
This document was created from the closed caption transcript of the February 18, 2020 City Council Regular Meeting and has not been checked for completeness or accuracy of content.

A copy of the agenda for this meeting, including a summary of the action taken on each agenda item, is available online at:

<https://www.scottsdaleaz.gov/Assets/ScottsdaleAZ/Council/current-agendas-minutes/2020-agendas/02-18-20-regular-agenda.pdf>

An unedited digital video recording of the meeting, which can be used in conjunction with the transcript, is available online at:

<http://www.Scottsdaleaz.gov/Scottsdale-video-network/Council-video-archives/2020-archives>

For ease of reference, included throughout the transcript are bracketed "time stamps" [Time: 00:00:00] that correspond to digital video recording time.

For more information about this transcript, please contact the City Clerk's Office at 480-312-2411.

CALL TO ORDER

[Time: 00:00:07]

Mayor Lane: Good afternoon, everyone. Nice to have everyone here with us. I'd like to call to order our February 18th, 2020, City Council meeting. Approximately 5:05.

ROLL CALL

[Time: 00:00:17]

Mayor Lane: Start with the roll call, please.

City Clerk Carolyn Jagger: Mayor Jim Lane.

Mayor Lane: Present.

Carolyn Jagger: Vice Mayor Kathy Littlefield.

Vice Mayor Littlefield: Present.

Carolyn Jagger: Councilmembers Suzanne Klapp.

Councilwoman Klapp: Here.

Carolyn Jagger: Virginia Korte.

Councilmember Korte: Here.

Carolyn Jagger: Linda Milhaven.

Councilwoman Milhaven: Here.

Carolyn Jagger: Guy Phillips.

Councilman Phillips: Here.

Carolyn Jagger: Solange Whitehead.

Councilwoman Whitehead: Here.

Carolyn Jagger: City Manager Jim Thompson.

Jim Thompson: Here.

Carolyn Jagger: City Attorney Sherry Scott.

Sherry Scott: Here.

Carolyn Jagger: City Treasurer Jeff Nichols.

Jeff Nichols: Here.

Carolyn Jagger: City Auditor Sharron Walker.

Sharron Walker: Here.

Carolyn Jagger: And the Clerk is present.

[Time: 00:00:45]

Mayor Lane: Thank you. Some items of business here. There are cards if you would like to speak on any of the items on the agenda or for Public Comment. And there is a card for written comments that are available on the table here to the right, city clerk Carolyn and her staff are here to assist. The yellow cards are for written comments and the white cards are request to speak.

We do have police officers Stacy Dyer and Tony Wells here, directly here in front of me. I'm sorry on the mezzanine. As well as firefighter Kevin Hubbard, he is standing right behind us here, if you need any of those individuals, they're here to assist you. There are restrooms on the south side over here to my left, under the exit sign for your convenience. If you have any difficulty hearing the proceedings, we do have

hearing assist headsets available here at the clerk's desk to my right as well. You can check with them if you would like to receive one.

PLEDGE OF ALLEGIANCE

[Time: 00:01:54]

Mayor Lane: We have the great pleasure on this particularly special day, but nevertheless, pledge of allegiance by the Daughters of the American Revolution, Major Winfield Scott Chapter. We're just as impressed. Thank you for being here and leading us in the pledge. If you can, please stand.

Daughters of the American Revolution, Major Winfield Scott Chapter: 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.

INVOCATION

[Time: 00:02:44]

Mayor Lane: For the invocation this evening, we have Pastor Bruce Johnson of Scottsdale Presbyterian Church. Welcome.

Pastor Bruce Johnson: Thank you, Mr. Mayor. Let us pray. Dear God, we give you thanks. Especially the season where it seems like the whole world descends on Scottsdale with all of the wonderful events going on this month and next. We pray for the grace to be hospitable to visitors, to welcome them and to put on a good face of our city, in our interactions with strangers. We pray for all of those who work for our city, blessing on them, different areas, different departments, pray for our first responders, police officers, firefighters, that you keep them safe in the exercise of their duties and we pray for all who guard our safety, especially those in our armed forces and those in harm's way this evening. We pray for protection for our soldiers and sailors and airmen and guardsmen and Lord, we pray your blessing on our City Council. We pray that you would give them wisdom in all that they will look at and decide and ponder this evening. And because it's a political season this year, we pray that their passion would be met by compassion. In all that they do and say to one another. Lord, hear our prayer, in your great name we pray. Amen.

Mayor Lane: Thank you, Pastor.

MAYOR'S REPORT

[Time: 00:04:26]

Mayor Lane: We've got a little bit to report here. I'd ask you to please turn your attention to the display panel over here. The panel near the clerk's desk there. This is one part of the Women's Suffrage exhibit. The exhibit was created with input of historians, museum professionals, writers and teachers. If you

read all of the panels, you'll have a good understanding of the movement and its impact on American life. Thank you for bringing this exhibit to Scottsdale, and while we're discussing the movement, tonight we have a special proclamation on that topic.

Proclamation reads, Whereas, Scottsdale joins the nation in celebrating the 100th Anniversary of the ratification of the Nineteenth Amendment and recognizes the determination of Arizonans and suffragettes across the nation to guarantee a woman's right to vote; and Whereas, Prior to Arizona's statehood, the Women's Christian Temperance Union successfully advocated for the introduction of bills "to extend the Right of Suffrage to Women" in 1881, 1883, and 1885 but the Territorial Legislature defeated them each time; and Whereas, Arizona became a state on February 14, 1912 and shortly after voters (all men) overwhelmingly approved women's suffrage –more than eight years before the ratification of the Nineteenth Amendment; and Whereas, On February 12, 1920, Arizona voted to ratify the Nineteenth Amendment and by August of that year the amendment had been ratified by the required 36 states ensuring that "The right of citizens of the United States to vote shall not be denied or abridged by the United States or by any state on account of sex"; and Therefore, I, W.J. "Jim" Lane, Mayor of the City of Scottsdale, Arizona, do hereby proclaim Scottsdale A Women's Right To Vote Centennial City and invite our community to join us in commemorating this anniversary while remembering that some rights we cherish today were won through struggle.

I would ask that the American Association of University Women of Arizona who have been empowering women since 1881, to accept this proclamation, if they could come forward and then we will have a photo with the whole group the league of women voters. If you would, please.

Thank you all for being here with us today. That was very nice.

PRESENTATIONS/INFORMATION UPDATES

Mayor Lane: Our next order of business is the presentation by Experience Scottsdale. It's an update. The presenter is going to be Rachel Sacco, the president and CEO of Experience Scottsdale. Welcome, Ms. Sacco

[Time: 00:09:56]

Experience Scottsdale President and CEO Rachel Sacco: Thank you, Mayor Lane, members of the Council. For those of you that I haven't met, I am President and CEO of Experience Scottsdale. The mission of our organization is to really try to be a vibrant part of our economy by presenting and promoting Scottsdale as a luxury vacation site, a place to attend events. We have been building and protecting that wonderful brand that we have for more than three decades. This is the best time of year to be here, as the good pastor said, I think people from around the country are all flocking here. It's easy this time of year during the high season to recognize our visitors, particularly if they are wearing the traditional orange and black of our San Francisco Giants. While they're easy to actually point out, sometimes I think we forget in the midst of our busy season with visitors coming here from all over what the visitors actually mean to Scottsdale.

So I love to come here during the high season and remind you that visitors do leave, but they leave behind about \$3.1 billion when they leave. They represent about 26 percent of all of our sales and tax

collections. And they're responsible for the employment of about 28,000 individuals just in Scottsdale who are here directly related to the tourism industry. And with the first game of the Giants coming for spring training this Saturday, another wonderful thing to remember about the tourism industry is the impact that we have had from our visitor derived bed taxes on to projects like the stadium renovation that otherwise would have had to be on the backs of citizens of Scottsdale. So that is a wonderful thing for us to keep in mind.

I'm going to ask you for your help if it doesn't move forward. So one of the things that we are trying to do at Experience Scottsdale is to make sure that we're not just a place during season for visitors. We are definitely wanting to make sure that we are a year round destination for visitors so that we continue to keep our coffers flowing year round. We have been strategically looking at the need time period outside of our high season.

When I was here in November presenting to you, we had just begun our 8th annual holiday campaign. We had been trying to make sure that we're inviting visitors to come here and book their vacations from Thanksgiving all the way up to New Year's. Here we are. I can look back and tell you that as of the holiday season in 2019, we have come a very long ways. If you were here in 2011, you might remember that that time of year was rivalling our summer low. Our occupancy back in 2011 was about 57 percent during the holiday time period. We finished this last Thanksgiving up through the New Year's at over 70 percent occupancy. A lot of coffers are filled, not just in the hotels, restaurants, retails, and galleries. Eight years ago we said could we make Scottsdale a holiday destination to rival the Caribbean or Hawaii, I think we can say absolutely yes.

[Time: 00:13:21]

It is the entire community that got behind putting product together, private businesses and our own city Scottsdale are things that we enjoy as residents as being able to offer them to visitors. It's not just our regional folks coming here. We can look and see that those that we used to think only came during high season, from New York, Chicago or L.A., are coming here also even in the summertime as well. So speaking of some of those wonderful areas like New York and Chicago, and beyond, New Yorkers have not been able to escape Scottsdale of recent weeks. If you've never seen this before, this is last month we have launched once again outside of Penn Plaza in New York City, what we call a station domination. We have about two square city blocks filled with beautiful imagery through January and February talking about Scottsdale and the reason that people there in that frigid area of New York City should be coming here.

The reason we're there outside of Penn Plaza is that the visitor research that we do that tells us that down to the the zip code those potential visitors that we want to bring here that are affluent are absolutely residing on a train commuter schedule that is in the suburbs. They are coming into the Penn Station every single day, day in, they are coming back home, they are looking at our beautiful Scottsdale desert imagery day in and day out for the entire months of January as well as February. We started targeting this in Penn Station about three years ago. Our proprietary research has showed us that Penn station commuter trains are looking at those visitors that we want to bring down to the zip code. Not only do you see these type of outdoor activities and activations on Scottsdale, we're running our television campaign that is on television and cable as well as network. We are doing radio. Social media. And we're actually doing a lot of print publications as well trying to make sure we're reaching all of the audiences that we can in that area.

We also return to Chicago again this year in a similar fashion. Ogilvie station, what you'll see here is a 1.5 million square foot office tower that feeds into the station. There is also a food court here that is very popular with Chicago residents. People are coming in thousands, every single day. What are they greeted with, this wonderful beautiful imagery of warm and sunny Scottsdale. As we're looking at New York and Chicago, we can tell down to the zip code where we need to place our ads. We know when to place them so that we always know we have the right message. Because we test it. We're in the right place and we're there at the right time.

This is actually in Toronto. Once again, another train station if you will. Canadians are definitely one of our most important international markets. Toronto is our number one market in Canada. I love to show you this next slide. Look at all of the snow outside of these vibrant declarations. I don't know if you can read those. Our campaign tells us that the desert is hot, desert is wild and dry. And I'm sure that every single Canadian that sees that says it's absolutely what I need right now. Which is our tag line. So to have the greatest impact, once again, we are making sure that we're layering all of these campaigns with all of the messaging that we can get and even more. With all of the snow on the ground right now in Canada, we have been offering our Canadian visitors a warm escape in Scottsdale.

[Time: 00:17:13]

Last month, we launched a new partnership with the weather network in Canada. That is to drive awareness and inspiration and consideration for Scottsdale as their winter travel destination. Now, when we live in Arizona, we don't need to necessarily always check the weather channel, do we? Because we know what it will say most days, sunny and warm. It's a different story in Canada. They're constantly checking. Not just the weather network, checking the website to see how the snow and weather will impact their lives. So imagine you are a Canadian, and you are worried about how the snow is going to impact either your daily commute or your weekend plans.

And suddenly in the midst of checking to see that it is yes, once again, 32 below, you see a beautiful one minute commercial and clip of the weather network host talking about Scottsdale Arizona. We brought out one of the hosts of the weather network with her family. They were here in October, having a wonderful time. They were out doing all sorts of things and doing family friendly activities. She fell in love with Scottsdale. Hence, those clips that she has aired and our TV commercial will be airing on the weather network from now all the way through March, along with digital promotions and more. So you'll see in the next slide, we are just about more than halfway through our fiscal year and I want to tell you sincerely we're so pleased and proud that we are definitely on track to meet all of the metrics that you've set aside for us.

Whether they be booking meetings into Scottsdale or generating brand engagements on the website or securing tour programs for small businesses or even getting media to write about Scottsdale. If you are on the American Airlines taking a trip either domestically or internationally in November, you saw that we were on the cover, Scottsdale was on the cover of American Way, which is the in-flight magazine for American Airlines. 17 page spread on Scottsdale as a result of that media that journalists coming out and working with us at Experience Scottsdale. If you happened to be on a long haul travel with American Airlines or on an international flight, you had a chance to see Scottsdale hosted on a video that was Scottsdale as a place to go.

So we are looking forward to doing even more with more journalists coming out for the rest of the fiscal year, as well as promoting the meetings and training tour operators, et cetera on how to sell Scottsdale. One of the things that we're working on as well is the new air service that is coming to Sky Harbor international airport. Helping them to market the brand new EURO wings. They are providing direct flights into Frankfurt. We have feet on the ground in UK, Germany, to make sure that the international travel, starting to come in the summertime, that is a big part of what we consider a very lucrative part of Scottsdale visitation.

As the city's largest partner, I want to make sure that residents also know what we're doing and how important the tourism industry is for Scottsdale, while we spend some of our time working with the city staff, working with you to make sure that you understand and know where we are with our metrics, we are following the direction that you have given us. We want to make sure that residents, unless you're in our target market you'll never see what we do because our mission, given by you is to promote outside of this area. So we've been inviting residents or any interested businesses that want to learn more about Experience Scottsdale to come to behind the scenes. We have another one coming up February 26th. We would love to share with you how we work our budget, how we're funded, more about our research, program of work and what we do to actually bring visitors here. So please RSVP if you're interested, in the audience or at home, or anyone because we want to share that story with you. And how the tourism industry keeps our quality of life and taxes low. How our work provides a \$250 million impact as a result of our work each and every year for our community.

As I close, I want to thank you once again for all of the support that you give my team and myself and the tourism industry. I want you to know that we know it is an honor and a privilege to work and do this kind of work, the place that we live and to invite people from around the world who are constantly falling in love with the destination and to be an ambassador for Scottsdale, for all of you and the citizens and know that what we're doing is hopefully making a difference in every citizen's life. Thank you so much for everything that you do for us. As the good pastor said, when it's crowded in your favorite restaurant, perhaps, he didn't say that, be kind to our visitors, one of the things that they love so much is they tell me it's one of the most friendly places and they feel welcome whenever they come here. Thank you for welcoming our visitors, particularly in high season. Thank you.

Mayor Lane: Thank you.

PUBLIC COMMENT

[Time: 00:22:38]

Mayor Lane: Next order business is Public Comment. Public Comment is reserved for citizen comments regarding non agendized item for which no action will be taken. Comments are limited to issues within the jurisdiction of the City Council. Speakers limited to three minutes each, maximum of five speakers. Another opportunity for Public Comment at the end of the meeting. We'll start with Peter Boyle.

[Time: 00:23:12]

Peter Boyle: Good evening, Mayor Lane, Vice Mayor Littlefield and members of the Council. My name is Peter Boyle, I am a resident here in Old Town. I am speaking today on behalf of AG2, or the Avant Garde on Second Street. We are the young professional leadership board for Scottsdale Arts on whose board I was nominated as a voting member. Our aim is to engage the next generation of arts lovers here in the city. The median age here in our city are 46. Half of our residents are children or young adults, and young professionals starting out in their careers. This is a demographic that strongly supports the arts. We are energized by the division of growth and cultural enhancement that was provided for by this city and recent bond funding. As you know too, the ROI to the tax base from investments in the arts pays significant dividends here to our city. Arts contribute \$16 million to the tax space with \$56 million injected into the local economy through investments in the arts. 3X multiplier and pretty good bang for our buck here in the city. We're looking to do our part to support this investment and support this return for our city. With over 125 attendees at our recent convergence event, and about a dozen members of our leadership boards, several of them are here to support today.

We are excited to continue to contribute to what makes so many visitors come here to Scottsdale, that is a very vibrant arts scene. Like the average demographics, just across the way, these attendees tend to skew younger. We're happy to represent that voice here in our arts landscape. So in closing, thank you in advance for your continued support for the arts here in Scottsdale. We are the next generation of arts engaged enthusiasts appreciate it. And we would like to invite you to the Scottsdale Arts festival just on March 13th. And to the new exhibits just over in SMOCA. Thank you again for the time to comment this evening.

Mayor Lane: Thank you, Mr. Boyle. Next is Dorian Sellers.

[Time: 00:25:44]

Dorian Sellers: Hello, my name is Dorian Sellers. And yes, I'm very nervous. I've never done anything like this before but I feel well, I have no choice. Come April 1st, April Fool's day, you're looking at your next bag lady. I'm going to be one of the homeless on your streets. The ones that are called the wild animals and you shouldn't feed us because we create debris and garbage. I'm not there yet but I'm really close. I've lived here for 20 years. I retired here. I've had a wonderful life. You're all right, this is a wonderful beautiful place to live. If you have a place to live.

I'm going to lose my apartment. I have no place to go. Where are all of these wonderful opportunities for the retirees in this city? It's really getting tough. And those people on those streets are not there because they want to be. I know I won't want to be. That is really pretty much all I have to say. Unless someone has a nice little one bedroom apartment somewhere. Which myself and several hundred other people could use right now. It is a wonderful city. You have so many things going on here. But you're kind of losing focus on some of us. So think about us and think about me on April Fool's day. Thank you for your time.

Mayor Lane: Thank you, Ms. Sellers. Next would be John Arthur deal. In reference to a petition.

[Time: 00:28:06]

John Arthur Deal: Mayor Lane, members of the Council, my name is John Arthur Deal. I live at 5936 East Cambridge Avenue, Scottsdale, Arizona, 85257. I'm a long time resident. Picture of my grandfather, 1898. Right down here a stone's throw away, he worked for William Murphy, he worked in Superior for 20 years. That's his locomotive up in Scottsdale Park. I was born in Phoenix. I lived near Arizona State College. Take my bicycle right up on the Ash Bridge, with the holes in it. I have a long indeed attachment to the park.

I am not happy with what is happening at the Giant's training facility at 64th Street. What we see is, I can only qualify it as sloppy work. Irresponsible contracts and careless, pure carelessness by the officials of Scottsdale. I have submitted a citizen's petition, ten questions, all directly pertaining to the work that is being conducted there and to the contracts. The city of Scottsdale signed a mass release with master lease with Phoenix and a sublease with the Giants LLC. I would hope that the members of the Council and the Mayor and all of you would support and see that these answers are made available to the public. It's very important to me.

This is just not about the baseball facility. It's ongoing things that happen from time to time in the park, every five, ten years, we get a big project. They're building more than they're supposed to be building. They're in violation of the deeds for the state of Arizona and the U.S. government. There is a whole slew of issues that I think that need to be taken care of. And I'm just going to say a few more words and I'm going to go home. I'm upset. Go home and have a Margarita or something. Make me feel better. But I want you to understand that it's not just me. I'm here by myself. But there are hundreds of people who have e mailed me.

Mayor Lane: Mr. Deal, you will want to speak toward the microphone if you want the audience to hear you.

John Arthur Deal: Thank you, Mayor. Okay. I'm talking about the Sherwood Heights neighborhood, talking about the friends of the park, Facebook group, next door Arcadia. These are important issues that we would like to know. I'm not personally against the Giants. I want to know where this is going. I want to know where the pads and the exhibit are going. Nine pads unspecified. Too many questions. And I want to thank all of you for being here. It's a great city. Mid '50s I never came here because there was nothing in Scottsdale. Look at it now. Wow. Thanks to you guys. Bye bye.

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

ADDED ITEMS

[Time: 00:31:36]

Mayor Lane: We do have an added item. Item number 20A was added to the agenda on February 12th, 2020, outside of the required period prior to the meeting. Request at this point in time is either accept the agenda as presented or continue the item to the next scheduled Council meeting, which would be March 3rd, 2020.

Councilmember Korte: I move to accept the Consent Agenda as presented.

Councilwoman Klapp: Second.

Mayor Lane: Motion has been made by Councilman KORTE and seconded by Councilman Klapp. Ready to vote. The motion was to accept as presented. Those in favor, please indicate by aye and register your vote. Unanimous. So the item will remain on the agenda as presented.

MINUTES

[Time: 00:32:33]

Mayor Lane: Next order of business is our Minutes. I would request that approval of special Minutes of January 21st, 2020, Regular Meeting Minutes of January 21, 2020, and Executive Session Minutes of January 21, 2020. Do I have a motion?

Councilman Phillips: So moved.

Vice Mayor Littlefield: Second.

Motion made by Councilman Phillips and seconded by Vice Mayor Littlefield. So we're ready to vote. All those in favor please indicate by aye and those opposed with a nay. It's unanimous. So those minutes have been accepted.

CONSENT AGENDA

[Time: 00:32:57]

Mayor Lane: On the Consent Agenda Items 1 through 20A, the applicant for Item 9 South Scottsdale Mixed Use Rezoning has requested a continuance for this case to be heard at the Council meeting on March 17th. So I would ask for a vote to accept this request for continuance to that date.

Councilmember Korte: Move to accept continuance.

Vice Mayor Littlefield: Second.

Mayor Lane: Motion made by Vice Mayor, I'm sorry, Councilmember Korte and seconded by Vice Mayor Littlefield. All those in favor please indicate with aye, oppose with a nay. Unanimous that we will accept that continuance. Any update on Item Number 8 as far as the requirements?

City Attorney Sherry Scott: Mayor, I don't believe there is any update. I think that staff is requested that that item be continued to March 3rd, 2020. So that we can receive additional materials before it's voted on and approved by the Council.

Mayor Lane: Very good. Then at the request of staff, then Item Number 8 will be continued, I'm sorry, was that March 3rd, again?

Sherry Scott: Yes.

Mayor Lane: To March 3rd. So if we could ask for a motion on that continuance.

Vice Mayor Littlefield: So moved.

Councilman Phillips: Second.

Mayor Lane: Motion made by Vice Mayor Littlefield, seconded by Councilman Phillips. All those in favor, aye. Register your vote. It's unanimous then. So Item 8 is no longer. Item 9, and Item 8 have been continued, are not part of the Consent Agenda items. We have no requests to speak on the Consent Agenda items. Vice Mayor Littlefield.

[Time: 00:35:27]

Vice Mayor Littlefield: Thank you, Mayor. I just have a question for staff, Tim Curtis, perhaps.

Mayor Lane: Is it a question or a presentation?

Vice Mayor Littlefield: Just a question. Item Number 3 and Item Number 5.

Mayor Lane: Pardon me. We're not pulling it off?

Vice Mayor Littlefield: No. I just would like to know which one is suite L1190 and what is the other suite? It has the same address.

Current Planning Director Tim Curtis: Thank you. Mayor and Vice Mayor, the first one suite L1190 and that will be Item Number 3. And Item Number 5 is L1120. Different suites. Sorry for the typo.

Vice Mayor Littlefield: Thank you.

Mayor Lane: All right. Very good. Seeing no further questions on the consent items, absent Items 8 and 9, do I have a motion to accept?

Councilmember Korte: Mayor, I move to approve Consent Agenda Items 1 through 20A, with the exceptions of Items 8 and 9.

Councilman Phillips: Second.

Mayor Lane: Motion made by Councilwoman Korte. And seconded by Councilman Phillips. Ready to vote on the acceptance of consent items as expressed. It's unanimous in the acceptance of the consent items. So if it takes into consideration all consent items, if you're here for consent items, you can certainly stay with us. Otherwise, please leave quietly. Moving right along.

REGULAR AGENDA

ITEM 21 – MONTHLY FINANCIAL UPDATE

Mayor Lane: To Regular Agenda Item 21, which is our monthly financial update. The presenter is Mr. Jeff Nichols, our city treasurer. Welcome.

[Time: 00:37:26]

City Treasurer Jeff Nichols: Thank you, Mr. Mayor. Monthly financial update as of January 31st, 2020. There we go. Out of the ten operating sources, only two have negative variances as depicted by this chart. Shows a little bit more clearly on the next slide. And so you see total positive variance of \$11.7 million. Talk about the local taxes, sales taxes in a little while. The ones I wanted to just touch on real quick, the charges for service, other.

The favorable variance, it's a timing difference due mostly to collections, facility rentals, I had a budget and then when I touched on a little bit last month the interest earnings, we continue, we budgeted based on what we thought the fed was going to do and then the fed did what they wanted to do and it didn't align with what we thought they were going to do. We're bringing in less interest earnings, \$400,000 negative variance. You see there too, building permits, fees and charges, as I noted last month, mostly due to the nationwide and the crossroad phase two improvements going out there. But building activity, both commercial and residential, continues to outpace our estimates.

[Time: 00:38:53]

Mayor Lane: Mr. Nichols, I'm sorry, just a point of concern. You mentioned a timing difference. I didn't recognize exactly which ones you're talking about on that, since these are all part of a tax structure. Local taxes at 9 percent, was that a favorable, as it would be presented on the basis of a timing difference?

Jeff Nichols: No, sir. The taxes local, I'll get to the sales taxes in a little bit. The majority of those are not timing differences, the economy is doing much better than we thought it would do when we budgeted. Timing differences down in charges for services other, we had budgeted rental facilities at the west world to come in at a certain month and they came in a little early.

Mayor Lane: Thank you. I know we talked about timing difference, Arizona DOR and their timing difference, but that is sort of permanently in place as a timing difference. And I realize it doesn't reflect it in this and that is the only clarifying point I was looking for.

Jeff Nichols: That's correct, Mr. Mayor. You look at the operating sources for sales tax up in every category across the board. As depicted on this graph. I'm having trouble with the forward button here. Automotive sales, better than anticipated. What we had thought they would. Dining and entertainment, a couple of new restaurants opened up. But again, seasonal fluctuations and we're seeing a lot more revenue from these sources. Just overall increased economic activity. You look at miscellaneous retail sales down there, about two million dollars positive variance, or 16 percent. Most of my staff is telling me due to software sales, additional revenues from online market facilitators and sellers.

I would like to point out two on the hotel, motel, that area Rachel Sacco was here earlier talking about the bed taxes, we are seeing not only increased activity from the hotel, motels, but increased activity by vacation rentals, by owners and the other firms that rent properties in Scottsdale. Personnel services, all but one operating use category have positive variances. And look at that. \$1.3 million, positive variance, only one percent. Then you see that it has a big impact on the overall \$2.4 million. More than 50 percent of it.

Contractual services, some of the areas that we're seeing there lower than anticipated costs in my area, concerning the armored car transportation services. Some of the postage printing and other services and also within Public Safety Police, timing on the jail services payments. So some of these variances deposited variances are timing related. And so it's just a matter that we budgeted for them in one month and we haven't paid for them yet. So I'm not sure that all of the spending variances will be there at the end of the year. Not as sure as I am about the revenue variances. It's increased economic activity. So we may not enjoy that \$2.4 million spending variance come June 30th, 2020.

When you look at the operating uses for personnel services, majority of the savings within the salaries. Again, as I reported within the police department, especially with the turnover in the police department, people retiring and us hiring people at lower salaries, we enjoy the savings from that. There we go. Have to hit that about ten times to get it to move once. \$1.1 million salary savings. Again, the majority in the police department. Just filling positions at a lower cost. The overtime cost, negative variance of three percent, being driven mostly by the fire department. That has to do with constant staffing. When you run a fire station and one person is out, you have to fill that position. We have to constant staff and normally that's done with overtime.

[Time: 00:43:26]

Under contract workers, because of the large percentage, wanted to point out we have people working in the One Stop Shop dealing with the increased economic activity related to building permits, commercial and residential, they're filling those with contract positions instead of hiring people. I think it's a good management philosophy, so if that starts going down, we just don't need the contract workers, it's not having to deal with the employee issues.

Looking at some of the division operating expenditures by division, the vast majority of the divisions are enjoying favorable spending variances. I can get this, all but community and economic development, I had touched on the one in the contracted services area. Also within there, we had a payment to Scottsdale Arts that was recorded in January but it was budgeted for February. So that is a timing difference. And then the Public Safety Fire being driven mostly by the overtime within the fire department.

Overall our budget picture at this point in time, we thought we would have a favorable variance of \$11.7 million, \$2.4 million favorable in uses. We're actually sitting at \$27.8 million favorable variance. When you look at sources overuses. I mean, we thought we would have 13.8 million at this point. We have 27.8 million. Hence \$14.1 million difference to the positive. As I noted, I think the vast majority of the revenue, the sources will remain there towards the end of the fiscal year. So we will be in a very good position when we finish this fiscal year. And with that, I would take any questions you may have.

Mayor Lane: Thank you, Mr. Nichols. Another very informative and positive report. We're glad that it's accurate.

Jeff Nichols: Very positive. Thank you.

Okay. That completes our Regular Agenda item. We have no further Public Comment.

CITIZEN PETITIONS

Mayor Lane: I do have a citizen petition we mentioned earlier, Mr. Deal spoke toward. Each of us has a copy of that. The question would be put to whether or not, yes, please, go ahead Councilwoman.

[Time: 00:45:58]

Councilwoman Milhaven: Thank you, Mayor. I'm going to make the motion to ask the city manager to respond to the petition. But I also recognize that some of these questions are challenging the legality of the agreements and I know that I'm sure that the Giants, the city of Scottsdale and the city of Phoenix all have reviewed it and think the legality of it is in line. So I think it would be challenging to sort of respond to each of these points individually. So in asking the city manager to respond, ask him to respond to sort of the intent and use your best judgment in how to respond. I think some of these questions would be almost impossible to answer. So I ask you to respond but use your judgment to address the spirit of the concerns of the citizen. Thank you.

Mayor Lane: That is a motion then.

Councilmember Korte: Second.

Mayor Lane: Motion made by Councilwoman Milhaven. Seconded by Councilwoman Klapp. We're ready to vote on that. All those in favor please indicate by aye. Those opposed with a nay. It's unanimous then. No further Council and Mayor items.

ADJOURNMENT

[Time: 00:47:13]

Mayor Lane: With that, it's done. Second. All those in favor of adjournment, please indicate by aye. We are adjourned. Thank you very much.