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CALL TO ORDER

[Time: 00:00:03]

Mayor Lane: Well, good afternoon, everyone. Welcome to the Kiva and for our meeting here tonight. Thank you for being here. And I would like to call to order our January 17th, 2017 regular meeting. It is approximately 5:00. I will start with a roll call, please.

ROLL CALL

[Time: 00:00:24]

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: City Manager Jim Thompson.

City Manager Jim Thompson: Here.

City Clerk Carolyn Jagger: City Attorney Bruce Washburn.

City Attorney Bruce Washburn: Here.

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. Just some items of business and information, we do have cards if you would like to speak on any of the agenda items or for public comment. These are white cards that are over the city clerk's head at this moment, over to my right. And there are yellow cards if you would like -- I'm sorry, the first were to be speaking and the yellow cards would be now for written comments on any of the agenda items which we'll read through in the course of the proceedings.

We have Scottsdale police officers Tom Cleary and Jason Glenn, who are almost in front of me on the mezzanine there and they are there for your assistance. The area behind the council dais are for staff

and we do have facilities that are located over here to my left under that exit sign there.

PLEDGE OF ALLEGIANCE

[Time: 00:01:44]

Mayor Lane: This on for this evening we have the Pledge of Allegiance to be led by the daughters of the American Revolution, the Grand Canyon chapter and the rest if you can, please rise.

Grand Canyon Chapter Daughters of the American Revolution: 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.

INVOCATION

[Time: 00:02:29]

Mayor Lane: And this afternoon, we have Pastor Josh Hogue of the First Baptist Church of Scottsdale here for invocation.

Pastor Josh Hogue: Please pray with me. God, we thank you for all the work that you are doing in our lives. God, I thank you for the great opportunity that we have and the freedom in our country that we have to be able to be here tonight, Lord. God, we just rest and trust in you as your word tells us and reminds us that without a plan, the people will perish. So be with our leaders of our great city lord, be with the people of Scottsdale, lord and help to be able to make the wise decisions. Bless us in our efforts. We ask this the holy and precious name of Jesus. Amen.

Mayor Lane: Amen. Thank you, pastor.

MAYOR'S REPORT

[Time: 00:03:20]

Mayor Lane: Got a little bit of news for the Mayor's report today. And we had a very nice little ceremony at the Museum of the West, the western spirit, which if you haven't been there, you should go over. It's a Smithsonian affiliate.

We had a lifetime achievement award that was awarded to a former Mayor of Scottsdale, Bill Schrader and 50 years of volunteer service to the city of Scottsdale, inclusive of the time he was Mayor here in the city of Scottsdale. I think it was in 1962, a two-year term. A lot of phenomenal things were done while he was in office in that short period of time and ever since, for kind of things and efforts he's done here for our great city.

He and his parents had a farm on what is now the Indian bend wash and the greenbelt off the Indian School, just south of Indian School. In fact, that pond that you see that's immediately as you head to the east, to your right is Schrader pond. That was on their property. From the bottom of that pond, they pulled the materials for the old national church.

That's him in the middle there, casually dressed, as it would be for a native Scottsdalean, on around for a good, long time. Bill has done phenomenal thing for the city of Scottsdale. We were over there for the MPC board, which he had something in an innovative financial mechanism, almost 50 years ago or thereabouts. And that's that board and that presentation.

Let me read you the proclamation. I won't take too much time of this. Whereas each year the thousands of volunteers, few hundreds serve on the boards to support objectives whereas on January 30th, 1967, municipal properties corporation was formed a nonprofit entity to assist the city with processes that would lead to the improvements upon land owned by the city ac -- by the city acquisition, financing and construction of notable projects in Scottsdale. And whereas on February 21st, 1967, the council adopted resolution 551, to enter into a contract with municipal properties corporation, a voluntary entry which William P. Schrader, former Mayor of Scottsdale was the director and president of the board and whereas William P. Schrader has served as a volunteer on the MPC board and notable projects such as Scottsdale's Airport and Horseman Park, WestWorld, the TPC Golf Course, Civic Center, Mustang Libraries, SkySong and Scottsdale Museum of the West. And whereas William P. Schrader is being presented with a lifetime achievement award for his volunteer service, dedication and impact to the Scottsdale for the past 50 years to date, I therefore, Jim lane, Mayor of Scottsdale do hereby proclaim January 30th, 2017 as William P. Schrader day.

And I urge all the citizens for supporting this volunteer who has served our community for the past 50 years. So it's a great moment for Bill. I don't know if he's back here with us right now, but nonetheless, I would hike to give him a hand.

One other little bit of history, I suppose, when he was elected as Mayor of the city of Scottsdale, he was the second youngest Mayor in the country ever to be elected to that position. So just another little tidbit. I could offer another one, but some people might be concerned about the fact that years ago when there were to bridges over the wash, his father used to ferry the kids from school across the waters of the wash so they could get home on the east side of the wash. They were all hanging off a tractor. I just can't imagine how that would be acceptable today, but nevertheless.

[Time: 00:07:52]

Mayor Lane: Next, we have an item of great note, we have Karly Riggs, Miss Teen Arizona. And Karly Riggs is -- if you would like to come forward, please do. Karly is a junior honor student at Chaparral High School and was recently crowned Miss Arizona Teen U.S.A. after winning a pageant which included 29 contestants from ages 15 to 29.

Karly is a true Arizona girl. She was born here at Scottsdale Shea Hospital and she played ten seasons

of soccer and softball in Scottsdale programs. Her family has lived here in Scottsdale for 23 years.

As Miss Arizona Teen U.S.A. Karly will make appearances at many events and schools this year to promote leadership and positive image for our state. Karly hopes to one day be a pediatric surgeon. Congratulations on that endeavor and that thinking. This summer Karly will represent Scottsdale and the state of Arizona in a national miss teen U.S.A. pageant and we wish her the very, very best. So if you would like to come forward, we will take a picture for the record.

PRESENTATIONS

[Time: 00:09:51]

Mayor Lane: So moving right along, a presentation and information updates, we have APS peak solution rebate. Is that -- oh, Mr. Brian Biesemeyer will be making a presentation. Our water resources director and newly released of interim city manager's position and he's taken on a whole new personality.

Water Resources Director Brian Biesemeyer: Thank you, Mayor. It's great to be here and not be in the seat!

So -- but I have good news that I would like to present to you tonight. Scottsdale's water continuing efforts to reduce costs and increase our efficiencies we have been participating in the APS's peak solution program for a number of years. The peak solution program is a voluntary program, where we participate by allowing electrical demand -- electrical demand periods to reduce our electrical consumption.

For the short-term voluntary energy reduction, Scottsdale water receives a substantial rebate. These rebates enhance electrical power, stability valley-wide. They provide great reliability for electrical customers during hot summer months when the electricity demand is very high and the amount of rebate varies every year according to real world testing and real world events. The rebate is based on the amount of power the Scottsdale water can offset or delay during any particular demand period. This year, you can see Scottsdale's rebate is \$109,000 and then over the eight-year period, shown above, we're over \$900,000.

So it's -- it's just one of those things that we do in Scottsdale water to improve our efficiencies but it's a very visible one that we get the opportunity to participate in and with that I would like to invite Katie Pendergast, the APS government affairs manager and Joel Fisher with Converge, the Peak Solutions partner to say a few words about the program and present the check to the Mayor.

Converge Inc., Representative Joel Fisher: Well, we thank you very much for your time this evening. My name is Joel Fisher and I'm with Converge, and the Peak Demand Solutions Program. We are here to present a check for your continued support of the peak solutions program.

The city of Scottsdale is actually the largest municipality that participates in this program. We have

roughly 800 participants in this program with over 1,000 individual meters. So without the help of the city of Scottsdale, we can't make this program successful. So we do thank you very much.

Mayor Lane: Well, thank you, Mr. Biesemeyer and APS for working together to have that kind of result, that's positive for our taxpayers on the overall, and incidentally, since I made the personality comment, I do want to thank Mr. Biesemeyer for the extent of time he dedicated himself to the city of Scottsdale, both as our water resource manager and as our acting city manager. He did an outstanding job. I want to thank you very much for that.

PUBLIC COMMENT

[Time: 00:13:37]

Mayor Lane: Next item of business would be our public comment period, which is reserved for citizen comments regarding non-agendized items with no official council items -- I should say actions taken on these items. Speakers are limited to three minutes each with a maximum of five speakers and there's another opportunity at the end of meeting if there is any need. We do have five requests to speak in public comment. And we'll start with Judy Pollick.

Judy Pollick: First of all, I would like to say congratulations on your elections and reelections. My name is Judy Pollick and my name is on record and I have been a resident of Scottsdale, Arizona for 14 years. I want to talk about sober living homes. The city of Scottsdale at a regular council meeting, a motion was made to initiate a text amendment to address sober living homes and transitional group homes for recovering addicts. It passed unanimously. Since that time, Arizona legislation adopted on May 17th, 2016, HB-2017, that the cities may establish the ordinance for sober living homes and the various elements that should be addressed. Following the Arizona legislation, Prescott passed unanimously October 11th 2016, they approved a new ordinance regulating structured sober living homes including the requirement of business licensing, operating rules, regulations and privilege taxes, files, et cetera. And that is effective January 1st, 2017.

Quoting Greg Blomberg. They estimate that there are 2,900 and tax revenue loss. This is from the city planner. Residents have filed complaints with the state and the city agencies. Arizona department of health services, state of Arizona board of behavioral health services, the attorney general's office, our house of representative, and Scottsdale business licensing office, code city enforcement, city planning department, and it all points back to you, the council of the city of Scottsdale. It's your responsibility.

Currently, the city of Scottsdale has no rules, standards, regulations, evening licensing for sober living homes. Since these homes are not licensed, there's no authorization for any branch of the city or state to inspect these homes to ensure the services being provided are protecting the residents of the sober living homes from abuse, neglect, mistreatment, fraud and inadequate supervision, including -- excuse me, and/or inadequate supervision, including the homes from the -- neighboring homes from the health, safety and welfare perspective. Sorry. I get a little passionate about this.

City of Scottsdale requires all businesses located in Scottsdale to be licensed. Sober living homes are a business. Every other business, even escort services are licensed in Scottsdale. Why aren't the sober living homes licensed and regulated?

We are here to request the city of Scottsdale to establish rules, regulations, inspections and licensing requirements for existing and future sober homes to protect the residents of the sober homes and surrounding homeowners and communities. To expedite the process, we ask the city of Scottsdale to require all sober living homes to obtain a license from the city immediately to identify the owners and the locations and inform them that the city of Scottsdale will be implementing rules and regulations as outlined by Arizona legislation HB-2107.

Mayor Lane: Ms. Pollick your time has expired. Please wrap up.

Judy Pollick: We have been in contact with many residents. They are infuriated that the city council has not done. We are prepared to gather signatures all over the city of Scottsdale if we need to get this raised to a top priority. We ask that the city of council make it a top priority.

Mayor Lane: Thank you, Ms. Pollick. Next would be Richard Pollick.

[Time: 00:18:29]

Richard Pollick: My name is Richard Pollick, I have been a resident here, along with my wife for over 14 years but I have the questions of why has the city of Scottsdale not initiated any rules or standards of regulations, we throw this up to you folks. Why are these sober living homes not licensed? Why are there know standards as to the number of residents. Sober living homes are a rental lease facility. Why is it not licensed as a rental property? Most insurance companies underwriting guidelines for rental homes prohibit sober living home operations, making the home ineligible for liability and property damage. I won't go into all the details of the Prescott requirements but we have them and we'll send them to you.

So how can a sober home be considered private home for residential taxes. Why isn't the privilege tax being collected by the city? What health standards should inbound place to protect the residents -- be in place to protect the residents and the neighboring home? What fire requirements are needed to be placed in these homes? How can the city of Scottsdale ensure the residents are living in alcohol and drug-free environment when no such inspections are taking place.

I want to conclude by saying. This suppose you are taking a walk one night with your wife and child and you go by a sober living home and a young man walks outside, takes a needle out of his pocket and sticks it in his arm, injects himself and throws the needle on the ground and looks you square in the eye? This took place next to an elementary school in Scottsdale! These people can go off the reservation at any time. They are not being supervised or controlled. This is -- this is a danger that's about to happen. It's going to lower property taxes and people could get hurt. Please develop a plan and take some action. Thank you.

[Time: 00:20:43]

Mayor Lane: Thank you, Mr. Pollick. Next -- I'm sorry. We don't have clapping thank you. Next would be Pat Shaler.

Pat Shaler: Thank you. My name is Pat Shaler, long-term resident of Scottsdale and I believe I can now say my address is on record. Recently the Desert Discovery Center people wrote a letter to their friends telling them to beware of always information. "the peak of peak" magazine published that. If any of you have seen it, there are probably at least 30 comments on that article correcting the facts. For those of you who haven't read it, I want to go over a few of them. They refer to us as spreading a relentless disinformation campaign. Councilwoman Korte, at one point sent out an offer suggesting that we have a board discussion, an open discussion between those who promote it and those who are against it. I know several of our people, my tribe responded, we would love to see that, maybe two or three of us, and two or three of the pro people.

There are no facts in this letter. We are also any one of us or all of us willing to meet with any of you or anybody else that thinks they are getting misinformation. Last count, they had over 3,000 documents we had received pursuant to the FOIA. We have lots of facts. Now, I'm not sure how this works. This is the one I could pull up quickly. This is the one we have the most fun with. And it's only a sample of what we have found in the document the letter -- by the way, the letter has no signer and no attribution. So we don't know which of the people wrote that. But we go to page 3. The center is not being designed as a tourism corporate event center or to have a Jeep tours or outdoor nighttime rock concerts. We have this email you can see here, let's say, October 2nd, 2015 from Christine Kovach and a sample of one of the temporary permits. Let me know if you need anything else. The response, when you get a chance, could you spend me the rfq and the permit language for the Jeep tours?

Now, part of the problem with this is every time you confront them with a fact, like they have said outdoor concerts, they squish it and change it. There's so much more there. We are glad to meet with you at any time with the facts. Thank you.

Mayor Lane: Thank you, Ms. Shaler. And I would ask that everyone refrain from clapping because it's not -- it's not theater. We also refrain from booing. That's the purpose of the call for decorum. But thank you, Ms. Shaler.

[Time: 00:24:32]

Mayor Lane: Next would be Sandy Schenkat.

Sandy Schenkat: Good evening Mayor lane, and Councilmembers. My name is Sandy Schenkat and my address is on record also. My mission tonight is to inform the citizens of Scottsdale with the upcoming classes and ways they can get involved in their city government. January 20th, and this is for people in TV land, go to your city website, the deadline is for several openings on boards and commissions. This is so important that you get involved and help our council.

Also, Joy Racine, who is in charge of our neighborhood colleges has offered eight classes coming up this spring, and you will find those on city website as well, for homeowners associations and people considering moving into homeowners associations. This past year, she taped eight segments and there's valuable information from two lawyers which you can find on the city website. She will be repeating some of this information in class form. So be sure and check that out as well.

And on the first Tuesday of the month, at the Via Linda Senior Center from 1 to 3:00 is a homeowner association round table where people with H.O.A. issues can discuss them and get help from the city or attorneys, whatever is needed. Then on March 23rd, government 101 starts. There will be seven classes, that is a great source of information for citizens. You learn as much as you can about city government and how it operates and how it's managed. Also there is a citizens survey on the city website, which I think everyone in the city should complete. So check the website for that as well. The citizens police academy will be coming up as well.

So it's time to get involved. It's a new year and we all need to support our council and our Mayor. Thank you.

Mayor Lane: Thank you, Ms. Schenkat. Next and final would be Mark Stuart. And just as a reminder, if you are going to indicate we have your address on file, please also indicate -- indicate it on the card. I don't have it on the card. You can announce it.

[Off microphone comment]

Mayor Lane: You can say it if you will for the audience and in either case, if we could always indicate that whether you are a resident of Scottsdale -- of Scottsdale.

[Time: 00:27:52]

Mark Stuart: Mayor, come on. Are you a resident of Scottsdale?

Mayor Lane: I'm not just talking to you, Mark. We had more of a call now or were recently --

Mark Stuart: Ruh-roh.

Mayor Lane: They are in the process of --

Mark Stuart: Are you helping me as usual? It looks good over there.

Mayor Lane: If you want to start with your name and address.

Mark Stuart: My dear fellow citizens my name is Mark Stuart, I'm a citizen of Scottsdale. I live on Cheryl Drive 85258. We are -- I've got two great, great news items to discuss briefly. It's official. Scottsdale's second only ballot initiative is underway and we are killing it. This sign is like a magnet

for registered voters. You sit out there in a chair and people come up so fast and collect signatures. We will have 1,000 by the end of the month. We have approximately 40 volunteers. We think it needs to be a community event and what we find is that people have social groups and it's quite easy to get 10 or 20 or 30 signatures in your social group. So if you would like to volunteer, here's the information. So now it's in the record and it will be there in perpetuity.

I don't know if you can see this on the film. We have our -- [Off microphone comments] -- especially school aged kids love. That but they can't vote. If you are running for city council in 2018, I would like you to sign one of our petitions because you don't -- you can't overcome that issue of, well, I don't think the voters are San Mateo enough to decide this. And you can always win by convincing them to vote against it, but you can never convince voters that they are not good enough to do the job.

Here's the text of the charter amendment, it's quite simple. Now it's officially in the record. We amended that on December 16th. That's why I had to bring it up again.

And the last item, we are trying to initiate an SB-1487 investigation into a misuse of city funds to -- to promote building in the preserve while it's an election issue. We have -- we sent a letter with more than 200 signatures to Senator Cavanaugh. He's asked for a legal opinion. We're meeting with Representative Lawrence tomorrow at his office, tomorrow morning at 10:30. And essentially, the attorney general has to document an investigation. If they agree with us that you are using public funds to advocate for building in the preserve while we are trying to have a ballot initiative to ask the voters shall we build in the preserve, then you have no stop immediately if they agree with us. If you don't within 30 days you lose state matching funds. That's \$75 million roughly. Just as a campaign issue, you cannot explain to voters why you would not stop spending 700 or \$800,000 at the risk of losing \$75 million.

That's all I have for tonight. And one last quick issue.

Mayor Lane: Your time has expired Mr. Stuart, so please wrap it up quickly.

Mark Stuart: 10 seconds, Your Honor. Ms. Schenkat. I will give 15 minute classes for government constitution. It will be a great year. Thank you.

Mayor Lane: Thank you, Mr. Stuart. That completes the public comment cards at this point in time. So we move on in the agenda.

ADDED ITEMS

[Time: 00:32:07]

Mayor Lane: For item I would like to at least mention, let's see that -- the supporting materials for item number 13 and 14, and the council report and supporting materials for item number 19 were added to the agenda less than ten days prior to the meeting. And regular items number 29a was added to the agenda on January 12th, 2017 and requires a separate vote to remain on the agenda.

What I will do or ask for, vote to accept the agenda as presented for request to continue the added items to the January 24th, 2017 council meeting.

Councilwoman Klapp: I move we vote to accept the agenda as presented.

Councilmember Korte: Second.

Mayor Lane: The motion has been made and seconded. Unless there any further comment, we are ready to vote. All of those in favor with a aye. It's unanimous, they will remain on the agenda as presented.

MINUTES

[Time: 00:33:10]

Mayor Lane: Next order of business is -- I would accept a request to approve the work study session minutes of December 1st, 2016, the general plan amendment meeting minutes of December 1st, 2016, the regular meeting minutes of December 2nd, 2016, special meeting minutes of December 8th, 2016, and executive session minutes of December 8th, 2016. Do I have a motion to approve those minutes?

Vice Mayor Littlefield: Move to approve.

Councilman Phillips: Seconded.

Mayor Lane: Motion has been made and seconded. No further questions or requested. All of those in favor please indicate with an aye and those opposed with a nay. It's unanimous acceptance of those minutes.

CONSENT AGENDA

[Time: 00:33:38]

Mayor Lane: Moving on to the consent items 1 through 28, and we have a request from Councilman Phillips to move item 12, Andante law group in lieu parking credits to the regular, and I have a request from Councilwoman Milhaven to move item number 19 to the regular agenda. So with that in place, those items 12 and 19 to regular, do I have a motion to accept --

Vice Mayor Littlefield: Mayor? [Off microphone comments]

Mayor Lane: 13 is on the new agenda. Does it show on the content item list? Will it also have to be taken into consideration in removing? It thank you.

City Clerk Carolyn Jagger: Your Honor, it's already off consent. It's on regular.

Mayor Lane: Okay. So there's no need for that in this motion. So no motion. 12 and 19 join 13 on the regular agenda. And so what we have now is we have got the only request to speak on any of the agenda items are on -- or already will be on the regular agenda. Unless there's any further comments on the consent agenda, absent 12 and 19.

Councilmember Korte: I move to accept consent agenda items 1 through 28, with the exclusion of 12 and 19.

Councilwoman Klapp: Second.

Mayor Lane: The motion has been made and seconded. No further comments to be made on the consent items. All of those in favor with an aye. Those opposed with a nay. It's unanimous on the acceptance of those items.

ITEM 12 – ADANTE LAW GROUP IN-LIEU PARKING CREDITS (5-IP-2016)

[Time: 00:36:04]

Mayor Lane: We'll move right then to our regular agenda items, which includes items 12 and 19. And we will start with item 12.

Planner Meredith Tessier: Mayor Lane, did you want a full presentation for item number 12 or is it just discussion?

Mayor Lane: What I have got indicated on this, and the request was for discussion and separate vote. So I would -- I think it would be best if we had a presentation on it, please.

Meredith Tessier: Good evening Mayor Lane, Councilmembers, I'm Meredith Tessier with the planning department. The case before you is 5-IP-2016, Andante Law Group. Today the applicant is requesting the city to participate in the in lieu parking program for 16 parking stalls for a redeveloped mixed use commercial property. As you can see before you, there's a context area, it's located at the northeast corner of east first avenue and north 96th street.

The next slide pretty much outlines the purpose of our in lieu parking program, just in short the first -- excuse me, in lieu parking program is to promote redevelopment and re-investment of small properties and as you can see in the rendering below, it's just an exhibit of what the property exists today. Second is different land uses and lastly foster pedestrian oriented environment. The next slide is consideration. Any of these considerations can be determined to participate in this in lieu parking program. The first is titled new development reinvestment and redevelopment, for this redevelopment of the site. It will be a mixed use commercial development. The third consideration is size and configuration of this parcel. This parcel, once it's confined will be less than half an acre, and result of a small parcel, it cannot accommodate to the required onsite parking requirements.

The other one is parking -- other public parking.

There are 135 parking stalls within the vicinity and 16 are in request for this in lieu parking program. Here is an exhibit of the parking location map which gives a little bit more of a detail. It requires 33 parking stalls, 17 is going to be required on site through a garage, and, again, 16 are required for this in lieu parking program. This does not show that there are 135 parking spaces within that black buffer outline which is equivalent to a two-minute walk. In addition to that there's a 468 spaces within a five-minute walk from the site that you can see that's highlighted in red there. The city does continue to explore ways to increase the public parking within this area, and all the in lieu fees that are collected with this program will be contributed to downtown parking program.

So in conclusion, staff is recommending the approval for us to participate in the in lieu parking program for, again, a mixed use commercial redeveloped site for a lump sum payment. So that concludes staff's presentation. The applicant is here to provide further detail.

Mayor Lane: Thank you. Would the applicant like to provide further detail?

[Time:

Applicant Representative Jason Morris: Jason Morris, Whitney Morris on behalf of Andante law and Mr. Dan Garrison is here, the founder of Andante Law. This is actually a relocation. In addition to really being a poster child for this type of program within the city of Scottsdale, this is also a local success story of a law firm that is currently located at Indian school and Scottsdale Road and growing I don't know its current office space and hoping to develop their own office so they can create their own home.

And in looking for a site in proximity to their existing office, happened upon these two lots. They were residential lots. They are for -- those who know the area and as this map shows. This was the back side or is the back side of the Circle K building. So immediately to the north is the Circle K. There's a small alley between the two sites, and to our west is the parking lot for what was the Trader Vick's, the Sand's event space that is part of the hotel. As we go east, there is commercial use and immediately south there is a redeveloped residential site immediately adjacent.

So in looking at type of use, knowing that the underlying zoning was sufficient for an office building, staff and the applicant worked to put together a site man that made sense, not only for this office use, but also for the staff's goals and the city's goals are that evident in your downtown plan, meaning that it would be a redevelopment. It's a very small site. It's less than half an acre, as Ms. Tessier pointed out. It also has the challenge of not being able to meet the current parking code, even if it was a much smaller use. The footprint of a building would take up the majority of the parking on this site.

So utilizing design and a little bit of ingenuity, what was developed is a three-story building, it's essentially a two-story office building with about 15,000 square feet, so a small office building, utilizing parking under there. That number is important, because this is an existing business, and one that has been in an operating concern for some time. So they have a good sense of what their parking demand is.

And as we were discussing previously, to this meeting, with staff, our peak -- Mr. Garrison's peak has been about 12 spaces for his current use. So given the 17 spaces, knowing the size that's available on this site, knowing the office footprint and also recognizing that as a law office or professional office, it's designed with a lot of redundancy, meaning there are larger offices and work spaces, but out of necessity, there were break areas and numerous conference rooms. So not every square foot is utilized as a -- a much more intense office, which we have seen in larger office floor plates. So hopefully Mayor and council, that gives you a little bit of background.

Staff has done an excellent job with the report laying out how you have met all the six considerations for the in lieu parking. For this quadrant as we look at creating in lieu requests, what is before you is actually the only request in this specific area. So we are not competing with other in lieu parking purchasers, and in this instance, the applicant has agreed to purchase the parking up front and write a check to the city of Scottsdale, rather than paying a monthly fee.

With that, I will pause in case there are any questions or further comments.

Mayor Lane: Thank you. There may be some questions but if you are called upon for answers, we will certainly call you back. Well, we have heard from the staff and we have heard from the politic and I know there were a number of people who inquired about having a separate conversation. I believe Councilman Phillips, if you would hike to -- if you have some questions and Councilman Smith on the same order.

[Time: 00:45:09]

Councilman Phillips: Thank you, Mayor. I want to sail right off the top, I'm sorry we had to pick on you. It's not about Andante Law Group and we appreciate that you decided to stay in Scottsdale and redevelop, and picked that spot and it looks like a good project. I think the concern is when you see 16 parking credits, we're starting to be concerned. We are starting to worry about how many of these are with going to continue to do in Scottsdale in our downtown, when there are really ghost spaces and we will be running out of parking if we are not already. And I think this is something that our council has to address.

I would like to ask you, though, because you made the comment of you have 17 spaces and that's adequate for you?

Applicant Representative Jason Morris: Councilmember Phillips, the only thing worse than a lawyer talking is a lawyer talking for another lawyer, but I will take a crack at that. Mr. Garrison's firm is a business firm, meaning it's essentially a business-to-business interface. They do business bankruptcies, business formations, very small amount of business litigation. So these commercial transactions aren't really interfacing with the public. It's obviously not an impulse buy, but more importantly, when they utilize the services of Andante Law Firm, when a client utilizes those law firms it's more likely that Andante will go to that business rather than having that business come to them.

There are occasions whether there's a deposition or conferences where meetings do occur on site, but the 17 spaces that are on site are more than adequate for this use, but as the council, I am sure you are looking well beyond this use because you are granting the in lieu spaces and you are having to as a council ensuring that you are not creating a long-term problem anywhere which is why I referenced the floor plates. This is designed as a professional office and given that we have two floor plates, one of about 7,000 square feet plus another about 6,000 square feet plus, there is no opportunity for this to become a high turnover, a multiple user space, and that was one of the reasons why Mr. Garrison was confident in investing in it, because even when he is beyond requirement and wants to put another professional office in there, he knows that there are those 17 spaces on site without relying on the on-street parking or everything within two minutes or the trolley stop or all of things that your staff has pointed out which are valid, but he really has to look at what he's building on the site and the investment that he's making. He's confident that those 17 spaces are sufficient.

Councilman Phillips: Thanks for that explanation but, I'm sorry that wasn't what I was alluded to. If you only need 17 spaces, if it's just you and your employees, why is the city saying you need to buy 16 more?

Applicant Representative Jason Morris: And the answer to that, Councilman Phillips, lies in the parking code. And your current parking code is not based upon the user. It's based upon the district, and that district, although it applies here to the amount of square feet being placed on roughly half of an acre, a little bit less than half an acre, it would be the same if we were going to look at a much larger, more intensive office use. So I have actually been at this podium before, discussing that not all office is created equal, but older codes sometimes treat all offices as equal and they have a multiple and the multiple that goes with that square footage calls for that many spaces, rather than Mr. Garrison's knowledge of what his business requires.

Councilman Phillips: So maybe a restaurant district will need more spaces than a business district, where people don't come to the place.

Applicant Representative Jason Morris: Correct.

Councilman Phillips: And we don't have anything in place to account for that at that time.

Applicant Representative Jason Morris: You have in lieu parking requests and so here we are.

Councilman Phillips: That's why I'm saying, it's nothing against you guys. It's just -- It's the bigger picture. It's the bigger picture and seeing you 16 parking credits, that's onerous.

Mayor Lane: Councilman, I'm sorry, pardon me for interrupting, if you don't mind, I wonder if you could hold at this point, but I have a couple of public testimony, they may raise other questions. We will come back to that. We will start with Bob Pejman.

[Time: 00:50:12]

Bob Pejman: Mayor Lane, I'm Bob Pejman. I'm the owner of Pejman Galleries. And I read the council report on item number 12, and as many of you know, this area of downtown is already in short supply as far as parking spaces. So you are basically adding 15,000 square feet of commercial pace, includes some retail, not just commercial. 35 employees, their customers even though there are not that many, but if 135 parking places that the city is saying they are there, it's not like they are sitting there empty, they are already accounted for -- they are being used a lot. It's not like the spaces are sitting empty.

But the report indicates that they are available to be used, et cetera. But guess what, I'm not opposing this at awful. I think it's a good addition to that area. I looked at the two beat up buildings in that area. It's a good replacement, high tech, the right tenant and the right looks. I have nothing against the development.

But I want to point to rationale presented in the report having to do with this whole in lieu parking concept. So basically, the city is charging \$209,000. What are they promising? And let me quote from page 3 or something like that on the report. It says the funds provided from the establishments participation from the in lieu parking spaces can be used for future parking improvements, not will, can be. If it was will it would be a different story. This entry it goes on to say that there's no specific plan for the city to provide additional parking space in this area. So that's basically my issue with this. So you are adding density. You are allowing for more parking intensive uses and where is the plan to build parking facilities?

I have nothing against taking every one of these small buildings and turning them into something like this. I think it's an improvement, but you have to add the parking. This over counting and multiple counting of the same spots is really not, you know -- I don't want to use a bad word. This space is already taken and you are reselling them over and over again. So we need a concrete plan to build parking structures to address the immediate area. So in other words I don't want a parking structure that addresses the Galleria issue. We need one in that area and one for Fifth Avenue and Old Town.

And the final question, this money that's being used, raised by the in lieu parking is raised by this one, it's been raised before, going back to the stone ages, as far as this city is concerned. So where is this money? Is it earmarked? Is it a designated fund? How much money is in there and I think it has to be used for parking structures and plus we need more money on top of that. Thank you for your time.

[Time: 00:53:42]

Mayor Lane: Thank you, Mr. Pejman. I would ask -- and I realize that there's some loose connection on this but we have an agenda item before us that we need to discuss and I realize that it's relevant to talk about the entire policy and plans going forward, but it's not really the issue at hand and it's not what we are voting on here now but it may be something that we need to talk about at some future date. Right now, it's just a matter of whether or not this fits in under the ordinances and the rules as they apply right now.

Next would be -- you know, I guess -- I have been given the breakdown on how to pronounce your name, but I have never really looked at it. You do it each and every time Sonnie. I know why you do. But when I would take this as -- literally as you got it, it's Sonnie --

Sonnie Kirtley: That, sir, is correct, it's Irish.

Mayor Lane: And it's still spelled S-o-n-n-i-e.

Sonnie Kirtley: That's correct.

Mayor Lane: And that's why I have been given these instructions each and every time.

Sonnie Kirtley: My name is Sonnie Kirtley, I'm with C.O.G.S. We have been around 10 years and I have been around 50 plus, as a resident and 78 as a body. We are on east Chaparral. It is on the record.

This is a wonderful project. Thank you for bringing it forward. And we hope that the rendering is what it's going to look like. So we strongly support what you are doing. Our concern is your calculations. My degree is in science so I look at calculations.

If we can put this up, please. As you look at your map that designates the locations for your parking, I don't know if I -- I couldn't make it in two minutes, and I can almost do a 20 minute miles, but I can't make it in five minutes to the Goldwater curve. We are looking at the distance you would travel if your employees are going to park for the day or work in the office, who would go five blocks, particularly in August, five blocks, three and a half blocks, three blocks. The one that really stood out was that you were looking at the six parking places at the Coach House. That would never happen. They are always filled and as Councilman Phillips pointed out, because of the scarcity and Bob Pejman, the only one that is a potential is the five blocks away and your ladies, they would be wearing tennis shoes to work and changing to heels when they get there. So the concern is the calculation.

If you take out the Coach House, you are looking at 129 parking spaces. So the concern is looking at it and thinking the potential is here for your parking. It's always the hope when new developments come in, that they can handle their own required parking. So that brings us to the history which this will just delight Mayor Lane. The top one is a ghost car and this is the bottom one is a real car. This is the good picture. What I'm not showing you is that in some of these years, an example one of the new developments really required 67 parking spaces. But they got to take off 37 for historic credit. More for P3 parking and they paid for nine. They were required to have 67. So there's a real back story.

There's a project that we want to go forward but as more projects come, I hope that we put more feet to the fire to dig down, pay the money for underground, or lift the development to park underneath your roof. We are back to some questions.

Mayor Lane: Sonnie, pardon me. Your time has expired.

Sonnie Kirtley: Didn't I have more time because I had another person with me, Sandy Schenkat added time. Beware of Irish women. So very quickly --

Mayor Lane: I will give you another minute.

Sonnie Kirtley: I'm quick. I'm quick. So the question is, you know, really, here's the question for the council. If you look over the downtown area, what are the total credits that we have out there right now? What kind of pie in the sky phantom parking do we have counting automata the historic, the P3s, the in lieu cash and so on? What is reasonable? Did we pass reasonable? And what is the impact to the gallery, the existing owners that are already there and then Mr. Pejman mentioned about where is the money? You know, that's story in the city. I think the bottom line is in red here. Scarce parking should be a council priority, as high the McDowell Corridor. I sure hope you do that because we want to encourage great projects like this. Thank you.

Mayor Lane: Thank you, Ms. Kirtley. Thank you. Well, that's the extent of the public testimony on it, or the public request to speak on it. So we will go back to Councilman Phillips.

[Time: 00:59:31]

Councilman Phillips: Thank you, Mayor and, actually, Councilman Smith asked some questions of staff and one of the answers was currently that in lieu parking count has \$386,000 in it. I mean, obviously that ain't going to buy a parking garage. You know, it's not even enough to bond a parking garage. So we'll have to look at some other options as far as that goes.

Again, I'm sorry that we used you as an example. I think everybody was shocked when they saw the 16 and said, something -- we just got to stop, you know? Maybe some other councilmembers have some more comments on this, but I think we -- the staff and the city needs to look at this downtown parking in lieu credit thing.

With that, I will move to adopt resolution number 10657.

Councilwoman Klapp: Second.

Councilmember Korte: Second.

Mayor Lane: The motion has been made and seconded and I believe it was Councilwoman Klapp, if you would like to speak toward it.

Councilwoman Klapp: No. I think that everyone here has said it's a good project and we are not here to discuss the downtown in lieu parking program and ordinance, so I think we should move on and there should probably be a discussion in the future.

Mayor Lane: Thank you, Councilwoman. We do have two other questions that were on the screen

before we made that motion and second. So that motion is on deck, but I will start with Vice Mayor Littlefield.

[Time: 01:00:48]

Vice Mayor Littlefield: Thank you, Mayor. Basically, all of my comments have been stated. I have the same concerns that everyone else has up here. It's not the project. I think it's a great project and -- but I am concerned that we are not reviewing this policy that we have of the in lieu parking. Most of us don't have in lieu cars to park in in lieu parking. So we need to really take another look at this, and it would be something, I think, that I would very much support.

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

[Time: 01:01:34]

Councilman Smith: Thank you, Mayor. And I think maybe my question is to the politic or to your representative, one or the other, but Jason, you made the comment that you expect or the applicant expects 12 spaces will be the peak requirement, did I hear you correctly?

Applicant Representative Jason Morris: Mayor, Councilman, actually at this stage, it's a little less than 12. My lawyer client wanted to actually say a few words. I will let him answer that question.

Councilman Smith: Do you still get paid while he's talking?

Applicant Representative Jason Morris: I'm hoping. And I'm hoping he takes his time.

Applicant Dan Garrison: Thank you. I would have a hard time turning that around. My name is Dan Garrison. I'm the founding and the managing partner of Andante law group and I'm the principal of the entity that's looking to develop this project. I very much appreciate the discussion and the questions that have been had so far because I can tell you, there's no one more concerned about the parking situation with my project than I am. And I can assure you that as the business currently stands, the parking that we will have on site is more than sufficient for our need, even taking into consideration the very small retail use on the first floor.

I would like to see my firm grow but there are natural limits as to how far I can grow even within that space. Eight years ago I started my firm in an office share on Stetson and South Bridge. Six years ago, I leased space in Scottsdale Financial Center and built out our offices that we are currently in and we have maxed that space out which is 5300 square feet. So, you know, we are looking at growing modestly and we are a professional services business.

Attorneys have egos and those egos general translate into larger offices and we have large conference room spaces. I would like to think that the space drives some of the satisfaction of the employees. I'm very proud of the fact that we have been a best place to work for a number of years now. I'm not jamming people into corners and so forth.

But certainly, I'm concerned about the parking as well. One thing that has not been noted here that I do want to note for record is that your application is for a maximum amount of in lieu parking. While I haven't yet brought it to fruition, I'm working very hard to try and lease some additional long-term parking immediately adjacent to the project. There, as most of you know are some vacant lots that aren't currently developed, including one immediately adjacent. I'm hopeful that comes to fruition, but if not, we are looking for the maximum amount of in lieu parking that we are applying for. It's my hope that we will not actually use all of that.

And has been noted on the record, it ain't cheap. Although I'm perfectly willing to write the check and I decided that an appropriate investment of money, I would prefer not to do that and instead obtain some additional parking on a long-term basis.

[Time: 01:04:41]

Councilman Smith: Well, thank you. Let me -- and I -- I, like everybody up here, I think we wish you every success and we like the project. But let me repeat the question, 12 parking spaces you think is all you require for 35 employees.

Applicant Dan Garrison: You know, that actually has been a mischaracterization on the record tonight, I think based on just a misunderstanding. I currently have 11 total employees of my firm. The 35, I think, was a reflection of the maximum amount of parking spaces that parking code requires for the square footage of my building and that's not a reflection of how many people we actually intend to park on the premises. So as it stands right now, with an anticipated walk up retail use for the small space on the first floor and utilizing the office density that we currently do for my firm and for potentially any other synergistic, you know, tenants that we would have with us, I do actually believe that the parking on site and immediately adjacent to it on the street and so forth, which I can tell you now being the owner of that property for several months, there is actually pretty consistent vacancy along the treat, adjacent to this spot. It's not parked. I believe we are going to be perfectly fine.

And, you know, representing other people in these kinds of processes, I can tell you that the surest test of proposition like this is whether someone like myself is willing to invest my own money in doing it and committing myself long-term to downtown. And it's very much my intention and it's been my considered, you know, decision that I want to be downtown. And I believe that this is going to be a viable project.

Councilman Smith: I can only clarify, my question comes from the write up that we provided that says that the facility will create 35 direct jobs and 29 new jobs in the construction but that doesn't matter, but 35 jobs, that's what I was focusing on.

Applicant Dan Garrison: I'm sorry, I wasn't aware of that.

Councilman Smith: Someone is hoping for your success even more than you are. And certainly, if

you are talking about a dozen employees and you are providing 16 spaces on the site, that's an all-together different picture.

I think what this translates is we have a new definition of what the parking requirements are for a facility, based on its intended use, possibly use, whatever, something that might prevent the mathematical calculation of 17 or 16 required in lieu spaces. So we either, number one, ought to have a new way of defining the parking requirements or number two, if those are really the parking requirements that I'm probably with some of my colleagues up here that's selling phantom parking places is not the solution. The solution would be to -- to expect a developer such as yourself to grab that vacant lot next door or whatever, have a larger footprint for your building so you can accommodate your own parking because we can't just keep selling the same space over and over and over again. As a separate issue, we will as a council, I think, have to address the parking generally.

Like all of us up here, I commend you for your commitment to Scottsdale. We appreciate your reinvestment in our city and hopefully this parking thing will get resolved. Thank you.

Applicant Dan Garrison: Thank you.

Mayor Lane: Thank you, councilman. Councilwoman Korte.

[Time: 01:08:26]

Councilmember Korte: Well, thank you, Mayor. I just want to quickly thank you for thinking this forward. You know, this is a true in-fill project and these true redevelopment projects, you know, they are tough. They are tough to do and they are more expensive. It costs more, and there's higher risk involved. So thank you for that.

And because of that higher risk, I think it calls for more flexibility on the city's part to make things like this happen, because a building with -- whether it's 11 employees or 35 employees, is certainly far better than those two dilapidated single family homes that have been there forever and totally underutilize that space in our city. So the question tonight, of course, is the parking code and that's where we need to be flexible. So thank you.

Applicant Dan Garrison: Thank you very much.

Mayor Lane: Thank you, Councilmember. Well, that completes the questions that we see here from the dais and thank you very much for the presentation.

Applicant Dan Garrison: Thank you.

Mayor Lane: And to the client for your investment in Scottsdale. Thank you very much. With that we have a motion on the table and it's been seconded and discussed. All of those in favor of the motion as discussed, please state aye. It's unanimous then in acceptance. Thank you very much.

ITEM 13 – CHAUNCEY MARKETPLACE REZONING (19-ZN-2002#4)

[Time: 01:10:38]

Mayor Lane: Okay, our next item, we are going to go ahead and take the next item on our regular agenda. We will go in numeric order on the agenda. That's item 13. And this item is the Chauncey Marketplace rezoning, 19-ZN-2002 number 4. It was originally on the consent agenda. The city attorney advised that we should have a separate vote on the item so item 13 was moved to the regular agenda. I would like staff to make a brief presentation on this item including the reason for the request before accepting the motion on item 13.

Senior Planner Greg Bloemberg: Mayor Lane, Greg Bloemberg here to present, Chauncey Marketplace rezoning. The site is located within the crossroads east development which is at the corner, the intersection of 101 and Scottsdale Road. It's approximately 10 acres to the north is another mixed use project that was approved a couple of years ago. It's an apartment complex that's, I think, finished in that particular development, as well as the commercial buildings up front that under construction. This parcel has, again, as I mentioned part of the Crossroads parcel, which is a planned community district that is monitored by the Arizona State Land Department.

So when somebody is interested in a parcel in the Crossroads development, and becomes the winning bidder on a parcel, then they go to the state and work with them to select the zoning district and in this case they are going with the planned regional center zoning district which is PRC and attempting to amend some of the development standards in that district as part of this request. Some of the -- one of the amended development standards that's included in the request is for some additional height and I put this graphic in here to show you where the additional height is proposed and also to give you an overview of the project.

This is the commercial pad buildings up front along Scottsdale Road and this is the multifamily in the back of project and the area in dark gray here is where they are seeking some additional building height and I will get into what that height is in just a moment. So the request summary is basically for a new mixed use development.

As I mentioned, there are some amended PRC development standards that they are requesting, including, a request to increase the building height from 60 feet to 77 feet. And, again, the 77 feet would just be at that one location on the site plan. And also a minor increase in density from 21 units to 24.5 units per acre.

The Airport Advisory Commission heard this case on July 20th of 2016 and recommended approval, 5-0 with the added stipulation that regulation includes sound attenuation. And the Planning Commission approved it 6-0 on October 26th.

That essentially concludes my presentation. I believe you should have a memo in front of you that has some updated stipulations attached to it. I would ask that the motion include those amended stipulations. Staff is available for applications and the applicant team is here as well if there's any

questions for them.

Mayor Lane: Thank you, Mr. Bloemberg. And if I might, Mr. Bloemberg, the added stipulations indicated for item 13 in your memo to us, are the sum total of the items of pages 1 -- 1 through 4 under the stipulation for zoning all to be added to?

Senior Planner Greg Bloemberg: Mayor Lane, City Council, that's correct. The amendments are in bold print. You can see which ones were changed.

Mayor Lane: I see. So most of this has been included in the stipulations?

Senior Planner Greg Bloemberg: Correct.

Mayor Lane: Okay. All right. So we do have a request for comment or otherwise from Councilwoman Milhaven.

[Time: 01:15:22]

Councilwoman Milhaven: I would like to make a motion to adopt ordinance 4287 approving a zoning amendment, to adopt, 106307 and adopt comparing Chauncey Marketplace to be a public record and that it includes the revisions presented to council this evening.

Councilmember Korte: Second.

Mayor Lane: The motion has been made and seconded. Would you like to speak -- would second like to speak toward it?

Councilmember Korte: No.

Mayor Lane: All right. Seeing that there's no further comments to requests to speak on this, I think we are then ready to vote on that motion as has been stipulated. So all of those in favor please indicate by aye. Those opposed a nay. Aye. It's unanimous then. 7-0. Thanks very much for your presentation.

ITEM 19 – FISCAL YEAR 2016/17 CAPITAL IMPROVEMENT PLAN MID-YEAR BUDGET ADJUSTMENTS

[Time: 01:16:12]

Mayor Lane: We move on to the item that was moved to the regular agenda, item 19 from consent to regular and request of a presentation on the part of staff.

Councilwoman Milhaven: No, Mayor, I would like to move to continue item 19 on next week's agenda. We have a discussion of the '17/18 capital improvement plan and I believe that consideration of item 19 should be done at least after that discussion next week, so I make a motion to

continue item 19 at least until after our discussion next week about the '17/18 capital improvement plan.

Vice Mayor Littlefield: I will second that.

Mayor Lane: The motion has been made and seconded on that. Any further comment on the part of the second otherwise? All right. There's a vote to continue, not to a date specific but until after the discussion of the C.I.P.? Understood. Okay. I think everyone understands that. No further comments being seen. I think we are then ready to -- all those in favor, please indicate by aye and register your vote. It's unanimous then to continue this item until after which time there is a discussion on the C.I.P. takes place. So that takes care of item 13 -- 19, sorry.

ITEM 29 – RAIN TREE 69KV UNDERGROUNDING IMPROVEMENT DISTRICT NO. I-6002

[Time: 01:17:43]

Mayor Lane: And the next regular agenda item is the Raintree, 67kv Underground Improvement District, I-6002. A public hearing and considering if it's deemed advisable to adopt a resolution 10696. Do we have Mr. Worth at the podium? We do. And he's here to present the staff's indication -- presentation on this.

Public Works Director Dan Worth: Good evening, Mayor and Council. This is a presentation on a proposed power line undergrounding improvement district. I will point out on the very first slide, the very first error, the title on this slide is from last month's presentation, where you approved a resolution of intention of form. What I will be asking you to do tonight is consider approving the resolution to order an election, but I will explain that in full and I apologize for that mislabeling. All the other documents, I assure you are correct and state the issue exactly as it should be. This is the proposed action.

And as I just mentioned on December 2nd, you took the first step in the process involved in forming an undergrounding improvement district and I have a map that I will show you in the next slide to remind you of the area that's involved and the properties that are involved. This is the next couple of steps in that progression that are required if the district is to continue.

Two separate things that we are doing tonight, number one is holding a public hearing regarding formation of the district and a public hearing regarding objections. We have received no objections. So this is going to fit the bill for a public hearing regarding the formation of the district.

The second item is to consider approval of resolution. That resolution includes some required findings of fact, and it also orders an election. First, the required findings of fact, you are going to approve resolution if you do so, that state that no registered voters live in the proposed district. It's a requirement of the state statute, that there are registered voters, registered voters living in a district requires an election. The absence of registered voters living in a district makes it possible to declare the district without an election and I will talk about that in a little more detail. That was one finding

of fact. There are no registered voters currently live in the district.

The second finding the fact the majority of property owners by area have signed a petition in support of the district. The staff has received the petitions from the district and validated them. We have over 50% of the property owners represented by area that have signed the petition indicating that they support the formation of a district.

Third finding of fact, we have completed our 30-day notice and we received no objections during that period.

Second item, the ordering of an election. There are two elections that could potentially be involved in the formation of undergrounding improvement district. One is an election to form the district, and the second is an election to authorize the levy of an assessment. Both need to happen, although there is a provision in the statute that as I mentioned a moment ago allows you to form the district without having an election if there are no registered voters living within the proposed district boundaries. If you do, that you still have to have the second election. You still have to have the election to authorize the levying of an assessment. So there will be -- if we proceed, an election, your choice is whether there's going to be two questions on the ballot or one question on the ballot. The resolution as currently drafted assumes that you are going to be on the side of caution and put both questions on the ballot, both the question of whether the eligible voters approve the formation of a district and then the second question whether they approve the levying of an assessment. Hopefully that's clear. It's fairly complicated but that's what -- that's what the stat sheet requires.

This is the proposed districts. You can see the green line. I had two separate slides when I had the last presentation. Green shows the proposed route of the power line, the red line shows the outline of the proposed district and then all. Parcels within that outline, within that proposed district fits into one or two different categories, one of two different categories. There's one shaded blue, one shaded light red. The one shaded light red all front on the proposed route, the ones shaded blue are close enough to benefit from the improvement but they don't have direct frontage on the proposed route.

The reason we did this, it has a two tiered assessment. We are not asking you to adopt the assessment model. That doesn't happen until later. But it does allow us to adopt an assessment model that weights those properties with direct frontage on the route higher. There's a proportionally higher level of assessment. Don't have to do it that way. You can still use this model and set the two equal to each other, but if there is a two tiered assessment, this is what we believe it will look like. Again, not asking you approve this now. This is something we still have the work with the and that will be a subsequent council meeting to approve the assessment methodology and the actual levy.

This is a slide that you saw last December, when you approved the resolution of intent. It just repeats for you the responsibilities if this district moves forward and is created APS will construct the power lines underground and pay all the costs. The district members will then reimburse APS for the increment -- the incremental costs of constructing power lines underground versus above ground. A

cost will be apportioned by that assessment methodology which we will bring to you at another date. And then the city's role is to collect the assessment for the funds to APS.

This is also a slide that you saw in December, when you considered the resolution of intention. I wanted to use the same slide to show you where we progressed in the process. What we have done far is the first two bullets and a portion of the third one in December, we did the -- you adopted the resolution of intention to form a district. Shortly after that, we did the required postings on site and in the newspaper of your notice of intention. We have gone through the required 30-day comment period, again no objections during the comment period.

And then if you look at the third bullet, the public hearing, I point to the second sub-bullet under that third bullet, it mentions the majority of property owners in the district signing a petition. We have verified that that has happened. That is one of the finding of fact that the petition requirements have been met. The other portions of third bullet, the public hearing and the ordering of the election regarding the district formation and the levying of the assessment are what are on the agenda for tonight and then the remain four bullets outline the remainder of the process.

If you approve the resolution tonight, there will be a mail-only ballot the resolution itself has a copy of the proposed ballot language. If the election is successful, then we come back at a later council date. One of the meetings in March to put before you a resolution and order in work, which would be the instructions that APS needs to build the power line underground. If we get that done prior to the end of March, when the APS's timeline, they will be able to dot work and meet anywhere timelines and then there will be a public hearing at a future council meeting to hear objections to the proposed assessment and the finalize that assessment methodology and then the final resolution or the final assessment actually follows the completion of the work when we know what the actual costs are.

So, again, this is what we are here about tonight, holding the public hearing which we are doing and the proposed adoption of 10696, which orders as it's written now, two elections both the election to form the district and the election to authorize the assessment, and the resolution also approved a form of ballot which is, again, attached to the resolutions.

[Time: 01:27:29]

Mayor Lane: We will go first to public comment but I'm certain I will have some questions for you in a bit. So the public comment, we'll start with Mr. Jim Riggs. Yes, Mr. Riggs thank you.

Jim Riggs: Mayor Lane, Council, Jim Riggs and Joel Superfin who filled out a request to speak. We are volunteer business owners in this district and we are representing the rest of the owners and we are here on their behalf tonight. We decided to come up together and make it easier and efficient so our comments are the same.

Mayor Lane: Very good. If up want some additional time, since you both have cards submitted, I will allow for that.

Jim Riggs: Thank you. From the big picture standpoint, the owners in the district are on point with what's going and consistent with Mr. Worth's comments, including the two-Tiered structure for the district map which was basically voted on and had a lot of discussion from the owners during a lot of hearings that we had up on bell road, meetings that we invited everybody in the district to. We have concerns on a number the issues that are in the resolution itself.

One of them is fairly important and it's that the words that are in several different sections of it that require an all-mail ballot. An all mail-in ballot that everyone has expressed, the owners have expressed. A number of the owners live out of state. Our biggest property owner is about 16% of the district, is a very large real estate investment trust whose probably responsible for almost half million dollars of total assessed value based on the estimates so far. Well over 1,000 employees. We don't even know if that ballot will get to the person we are talking to in time. Most of the people we have talked to have asked for us to either have a system where they can come to the clerk's office and identify themselves to the clerk and hand the ballot in, itself in person or have a general meeting, like we have been having the information sessions in the airpark and people can come and identify themselves and have a ballot notarized and delivered back to the clerk.

The all mail in ballot system right now in late January and we have seen the form, it looks like something on a post-election system where we got bombarded by mail and it would be put in the trash and we won't get the right notes that we need for this to be successful. We would like some flexibility for the clerk or the city staff to work with us on that requirement. Do you want to take them one at a time or raise the other ones right now.

Mayor Lane: Go ahead and continue.

Jim Riggs: The exhibit that you see in the resolution is the actual ballot itself if that ballot gets mailed out just like it's written tonight, it will be almost all on those, because it the not linked to anything. It doesn't link to the actual amount that each owner would have as their guaranteed max assessment. The reason we have gotten this far in over two years and in a very non-adverse relationship with APS and working together with them is that each owner understands now exactly how much they would be required of a maximum amount to contribute and that's what they would be voting on. If that generic ballot goes out that doesn't have a map and some kind of description of what that maximum amount is, you are going to get all notice from everybody that's in this district, including myself. So it needs a lot more detail to it, so people know what they are voting on.

It's important to know that expense estimate is still an estimate, APS is still making modifications to the plans and specifications. So it's not totally in stone yet. So we really don't have a total number to vote on yet as a district and we are aware of that. It's not a surprise and the owners in the district are also still aware that it's a moving number right now.

The -- there's -- in the statute, it has a provision that the city of Scottsdale is allowed to charge the district owners which is us, a fee for administering this district and the work that goes in with it. So far to date, the district owners have all contributed and deposited \$50,000 none refundable to cover administrative costs to date, outside legal counsel and staff to work on this district. Part of the

resolution and the total amount of money that we would have to pay includes a another charge of \$150,000. The owners during our informal discussions have asked Joel and I to request the city council to waive the \$150,000 charge due to the fact that the business owners are paying almost \$3 million in costs to bury these lines and the city benefits from that. Everyone that rides along the freeway won't have power lines to see, taxes will not get reduced because property values not drop in the area and then a major city asset which is WestWorld won't be hindered by having all the cars to go underneath the lines for the rest of their life. So there's a lot of benefit for the city to do. This and we would like to ask the council to waive the \$150,000 charge that gets passed along pro rata to all the owners in the district. I think that's it.

Mayor Lane: Okay. It's not something where we create a dialogue. What we will do in our conversations you may be called again to answer questions but I think at this point in time, there will be some questions of the staff and we'll try to work these items that you have just indicated into it.

Jim Riggs: Okay.

Mayor Lane: Thank you both for those comments and that explanation. Okay. Well, with that added information, I suppose, along with the presentation from our staff, we do have some comments from the council and I will start with Councilman Phillips.

[Time: 01:34:24]

Councilman Phillips: Thank you, Mayor. Well, that was certainly interesting. You know these, are the people that are affected by it and we should be listening to what they have to say. Do we have a representative from APS here?

Public Works Director Dan Worth: Mayor, Councilman Phillips, yes we do.

Mayor Lane: I guess the request is for you to come forward?

APS Project Manager Brad Larson: Hi, I'm Brad Larson with APS and I'm kind of the project manager for this over the past, about five years now.

Councilman Phillips: Because of the gentlemen's concerns and I'm sure you had meetings with them over these things. Do you think we are ready to go through with this right now or does it sound like we still need to fix some things?

APS Project Manager Brad Larson: I want to clarify first, he mentioned the cost. We have been tweaking our design slightly, still at this point, although I think we are very close to finalizing. The estimate we provided you in December was a not to exceed number. And that still holds. We are not going to go over that number. We had hoped that maybe it would come down. I can't tell you that at this point. If it does, it would be minimally. It will not come down a large amount, we know that.

Councilman Phillips: Okay what about the language in ballot. That would probably be up to us. And the more detailed ballot as far as who is paying what is concerned, is that a concern of yours?

APS Project Manager Brad Larson: Say that again. I'm not clear what you are asking.

Councilman Phillips: They were talking about the ballot language itself and it should be more detailed. Do you agree with that?

APS Project Manager Brad Larson: I just would have to ask the lawyer what it has to be, the state statute is very clear on what goes on that ballot and that it needs to be mailed and those sort of issues. I would think that more information you could give the people to vote, yes, that would be better if I was one of those members, I would want that information.

Councilman Phillips: Okay. Thank you.

APS Project Manager Brad Larson: Thank you.

Councilman Phillips: And then a question for staff, for Dan Worth. Did you say that nothing is still set in stone, like the district boundaries could still move. Or if we agree with this tonight, that's it and that's the boundary.

Public Works Director Dan Worth: My understanding is that the district boundaries are set. If we make any modifications to the district boundaries, we would have to start the process all over again.

Councilman Phillips: Okay. Thank you. I'm kind of inclined not to go for this, unless I know that all the people that are being -- or agreeing to pay for this, once they vote for it, are satisfied with it. And it doesn't sound like they are satisfied yet and I think we need to go back to the table with them and make sure that they are before it comes to us. Thank you.

[Time: 01:37:19]

Mayor Lane: Thank you, Councilman. Just a couple of questions maybe of staff to begin with, and one is these items of the voting method and the ballot, the clarity of it and the links to the proper amount and maps, are these things resolvable both in methodology, but also in the definition, to the satisfaction of what Mr. Riggs mentioned.

Public Works Director Dan Worth: Mayor, let me address three different things. The form of the ballot, which it's all mail balance lot, or some other method, I have to defer to the clerk who runs the elections for the city of Scottsdale and to the lawyers who are familiar with what's required and what is allowed in the state statute regarding this.

The links to the map and the assessment model. The cost estimate, as you just heard, Mr. Larson explain, we are working with the current best cost estimate, which includes the \$150,000 to cover city costs. Those are both not to exceed numbers. Those are both in the resolution of intention of

form, which you approved in December. So those are already a matter of record and available for anybody who is a member of the proposed district to reference and lacking an approved assessment methodology, that's what they would have to determine a potential impact of their property.

Mayor Lane: So if I understand maybe there's another question to be asked, either of Mr. Washburn or Ms. Jagger, with regard to the election process and maybe even the form that the ballot might say, is that a matter of statutory requirements and is there a way to accommodate the kinds of things that Mr. Riggs has just asked?

City Clerk Carolyn Jagger: Your Honor, this is the first time these questions have been raised to my office. But here's what I can answer, anything that changes the ballot language would have to go through the bond council approvals. So we would need to double check with that what can and cannot be on that ballot. But anything that we do change, then has to be translated into Spanish, including any changes in the instructions or any additional material that either went out ahead of the ballot or with the ballot.

The dead lines that I was given was the -- the wish to hold the election on March 2nd. To have an all-mail ballot election and make all of our statutory deadlines, we would have to mail the ballots on January 31st. So we're looking right now at two weeks to get those ballots out. So there's very, very little time to make any changes at this point. We're happy to move the election date. The problem is we're also working with APS's deadline and they need to have an answer by a certain time.

As for the process, I can work with bond counsel. I believe we can have the clerk's office be a replacement ballot site, but when the decision was made to make this an all-mail ballot, it was out of respect for the people that are in California and it might not be easy for them to come in to the clerk's office. So we didn't want to limit the voters to just being able to come into the clerk's office between January 31st and March 2nd. We wanted them to be able to just simply mail their ballot back. I could work with bond counsel so see if they would be okay with having us be a replacement ballot site and also an on-site voting site, where they could come in and cast their ballot if they didn't want to send it back in the mail. Everybody that gets a ballot in the mail, as you know, does not have to necessarily put it back in the mail to get it to us.

Mayor Lane: Yeah.

City Clerk Carolyn Jagger: They can come and drop it off. I think that should answer all of his questions.

Mayor Lane: So as far as just the methodology is concerned, it's optional, you can mail it in or bring it in?

City Clerk Carolyn Jagger: That's always the case with a mail election, Mayor.

[Time: 01:41:43]

Mayor Lane: And on the other hand, there's jeopardy because of a deadline from APS on one side, and the other is timing in order to get the ballots produced in the present form, versus -- and also have it as an all mail-in ballot. As far as links to an amount, it's not on the ballot right now; is that correct? Either a not to exceed or Mr. Worth did I understand you to say that there is a not to exceed amount that's indicated on it right now?

Public Works Director Dan Worth: Mayor, you approved a not to exceed amount when you approved the notice of intention. I would look at the ballot, and tell you whether it's available or not, except I loaned my copy of the ballot to Mr. Riggs.

Mayor Lane: Well, if Mr. Riggs had the ballot, maybe he should be answering that question. So the link to a map, I understood from Mr. Riggs' comments, was not on the ballot.

Public Works Director Dan Worth: Mayor the ballot doesn't refer to the not exceed amount and it refers to the district map on file with the city clerk. So it does not have the actual map and tells the prospective voter where to go to find it.

Mayor Lane: That's something that supplemental information could be sent to the specific voters in this -- that is contained within the district, I'm presuming. That would be an easy thing to communicate. I don't know if it's something we can include with the ballot or not.

City Clerk Carolyn Jagger: Your Honor, it would be usual to include it with the ballot. It's usual for the city. It is a vote that we are conducting on behalf of the district. They have the ability to reach out to them and provide them with any information that they would like.

Mayor Lane: Voter registration lists, we are talking specifically about the districts in this area.

City Clerk Carolyn Jagger: Exactly the property owners. It's my understanding that that list -- there's a good chance it will be ready tomorrow, so we will know exactly who is getting a ballot and what address it will be mailed to. We will provide it to the district and they will have access to that and be able to send out information about this election.

[Time: 01:44:19]

Mayor Lane: I would just like to say we have been working this out for a long time and we know APS has been very, very understanding in extending this for our redundant line that they have seemed to be very important for our eastern portion of our city, as it is in that area. So I'm concerned about any kind of major changes that would end up jeopardizing that further. That's in deference to APS and what they have done to this point in time.

If there's a way to communicate some of the things that Mr. Riggs has asked to make sure that the voters receive, I think that some way or another, it's something that we can work with them on, whether it's supplying the list so that they can do it or otherwise. So my inclination, number one is to make sure that we do everything we can to ensure the communication of the proper information is

made to those prospective voters in order to facilitate this.

And on the other hand -- the replacement of the balance lot is not something I -- ballot is not something I would be going for, but the situation, and the idea of the waiver of \$150,000. I don't know what history we have had on that. We talked about times to both APS and to the city with regard to who benefits from the undergrounding versus the overhead and that is generally the people within the district. That's the primary thing.

It's not to say that there's not sort of an overall impact to the city, but there's no part of this, really, actually benefits on city property. That's the determining factor. Constituents feel like we are spending taxpayer money for the benefit of a specific and collect group. So that's how we worked it and I think it's an important precedent not to break, but that's -- but that's my position on it as it is right now. Councilman Smith.

[Time: 01:46:25]

Councilman Smith: Thank you, Mayor. First of all, a question to the city attorney. We are not even agendized to discuss the potential waiver of some of this fee, are we?

City Attorney Bruce Washburn: That's exactly correct, Councilmember. You are not agendized tonight to discuss a waiver of \$150,000.

Councilman Smith: Okay.

Mayor Lane: Well, then let me say, I agree to just leave it the way it is.

Councilman Smith: I think setting that aside, many things have been addressed. It sounds like the city clerk is willing to work on a resolution of something other than an all-mail ballot, whether it's establishing your several as an election post or whatever. It also seems like what I'm hearing is that the people who are voting on this, the property owners, can, in fact, see how they are drawn or I suppose Mr. Riggs and the associations, you can send out to all the people a copy of the map on your own.

The one thing will not be known to them is what the maximum assessment will be but I don't really see any way that we can get from here to there, because we personally do determine that number that will ultimately be based on property value and determined by the county assessor and that number divided into \$150,000 or vice versa and that's what will determine somebody's assessment. But obviously, the proponents of this, Mr. Riggs and the others can communicate with the people, what parameters you think are important but the city can't be in a position to do that.

Based on everything that I'm hearing, I don't think anybody is ever going to be completely satisfied until we get to the end result, but I'm also aware that we don't have the luxury of time to go back to the beginning and start all over again.

So in the interest of moving this process forward, I would like to make a motion that we adopt resolution 10696 as presented. Thank you, Mayor.

Mayor Lane: Thank you, Councilman. Well, lack of any other second, I will second that motion. Councilman Phillips.

[Time: 01:49:10]

Councilman Phillips: Yes, after listening to our city clerk, I think that it does sound like it's really in your hands. I mean, it's between APS and their stakeholders and if it's not what you want it to be, then Carolyn can give you the names and addresses of all the people and you can write them and then it will be a waste of time. So I will go ahead and agree with it, and I will see where it takes us.

Mayor Lane: Thank you, Councilman. There's no other request to speak. I would say that the effort to try to get this accomplished has been a solid and a good one and a lot of willing parties to try to work hard to bring it together: I think it's important to the area but I think it's important that the people in the area recognize the value to their own property and to the area for them.

To have it any other way would be, I think, a breach of precedent that he has held for some number of years. In fact, I think from the beginning of these kinds of considerations for districts, and this kind of assessment for this undergrounding kind of mechanism. So I'm -- I think it's important. I would like to see it happen. But I do think it's come to a point that in needs to go up or down on the basis of what's been structured in the last two years and I think we are there. If it's not meant to be, I think that's an unfortunate thing, but it won't be for lack of trying.

I think on everybody's part and I don't want to say with any finality at this point in time, but I certainly do appreciate everybody's efforts and the staff and APS, and from the property owners in the efforts to try to do this. So Councilman Smith?

[Time: 01:51:09]

Councilman Smith: Thank you, Mayor. I was going to add that in making this motion and probably you and providing a second, I'm really trying to accommodate the property owners and I guess I would offer to them if this is not an accommodation you want, if you don't want us to do that, certainly from my point of view, I'm not trying force anybody to do anything. So someone should stand up and flap their arms about or whatever if they don't want this done. That's the reason I'm doing this, though, is to move the process forward on the only timetable I can identify on behalf of the property owners. Thank you.

Mayor Lane: Thank you, Councilman. Since there's no further comment on the item, I think we are then ready to vote on it. I would ask that all of you in favor please indicate by aye. Those opposed with a nay. It's unanimous. So we will move forward as indicated. Thank you very much for all the information Mr. Worth and Mr. Riggs. And to Mr. Larson. Thank you.

ITEM 29A – WESTWORLD EVENT AGREEMENTS AND BUDGET TRANSFER

[Time: 01:52:23]

Mayor Lane: All right. All right. The next item is 29a which is the WestWorld event agreements and budget transfer and we have Mr. Dygert here, yes, there he is, coming in from the wings. WestWorld's general manager. Mr. Dygert.

WestWorld General Manager Brian Dygert: Good evening, Mayor, members of Council, happy new year. Let me first apologize for my voice. I'm fighting a little bit of the head cold. So I will keep it somewhat brief and I'm sorry if it cracks and breaks up, but it's not intentional.

I am here to discuss, hopefully, a great project and a great contract that's been with us and we have been working on it for a long time. Before I get into the brief slides, it will actually talk about the contract itself, which I'm sure most of you are all familiar with, with the quarter horses. Let me give you a practical overview of what we set out to do and we have the other two entities that we have put all of this work into which is Parada Del Sol, the Rodeo group and the Arizona quarter horses. Their offices are here so when they get to that spot, you need to have any questions or have any dialogue, they are all here as well.

If you all remember, here's the practical overview, Parada del Sol Rodeo group and the working group at WestWorld have been spending hours and hours and months and even years working on solving one the big puzzles which was primarily around dates. And so the Arizona Quarter Horse Association is a producer of the sun country quarter horse circuit, long running, 40 some years old, the longest running event at WestWorld, but the thing that's important is it's always been in January. And as everybody has been growing and they are one of the big three, the point of the story is what we have done, what we did was sit down for the last year, the Parada group, Arizona quarter horse group and us at WestWorld, and try to figure out what was our future and what was the solution. This contract is basically the answer to that whole puzzle.

So what we did is you are going to be seeing a contract that has three resolution actions in it, that I will go through each one of those and basically, it's an all one, we do all of them, or we do none of them, but you can't pick and choose and it's because of the pieces inside. Parada Del Sol is going to be giving up their contract. They are actually going to be a subcontractor inside the sun country circuit and the sun country circuit is coming out of January and it will be the end of February, the first of March, following the calendar, accordingly, it's basically five days after the Arabian show closes. So that's a practical overview and then I will waltz through the pieces.

So the actions itself, we will be asking you, the Arizona Quarter Horse Association, it used to be the Arizona quarter horse breeders association that holds the current facility use license. It was dated in 2000, to be running the Sun Country Circuit. That use license will be terminated. We will terminate the current Parada Del Sol Rodeo contract. That was a three-year contract. We are in the middle of it. You would approve the new contract that's in front of you that is a 20-year contract. And the Parada Del Sol becomes a subcontractor with the Arizona Quarter Horse Association. We, the city,

we WestWorld, do not directly interface with Parada Del Sol on a business level anymore. They will be doing it with the quarter horse group.

And then, of course, there's a business transaction and I will get into that, which is approving the purchase of a portable, movable arena system so we can use up to two arenas in the north hall when the calendar and the practical layout comes available. The quarter horses specifically will have the option to do it at least twice a year and I'm sure you will have some questions around that. The funding to it will be the use of the -- the base in funds that WestWorld deposited into and the bureau has approved the use of those funds.

[Time: 01:57:00]

The contract itself is a 20-year contract. It's a 10/10. It follows very closely with what we did with the Arabians two years ago, 2015. It's now 2017. This is ten year, with one ten-year extension. It's actually going to be started. It will be retro, it will pick up -- it will be September of 2016 and wise because the quarter horses have starred a new show in the fall. So we would pick up last fall's show and then this thing would March forward and then we have been waiting in the fall show invoice for this action. Sun country itself is the show that's been in January, it will now be in March.

According to our records, it's the longest running event at WestWorld, of course the big three, Barrett Jackson, Arabians and Sun Countries have all been around for 45 to 50 years but in the '80s when the city started to create horseman's park, I believe they were the first ones to come along and start to utilize it. 85% of their exhibitors are from out of state. The majority of their attendees are here for ten days plus because it's a nine day circuit. It is one of the largest circuits in the quarter horse industry. American quarter horse association is the largest breed registry in the world.

Why is all of that pertinent? The Arizona Quarter Horse Association, their market is actually quite significant. The fall show that you are going to see is actually relatively new. It was picked up by the quarter horses and started in the fall of '13 and that was actually a hedge as you all had approved the Tony Nelssen equestrian center and we were going through that building phase. So they started to establish a new show in the fall, and those two events are in this entire packet. That contract is for two events for 20 years. The contract itself is going to specifically make reference to, again, you have got to remember sun country is coming out of January. It will always be in March. It's nine days long and their September event is five days long. Yes, they have the ability to add. They can also subtract or contract accordingly and that's spelled out in the contract.

Food and beverage rights come back to WestWorld. Sun Country itself had obtained the food rights to do food services during the Sun Country event. Those rights are coming back to WestWorld. They will be put in with all the rest of what WestWorld is doing and we do have some revenue shares on the revenue streams and that was the partnership that the two of us -- actually all three of us have put into place.

One of the keys is movable arena systems. Originally in the Tony Nelssen equestrian center was the design if -- I'm sure most of you will remember this, but do you remember when north all -- the south

hall was still dirt. It was supposed to be dirt base and that was about flexibility in the horse world.

[Time: 02:00:000

We grew the north hall and it went to a hard surface, et cetera. But the need or the desire to have those use that space as arenas is still there. The quarter horses are the primary ones that are willing to commit with us and so we actually are wanting to buy two movable arena systems. We will move dirt in and out. And what you are going to see in your action which is coming out of the basin fund is to purchase both. It has W.W. Livestock, it comes out of Kansas City. And the dirt is dirt, but I have to buy it into two different layers. I can get into that if we need to. The bureau has approved the contract as well. They have been over this contract and they have approved that and it's in your packet.

The business terms itself, I provided you with a -- I tried to keep this as simple and straightforward as I possibly can. The event, the base fee, it cuts the facility right down the center line from the Tony Nelssen equestrian center east, all the arenas and barns and excess, that base event for the March event, base fee, \$49,500 and a fix stall rate of \$100 per stall. They would be paying for how many they use and, yes, that particular -- this horse show in March, it floats right around 1,000 horses. It will be anywhere from 950 to -- it's been 1600 in the past, but the hope is with being in March, they are going to actually see that -- we'll all see. I don't want to speak for them, but it's about growth.

So this stall fee lets us both the producer and the operator work on the same value. And the September event, it's a five-day, 38, 300, with is the TNEC and to the east, and \$55 stall. Now that show right now is doing about 550 to 600 horses which is about half of our capacity. So we certainly want to be a part of seeing that grow to our full capacity.

The contract is fixed with those rates for the three and a half years. Again, we are going backwards to pick up all of '16 and move forward. That will stay fixed until the end of 2019 and then 2020 on, it -- those numbers will automatically build up by 2%. It's an escalation rate and we put in the exhibit so the math is already done. So it will move by 2% per year.

Revenue shares this was a lot of work between all of us. You have remember that the Rodeo is in there. Parada Del Sol has been a long-time piece to Scottsdale. We have due respect to that and as long as Parada Del Sol, the entity that currently now exists stays working with the quarter horses, they can seek the benefits of this contract. We did write in this contract that if they stopped or cease or went about, then the quarter horses would have to come back to the city and talk about what might something else look like. So it's not an automatic.

Bear with me. March, what used to be January, sun country, Rodeo performances are going to be inside a nine-day quarter horse circuit. During the Rodeo performances being only food and alcohol, which is WestWorld's share will go to the producer. It basically is going through quarter horses to Parada Del Sol, that's how they make that thing work. Everything outside the Rodeo performances, it's normal for us and we will share that with Arizona quarter horses. It's 10% on food and alcohol. We get 20% on food and 30% on alcohol.

Bedding, which is the feed store at WestWorld. WestWorld's feed store can only be opened for events. So the sole purpose is to support the events and in the March event, we will share 20% of growth and that's 20% on bedding and 10% in RVs. In September, there's no Rodeo. So the Rodeo percentages don't apply. 10% on food and alcohol, 15% on bedding and the reason is because that volume is so much lower. And so until they -- what we talked about and agreed on, if that show ever gets to that size, happy to talk about it, happy to amend it, bring it back to you all and go from there, but until then, this is the best we could do and 10% on RVs.

[Time: 02:04:56]

Mayor Lane: Excuse me a second. Just for point of clarity, I wanted to have -- when we have on the March under Rodeo, food and alcohol, the 20/30, is that 20% city, and 30% event producer?

WestWorld General Manager Brian Dygert: Mayor, the answer is no. That's 20% food, 30% alcohol.

Mayor Lane: Gotcha.

WestWorld General Manager Brian Dygert: It's all going to the producer. During the Rodeo performances, that's our control. We are going to yield that to the producer because it's Parada Del Sol.

Mayor Lane: So under normal circumstances, standard rates, it's 20/30 to the city, we are handing that over to the producer.

WestWorld General Manager Brian Dygert: Correct.

Mayor Lane: Okay, non-Rodeo food and alcohol, we only have one percentage figure. Whose is that? Is it just 10% on all of it for the producer?

WestWorld General Manager Brian Dygert: That's 10% to the producer on all of it. We didn't distinguish it's 10% on food, 10% on alcohol.

Mayor Lane: If you wanted me to stop talking about it say so or change the slide.

WestWorld General Manager Brian Dygert: Oh, I didn't touch it.

Mayor Lane: And so on bedding, what is typically the city's portion of the bedding percentage of growth.

WestWorld General Manager Brian Dygert: Typical would be 20% on food, and 30% on alcohol.

Mayor Lane: No bedding. I'm at bedding now.

WestWorld General Manager: Typically we don't share that.

Mayor Lane: So what does that indicate? The 20% to whom?

WestWorld General Manager Brian Dygert: That goes to the producer. That would be the Arizona quarter horse.

Mayor Lane: So we don't get anything on bedding?

WestWorld General Manager Brian Dygert: Yes, sir. We get 80%.

Mayor Lane: Oh, okay. I must have misunderstood. So on R.V.s they are getting 10% and we are getting 90%?

WestWorld General Manager Brian Dygert: That is correct.

Mayor Lane: Okay. All right. Very good. Thank you.

[Time: 02:06:50]

WestWorld General Manager Brian Dygert: This is the event value to the last two events that we had for these two events this is what they do. Okay? And, again, I try -- the January event, which is Sun Country is going to be in March. When you talk about the invoice, that is what the producer pays to WestWorld or the city. That's 172,000, which would be that base use fee, plus stalls, plus there's some labor and support services in there, but you put all of that into one and that's what the producer pays to the operator. Secondary revenue, food, beverage, alcohol, food and bedding, those are secondary revenue streams that fundamentally WestWorld controls and yes, you see them negotiated and shared with various producers as we have been trying to grow and do things. But that's exactly what they are.

Mayor Lane: What would the estimates be on the new contracts for these same events?

WestWorld General Manager Brian Dygert: The bad news is it's to the exactly apple to apple, but as close as I can possibly give it to you apple to apple and it's because of the contract and the assets. If you look at WestWorld over the last 17 years of when the Arizona quarter horse got that contract in 2000, and what WestWorld is now, it's a very different facility and just stalls, because in 2000, there were 480 stalls and now there's more stalls. It's hard to do it exact.

So the answer to that is what do 360,249 for the January event that's going to be March, what will that look like? Basically 400,000, given or take, 410. It's a net up. We receive more money, about half of it for the January, what is now going to be March event is secondary revenue. We share a secondary piece back with the producer we are incentivized to grow as large as we can get.

Mayor Lane: So hopefully in years to come, it will grow larger. So in the September event -- well, they look like pretty precise numbers. We do have some history as to what that is. The 130,000 is

what has been running. You have an estimate as to what it would be going forward with the new contract?

WestWorld General Manager Brian Dygert: Yes, I do and basically, it's a \$2,000 difference. It's \$2,000 more. It's not a big number because they have been running -- we brought their fall contract to you year by year for the last three years. And it's pretty much the same thing of what is in this contract. So it's -- it's not a big change.

Mayor Lane: We now have an escalator in there after 19 -- 2019; is that right?

WestWorld General Manager Brian Dygert: Yes, that's correct.

Mayor Lane: We didn't have an escalator in there, it was more of a year-by-year determination.

WestWorld General Manager Brian Dygert: Every year we had to renegotiate, that's correct.

Mayor Lane: Okay. Thank you, Brian.

WestWorld General Manager Brian Dygert: And the last piece --

[Time: 02:10:03]

Mayor Lane: I'm sorry. I don't know maybe councilman Smith may have a question on the same topic.

Councilman Smith: I think skip a slide forward and I think you will address the question I have. Because that, yes is talking about the \$45,000 fee that they are paying us toward the equidome project that we did a few years ago. And I -- my question arose in my mind on the previous slide, is this the previous -- does the previous slide show this \$45,000 in the March number historically, and prospectively? Does the \$360,249 include \$45,000?

WestWorld General Manager Brian Dygert: Councilman Smith, the answer is no, it does not.

Councilman Smith: So that will be an add -- it's unrelated. That's sort of a return on our investment that is related to the program or the contract here?

WestWorld General Manager Brian Dygert: Councilman Smith, that is correct. The contract states that what we will do at your producer's request. The March event, we will invoice the 45,000 additional commitment and so that will get processed at the end of the March event and go to the city remittance.

Councilman Smith: Was that added to what we will to the January event? In other words do they pay that last year? And was it -- was it an add on to what we otherwise see as 360,249 for last year?

WestWorld General Manager Brian Dygert: Councilman Smith, the answer is no. They have not paid it yet.

Councilman Smith: They have never paid the \$45,000 yet.

WestWorld General Manager Brian Dygert: They have been getting -- the answer is no. They have not been paying it yet. As of right now, they will pay it for two years longer than what the bonds will be. And that's still the commitment. And so they -- I don't want to speak too much for them. They can speak as well.

But the point is this. They were uncomfortable starting to make those comments before they could get assurance this they would be able to have arenas in the north hall. That was their detail. So for last two years we have been working on that. And as soon as we got that puzzle, we had to fix two puzzles. One was the dates in January. Two was the ability to get arenas in north hall and get using for what they wanted to do and then they were happy to get on with their commitment, and basically that's what we solved. So for 20 years, with this contract, starting now, in 2017, they will pay that 45,000 for 20 years.

Councilman Smith: Okay. I understand what you are saying. I would be remiss if I didn't say that I'm a little unhappy that the payment doesn't start a little sooner. We obviously built the facility a number of years ago based on commitments from all three of the principal sponsors but we are where we are. And it sounds like we are at least have it resolved and we'll someday see it. Thank you.

[Time: 02:13:11]

Mayor Lane: Brian, let me add a little something to Councilman Smith's comment. I too am a little bit concerned about that but that specifically a contribution not debt service that was agreed but you did say that as part of the ongoing agreement now, as we go forward, that they have added two more years to that commitment?

WestWorld General Manager Brian Dygert: Mayor, that's correct.

Mayor Lane: So somewhere along the line, they will have to double up on a couple of years to make that payment? Of the 45. Is there any indication as to when that contribution would be made at the front end or the middle, contributed between or at the end?

WestWorld General Manager Brian Dygert: Mayor, I don't have that answer for you. There would only be one. It would be one year as of right now, and it's because of 2016 because we got half of '16. That's -- so -- you are correct --

Mayor Lane: We are only talking about adding one year.

WestWorld General Manager Brian Dygert: Correct. Would you need one as of right now. Correct.

Mayor Lane: Okay. So they have been absolved from the commitment that they have made for the interim period of time that they have been using it under the old contract? Have they ever paid the \$45,000?

WestWorld General Manager Brian Dygert: Mayor, no, they have not. It's on the books. They get a statement. We are all aware of it, but that's been all of the work that has led up to this whole thing. And the best that I can answer is they are reluctance was about getting them assurances about the arenas --

Mayor Lane: And I heard you on that and, of course they talked about that a little bit too, Brian. I guess I heard something in the conversation just now that they will add two years to that commitment. I must have misunderstood. Jeff, do you have anything --

City Treasurer Jeff Nichols: Yes, sir, Mr. Mayor. We had the three groups that had made commitment to the debt service for a period of 20 years. Two of the groups started those payments after they made the commitments. This group did not. But they will all be making the payments for 20 years.

Mayor Lane: Okay. So they are not adding two years.

City Treasurer Jeff Nichols: It's extended two years --

Mayor Lane: Okay. Thank you. I appreciate that. Thank you, Brian. Please continue.

WestWorld General Manager Brian Dygert: I think we already got it, which was the \$45,000 of debt service. That was the last side. That was the last piece and the other portion is questions or comments and if you want to hear from the Parada group or the quarter horse group, they are here as well.

Mayor Lane: Thanks for the presentation on that. I will see if there are questions. We'll start with Councilman Phillips.

[Time: 02:15:55]

Councilman Phillips: Thank you, Mayor. This is kind of like the APS thing, this needs to be done now in order to get the movable stables in. That's why we are bringing this forward tonight?

WestWorld General Manager Brian Dygert: Councilman Phillips, basically the answer is yes. We have been trying to get to you for months. It's just long and it's been a lot of work. But we definitely are on the short roads right now in order to make these movable -- they are -- they are movable arenas. It's an arena system and so no to get them bought, we have already identified the ground, but to get that bought and then to do the actual things that they can use it in March which is right now seven weeks away, yes, we need to either do this tonight or we'll see sometime later in the

year.

Councilman Phillips: Okay, well, thank you. Thanks to everybody for getting this contract through. You can see how complicated it is and what with you have had to work on all of these last couple of years. And these are top events, top tourist draws and we have to make sure that this thing passes.

So with that, I will move to -- and I just got this line in here. So I will just say adopt resolution number 10676, 10663 and 10673.

Mayor Lane: Second. Everybody wanted to weigh in on that. I'm going to -- a point of personal privilege. I guess I was in that mix. I will take that second. And echo a few of the same comments but one of the things that I find very interesting about this, of course, is the cooperation with the BOR and the cap funds and the use of those capital funds that we are talking about here. I think that was -- that's a very -- it's actually a continuation of some things we have done in the past and I think to our great benefit and, frankly, to the BOR lands as well: One of the things we looked at in the past at times, with the cap facing funds is a recognition that each and every contract or lease has a contribution back into those funds and I'm presuming that's part of our commitment under these contracts as well.

WestWorld General Manager Brian Dygert: Ultimately, yes, that's correct.

Mayor Lane: Okay. Thank you. All right. Well, with that then, I think we are then ready to vote on the motion that's been on the table. And seconded. All of those in favor, please indicate by aye. Those opposed with a nay. It's unanimous. Thank you very much, Brian. Great job.

[off microphone comments]

[Time: 02:18:33]

Mayor Lane: I'm sure the city clerk has got that noted down, every vote.

Councilwoman Klapp: We need to adjourn.

Mayor Lane: We have to put that in the minutes -- no we have one other thing. We do have one request for public comment. And I believe it's -- I believe it's Jerry Lewkowitz. I'm sorry, Jerry.

Jerry Lewkowitz: My name is Jerry Lewkowitz and I don't live in Scottsdale. I'm home grown from Phoenix and I'm here -- I was on -- I was here on business and it was done by 6:00, but I have enjoyed the meeting of the council up until now. And now is when I speak and hope you will appreciate the fact that I'm here to invite each and every one of you to attend the Phoenix open which starts two weeks from today. I am what they call a life Thunderbird. When I was active, for most of you were born, my mentor was Councilmember Korte's father and ray didn't do a very good job, but I ended up enjoying the Thunderbirds for all of these jobs. The tournament brings over 600,000 attendees in the one week, less than a -- excuse me, less than a week because it starts two weeks from today and

finishes the Sunday four days -- or five days later.

In addition to that, because of the sales and the support that we received from the community, Scottsdale citizens, the national corporations, we -- because of the 600,000 attendees, and others, the Thunderbirds made up to and close to, I should say, \$10 million last year. That's not counting the people that stay in the hotels or rent the cars or anything. These are the sales that have been made by the active Thunderbirds and some light Thunderbirds. The Thunderbirds are a volunteer group. I didn't have to pay for my own lunch, but I didn't get one today. But seriously the \$10 million -- I think this year it's \$9.6 million is thrown back into the community and as a volunteer organization, we are very proud of that.

We are number one in attendance in the world to golf tournaments. We are internationally known, I guess for hole number 16, because of Tiger Woods' hole in one a few years ago. It's a very famous hole. It's a sky box, the way it's built. You have all been there, I don't want to be repetitious. I just want to make sure that you attend this year. You will love it. It gets better every year. There's a certain competitive instinct in all of us that have participated in the Thunderbirds, you know, kind of like beat last year as figures and this will be a terrific year and I hope you are there to enjoy it.

Mayor Lane: Thank you Mr. Lewkowitz.

Jerry Lewkowitz: I will be happy to answer any questions.

Mayor Lane: We're not allowed to actually talk to you. Thank you. Well, that is the extent of public comment at this point in time. We have no citizen petitions. Plus, we have -- Councilman Phillips, do you have something? Okay.

MAYOR AND COUNCIL ITEMS

[Time: 02:22:58]

Councilman Phillips: Yes, if council would indulge me in the Mayor and the council items. I had two requests. The first one, move to direct staff to come back to council with progress on the sober living home ordinances they are working on.

Councilwoman Milhaven: Second.

Mayor Lane: The motion has been made and seconded for guidance to council with status update and the information on the sober living homes in the city of Scottsdale.

Councilman Smith: I would second that.

Mayor Lane: No, I'm sorry, it's already been seconded. Unless there's any further comment on that, I think we are ready to vote on that. It's unanimous. Okay. Councilman Phillips, you had another?

Councilman Phillips: Thank you, Mayor. And the second one is move to direct staff to schedule work study on the in lieu parking process.

Vice Mayor Littlefield: Second.

Mayor Lane: Motion has been made and seconded to direct staff to come back with an agenda item for a work study to discuss the in lieu parking situation. And if I might just say, I suppose we -- it needs to be in the context of the entire parking situation. Yeah. And Councilwoman Milhaven.

Councilwoman Milhaven: I would ask for a friendly amendment. We had a work study about alternative parking. Would you offer that as a friendly amendment on the progress around finding parking solutions including consideration of in lieu parking?

Councilman Phillips: I understand that. So including the in lieu parking.

Councilwoman Milhaven: Agreed. We started doing broader work on lots of different solutions to parking problems and I would like an update of all the work to date, including the in lieu.

Councilman Phillips: Sounds good to me.

Vice Mayor Littlefield: Me too.

Mayor Lane: Okay. So motion has been made and I think we are ready to vote. All of those in favor, please indicate with an aye, those opposed with a nay. We will move that forward. If the staff would take notice on that.

We appreciate your attention. And for those of you who have stuck with us, we appreciate you staying.

[Time: 02:25:22]

Councilwoman Klapp: Move to adjourn.

Councilmember Korte: Second.

Mayor Lane: Motion to adjourn has been made and seconded. All of those in favor of adjourn. Please indicate by aye.