank you, Mr. Alexander. That completes the testimony. Or the Public Comment. Thank you all for that.

ADDED ITEM

[Time: 00:25:50]

Mayor Lane: Next order of business is we have some supporting materials for Item number 4, which were added to the agenda less than ten days prior to the meeting and require a separate vote to remain on the agenda. My request would be, I would accept a vote to accept the agenda as presented or to continue the added item to the May 22nd Council meeting. Do I have a motion?

Vice Mayor Korte: So moved.

Councilman Phillips: Second.

Mayor Lane: Well, there was an either or there, but I will accept it's accepted as it was presented. Mayor Lane: And the second with that. All right. Next order of business, is it a request to approve the Regular Meeting minutes of, oh, I'm sorry. We do have to vote. All of those in favor of that motion, please indicate by aye and register your vote. Aye. It's unanimous, 7-0 for that added material.

MINUTES

[Time: 00:26:49]

Mayor Lane: Next order of business is a request to approve the Regular Meeting minutes of April 10th, 2018. Those minutes have been provided to you. If there are any adds or deletes, please indicate this point. If not, I accept a motion to approve.

Councilwoman Klapp: Move to approve.

Councilwoman Littlefield: Second.

Mayor Lane: Motion to approve, Councilwoman Klapp and seconded by Councilwoman Littlefield. We are then ready to vote. All those in favor, please indicate by aye. Those opposed with a nay. Aye. Minutes are accepted, thank you.

CONSENT AGENDA

[Time: 00:27:23]

Mayor Lane: Moving on to the Consent Items, 1 through 3. I see no cards or requests on that. Any comments from Council? Seeing none, I would accept a motion to accept the Consent Items, agenda 1 through 3.

Vice Mayor Korte: Mayor, I move to accept Consent Agenda Items 1 through 3.

Councilwoman Littlefield: Second.

Mayor Lane: The motion has been made by the Vice Mayor and seconded by Councilwoman Littlefield. We are ready to vote. All those in favor, aye. Those opposed with a nay. Aye. It's unanimous then.

REGULAR AGENDA

Mayor Lane: We will move on to the Regular Agenda Item, Item 4, the one and only agenda item, which is the November 6th, 2018 special election options and the presenter tonight is Dave Lipinski, our city engineer.

[Time: 00:28:35]

City Engineer Dave Lipinski: Good evening. Here tonight, I'm bringing forward the item for special election options for the November 6th, 2018, election. Coming out of the Work Study session from April 17th, or the Special Meeting from April 17th, there were two options to be brought forward to be discussed.

The first was Resolution 11124, which was a .15% sales tax increment for transportation projects. Capital projects and operations and related costs and the other item for discussion was a \$350 million General Obligation bond package. The .15% sales tax is for the transportation improvement projects first being ALCP. The .15% generates the city's roughly \$71 million match to the ALCP's \$170 million funds which will bring the total of \$240 million worth of infrastructure investment from the sales tax. Included in the ballot language is the language about the exclusion of anything in the McDowell Sonoran Preserve or any Desert Discovery Center.

The second option brought forward tonight is the same as previously seen, it's for \$350 million General Obligation bond package. This would cover those types of projects from the departments that do not have funding sources already dedicated to them. The, in the package that you have tonight is also the ballot language for that, including the exception of anything of the McDowell Sonoran Preserve or the Desert Discovery Center. So that we put forward two options for discussion. And staff is here to take any questions you may have.

Mayor Lane: Thank you, David. I don't see any questions at this point in time, but we do have a number of cards from the public testimony or requests to speak on this subject, and we may be back to you after that. I will start with yes, we do and we have Howard Myers.

[Time: 00:31:19]

Howard Myers: Thank you. Howard Myers. I still live at the same place. We all know the city desperately needs money and have been involved in a lot of efforts including the task force for the General Plan. We know we need to maintain our assets. So that's really not an issue. The problem is how you have driven this city to needing all of this money with all of the up zoning you have done that's increased density and bringing businesses in that don't really pay anything into the city, to pay for themselves. That's really where the problem is and where my problem is.

During the General Plan task force, we brought all of this up. Nobody wanted to listen. They wanted to hear from financial experts and they told them the same thing. Yes, that's true and what you don't want to do is compromise tourism because that's what's sustaining your city and you don't want to change the plan that was we have had in the past, except that's exactly what we are doing. The outcome was exactly that, that you don't want to change the way that you have been successful.

In the past, tourism really covered the losses from development and for bringing businesses in. But in no longer does because the percentages have all changed because we want to dramatically increase the population of the city and both businesses and residents. It isn't the money that you are asking for, the \$350 million, it's the lack of a plan to bring this city to some sustainable level, and we're nowhere close to that. We give you \$350 million, you will need a lot more in a couple of years and then when the cliff comes where you have to pay the pensions that we're under funding right now, that's another big cliff when we will need money.

I see no plan coming out of this Council saying how we will get this city to a level where our income matches our expenses and our expenses include things like maintenance that are real expenses that should be in the General Fund. You can't just under fund them and say we'll push it off and push it off. Well, we have done that and now we are at this cliff where we need all of this money. And so it's not just this money that I'm worried about. It's where is the rest of the money going to come from and when are you going to ask for it?

The problem is you are not really being honest with us, and telling us what we really need to do to make the city sustainable tax-wise. You will have to increase taxes. We know that you will probably have to do both sales and property tax. But you got to have a plan before you can do that and before we'll accept it. Now, the citizens might accept a bond issue if you broke it out and told them, this is exactly what the money will be used for and you can choose whether you want to do this or not because there are a lot of projects I looked on there that I didn't think need to be done.

When you put it in one package, win or lose, I think you will lose and that's the problem with going that route. And as upset as citizens are right now with the city and the way the city is going. For now, I would suggest you accept Councilman's Phillip's motion, at least give us some money. Transportation is always the big issue and the big money user. That will get us somewhere and at least put a plan together and tell us what it is before you come and say we want a lot more money. Thank you.

Mayor Lane: Thank you, Mr. Myers. Next is Alex McLaren.

[Time: 00:34:42]

Alex McLaren: Mayor, members of the Council, Alex McLaren, 7730 East Osborn Road. And I hope this evening you are going to deliberate on both of the options. I'm sure you have seen what the options are. And in my view, the G.O. bonds are preferable. I expressed that view before. There's a wide array of projects in the proposal which cover large areas of the city, transportation, Public

Safety, parks, the downtown area. I know there's a concern about putting it all in one bond package, and I think Mr. Myers mentioned that as well. But I think that's something that you can, you can discuss this evening.

I think G.O. bonds are the best way of funding infrastructure. Businesses pay approximately 30% of the debt service for the bonds. All of property owners, including those who don't live here full-time also pay. It's a progressive tax in that the more, the higher your property value, the more tax you would pay. And I think the key that the city has been working on is to keep the secondary tax, the secondary tax level, I think we have seen the graph a number of times, that have been presented by city staff.

With regard to the sales tax, .15% approximately \$15 million annually, that as Mr. Lipinski said would fund the ALCP project over seven years. That leverages the \$170 million from the regional sales tax. And if you, if you do use that .15% fund to use MPC bonds, then the question could be asked if you are going to issue bonds why not issue G.O. bonds in the first place? Also, I would like to point out that although the 70 million would fund the ALCP projects, there are other projects, transportation projects to the tune of \$102 million in the \$350 million package. So I also noticed that the .15, there is no, there's no time limit on that. That's another issue, I think that you might well deliberate on this evening, how long that could go for, but if there's a sales tax, in my view, it's not the best solution, but if it is, if it is the one that the Council chooses, I certainly would support it. Thank you.

Mayor Lane: Thank you, Mr. McLaren. Next would be Copper Phillips.

[Time: 00:38:06]

Copper Phillips: Good evening, Mayor Lane, members of Council, I think I got everything up there. Copper Phillips, 7451 East via Dona Road in Scottsdale and I'm here representing COGS, the coalition of greater Scottsdale. The city of Scottsdale does not have a sustainable budget. We know this. We are simply not enough funds to meet our expenses, and especially those expenses for maintenance and repair.

Councilman Smith as a former treasurer has really kept track of the budget and we have known for a long time we don't have enough money to repair our infrastructure and our facilities. Our Public Safety retirement fund is going to be depleted in our General Fund. We are just a few years down the line from the fire department having massive retirements and that will further deplete the General Fund. Council majority has denied support for the General Plan update in which the public has provided considerable input that would promote sustainable development and long-range visions. We do have a General Plan that was proposed by the citizens and yet it is just been shelved.

Council majority has treated with disdain citizen pleas for bond item line voting. Bond votes have largely failed over the past six years. I'm absolutely unconvinced that this bond is going to pass. The definition of insanity is doing the same thing over and over again and expecting a different result. We have not had success in the last six years. Do something different, something better to get this bond passed. COGS believes this city is in desperate straits with respect to repair and maintenance

and infrastructure. Certainly a transportation sales tax would help to fund needs. We also believe that a new bond package is critically needed now.

However, we also believe that a sales tax increase and bond package will not pass if citizen advisement and opinion continues to be disregarded. Our concerns and trepidations for the support of these resolutions is great, but our love of the city and its well-being are even greater. For this reason, COGS supports Resolution 11124 which proposes increasing sales tax by .15% to provide funds for transportation and proving projects, capital improvement projects, operations and related costs.

We also support Resolution 11092, which authorizes the issuance and sale of \$350 million principal amount of General Obligation bonds with this following stipulation. That bond items include only prioritized critical needs, not a laundry list of anything possible. A line item vote allowed for each critical need. Critical needs are grouped by topics such as transportation, drainage, parks and recreation, parking, office technology, security, Public Safety, WestWorld, et cetera. If there be a statement of the money can only be used for these projects, and all items will not pass, we know that.

But many will. If the voters have true opportunity to vote their future, and there is accountability. COGS is mindful that these two resolutions cannot sustain our needs. There's another probably 450 million to \$500 million to meet our maintenance and repair costs over the next few years. Additional bonds will be required quickly if other resource revenues are not found. We need a long-term solution to sustain, for sustainability of city resources and not Band-Aids. So please consider alternatives on how we can truly get this bond passed. I thank you much.

Mayor Lane: Thank you, Ms. Phillips. Next would be Louise Lamb.

[Time: 00:41:57]

Louise Lamb: Mayor Lane, Vice Mayor Korte, City Councilmembers, at the April 17, City Council meeting, a proposal to add \$30 million to the General Obligation bond for stadium repairs failed. I would like to see it added to Resolution 11092. Having each bond listed separately is not in the best interest of Scottsdale. In the November 5th, 2015 bond election, of the six questions on the ballot, the only project the people in northern part of Scottsdale voted for was a fire station in their area, districts 11 and 12; whereas, in the southern part of Scottsdale's resident approved every project on the ballot, districts 1 through 4. This means the southern residents of Scottsdale considered Scottsdale as a whole as they voted for a fire station up north, nowhere, nowhere near where they lived. It's way past time the residents of Scottsdale consider and think of Scottsdale as one and vote accordingly. Thank you.

Mayor Lane: Thank you, Ms. Lamb. Next is, and last is Jason Rose.

[Time: 00:43:47]

Jason Rose: Mayor, members of Council, thanks for the opportunity to be here. Some of you have received correspondence from Bobby Sparrow, the president of the Automobile Dealers Association.

I would like to read a more succinct statement and more current statement for you tonight for consideration.

In 2016, new auto sales in Arizona represented 21% of all retail sales in this state. This economic activity for the benefit of the state and city is on full display on Frank Lloyd Wright boulevard across from Scottsdale Fashion Square and southern Scottsdale and elsewhere. It fuels much of the resource for Scottsdale police, fire, parks, roads and community needs. Unfortunately, an increase in the sales tax encouraged by the Scottsdale City Council would negatively impact this economic activity.

At a time when state is considering a dramatic increase in the state sales tax coinciding with the just announced surge in vehicle registration fees supported by the republicans and governor Ducey, the association is opposed in general to Scottsdale's city sales tax increase, rather than a General Obligation bond that notably would not increase taxes. However, we appreciate and recognize the challenges and the choices before Scottsdale, especially as the ballot may be shared by a controversial unrelated matter. To this end, we recommend compromise, not confirmation, should it be maintained similar to what was achieved with our association in Phoenix, Glendale, Pinal county and Avondale. And that would be to apply any tax increase, whether it is a tenth of a cent or 15 cents of 1 cent to the first \$10,000 of a purchase, but not thereafter. The stipulation would phase out at which point the Salt River Pima-Maricopa Indian community increased its sales tax to mirror Scottsdale's as has historically been done, eliminating this imbalance.

[Time: 00:45:52]

Some may say this is too complicated. Well, I think that's what you pay Mr. Washburn the huge salary that you do to figure this stuff out and complication has accompanied other similar proposals in other cities, only to be figured out. We respect this compromise while also respectfully requesting that any potential bond request in 2019 or 2020 be property tax based as any further increase in the sales tax is something we would oppose vigorously. Remember that it's ultimately the taxpayer paying for the increased sales tax, so we view this approach as good for taxpayers and good policy as well as good politics that will not drive more transactions out of the city into nearby jurisdictions or tribal land, or out of state as the state sales tax increases to higher and higher levels.

These are complex matters, and we are here to take the time necessary as we appreciated the city manager and the city treasurer doing with us yesterday to get these solutions right, rather than rush into a result that is wrong for all, and I would like to note too that I bumped into Oliver Smith who runs a great jewelry store in Scottsdale who shared some of these concerns and said it was OK to mention him. Did I not coordinate with him in advance but the concerns are there. On a personal note, having visited with your very capable City Manager. I saw a lot of difficult issues in my time and what you have before you is about as complicated and complex as it gets in terms of an election, a policy and public affairs issue.

I wish you good luck. I do think there's a way forward. I think there's a deal to be had. Councilman Phillips has proven that one man can take a bond measure down in Scottsdale. The number one rule of any ballot measure campaign is to eliminate the opposition. I think a little time, a

little thought, and there's a deal there. It can be done and I hope you can find it tonight or shortly thereafter so the community can be well served. Thanks for the consideration.

Mayor Lane: Thank you, Mr. Rose. Let me take a little bit of personal privilege, I suppose, as chair of this Council. And just go through a little bit of background on this because it is a complicated issue and, frankly, there's some challenges even in trying to understand some of the issues that confront this Council when we choose between a sales tax or a bonding issue. And a lot of it has got to do with very specific circumstances that surround our environment, some of which was addressed by some of the testimony that was given earlier. Some controversial issues and certain areas of concern about the direction and even of debt, I suppose, even though the preponderance of our debt is actually for the most part tied up as far as the city is concerned with the Preserve, the debt that was purchased to purchase the Preserve and also for our water treatment plant. So that's a big part of that debt. And it's all continuing to be paid off as it should be.

But aside from, that the reason that I still, I'm strongly in favor of the sales tax measure, is because it's something that will, I'm hoping certainly will be passed by the full Council, but that will quickly put us in a position and this also was mentioned of leveraging and maybe assure us of this, because transportation sales tax, it's an add to something that already exists, it's a separate fund. These are not commingled funds. This they can only be used for transportation on whatever order. We currently do have transportation funds for some of the very reasons that we need this one for as well.

[Time: 00:49:55]

But in any case, it does separate and ensure everyone that this is not to be used, nor can it be used, and can it offset, it can't even offset funds from somewhere else. So it's the surest way to give that assurance of somehow trading off funds held within the city. And it's for specifically and only transportation capital projects. But I certainly have been having to deal with folks who wonder where I come from.

Many of you probably do know that my background is financial, a C.P.A. for many years, and the idea that I would think about a, of course in the private sector, you are not dealing with taxes but you are talking about current revenues and they may be a little bit different. When you talk about long-term capital requirements for infrastructure of any sort, you are going to generally bond it. You are going to generally borrow on it but use long-term debt, it could be equity or debt, but it's going to be long term. And it doesn't, it's not, that's not consistent with what we are faced with today. But we may use some of this money to issue debt. The reason will simply be to make sure that we do not lose \$140 million of Prop 400 moneys, which we have been deferring for many years and it's starting to roll off the cliff. We are not going to be able to recover it if we are not able to match it with the \$70 million that we are talking about generating with this.

And to the \$140 million to produce \$210 million, I believe that is, if I'm doing, no, \$240 million, pardon me, I'm just professing to be an accountant and, but any case, that's a tremendous amount of leverage on it and the idea that we would mess it, it's almost like you are shooting yourself in the foot. So are I haven't lost that sense of financing as I mentioned, but the circumstances, I think, are things you

cannot forget before and they do sometimes dictate other means.

So to ensure the timing, when the leverage of the 70 million to 240 million, to leverage that, to the project and transportation is a good one. A good portion of this is for our life cycle plans and programs for our streets. A lot of it is capital expenditures, but it's general for existing assets. There could be improvements and it could be rebuilds and any number of things that extend life to, to the facility or the road or the street. So it's something that's quantifiable. It will be consistent and continue.

We're also suggesting so that it does match up with one of the disciplines that's in the General Obligation bond and that it's sunset, to have it sunset after ten years and not continue. I think another important component in sort of the discipline to it. So it's transportation dedicated. It's for matching funds to leverage that money from Prop 400 and it sunsets. We have a lousy experience and a lousy track record over the years that I have been here in this position, with bond initiatives. There's a variety of reasons for that.

It may have started out with a great recession, where we were somewhat timid about it, but it also was something that we were very sensitive about with our community. Beyond that, it's developed into other things. We would like to get past those other issues and we think we have an opportunity to do that. So we're not putting out of mind what we may be able to do with eventually a General Obligation bond. I still believe it's an important factor for what the city needs to do to maintain the standards. On the one hand on transportation, just maintaining our road standards which now I hear from somebody almost every day about some concern about the standards of the roads.

So that's, and we also have major, more major issues of our bridges and roads that may be unsafe in condition in some respects. So I'm not, I'm not setting aside the General Obligation bond for myself, but for now I am. I think we can, if we can pass this, this will do well for us to move and make sure it will move forward and make sure we are using our assets the best possible way, moving forward and maintaining Scottsdale. So with that, I just, I will go on some further conversations, but I believe that this initiative and 11124 is certainly worthy of adopting. And with that, Councilwoman Klapp?

[Time: 00:55:30]

Councilwoman Klapp: Thank you, Mayor. I'm also in favor of tipping with the, continuing with the discussion that we had last time about having a sales tax on the ballot in November of this year, and for some of the same reasons that were just mentioned by the Mayor, but I would like to just kind of go through the emails I received. And there's been a number of them. Some of people in the audience have sent me emails and some say that we should vote for a bond question rather than sales tax and we heard that tonight. Another is I will support a sales tax question and I will work hard to take down a bond project list. One way or another, bond projects work to free up money for Desert Edge.

I know we don't want to talk about it but people are sending me emails and another says we are taking the easy way out by doing the sales tax. And as was mentioned from car dealers and hoteliers telling

us that the .15% increase is too much on our present tax rate. One says we need the tourism projects passed on the bond project list. These are more important than transportation. Another says get the transportation list out of the bond list so we can get them done. Another says put Desert Edge to bed to move on with the bond project question. So you can see this is complicated as mentioned by one of the speakers. Many of them ask the bond question if put on the ballot in November will fail. And the fact is that almost every question for bond questions have failed since 2010. We had previous elections and I supported every one of these bond elections and so my actual track record, I think speaks for myself about my support in the past for the bond projects that have been on the ballot. If we had a 7-0 agreement today on this bond project list, I would support putting a \$350 million list of bond projects on the ballot, and, but we aren't there now.

[Time: 00:57:36]

This same controversy incidentally was pointed out to me by one other emailer that said this controversy took place back in 1989, almost the same sort of lengthy discussion about what to do about funding a number of projects including transportation. So after much discussion back in 1989, versus bonds versus sales tax, the Council agreed to take a .2% transportation sales tax to the voters and it passed. That's nearly 30 years ago. So here we are today. We need to add to that tax. Last time we voted for members of this body, including me, agreed to take as was mentioned in the motion, a .15% transportation sales tax to the voters.

And it was, as the motion was stated, it would be in three steps, sales taxes in 2018, settle the Desert Edge project after that, and then take the bond project list to voters in 2020. This was the motion made by Councilman Phillips. I would like to make a motion to modify that proposal a little bit. I believe a .1% transportation sales tax to respond to concerns from the auto dealers and from some of the other people I have heard from about the sales tax rate. That would take the city sales tax rate to 1.75%, rather than the current 1.65%. That exactly matches the tax rate in Mesa, and is still lower than all the other valley cities except for Chandler and Gilbert.

And also this new transportation tax should be sunsetted as the Mayor mentioned in ten years. We should have that sunset clause which is sufficient time and the amount to fund for all the critical transportation projects that require magic funds that are supported by Prop 400. This is money we have paid into the fund. We would like to get it back. And we want \$70 million, \$72 million exactly for arterial life cycle projects, an additional amount that will be for projects that will come along over those ten years and over the course of ten years that would generate \$100 million of sales tax money but, of course, another \$140 million that would come from Prop 400 taxes.

So my motion is that I would like to make a motion to modify Resolution number 11124, authorizing on calling a special election for Tuesday, November 6th, to submit to the qualified electors of the city of Scottsdale the question of authorizing the increase in the rate of transaction privilege and use taxes in the city by .10% and also adding a sunset provision of ten years and limiting the use of funds to transportation improvement projects and related operating costs. And then secondly, I would like to direct the Work Study session this fall for a presentation discussion and directions on all the remaining capital projects and corresponding options with the expectations that the election, that the bond

election would be in November of 2019.

Councilman Phillips: Second.

Mayor Lane: The motion and second has been made. Would you like to speak to it Councilman.

[Time: 01:01:14]

Councilman Phillips: Thank you. You said a lot already, but I would like to remind everybody that for one, I hope the voters will go for this, because we really need those matching funds from this state. You already paid it and they are holding it. So why not get that before they are giving away to somebody else. The other thing is by putting the transportation projects on this it will free up a lot of projects to put on the bond. Now, a lot of those can move up the cue because we won't be spending half of our bond money on transportation projects. So I think this is going to end up being a win/win for everybody, especially the city and I'm looking forward to a good result. Thank you.

Mayor Lane: Thank you, Councilman. Councilwoman Littlefield.

[Time: 01:01:52]

Councilwoman Littlefield: Thank you, Mayor. I support these changes. I think they are good changes. They address some of the concerns that people had regarding a transportation tax increase, and at the same time, it gives us the money we need to get the matching funds from the Prop 400 money. We only have a few years to get that before that money starts going away from us and to other cities. You have already paid for that. Our citizens have already paid their taxes into this fund for us to have this money. I believe that it's to their best interest and the best interest to get that money to satisfy some of these transportation needs that we do have. I do have a couple of other suggestions, however.

The, if the one-tenth of 1% increase is enough to do this and to fill these needs, I'm fine with that. I don't want to tax anyone more than what we need to tax them for in order to keep our city in good shape. I do think we should require a listing of the ALCP projects that we anticipate completing by using the Prop 400 money, along with the tax money, and any brochure that the city distributes for such an election as this. So the citizens can see what some of those projects are and what they would be voting for. Also we should include a statement to the effect that these projects will receive all possible priority that leave the door open if there's an emergency of some sort that we can't foresee at this time but it also tells citizens these what are we are focusing on.

This is what we want to do. I believe this is necessary for transparency and for openness to our citizens when they go to the ballot box. We are asking for some of their money and I believe we should require a bond commission, either the current one or a newly appointed one to review the ALCP projects as they are constructed with this money to assure our citizens that their money is being spent as we promised. All of these things will increase openness, transparency, and accuracy as to what we want this money for. And they also reaffirm our acceptance of the voters' desire for these

things. Thank you.

Mayor Lane: Thank you, Councilwoman. Having no further comments on this topic, Councilman Smith.

[Time: 01:04:44]

Councilman Smith: Thank you Mayor, first of all, a question to staff. The question that we see up there is option one. I guess is not the same as what we'll, what we are being asked to vote on. It's, and specifically, I guess I would ask if we, the percentage changing to .10 from .15. The question as was worded to provide funds for transportation improvement projects capital projects and operations and related costs. Which sounds like just about anything. Are we looking at more limiting language now for this motion? Can someone clarify?

Mayor Lane: Excuse me, Councilman.

Councilwoman Klapp: I can tell you what I said. I said transportation improvement projects and related operating costs. I did not say, I dropped out capital projects. I said transportation improvement projects and related operating costs.

Councilman Smith: Okay. And then it would have a ten-year sunset which, is again, a feature that was not on that option?

Councilwoman Klapp: Yes, that would be added to the option.

[Time: 01:06:01]

Councilman Smith: To the staff, I guess I would ask for clarification. Everything that might be embodied in this option is also embodied in the bond option, the \$350 million bond option. In other words it too would provide for the same capital projects that this option provides for. It would provide the same leverage for getting Prop 400 money; is that right?

City Manager Thompson: Mayor, members of Council, Councilmember Smith, that is correct.

Councilman Smith: Well, I, I'm not quite sure what to do at this point. I would make an alternative motion, but I think that might just keep us here longer tonight. You know, I'm not tone deaf to the message that some citizens distrust the Council, but I know that trust and honesty are interconnected items and I think even one of the speakers talked about that tonight. We cannot hope to earn trust if we are not completely open and honest and transparent with the citizens. And understanding the connection between honesty and trust, that more than anything else explains why I cannot support this motion for an increase in our sales tax rate to pay for capital investments. And let me tell you why I say that, because there are really three reasons.

First of all, as a City Council body, we know that the city has an accumulated backlog of capital needs

of \$800 million. We also know that the \$350 million bond package that was the ask that we were looking for before was a minimum. We know as a Council that we should be investing \$100 million a year just to offset the annual depreciation of our assets. But we choose not to tell you any of that. And I think that's not transparent or honest. Instead, what we are asking you to do is approve a sales tax increase that will generate only \$10 million a year which is equal to less than 2% of what we all know up here to be the capital needs of city. We are going to ignore the remaining urgent needs of the city and simply kick the can down the road. And I don't think that's honesty.

I think second, as a Council body, we also know that 85% of any sales tax collected in the city is paid by citizens, the rest, the remaining 15% is paid by tourists. It's been a declining number as one of the speakers mentioned. We all know the reasons for that. On the other hand, we know that only 50% of a property tax is paid by the citizens. Because the other half is paid by businesses and it's paid by out-of-state investors. But we choose not to tell that you either.

As a Council body, we know that our sales tax is our most unfair tax in the city. We know that any increase in sales tax, if it's not accompanied by some kind of tax relief for our neediest citizens will increase the most punitive part of the tax and that's the tax on groceries. We don't tell that you either. Instead, what we are proposing here tonight is to ask all of our citizens to shoulder a larger share of the total tax burden, 85%, instead of 50%, and increase the punitive tax on our neediest citizens, all of this so we can perpetuate the free ride on property tax increases that this Council has granted to businesses and the wealthy residents of our community for the past ten years. And I don't think that's honesty.

[Time: 01:10:37]

There's a third reason that I think is a problem and that is as a Council body we know that our fellow citizens want some idea of what projects their taxes will fund. And even as we have modified the language here, I'm not sure that we know what it's going to fund. We have even heard some say that we should have a possible, an escape clause for possibly higher priority projects. I think this the citizens want and expect that we'll have a citizen oversight committee watching out for their interests, certainly not as proposed here for this option. We don't tell you what this is going to be spent for. We don't tell you that there's going to be a bond oversight committee. We have put in a sunset date what that means is that we won't even be able to borrow against this revenue stream because the period of time that the revenue stream will exist is too short to borrow against. We could have borrowed against the revenue stream against the \$350 million wound offering. I don't think that's honesty either.

I guess, I feel like if this Council hopes to regain the trust of the citizens, it has to start with honest communications and not political pandering. I was not elected to tell you what you want to hear. I was elected to tell you the truth. And the truth is, this proposal falls woefully short of keeping your city in the condition you would like to have it kept. I won't pretend for a moment that this is adequate to meet the needs of the city or to protect your interests. I think if we could go to the citizens with the truth, I have great confidence in my fellow citizens that they would do what's right to protect their great community. And it's not Resolution 11124. Thank you, Mayor.

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

Vice Mayor Korte: Thank you, Mayor. So this is a time that we will look back on with regret. Especially those thought a sales tax increase was better than a property tax to move forward with the G.O. bond. This is politically expedient. It's a decision based on expediency rather than the thoughtful one based on what's best for our city and our citizens long term. This is not a plan and I agree with Mr. Myers, this isn't a plan. It really ignores the much greater needs that total, oh, most of \$650 million worth of needs. It ignores the \$102 million of transportation needs that we're not even talking about. And, and, you know, if we talked about the property tax, so we talk about a sales tax the greatest impact of that sales tax is going to be on our citizens, and especially those who can least afford it.

[Time: 01:14:17]

As Councilman Smith stated, 85% of this is going to be paid by our Scottsdale citizens, whereas if we were going to look at a property tax and a General Obligation bond, we would be looking at about 30/30/30 so 30% business pays and about 30% our residents pay and about 30% our winter visitor residential demographic pays. And if we were going to look at a property tax, the rate is not going to change because of the expiring existing bonds today, they are retiring and as they retire, we will add new bonds and your property tax would not change. And that was the beauty of our proposal to keep it around \$350 to \$400 million because the proper tax is not going to change.

It wouldn't impact you at all as a property owner. But the sales tax is going to impact you. And, you know, what's really been missing from this conversation is fiscal responsibility. Bottom line is this just is not fiscally responsible. And furthermore, we talked about, we had been talking about a plan, a move forward with a G.O. bond and then, and then spend the next year talking about real sales tax reform and talk about perhaps eliminating the food tax and bringing in some reform that would be some type of quality of life tax that would, would support our arts and culture and things that we hold very near and dear here in Scottsdale.

And that, and this really prevents that. There's really so many pros for a, for the property tax. You know, I mentioned there was no increase in cost. It's the most transparent. We have a list of up to, what, 99 projects and a bond measure property tax bond measure would be specifically for those projects, whereas the sales tax we don't, you know, we talk about our ALCP transportation projects but no other, but, you know, other things could happen but there's no conversation around the citizen oversight committee.

And then not to mention that sales tax is a pretty volatile funding source. And we certainly experienced that in the great recession beginning in 2008. You know, we are just now back in, in ten years, ten years later, we are just now collecting the same amount of sales tax that we collected back in 2007. Ten years later. Not to mention, the pressure of sales tax and brick and mortar sales and internet sales and all, that whole impact on that funding source. So clearly, I'm not going to be support this motion and, again, I believe we will be looking back on this evening with great regret.

Mayor Lane: Thank you, Vice Mayor. Councilwoman Klapp.

[Time: 01:18:09]

Councilwoman Klapp: Yes, I just want to make a couple of clarifications. It was stated we cannot borrow against the \$10 million per year over ten years and we can. I have checked with the Treasurer. We have done borrowing in the past for a ten-year period. So there's no reason why we cannot borrow against the \$10 million per year revenue stream to fund all the projects which would be \$100 million, which is about what was in the \$350 million list of bond projects. And also, I would support what Councilwoman Littlefield said about the pamphlet for the ballot would have an explanation of the arterial life cycle projects that are being funded where we are getting matches funds from Prop 400. There's no problem with putting that in a pamphlet so that people know exactly what the projects are, that are going to be funded through this question.

And oh, finally, the other comment that was made about tax reform this does not preclude any conversation by this Council on tax reform. I welcome a conversation related to tax reform as it relates to the food tax or any potential other changes we might want to do to reform the sales tax area. So those things, I think, are being considered. This is strictly the language that would be presented to the voters for initiating a transportation sales tax of .1%.

Mayor Lane: Thank you, Councilwoman Klapp. Councilwoman Littlefield.

[Time: 01:19:50]

Councilwoman Littlefield: Thank you, Mayor. I would just like to reiterate what Councilwoman Klapp just said. We do want oversight. We want openness, transparency. I see no reason why an oversight committee can't watch these projects, just like they would watch projects from a bond if we have them listed as these particular things that we're going to be trying to do, then that's what we can do. There's no issue there. And I think I would like to bring out something else about a bond issue right now, a \$350 million bond issue. Look around this room. These are not happy people. We have a huge, huge problem in Scottsdale. And it's a huge disconnect between the city and us. It's not going away.

Nothing that we have said tonight have made any changes to this problem from when we started a month ago. I bring to your consideration again we lost nine out of 11 bond questions in the last few years. And the two that passed just barely passed. It's a simple fact. It's not, it's not slanted. It's not political. It's a fact. There is nothing right now here in this negatively charged atmosphere of our city that means we're going to be able to pass a bond election. I don't think we will. Especially a bond question, one question, huge, bloated, and with no description on the ballot as to what it is or what we are going to be doing with it.

It means everybody is going to have to go to other areas, dig it out, look at the, read it out. It's not going to happen, people. It's not going to pass. I'm very glad we have an alternative to that tonight

in the sales tax question. I like the compromises that have been made. I like the ending of the sales tax, the lower rate. That's fine. But I would like to personally thank Councilman Phillips for bringing this out and bringing it as a possibility for our attention. I think it's a good idea. It's something that might pass because we can tell our citizens quite honestly, have you already paid for most of this tax. You have already put this money into the Prop 400 monies and what, the Prop 400 monies and what we are going to do is ensure are when that goes away from us, your taxes going to other cities, we will take advantage of that, and bring that money home to us so our transportation needs can be met.

I think that makes ultimate sense because if we don't do it, that money is not coming here and you lose out. I don't support a bond election for 2018 for these reasons because I don't believe right now the way we are looking at these things, there's a snowball's chance of passing in Scottsdale. We need to fix the problems that are facing us and the distrust between us and our citizens that we're having to look at. I think it needs to be a clear and detailed set of projects needs to be defined.

Once we do a bond, we need to go back and take the time as a Council to look at what it is that we want to do, define those programs, define the department, police, fire, whatever it is, I.T., parks and rec, we have a lot of issues. We have a lot of needs in the city. All of us want those needs fulfilled. We don't want the city to deteriorate, none of us, but we want to put together a bond package that has at least a reasonable chance of success. We need to craft a bond package. We need to have the time to go back and craft the package in how it's presented and make it something that is not ambiguous, that is clear. That is concise. That is transparent to the citizens and to the voters who are going to be looking at that and wondering what they are doing. That's how we get it passed, not like this, in one, huge, opaque question that nobody standing there at a ballot box is going to understand what is involved in it.

[Time: 01:24:30]

I would like to say one other thing. I have gotten the same emails that Councilwoman Klapp and all the rest of us have gotten, from all the people who don't like a sales tax and they're a proponent of the bond package. And they are suggesting that bonds would not be a tax increase because they would take the place of the bonds that are about to mature. But Scottsdale property owners are smart enough to know that you don't get something for nothing. You don't get \$350 million worth of projects for nothing. If these bonds are not approved, the property taxes will go down. Yes. Because we have less debt. The bonds would, indeed, increase if the taxes go forward.

Proponents of a 2013 bond proposal tried to use the same sleight of hand that these bonds aren't going to cost you anything because bond rates are going to stay the same. Voters didn't fall for it then and those bonds went down. They are not going to fall for it now. They know it will increase their taxes. Both of these issues would increase taxes. These bonds will cost the voters \$350 million plus interest and every dime would be paid by the property owners, whether they are citizens or out-of-town property owners. That's where the money goes. That's where it comes from to pay this kind of bond.

So I think we need to set back a little bit here, folks and say, okay. If we are going to do a sales tax.

Let's list it on the brochure of what projects we are going to do and how we are going to spend that money. Let's use a commission, a bond commission, either the one we have now or do a new one, whichever and have them go through and make sure those projects are done so citizens can be assured that we are doing exactly what we promised them.

Then go back this summer on in the fall and sit down as a Council, take the time we need, and build out a bond proposal that we can present with reasonable surety and clarity to our citizens and say this is what we want to do. This is how we want to do it. Do you accept that and do you agree? We cannot do that with any kind of possibility or great chances of success if we don't fix or settle the problem of the DDC first.

This is what the huge disconnect has been causing, has caused and we need to make sure we get a question on the ballot to fix this. Now, citizens are going to force it, if we don't do it ourselves. I think we need to look at the proposals that they have on their petitions and take it back and say let's put this on the ballot. Let's get this thing settled one way or another, yes or no and then we can move forward as a unified community. Thank you.

Mayor Lane: Thank you, Councilwoman. Councilwoman Milhaven.

[Time: 01:28:07]

Councilwoman Milhaven: Thank you, Mayor. So for me, this conversation is about sales tax vs. property tax. All of the folks who objected to previous bond votes for property tax, your concerns are not being addressed by substituting a property tax for a sales tax. I just, it doesn't address the no concerns, whether it's a sales tax for a property tax, we can dedicate the money to transportation, either way. It's the ballot language that decides it, not the kinds of attacks. So either can be dedicated for a purpose. Either can be used for matching funds for the county for transportation projects. Either can sunset. And so really there's no advantage to sales tax over a property tax in that regard.

You know, we talked a little bit about bonding against these proceeds. You know, I'm, had 37 years of banking experience and lending experience and what I will tell you from my experience is you do not have a fixed payment with a variable revenue stream. Councilwoman Korte talked about the variability in our sales tax. So we were at \$109 million in 2007, and \$76 million in 2010. We don't, if we are going to bond, which we heard we are going to have to bond in order to advance these monies, you don't take a variable rate with a fixed income source. The bonds secured by sales tax carry a higher rate than the bonds secured with a property tax. So that means that our tax dollars are going to buy us fewer capital improvements.

Additionally, a property tax is deductible on most of our income taxes; whereas, a sales tax is not the property tax dollar is discounted and a sales tax dollar is not. So for my money, a property tax is a more fiscally responsible way for us to pay for our long-term needs. When I look at the additional arguments that folks make about a bond, questions need to be specific. We do not have a list of the specific projects that this sales tax is going to fund. Nor do we have any structure for the oversight

that people demand that we have. In addition, our broader community needs are being ignored.

We have city parks that have bathrooms that are an embarrassment. We have lakes, little Dutch boy has got to put his finger in the dike to keep it from spilling over. And we have trees falling into the lakes. All of that is being ignored.

Councilwoman Littlefield talks about a huge bloated question. This is no different than a sales tax, a sales tax is no different and does not address that. This is a vague reference to transportation projects, ignores our broader needs and is an inferior solution. I clearly will not be supporting this tonight but I certainly hope that the folks who are going to vote yes will go raise the money to advocate for what they think is the right thing and we'll let the citizens decide. Thank you.

Mayor Lane: Thank you, Councilwoman. Councilman Smith.

[Time: 01:31:48]

Councilman Smith: I want to correct what I think is an incorrect statement. I think all of us are well aware of the capital needs of city and \$800 million. Apparently one person doesn't agree with that, if they think that \$350 million is a quote/unquote bloated request. So we are not unanimous in that regard. I am concerned obviously that this ignores all the other capital feeds of the city which is enormous and you know them because we have the potholes and road. You see all of this thing. But with this, you are going to pay more and get less. That's too bad. Thank you, Mayor.

Mayor Lane: Thank you, Councilman. Councilman Phillips.

[Time: 01:32:40]

Councilman Phillips: I would like to call the question.

Mayor Lane: All right. The question is called. But with that, I'm going to take a little bit of license myself. And say that I think it's a careful area when we are looking at the fact that we will be looking at the bond. We were studying how it might be presented. We are looking to do that quickly.

As far as defining what is in the transportation, it's a separate fund and it is specifically for the arterial life cycle program which is a standard program to keep our roads in, to the standards that we would want them at. It's not a matter of a series of a bunch of different projects. It's a matter of timing, whatever the cycle calls out for. It's a simple thing. We have professionals who review that. It's not, it's not a great mystery. I suppose there's a certain amount of faith you have to have in our professional staff, as to when these things would be taking place, but with that, yes, I'm sorry, Mr. Nichols. Yes?

[Time: 01:34:02]

City Treasurer Jeff Nichols: Thank you, Mr. Mayor and Council. I just wanted to point out there has

been discussion tonight about whether these dollars could be leveraged and I'm not certain the way the wording is up there, and excluding other costs other related costs would prohibit us from paying interest costs on debt if we issued it and so I would have a concern because that may limit us just to a pay-go program with this and I don't know the project delivery schedules for each of these ALCP projects or whether the amount generated on an annual basis would be sufficient to cover those.

Mayor Lane: Okay. So is there a language that we would have to put.....

City Attorney Bruce Washburn: Yes, Mayor. The original language on the ballot question was transportation projects and operating and related costs. And my opinion was the related costs would cover anything necessary to pay for, use the tax to pay for the transportation projects, but now the related costs was taken out and it was change to transportation and related operating costs. So I think if we change the ballot language back to.....

Councilwoman Klapp: Are you wanting to use the exact words at the very end, the transportation improvement projects capital projects and operations and related costs?

Bruce Washburn: But you want to take out capital projects. I'm fine with that.

Councilwoman Klapp: Yes, I want to take out capital projects, the rest is fine.

Bruce Washburn: All right. We will do it that way.

Councilwoman Klapp: Does that answer the problem that you were relating?

Jeff Nichols: Yes it does.

Councilwoman Klapp: So we will take capital projects out of the language and then the other modifications which I made which has to do with the percentage and the sunset timing.

[Time: -01:35:57]

Mayor Lane: Okay. Well, thank you both for that. It's certainly a little distressing to hear the dissatisfaction with the individuals that have voted, will be voting on this issue versus those who oppose it. We will need to work together, but if we go at this like this, I think we'll have the worst of all. But in any case, the intent here was an honest one, that was contrary to some of the conversations that preceded me here and I think the intent is to make sure that we have a successful issue.

City Clerk Carolyn Jagger: Your Honor, I want to make sure that for the record that the second to the motion is okay with that change that we just made.

Councilman Phillips: Yes.

Mayor Lane: Okay. Thank you. So I'm hoping we cannot only get this done for all the reasons we stated but we can also move on to work on a bond that's going to be acceptable, get past some of the issues and to be able to work together to make that successful as well. I don't think there's anyone at this table and maybe there's the exception that, well, as was stated earlier, that the city has hey need for capital for long-term capital feeds and infrastructure. So with that, I think we are then ready to vote. All of those in favor, please indicate by aye and those opposed with a nay. Aye. The measure passes 4-3 with the Councilwoman Milhaven, Vice Mayor Korte and Councilman Smith opposing. Thank you, everyone for your contributions and testimony on this subject. That does complete the issue. All right. We have no further Public Comment. No petitions that I can sense or see.

MAYOR AND COUNCIL ITEMS

ITEM 6 – BOARDS, COMMISSIONS AND TASK FORCE NOMINATIONS

Mayor Lane: So at this point in time, then we will go on to our Mayor and Council Item 6, which is the boards, commissions nomination and for, that I turn it over to the Vice Mayor. Vice Mayor.

[Time: 01:38:25]

Vice Mayor Korte: Thank you, Mayor. This evening, the City Council will be nominating Scottsdale residents interested in serving on citizen advisory boards and commissions. The 7 vacancies are the Board of Adjustment, Environmental Quality Advisory Board, Historic Preservation Commission, Library Board, Loss Trust Fund Board, McDowell Sonoran Preserve Commission and the Planning Commission. Those nominated will be interviewed at the City Council meeting on Tuesday, May 22nd, 2018, and appointments will follow each set of interviews. So let's get going.

BOARD OF ADJUSTMENT

[Time: 01:38:59]

Vice Mayor Korte: Board of Adjustment, there's two openings. The Board of Adjustment is a quasi-judicial body that hears variance requests, appeals of the Zoning Administrator's interpretation/decisions, and decides on administrative decisions or zoning requirements. Matt Metz's term expires May 22nd. He is not eligible for reappointment. Greg Mona resigned May 3rd, so there are two vacancies and three applicants. The applicants are Michael Gonzalez, Scott Johnson, Jay Leopold. I will entertain nominations for the board and I will start with Mayor Lane, please.

Mayor Lane: I nominate Michael Gonzalez and Scott Johnson.

Vice Mayor Korte: And move forward to Klapp, please.

Councilwoman Klapp: I nominate Scott, I'm sorry, Jay Leopold.

Vice Mayor Korte: So there are no further nominations to be had. So we can move on.

ENVIRONMENTAL QUALITY ADVISORY BOARD

[Time: 01:39:56]

Vice Mayor Korte: Environmental Quality Advisory Board. There's one opening. The Environmental Quality Advisory Board provides guidance on the prioritization of future environmental activities and recommends environmental policies to the City Council. **SPECIAL QUALIFICATIONS:** As specified in the Scottsdale City Code, the membership of the Board shall reflect both scientific and non-scientific interests. Candice Gimble's term expires on May 22nd. She represented a business/scientific position and is not eligible for reappointment. There is one vacancy and five applicants. The applicants are David Abranovic, Walter Cuculic, Stephanie Foote, Jann-Michael Greenburg, Natalie Lazarr. I will now entertain nominations. Each Councilmember can nominate one applicant, and Councilwoman Klapp, please.

Councilwoman Klapp: One nomination, I nominate Natalie Lazarr.

Councilwoman Milhaven: David Abranovic.

Councilwoman Littlefield: David Abranovic.

Councilman Phillips: No further.

Councilman Smith: None further.

Vice Mayor Korte: No further.

Mayor Lane: And no further.

Vice Mayor Korte: So we have two nominations, Mr. Abranovic and Natalie Lazarr.

HISTORIC PRESERVATION COMMISSION

[Time: 01:41:13]

Vice Mayor Korte: Moving on to the Historic Preservation Commission. There's one architect or archaeologist. The Historic Preservation Commission oversees the development and management of Scottsdale's Historic Preservation Program. **SPECIAL QUALIFICATIONS:** As outlined in the Scottsdale City Code, each member shall have demonstrated special interest, knowledge, or experience in at least one of the following: Building construction, history, architectural history, real estate, historic preservation law or other historic preservation related field. Taraneh Moosavi's term expires May 12th. She represents an Architect position and she is not eligible for reappointment. There is one vacancy and two applicants. The applicants are Linda Davis, Melissa Fedock. And I will start with

Councilwoman Milhaven.

Councilwoman Milhaven: Linda Davis.

Councilwoman Littlefield: Linda Davis.

Councilman Phillips: Melissa Fedock.

Vice Mayor Korte: No further nominations for that particular commission. So we will move on.

LIBRARY BOARD

[Time: 01:42:15]

Vice Mayor Korte: Library Board. There's one opening. The Library Board advises Council on general policy relating to programs and future development of the library. Laraine Rodgers' term expires May 22nd. She is not eligible for reappointment. And I hope someone got that phone answered. There is one vacancy and three applicants. The applicants are Monica Levens, Dana Rakinic, Janet Smigielski. And I will start with Councilwoman Littlefield, please.

Councilwoman Littlefield: Thank you, Janet Smigielski.

Councilman Phillips: No further.

Councilman Smith: Monica Levens.

Vice Mayor Korte: And I will nominate Dana Rakinic. That ends it.

LOSS TRUST FUND BOARD

Vice Mayor Korte: The Loss Trust Fund Board, there's one opening. The Loss Trust Fund Board is responsible for recommendations to the City Council regarding the administration of the loss trust fund. We currently have no applications on file. So we will move on.

MCDOWELL SONORAN PRESERVE COMMISSION

[Time: 01:43:16]

Vice Mayor Korte: The McDowell Sonoran Preserve Commission, there are two openings. The McDowell Sonoran Preserve Commission provides citizen oversight for acquisition, preservation, management and stewardship of the McDowell Mountain and related Sonoran Desert for the benefit of this and future generations. Steve Dodd's term expires May 12. He is eligible for reappointment and has submitted an application for consideration. Mike Milillo's term expires May 12. He is not eligible for reappointment. There are two vacancies and 12 applicants. The applicants are Ann

Adams, Joseph Blankenship, Alisse Caton, Andrea Davis, Steve Dodd, Debra Doss, Mark Hackbarth, Michael Mayer, Laura McFarland, Constance Moll, Brian Munson, Tawana Parker. I will now entertain nominations and I will start with Councilman Phillips.

Councilman Phillips: Joseph Blankenship and Andrea Davis.

Councilman Smith: Steve Dodd and Michael Mayer.

Vice Mayor Korte: Tawana Parker.

Mayor Lane: No further.

Councilwoman Klapp: Ann Adams.

Councilwoman Milhaven: No additional.

Councilwoman Littlefield: No additional.

Vice Mayor Korte: Thank you. That completes nominations for the McDowell Sonoran Preserve Commission.

PLANNING COMMISSION

[Time: 01:44:39]

Vice Mayor Korte: Planning commission, there's one opening. The Planning Commission makes recommendations to the City Council on all matters relating to the creation of zoning districts, the enforcement of zoning regulations, and amendments to all zoning ordinances. Paul Alessio's term expires May 12. He is eligible for reappointment and has submitted an application for consideration. There is one vacancy and three applicants. The applicants are Paul Alessio, William Conti, Ryan Schaefer. I will now entertain nominations beginning with Councilman Smith, please.

Councilman Smith: Paul Alessio.

Vice Mayor Korte: No further.

Mayor Lane: No further.

Councilwoman Klapp: No further.

Councilwoman Milhaven: No further.

Councilwoman Littlefield: William Conti.

Councilman Phillips: No further.

Vice Mayor Korte: Thank you that concludes the nominations for the Planning Commission and concludes the nomination process for this evening. City staff will contact those who were nominated and provide them with additional information about the interview process. I would like to take this opportunity to sincerely thank all who applied and continue to apply to serve on citizen advisory boards or commissions. Even if you were not nominated, your application will remain on file for one year for consideration at a future date if there are additional vacancies on that given commission. So I would like to turn the meeting back over to the Mayor.

Mayor Lane: Thank you, Vice Mayor. That does conclude our business for this evening.

ADJOURNMENT

[Time: 01:46:05]

Mayor Lane: Seeing no further comments from the Council, I would ask for an adjournment.

Councilwoman Klapp: Move to adjourn.

Mayor Lane: Motion to adjourn.

Vice Mayor Korte: Second.

Mayor Lane: And seconded. We are adjourned. Thank you.