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#### **CALL TO ORDER**

[Time: 00:00:08]

Mayor Lane: Hello, everyone. Welcome to our regular meeting of December 9<sup>th</sup>, 2013. It is approximately 5:00. And I would like to call this meeting to order. Let's start with a roll call, please.

#### **ROLL CALL**

[Time: 00:00:10]

City Clerk Carolyn Jagger: Mayor Jim Lane.

Mayor Lane: Present.

Carolyn Jagger: Vice Mayor Virginia Korte.

Vice Mayor Korte: Here.

Carolyn Jagger: Councilmembers Suzanne Klapp.

Councilmember Klapp: Here.

Carolyn Jagger: Bob Littlefield.

Councilman Littlefield: Here.

Carolyn Jagger: Linda Milhaven.

Councilwoman Milhaven: Here.

Carolyn Jagger: Guy Phillips.

Councilman Phillips: Here.

Carolyn Jagger: Dennis Robbins.

Councilman Robbins: Here.

Carolyn Jagger: City Manager Fritz Behring.

Fritz Behring: Here.

Carolyn Jagger: City Attorney Bruce Washburn.

Bruce Washburn: Here.

Carolyn Jagger: City Treasurer Jeff Nichols.

Jeff Nichols: Here.

Carolyn Jagger: City Auditor Sharron Walker.

Sharron Walker: Here.

Carolyn Jagger: And the City Clerk is present.

Mayor Lane: Thank you. First and foremost, I would just like to say that I have a little bit of laryngitis. If I don't speak up enough, somebody give me a thumbs up to move up. I will try to stay with it. So starting with some orders of business. We do have cards. If you would like to speak on any item on the agenda, they are the white cards that the clerk is holding up over her head to my immediate right and there are yellow cards for any written comments you may want to offer in the course of proceedings. We do have Scottsdale police officers, Greg Carlin and Tom Cleary here to assist us. They are directly in front of me, if you have need of their services. The areas behind the Council dais are for staff and Council and there are rest rooms over here to the south end that are clearly marked rest room signs for your convenience.

**PLEDGE OF ALLEGIANCE**

[Time: 00:01:34]

Mayor Lane: Today we have the Junior Girl Scout Troop 1316 to lead us in the pledge. Ladies, if you

would like to move forward to the microphone and we can all stand if you can. You can lead us in the pledge whenever you are ready.

Junior Girl Scout Troop 1316: 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 very much, ladies. If you would, you can turn that microphone around so you can face the audience and if each of you would introduce yourself and give where you go to school, what your favorite subject is and any other tidbit you would like to share. We are going to have you start over. Do over.

Junior Girl Scout Troop 1316: Hi, I'm Anna Polson, I go to Cochise Elementary School, and my favorite subject is physical education. Hi, I'm Lily Carlson and I go to Cochise Elementary School, and my favorite subject is math. Hi, I'm Christine and I go to Cochise Elementary School and my favorite subject is math. Hi, I'm Kendall Ryan. I go to Cochise Elementary School and my favorite subject is art. Hi, I'm Maya Wilson, I go to Cochise Elementary School. My favorite subject is art. Hi, my name is Tandem Clark. I go to Cochise Elementary School and my favorite subject is English. My name is Sophia Johnson and I go to school at Cochise Elementary School and my favorite subject is spelling. Hi, my name is Lynn Showmyer, I go to Cochise Elementary School and my favorite subject is reading. Hi, my name is Kate McDowell and I go to Cochise Elementary School and my favorite subject is art. My name is Emily Smith, I go to Cochise elementary school and my favorite subject is history. My name is Abbey Scale and I go to Cochise Elementary School and my favorable subject is social studies. Hi, my name is Allison Bloom and I go to Cochise Elementary School and my favorite subject is social studies.

Mayor Lane: Thank you very much, ladies.

## **INVOCATION**

[Time: 00:04:12]

Mayor Lane: This afternoon, we are going to, in place of an invocation, I just ask that we take a moment of silence to think of those folks who don't have the great advantage of living here in Scottsdale and maybe, frankly in other dire situations. Thank you. I have no additional report for this evening. Mr. Behring, I presume you do not as well. There are no further presentations or announcements.

## **PUBLIC COMMENT**

[Time: 00:04:52]

Mayor Lane: The next item of business would be our public comment. And this is a public comment is reserved for citizens' comments regarding non-agendized items we are limited to five speakers. We have one right now. Thank you. And there will be an opportunity at the end of this session for the public comment as well, if it's needed. We have one card, as I mentioned and it would be, and we'll

start and end with Madeline Sobeck.

[Time: 00:05:38]

Madeline Sobeck: Good evening. My name is Madeline Sobeck and I go to Notre Dame prep high school. I would like to address an issue it members of my government class have become concerned with. The intersection at 136<sup>th</sup> street and Via Linda is currently a four-way stop. Located at this intersection is basis of Scottsdale a 5<sup>th</sup> through 6<sup>th</sup> grade school. We feel this four-way stop is a safety risk for students walking and driving to and from school. With a large volume of cars passing through intersection throughout the day, especially between 7 and 8:00 in the morning and 2 to 4:00 in the afternoon, potentially distracted student and parent drivers may not be aware of young students crossing the street, and may not even see other cars coming. This is a potentially hazardous school zone and we feel strongly it would be beneficial to install a stop light in order to benefit the safety of pedestrians and drivers around this school.

Mayor Lane: Thank you, Ms. Sobeck. That does complete the public comment that's available to us right now.

## **MINUTES**

[Time: 00:06:46]

Mayor Lane: Next order of business is the approval of minutes and I would like to ask if I have a motion to approve the special meeting minutes of November 1<sup>st</sup>, 2013, November 12<sup>th</sup>, 2013, November 19<sup>th</sup>, 2013, and regular meeting minutes of November 12<sup>th</sup>, 2013 and the executive session minutes of October 22<sup>nd</sup> and November 12<sup>th</sup>, 2013. Do I have such a motion?

Councilwoman Klapp: So moved.

Councilwoman Milhaven: Second.

Mayor Lane: A motion has been made and seconded. No indicated comments or revisions. Okay. We are ready to vote. All those in favor aye, and register your vote. Opposed nay. The tally is in, 7-0, the minutes are accepted. Thank you.

## **CONSENT AGENDA**

[Time: 00:07:34]

Mayor Lane: Next order of business is our consent items 1 through 8, and we have no indicated, I'm sorry, yes we do. We have one request to speak on a consent item 10, yeah, and that is.....

Councilman Littlefield: That's not on the Consent.

Mayor Lane: Oh, I'm sorry. Thank you, Bob. It's actually 1 through 8. Thank you, Bob. So there are no items requested to be spoke towards the Consent items. So unless there are any comments here from the dais, I would accept the motion to accept them as they are proposed.

Vice Mayor Korte: Mayor, I move to accept Consent Agenda as proposed. Consent Agenda items 1 through 8 as proposed.

Councilmember Phillips: Second.

Mayor Lane: Motion has been made and seconded. We are ready to vote. All in favor, register by aye. And register your vote. It's unanimous. 7-0. Consent items are accepted as proposed. Okay.

### **REGULAR AGENDA**

[Time: 00:08:53]

Mayor Lane: We will move on to the Regular Agenda items 9 through 13.

### **ITEM 9 – DOWNSIDE RISK CONDITIONAL USE PERMIT (13-UP-2013)**

[Time: 00:08:58]

Mayor Lane: We will start with item 9, which is the Downside Risk Conditional Use Permit, 13-UP-2013. Mr. Bloemberg.

[Time: 00:09:05]

Senior Planner Greg Bloemberg: Thank you, Mayor Lane and City Council, Greg Bloemberg with the current planning. The case before you is 13-UP-2013 for downside risk is a request for live entertainment. This is located at the southeast corner of Double Tree Ranch Road and Scottsdale Road. This is the Gainey Village shops. And the tenant has occupied most of this pad building at the north end of this site. A closer view of that building, there's a dry cleaner on this portion of the building. The applicant occupies the rest of the building and this is the patio, the existing patio on the north and the west sides of building. The zoning is C-2, PCD. The General Plan indicates that this is a commercially designated area. Just another look at the site plan. This is the building up here. North is to your left or to the left side of the picture, and Double Tree Ranch Road is out here. And across the street is the, I believe it's called the Pavilions Residential Community, subdivision. This is the floor plan of the building, with the hashed area there indicating where the stage will be for the live entertainment. The speakers for the live entertainment, everything will be directed internally towards the inside of the building.

A little background on this particular request. Live entertainment was previously approved at this location under case 3-UP-2012. The previous UP expired automatically after one calendar year per the amended stipulations. The applicant has agreed to honor the original stipulations verbatim as

amended by the Planning Commission and the City Council with the exception of the one-year restriction. They would like to have that stricken from the stipulations. The Planning Commission recommended approval by a unanimous vote of 6-0. And two residents did speak at the Planning Commission hearing. Both were generally supportive of the request provided, doors and windows remain closed during the hours live entertainment is provided. That concludes my presentation. The applicant is also here to say a few words and I will answer any questions you may have.

Mayor Lane: Thank you, Mr. Bloemberg. Would the applicant like to speak or, I mean, if you would like to, you certainly can.

[Time: 00:11:36]

Joe Goforth: Mayor, members of the Council, for your record, my name is Joe Goforth, 6724 East First Street. I think staff summarized the application sufficiently. We are not familiar with any opposition. We have the support of the pavilions and the Gainey Village Association. They worked collectively for this use. I would be happy to answer any questions you may have.

Mayor Lane: All right. Thank you very much. We have some questions, starting with Councilman Littlefield and if you want to direct it to whom?

Councilman Littlefield: For staff. You said some of the residents were supportive of the doors and windows remain closed. Is that part of the stipulations of this, of this case?

Greg Bloemberg: Mayor Lane and Councilman Littlefield, yes, the original conditional use permit, 3-UP-2012 stipulates that both windows and doors remain closed. That's not changed. That's included in the stipulation for this case.

Mayor Lane: Thank you, Councilman. That seems to be, I'm sorry, Councilwoman Milhaven.

Councilwoman Milhaven: Can you confirm whether or not there are any complaints to police over noise and if so what the outcome was of that?

Greg Bloemberg: I'm going to ask the police department to respond to that.

Councilwoman Milhaven: Thank you.

Assistant Police Chief John Cocca: Mayor Lane, Councilwoman Milhaven, based on the specific address, we did not find any calls for service on the particular address, however, we have not done research related to if the call came in at the complainant's address because there are a number of different addresses we would have to check. We have received some emails that said they have called the police but I'm making the assumption that we put in the addresses of the complainant and not the liquor establishment itself.

Councilwoman Milhaven: Even if that were the case, you would know if there were any citations in

terms of them violating our noise ordinance.

Chief Cocca: I would. And there has not been any reports taken relating to any noise ordinances or any other crimes at that particular liquor establishment.

Councilwoman Milhaven: Thank you.

Mayor Lane: Thank you, Councilwoman. Staff has an indication to speak. Okay. Then there is no further comments that I can see on this. No cards on that. If so, I think we are then ready to vote on the request on item 9. Do I have a motion?

Councilwoman Milhaven: Mayor, I will make a motion. I find that the conditional use permit criteria have been met and adopt Resolution 95-88 approving the up for live entertainment.

Councilwoman Klapp: Second.

Mayor Lane: A motion has been made and seconded. Would anyone like to speak to it at all. All right. I think we are then ready to vote. All those in favor, please indicate by aye and register your vote and nay if you oppose. It's 5-2, with Councilman Littlefield and Councilman Phillips opposing. Thank you very much for the presentation and to the applicant for their contribution.

**ITEM 10 – TEXT AMENDMENT PLANNED COMMERCE PARK (1-TA-2009)**

[Time: 00:14:54]

Mayor Lane: Next item is item 10 and it's a Text Amendment Planned Commerce Park, 1-TA-2009. We have Mr. Hadder here to present on part of staff.

[Time: 00:15:09]

Principal Planner Don Hadder: Mr. Mayor and members of Council, this is case 1-TA-2009. It's a request to amend in its entirety the PCP district. This district was created in 1989. It was part of an effort including the regional use overlay to provide opportunities for development in particular along the freeway corridor, opportunities for mixed use development and a little larger scale of activity than we had traditionally seen or been able to achieve in the airpark area. What is interesting, this first site was actually zoned with the PCP was the Shea hospital site that has since been rezoned to another district. So that site is no longer part of the PCP district. There was one specific update in 1995 to modify some of the land use language in the district but other than that, there have not been any significant changes to the district. The district does continue to contain some internal conflicts which is the basic reason that it has not been used to a great extent. We initiated the update in 2009. The update has started about the same time the Greater Airpark Area Study got underway and we quickly determined that existing language in the PCP district did not have a whole lot that we could work with. We did a strike out, the entire language and started over with new language for this district what this also allowed us to do is to consider the PCP district as an implementation district for the greater

airpark area, the character area plan.

So we were able to tailor the entire language of this ordinance to fit that character area plan as it's unveiled and went through the process. We have had a number of public outreach sessions, including contextual sessions and other open houses and so forth looking at the various language and opportunities within the district over the years. Some of the things that are included in this district is we switched to a tabular land use table which allows us to create sub-use which tie in with the Greater Airpark Area Plan. So it identified a series of subdistricts or sub-land use areas. This ties in directly with that area character plan and will allow this to be a specific implementation for that. It retains the mixed use nature.

The PCP district as originally written in 1989 was mixed use. This retains that and in some cases it amplifies that and in some cases it reduces the amount of mixed use that is possible. It advises the development standard significantly to reduce conflicts to reduce inconsistencies, what we have done over the last few years is redesign this ordinance so that it fits with the commercial districts, for example, that the Council has approved over the last couple of years. And it also allows us to steer this district to achieve the specific goals and concepts embodied in the character area plan. Again, it is keyed exclusively to the greater airpark area. It is set up for the airpark area. This district would not work outside of the airpark area. It encourages property assemblages. It scales development standards to the size of the property.

[Time: 00:18:33]

For example, a particular building height is tied to the size of the property, the larger the property, the more flexibility there is in building height. It also ties with such things as the physical nature of being to put in parking structures and other things of that condition. It includes key transitions, one of the aspects of the greater airpark area is where certain areas of buffers around the perimeter of airpark study this embodies those transitions that were identified in the area of study.

This is also a unique ordinance in the fact that none of the land uses in here will have a use permit process. It's either allowed or not allowed but there's no use permit process. We didn't feel it necessary to use that type of process with this mixed use concept. It uses essentially the same formula that was used in the downtown policy. It identifies the value of development standards but it uses significantly different criteria so that the same formula but what qualifies for the bonus this district is distinctly different than the downtown because this is tied to the greater airpark area policies and goals as opposed to the downtown ordinance which is tied to the downtown plan. This will support development and redevelopment in the older properties of the airpark, of which there are a number of properties now that are in the 30s and even 40s approaching 50-year age.

So this will allow support of redevelopment in these areas. It will tend to encourage assemblages which will make that redevelopment more likely and it encourages different types of enhancement to the airpark area as identified in the area plan. We held a number of open houses over probably about a year and a half span of time. There was a website that was geared specifically for this ordinance and the companion commercial districts. We did go to the Airport Commission in August and received



unanimous support from the Airport Commission at that hearing. And, again this carries out goals and the policies of the Greater Airpark Area Plan. This ordinance is really been designed to fit hand in hand with the area plan to provide an opportunity and a tool that makes sense and is directed towards that area plan. That concludes my presentation, if you have any questions.

Mayor Lane: Thank you, Mr. Hadder. I see no questions at this point in time, but I do have a request to speak on this item, and there's one card. Mr. Washington. John Washington. If you could stand by for any questions we might have.

[Time: 00:21:21]

John Washington: Good evening, Mayor and Council. My name is John Washington. I'm a resident of the Peaceful Valley neighborhood, pretty far removed from the airport but a long-time airport user and airport advocate. I want to preface my remarks by saying I have the utmost respect for Mr. Hadder and I think he's trying to do the right thing and it may surprise you that I don't necessarily oppose the maximum heights proposed in this text amendment, however, two things, first of all, if you are not aware, we have impaneled a General Plan Task Force that I think is actually meeting right now not on this issue, but this, these character areas or one of the areas that the GPTF is going to consider. And it is my understanding that the character areas were originally proposed to be submitted to the citizens as part of the ratification process of General Plan 2011. So in that light, I would encourage you that this is probably premature. If you really want the General Plan update process to have meaning, the members of the GPTF ought to be able to take a look at this and discuss it before you approve it and before it becomes law. This represents a significant change in the character of the airpark, the airport surroundings, particularly it's a physical change because of the height, but it's particularly significant because of the residential component of some of the properties that are seen to be developed under this scheme. Secondly, I want to remind you, once again, that the purpose of the airpark is to insulate and buffer residential uses from the airport. The general principle of planning and zoning, really, the fundamental route of city planning and zoning is separate incompatible uses and you can't find two any more compatible uses than a residential and airport and the industrial property associated with the airport. Scottsdale airpark has the only industrial zoned property in the whole city. So we are talking about diversifying our economy and maybe we want to see some boutique manufacturing. That's where it's going to occur. Do we want to jeopardize that by jamming a bunch of residents into high density housing projects in the airpark? This was a serious issue a couple of years ago, as you may remember. The City Council voted as a body to fire an Airport Commissioner for bringing this to your attention. The first time in 30 years a sitting city commissioner has ever been removed by the Council from a commission. And that commissioner was removed not because he objected, but because he asked the F.A.A. to weigh in on the issue. Scottsdale Airport gets millions of dollars in federal aviation improvement grants every year and those grants come with grant assurances that we will protect those investments and we will protect the airport, from among other things residential encroachment. Has anybody bothered to call the F.A.A.? I encourage you to ask that question. Thank you.

Mayor Lane: Thank you, Mr. Washington. No further other comment cards on this particular text amendment card item. I do have a request to speak. Councilman Phillips?

[Time: 00:24:57]

Councilmember Phillips: Thank you, Mayor. I guess Mr. Hadder, if you have time. I have quite a few questions, unfortunately. I do live in the area and I don't remember any outreach at any point in time, and I have talked to other people and everybody seems to say, what are you talking about? Nobody seems to be aware of this. It might have been an outreach in a character area where people didn't really understand what was about to happen. Are all the public meetings over with? Do you know that?

Don Hadder: Mr. Mayor, would you repeat the question?

Councilmember Phillips: The only outreach I got on this was about two weeks ago, I got a card that said that there will be a public meeting on this particular PCP, and the other one, PCPP or whatever, and it's going to be for this Wednesday for the public and that's kind of like after the fact since we have already talked, you know, we will end up voting on it tonight. It doesn't make a lot of sense. So either that should be canceled or we should move this to another date to allow that public input.

Don Hadder: Mr. Mayor, Councilman Phillips, we had a series of open houses. First open house was, I believe, in the fall of 2011, where we had basically an open meeting to let people talk about what they would like to see in the district. We had subsequently two different sets of open houses that included language for people to respond to. Our mailing list was mailing list, a contact list that was used for Greater Airport Area Plan, since that was a particular set of interested parties. That mailing list, as you recall, was over 2,000 names in that process. It was also posted on our website, so we had people who had been interested in the area plan, as well as some other people who had not been involved directly with that originally. So we have had those meetings. We have also been to the Planning Commission three or four times updating the Planning Commission on the status of the ordinance as it was being developed. Again as a text amendment, this is not a site specific one. We tend to use interest lists because there's no particular property to send notice out to.

[Time: 00:27:19]

Councilmember Phillips: Okay. Well, you know, the Planning Commission is basically a rubber stamp. Did you talk to the Airport Commission about this?

Don Hadder: Mr. Mayor, Councilman Phillips, yes, I was before the Airport Commission in August of this year.

Councilmember Phillips: And you had their unanimous support?

Don Hadder: Yes, I did.

Councilmember Phillips: What I don't understand when I talked to the chairman of the Airport Commission, he had no idea what I was talking about. He never heard of this and he was basically

outraged.

Don Hadder: I was at the August 15<sup>th</sup> meeting, and I have minutes and all of that from that meeting.

Councilmember Phillips: Okay, well, maybe he was sleeping during that meeting because he doesn't know nothing about it. I also believe I talked to you. I said isn't this against the General Plan to which I believe you said the General Plan doesn't specify height and density. So it's not really relevant.

Don Hadder: Mr. Mayor, Councilman Phillips, the General Plan as it's currently configured doesn't talk about building height. It only talks about density in regards to certain residential land uses but in the nonresidential land uses it does not address specifically intensity. The Greater Airpark Area Plan again, talks about development intensity in the general sense but not on any specifics. So this is in support of the General Plan to the extent that the General Plan talks about those subjects.

[Time: 00:28:47]

Councilmember Phillips: Okay. So then Mr. Washington's point is kind of moot because it doesn't matter if we wait for the General Plan Task Force to talk about it because no matter what they come up with, staff can always come up with something else and we can override it and really doesn't matter. So why even have a General Plan?

Don Hadder: Mr. Mayor, the Greater Airpark Area Plan was adopted by the City Council in October of 2011. So it's officially part of the city's General Plan at this point in time.

Councilmember Phillips: Right, Greater Airpark Plan, the one that you totally scratched out and started a new one.

Don Hadder: No, this ordinance is what started anew. The Greater Airpark Plan was the basis for writing this particular ordinance.

Councilmember Phillips: Why having a General Plan if you can write out that ordinance and write in a new one and we vote on it 5-2 and it's a done deal and we have another infill incentive district and you can go to 13 stories and then next year, you will write up another new ordinance and go to 20 stories and we will have a 5-2 vote. I mean, it will just go on and on and on. I just don't understand why, you know what I would like to ask you, where does this come from? Does the business community come up to you and say, hey, you know, we would like to build 13 story buildings and your ordinance won't let us. Will you come up with a plan that we can do that or, you know, how does this begin?

Don Hadder: Mr. Mayor, Councilman Phillips, this started, again, we identified the PCP district as a district that doesn't work and wasn't viable, in 2009. About that same time the Greater Airpark Area Plan was initiated and the process started. There were several hundred people who were involved in the Greater Airpark Area Plan and since that was a new policy document voted on by the City Council as the direction and the policy for the city, we used as the guiding principle to establish the rewrite of this district and it became an opportunity.

Councilmember Phillips: Okay. So we have new opportunities now then that's what you are saying? I believe what you told me was, you know, Phoenix is going 180-stories and we have to stay competitive. Well, I don't believe so. I don't care if Phoenix goes to 400 stories. Scottsdale is a special city. We don't have to follow that to get along. And even to Mr. Washington's point, you know, it's an airpark. We should be keeping residents out of it. We should be building up airpark and building facilities, not, you know, providing incentives for businesses so they can make money at the expense of our city. If you came with this thing and said, you know, we would like to go to 5 or 6 stories, I would consider it, but there's no way I will consider 13.

Mayor Lane: Thank you, Councilman. Councilwoman Milhaven.

[Time: 00:31:38]

Councilwoman Milhaven: Our Planning Commission is made up of very thoughtful professionals who dedicate their time and talent to make sure that we have a wonderful city and I want to thank the Planning Commission for their service. Mr. Hadder, thank you for the presentation. Could you explain to us a little bit, and I think you have gone a little bit there already tonight, explain the purpose of the General Plan, and how character area plans compliment the General Plan. Could you explain a little bit of that for us?

Don Hadder: Mr. Mayor, Councilwoman Milhaven, the General Plan is identified in state law which guides us in how we create one. It's supposed to provide the general direction, intent and policies for future growth and direction in the community. It's required to include a number of elements. I think the state requirement now is about 14 or 15 elements. We have chosen to add additional elements to that. It covers a wide range of subjects all the way from land use to neighborhoods, to open space, to public art, all of those kinds of things. It's providing general guide, a general sense of direction where the city sees itself going in the future. And it covers the city as a citywide entity, a single entity.

Mayor Lane: Excuse me one second, Mr. Hadder. I'm sorry to interrupt the question and the answer here but I think we have probably gotten on both sides of this question, gotten a little far afield of the issue that's on our agenda to discuss. If you would like to respond to this as it references this particular item, I would appreciate it.

Don Hadder: Thank you, Mr. Mayor. The character area plan is a specific tool used and established in the General Plan to identify and drill down where specifically the policies, the planning policies for a smaller part of the city, in this case the area that was identified with the greater airpark area which is roughly, I think about 4,000 acres.

That included an extended period of effort of working with citizens, property owners and other interested parties to identify what the future of the airpark should be. That included a wide range of policies and intents and directions including both land use and development intensity. Since that was specific and was fresh in this process, as we were developing the update to this ordinance, that became the basic building blocks to develop this ordinance. Since that was the direction that was

officially adopted, it was our call that we should follow that sense of direction.

Councilwoman Milhaven: So if I'm following you, the General Plan is broad and directional. The character area plan gives us a greater level of detail and then the zoning and these text amendments are get still more detail yet, but it's all aligned?

Don Hadder: Correct.

Councilwoman Milhaven: So if the current work around the General Plan were to contradict any of this what would we do?

Don Hadder: Mr. Mayor, Councilwoman Milhaven, frankly, I have given my time and experience with the General Plan and I probably would not have brought it forward to you if I thought it was in direct conflict with the General Plan.

Councilwoman Milhaven: With our existing General Plan. But the comments were made there's a current General Plan Task Force that's at work and it's premature to bring this forward. My question is if this gets approved tonight and it contradicts anything in a new General Plan that's ultimately approved, what would the process be?

[Time: 00:35:05]

Don Hadder: The ordinance would stand. The General Plan, if it does go in another direction would create a new policy direction at which point, the Council could direct staff to then adjust this ordinance and maybe other ordinances to follow that policy if it were to occur.

Councilwoman Milhaven: So right now it's consistent with the General Plan and we would revisit it and any other changes that a new General Plan might introduce.

Don Hadder: Correct.

Councilwoman Milhaven: In that case, you would like a motion?

Mayor Lane: Certainly.

Councilwoman Milhaven: I make a motion to adopt Resolution 9585, declaring 1-TA-2009, PCP planned core development, and adopt Ordinance 4120, approving a text amendment to the City of Scottsdale zoning Ordinance 455 to amend Section 5.4 planned airport core development.

Vice Mayor Korte: Second.

Mayor Lane: Would you like to speak to it?

Vice Mayor Korte: I would. So I'm in support of this and I applaud the work by staff. I know it's been a

long two years to pull all of this together, not only working amongst staff, but also the commissions respectively and citizens for all the outreach. So thank you, Don. This is good work. And this ordinance is an important act to really tell the business community that we are here to do business. And this ordinance takes much of the unknown out for the investors and brings clarity around uses and entitlements. It supports the economic growth within an area that has long time been designated for growth and commerce. So thank you.

Mayor Lane: Thank you, Councilwoman. I'm sorry, Vice Mayor. Councilman Littlefield.

[Time: 00:37:03]

Councilman Littlefield: Mr. Hadder mentioned how this was in many ways like the downtown, and he's right. And it is like that in a bad way. The infill incentive district which was supposed to give developers an incentive to do good things for the city, just turned out to be a blanket rezoning of downtown to much greater heights and that's exactly what's going to happen here. So independent of the fact, whether or not there's an airport here or not, this is a bad idea. This is just another way to make it easier for developers to bypass our development standards without having to go through the process and basically this will turn out to be a blanket rezoning of the airpark to 134 feet in height from the current 136. The second idea that this is good for business, what it's good for is the few developers who will get the opportunity to have greater heights on their property so they can make more money. They will make out in the short term but the rest of the city will not make out because when you put more residential development and on top of that more tall residential development near the airport you are going to, that encroachment will threaten Scottsdale Airport. Scottsdale Airport, our richest tourists come through Scottsdale Airport. Scottsdale Airport is the reason there is an airpark. Scottsdale Airport is the only non-airline airport in Arizona that actually makes money. So why would we do anything that would threaten that? And what we are doing here is we are putting together something which is going to serve the short term interests of a few members of the development community at the expense of the long-term interest of the community at large. So I think it's a bad idea and I will be voting no.

Mayor Lane: Thank you, Councilman. I would only want to say, number one, thank you, Mr. Hadder and staff for putting together these refinements to this, which I believe are consistent to the entire realm of things as they stand right now. To put off anything until we somehow do another General Plan would really bring the city to a standstill and any kind of refinement, regulations. So I thank you for that. I think I will leave it at that for right now. Councilman Phillips.

[Time: 00:39:34]

Councilmember Phillips: Thank you, Mayor. So you said 13-story supports the current General Plan?

Don Hadder: Mr. Mayor, Councilman Phillips, again, the General Plan does not have anything specific with the greater area airpark does identify areas with greater or lesser intensity. These are within the realms that we talked during the Greater Airpark Area Plan.

Councilmember Phillips: Well, Councilwoman Milhaven asked you if it supports the current General Plan and you said yes.

Don Hadder: I believe it does.

Councilmember Phillips: Okay. You believe it does. Then can I ask you, at what height does it not? You believe that any height will support our current General Plan, as long as you can make it work towards that?

Don Hadder: My response is that this is.....

Councilmember Phillips: I'm asking you as staff, by the way. I'm not attacking you personally. I want people to understand.

Don Hadder: Given the illustrations given in the Greater Airpark Area Plan, this is in the realm that was, realm that was discussed during that process. Anything much taller probably wouldn't be considered because it wasn't part of the public dialogue in developing the plan.

Councilmember Phillips: So you are saying that 13 is probably the maximum that you could get out of this?

Don Hadder: Somewhere in this range.

Councilmember Phillips: Okay. Thank you.

[Time: 00:40:50]

Vice Mayor Korte: I'm not sure if you can answer this or an individual from our Economic Development department. It seems to me I was reading that there is a general trend around airports of greater residential uses. Is that, I know that that's happening around Sky Harbor and whether that's hotelier business uses or if that is residential. Do you have anything on that?

Don Hadder: Mr. Mayor, Councilman Korte, I don't have anything specific on that. I have noted changes in the vicinity of Mesa Gateway Airport, Goodyear Airport and Chandler Airport and those kind of things are tending to happen in those vicinities.

Vice Mayor Korte: Okay. Thank you.

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

Councilman Littlefield: Well, I'm sorry, but that's absolutely not true. The City of Phoenix has spent 20 years buying up residential properties around Sky Harbor to prevent residential encroachment and noise complaints. The City of Chandler has recently rejected a residential development near the airport, specifically because of concerns about the future of the airport with residential development.

Deer Valley a couple of years ago, they actually asked me to be on a task force and we came up with a new amendment to the Phoenix zoning code, which was to restrict residential development around Deer Valley airport for the same reasons. It is absolutely and completely and totally not true that there is more, that there's a tendency to more residential development around airports. That's simply not the case. I will be more than happy to cite a long list of examples, but that that is not true and this is a mistake. I guarantee you, more people who live nearby to Scottsdale Airport, I don't care how many pieces of paper you get them to sign, they are going to make more complaints and eventually you are going to restrict Scottsdale Airport, maybe even close it. Santa Monica, Oceanside, I could go down the list of airports that are in the same spot. Residential development near airports is bad for airports. It's that simple and it's simply not true that it's becoming more common or more accepted to put residences near airports.

Mayor Lane: Councilwoman Milhaven.

[Time: 00:43:40]

Councilwoman Milhaven: Thank you, Mayor. Our Airport Commission is tasked with helping us protect the airpark and they have unanimously approved that and so I think listening to the citizens that sit on that task force is an important part of our consideration here. The other is Mr. Hadder, a question for you. It says the maximum height allowed is 84 feet; is that right? I'm looking on page 16 of 26.

Don Hadder: Mr. Mayor, Councilman Milhaven, the building heights are actually stepped by the size of the parcel. So as a base height, the maximum height is 84 feet. And then there's a bonus section which then potentially allows additional heights, again, based on the maximum size of the property. The maximum height for a parcel of 16 acres or larger which is a relatively limited area of land in the airpark is 134 feet. For a lot of other parcels in the 4 to 6-acre range, it's only 92 feet. So it really depends on the size of the parcel.

Councilwoman Milhaven: I want to be clear, the General Plan does not have heights in it. It's about land use and not heights. So thank you, Mr. Hadder.

Mayor Lane: Thank you Councilwoman.

[Time: 00:44:53]

Councilwoman Klapp: I would like to call for the question.

Mayor Lane: I second that. And take a vote. Call for the question. All those in favor for call for the question please indicate by aye. The question is called. We will then move to a vote. We have a motion on the table and it has been seconded. All those in favor of the motion that's on the table, please indicate by aye and those opposed with a nay. Register your vote. The motion passes 5-2 with Councilman Littlefield and Councilman Phillips opposing. Thank you very much, Mr. Hadder. I appreciate all the work that you did.



**ITEM 11 – EAST BELLEVUE STREET PROPERTY ACQUISITION**

[Time: 00:45:38]

Mayor Lane: Next item is our item number 11, the Bellevue Street property acquisition. We have Mr. Murphy here to be the presenter.

[Time: 00:45:47]

Community Services Executive Director Bill Murphy: Good evening, Mayor Lane, members of Council, tonight before you is a discussion and direction for the property at 7234 East Bellevue. This property was, Community Services of Arizona received the Community Development Block Grant, CDBG funds from the city in November of 2007 in the amount of \$351,588 to acquire the 7234 Bellevue street for the purpose of affordable housing. This map it depicts what things look like in 2007. It illustrates properties in the business plan that the Community Services of Arizona had planned. Seven of the properties on the Bellevue, which are highlighted in lavender were owned by C.S.A. The completion of the affordable housing would meet the CDBG national objective, of eligibility activities, but with the economic downturn and the market, C.S.A. was unable to obtain the financing of planned project and it doesn't go any further. This map indicates the illustrations today. 7224, which are currently under construction for Habitat for Humanity and the parcel we are talking about is 7234, where the city is in first position in this deed on this particular property. The city began consulting with H.U.D. in November of 2011, when C.S.A. informed the city that they would be divesting themselves of properties in Scottsdale, particularly the three multifamily CDBG properties on Bellevue Street.

The city focused on how to develop these properties and the city met with H.U.D. in 2013 and specifically requested guidance on the city's obligation of the CDBG funds provided C.S.A. for the acquisition of these properties.

The response was never received and after additional information was provided by the city, the city was received finding letter in February of this year. The corrective action in the letter, finding specifically stated that within 60 days we needed to reimburse the program account and the line of credit for the activities in the amount of \$1,176,588. This is broken down by \$825,000 allocated to the 7220 and 7224 and \$351,588 for the 7234 property. In March, the city staff requested an extension to bring properties in compliance to avoid paying H.U.D. back this money and on March 25<sup>th</sup> of this year, we are authorized a one-year extension to meet the national objective on this Bellevue property. In consideration of the time frames for compliance provided by H.U.D., the city initiated foreclosure on 7234 Bellevue on November 19<sup>th</sup>, 2013. Although the foreclosure process has begun, the following options are available for the Council's consideration this evening. The first option for the city to continue with the process with the foreclosure on the property, the second option is the city could accept a deed in lieu of foreclosure from C.S.A. if that is offered.

The foreclosure would be for a minimum of a 90-day process. If the city acquired property, they could sell it at a public objection or rehabilitate the property to meet the H.U.D. compliance. If the city

acquires the property, the city is responsible to pay the back taxes for 2012 and 2013, which right now total \$1,598.85. The time frame, again, would be close to the March 25<sup>th</sup> deadline for our compliance to meet the requirement outlined by H.U.D. The second option is the city could accept a deed in lieu of foreclosure from C.S.A. if it's offered and the city could control the property and offer the property at a public auction. The sale proceeds from this particular property could be applied towards the \$351,000 needed to be reimbursed to H.U.D. Or the Council could direct the city staff to bring an action back to the Council later to reimburse nonfederal funds in the amount of \$351,588 to the U.S. treasury. These funds would be reimbursed to the U.S. treasury and would not be eligible for us to reprogram through the city's process.

If the Council chooses to reimburse the local account, the funds would need to be reprogrammed under CDBG eligibility activities and in discussion with H.U.D., as I mentioned in our meeting in November, on October 31<sup>st</sup>, H.U.D. further clarified that a portion of the funds could be returned to the city's local account. And of that would be \$288,573 to be reprogrammed to the city's Housing Rehabilitation Program. And the remaining portion could be returned to the U.S. treasury and held in the city's line of credit with H.U.D. to offset current funding activities in the amount of \$63,000. These returned funds would need to meet the expected eligibility of CDBG activities and they would need to be completed within the time frames set forth in the CDBG regulations. The reprogrammed funds would resolve the H.U.D. funding problems for this particular property. That concludes my presentation on this.

Mayor Lane: Well, thank you Mr. Murphy. I don't have any cards or requests for comment on this. So we do have a motion or comment or otherwise, Councilman Robbins?

[Time: 00:52:11]

Councilman Robbins: Thank you, Mayor. I have a couple of questions. So my preference is to not do what we did on the other two and to look at the second half of this option two of returning the funds to be reprogrammed. Explain the 2a and b. So the \$288,573 would go to the Housing Rehabilitation Program. Do we have, if that money were to go to that, what would the money be used for specifically some what does that mean?

Bill Murphy: Mayor Lane, Councilman Robbins, the Rehabilitation Program assists with the rehabilitation of your homes. The grants can be upwards of \$35,000. They can address structural issues that are code violations. They can be also used to include handrails ramps, things that would be essential for an elder conversion in a home and they can provide cost effective energy efficiency improvements incorporated with green building standards. So those would just be a couple things that the program can do. This money, if it goes in, has to be expended. This particular amount by September of 2014, and we feel confident in the capacity for us to complete that.

Councilman Robbins: Okay. So we wouldn't have any excess money that would be lost without being spent? I mean, there's plenty of need for this?

Bill Murphy: We have a waiting list of people right now.

Councilman Robbins: Okay. And then the second part, that would be the \$63,000 what exactly would that go for? And are other strings attached with that as well?

Bill Murphy: That would go into the line of credit and so we can reuse that for some of the CDBG activities that we have. It could be used in some of the funding process that you all approve in the spring each year for particular eligibility grants that we have received for nonprofits, but, again, this money because of the criteria that's established on here, we would be using it right now. We have 15 days to expend this \$63,000 and we feel that that could be accomplished as well.

[Time: 00:54:27]

Councilman Robbins: Okay. A couple of questions for Mr. Washburn then. The two options, one would be to close, the other would be to hopefully get a deed in lieu of foreclosure or is there any other option by just allowing it to sit there any longer? Do we have a time frame as far as that goes?

City Attorney Bruce Washburn: Mayor and members of Council, Councilman Robbins, thank you for your question. Let me give you a little history. Originally C.S.A., unlike, 7220 and 7224 where our lien position was behind another lien that exceeded the value of the properties, for 7234, our lien position is in first place. So if we go through with the foreclosure, anything could happen, but assuming that things go the way they should, the City of Scottsdale will end up owning the property at the end of 90-day foreclosure process and we will have a foreclosure process and we might have the opportunity to sell it at that time but we can revisit that issue when we get closer to that point in time. At one time, C.S.A. had offered the city a deed in lieu of foreclosure so we wouldn't have to go through the foreclosure process because they were closing up business and they wanted to get rid of all of their properties. And so we were going to accept that deed in lieu of foreclosure. Before we accept a deed we need the Council's approval. We can't add property to the city without the Council's approval. They said, yes we want to do in lieu of foreclosure, we want you to pay us \$30,000. I advise against that because we will get the property without paying them \$30,000.

So what we are asking for in this respect is please authorize us to take the deed in lieu of foreclosure in case they come back to us and say, okay, we were just kidding about the \$30,000, you can have the property otherwise we will go through the foreclosure process and get the property. If we don't do either one of those things, the property sits there and stays in C.S.A.'s name and I don't know even if they go out of business, it would still technically be in their name. They can't really sell it because we have the, to anybody except us because we have the lien that exceeds the fair market value of the property, I'm pretty sure. So I suspect either we will get the deed in lieu or complete the foreclosure. Does that answer the question?

Councilman Robbins: I think it does. So your recommendation would be then if we don't want to do what we had done on the other two pieces of property, which is what I would like to see done, is to have us get rid of this and bring back as much money into the city as we can to be used for the CDBG purposes. So which, I guess on number 11, which resolution accomplishes that?

Bruce Washburn: Both of them.

Councilman Robbins: Both of them. Okay. All right. So both resolutions accomplish option two?

Bruce Washburn: Correct.

[Time: 00:57:32]

Councilman Robbins: Okay. Then I will make a motion to, that the Council adopt Resolution 9595 and 9594.

Councilwoman Klapp: Second.

Mayor Lane: A motion and seconded. Councilwoman, you would like to speak towards it?

Councilwoman Klapp: Just that I believe that's the better course of action on this particular property and I would agree with Councilman Robbins and his assessment.

Mayor Lane: Thank you, Councilwoman. Councilman Littlefield.

[Time: 00:58:01]

Councilman Littlefield: So if we approve this, then we own this. When would that happen? January? February, March?

Bruce Washburn: It would happen when they give us the deed in lieu of foreclosure or somewhere near the end of the 90-day period and we started the foreclosure in November. So sometime in February.

Councilman Littlefield: Okay. So let's say by March we would end up owning this place, right?

Bruce Washburn: That's what I would anticipate, yes.

Councilman Littlefield: All right. At that point, we could sell it or you guys could come back and ask Council to keep it like we did last one, couldn't you?

Bruce Washburn: That would be a theoretical possibility. If we go through the foreclosure, it's possible we would sell it at the foreclosure sale but if we don't do that, then we would end up owning it sometime in March and it would be like any real estate that the city owns it would be up to the Council to determine what we should do with it.

Councilman Littlefield: All right. Then I would like to make an alternate motion that we approve those resolutions with the stipulation that this property will be sold and not kept by the city.

Councilmember Phillips: I can second that.

Mayor Lane: A motion is made to accept this property, I'm presuming, Bob, if I may just for clarification purposes, indicate that item 2 of this would be that there would be a transfer of those funds to pay the CDBG funds in order to have that reallocated within the time frame?

Councilman Littlefield: I just want to make a motion if we own, it we sell it. I don't want to end up with stuck with another disaster like the previous one we are stuck with. I don't want to have March come around and these guys come back and say, oh, yeah, now that we have got it, let's refurb it and give it to somebody else. I want to make it clear that we are directing staff to go ahead and assume ownership of this, but that will be with the stipulation that we don't keep it, that we turn it around and sell it. Simple.

Mayor Lane: Okay. And that's seconded. Councilman, you would like to speak towards your second?

Councilmember Phillips: No, I'm good.

Mayor Lane: All right, then alternative motion is on the table. Councilwoman Milhaven.

[Time: 01:00:27]

Councilwoman Milhaven: Regardless whether it's a foreclosure or a deed in lieu, in order to avoid the \$351,000, it has to be habitable, have people in it by March, is that right?

Bill Murphy: Mayor Lane, Councilwoman Milhaven. If we actually do this, as far as having anybody in there, we'll, we will have taken care of our obligation to H.U.D. to repay them back. So with the nonfederal funds we will be okay. We won't need to have people in that building.

Councilwoman Milhaven: The difference I see between this or the other, we just don't have time to bring this property into compliance.

Bill Murphy: Correct.

Councilwoman Milhaven: Okay. I would, I certainly think the plan should be that we sell these properties; however, I would be reluctant to support Councilman Littlefield's motion. I don't, because when we get to the foreclosure auction. I want to make sure that it's not construed as show it up and sell it to anybody who offers. There is some value here and the city should be able to negotiate and get a great price and not be forced to sell it for less than what they think they can because of fire sale. Thank you.

Mayor Lane: Thank you, Councilwoman. My concern about the alternative motion is the fact that it does not provide, even though if we were to take ownership of it and sell it, it does not provide for an allowance for us to pay back the feds within the time frame so that we could reallocate the funds. It would be owed to the feds and that we wouldn't be able to use them. We would owe. We would pay

it one way or the other, the \$351,000. So I'm concerned about that. I'm not concerned about the basic premise of selling it and having that as a stipulation. I would like to sell it on the best of terms and I would rather have the second provision within item 11 and that is that we would do what's necessary to pay back the CDBG funds so that we could reallocate them in the given time frame. So I would be supporting the original motion. I'm sorry, Mr. Washburn.

Bruce Washburn: Thank you, with respect to the foreclosure sale. I want to point out that if, in fact, with we go to the closure sale, the plan would be that we would come back to Council prior to foreclosure sale, probably in an executive session to get direction on what amount we could accept at the foreclosure sale. It would not be whoever comes in and bid situation thank you.

Mayor Lane: Thank you, Mr. Washburn. Vice Mayor Korte.

[Time: 01:03:01]

Vice Mayor Korte: What is the present value of this property?

Bill Murphy: Mayor Lane, Councilwoman Korte. We are right now going to get an appraisal of the property. We have not completed that yet but we should have that in the next 30 days. So the answer to your question, we don't have the value of it right now.

Vice Mayor Korte: Are there any comps in the area that we have a ballpark value? A ballpark value?

Bill Murphy: I think it's varied from what we have seen, and some of those could be our high, or our low, I don't want to speculate on what this one might be worth.

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

[Time: 01:03:47]

Councilman Littlefield: Everyone up here says we should really sell it but you are not willing to vote to put that stipulation on. I think that would lead someone at home, who was watching this on TV to maybe suspect that the plan is to get it and keep it. So if you really mean it that you want to sell it and get the city out from under this, then you should approve the alternate motion. If you don't, then I think it makes it clear that there's a possibility that some of you up here want to keep it and we end up getting stuck with it like we did with the other Belleview property.

Mayor Lane: Thank you, Councilman. I can only say this, suspicions run amuck here. The fact is I was as much against the previous purchase and maintaining and rebuilding, as Councilman Littlefield was. In this particular case, the missing component in Councilman Littlefield's motion is to expose the city to \$351,000 of un reusable funds that would go back to the federal government and not be able to be reallocated. That's his motion. It does not have that provision and therefore does not have that protection. Otherwise I really wouldn't have a problem with it. But any case, it is as it is. No further comments that are indicated. I think we are ready to vote on the alternative motion, which is

Councilman Littlefield, which is to take it foreclosure and sell it and disregard the rest, the disregard the CDBG funds. The votes tallied. 5-2. Councilman Littlefield and Councilman Phillips declining.

On the original motion which was to accept both provisions of number 11, which would be the Resolution 9595 and 9594, and the important component of this is certainly in receipt of the property under Resolution 9595 is, Mr. Washburn, our City Attorney advised us that any foreclosure sale would come back to this body to determine whether it would be a price we would sell for or not and therefore, in any case, that would be covered and we also have Resolution 9594 which includes the payment of the \$351,000 to the feds which will be required because of noncompliance on this property under any circumstances. So we are then ready to vote. All those in favor of the original motion these indicate by aye or nay if you oppose. 5-2 with Councilman Littlefield and Councilman Phillips declining. Thank you very much. I appreciate it. Okay.

**ITEM 12 – ESTABLISH UASIN GISHU, KENYA AS A SISTER CITY**

[Time: 01:06:43]

Mayor Lane: We will move on to item 12, which is the establishment of Uasin Gishu, Kenya as a Sister City. We have, initially we have Brad Lundahl of government relations to give us a presentation on that.

[Time: 01:06:58]

Government Relations Director Brad Lundahl: Good evening Mayor and members of the Council. As you mentioned, Mayor Lane, tonight we are going to consider adding Uasin Gishu as a new Sister City here in Scottsdale. Let me give you a little bit of background on the Sister Cities organization. There's both a state level, city level and an international level. At the international level, it was created in 1956, soon after the end of the Korean War by President Eisenhower as a means of talking with our neighboring countries and communities and developing relationships with the hopes of averting future conflicts. Here in Scottsdale, our involvement with the Sister Cities organization began in 1969, which Scottsdale established Alamos Mexico as first Sister City. We are a member of the national organization.

Scottsdale currently has six Sister Cities: Alamos, Mexico; Cairns, Australia; Kingston, Ontario, Canada; Interlaken, Switzerland; Haikou, China and Marrakesh, Morocco. If we add another city, it would be our seventh Sister City. To provide updating Kenya is, of course on the East Coast of Africa, just below Ethiopia and Somalia right there on the equator. Kenya itself recently adopted a new constitution where in essence, they are starting to decentralize the national government and move power more towards local governance. At the same time, they have shifted governance more towards the county-type system where they have, not decentralized but moved powers from cities and towns but in essence they are compressing where the powers of running the government occur.

Uasin Gishu, this shows that, where it is in Kenya. More in the western part of Kenya. It is one of 47 counties. I did mention it is a county in Kenya. It has a population of approximately 900,000 persons

with about 300 living in the town of Eldoret. It is an agricultural-based economy and English is the official language of this area and it spoken everywhere. They do also have a modern international airport in Eldoret. There are primary schools as well as secondary schools. And the vast majority of those schools, though, are in the region or in the rural areas. They also have modern hospitals and medical clinics throughout the area. So tonight's action is to decide whether Scottsdale would like to adopt Uasin Gishu as its seventh Sister City and that would be adopting a Resolution 9592. I would be happy to answer any questions and I think we do have someone here to speak to it as well.

Mayor Lane: Thank you, Brad. Let's go ahead and have, is George here to respond to it? If you would like to give a presentation on it, George.

[Time: 01:10:42]

Sister Cities President George Hartz: Thank you. My name is George Hartz. I'm serving as president of Scottsdale's Sister Cities Association. We are pleased to be here tonight and present this exciting opportunity. I wanted to start off on behalf of the board to thank you and your predecessors for 44 years of strong support to Scottsdale Sister Cities. It's much appreciated. I have also been asked by Jackson Mandago who is the governor of Uasin Gishu province to extend his greetings and welcome, and his excitement over the prospect of establishing a partnership with Scottsdale, both he and his management team. He assured me that they have established a high-powered Scottsdale committee, if this is approved, to make this partnership into something really exciting.

Just a couple of other quick words. Scottsdale Sister Cities Association has spent the last 15 months as part of its evaluative process for this new Sister City. We held multiple community meetings. We were visited in May by the deputy governor of Uasin Gishu who was able to spend an hour with the Mayor. A five-person delegation went over to Uasin Gishu, Kenya, in August of this year, to meet with their government officials and business leaders and educational and healthcare leaders. We have had, we have received refreshingly strong support from the community about the prospect of this. Scottsdale schools have expressed a lot of excitement. We have had three different churches already approach us and say they want to get involved. The Mayo Clinic has expressed a lot of interest in getting involved and we have been very pleased with the reaction from the community. We can foresee exchanges in a number of areas, in education, healthcare, economic development, culture, sports, and the environment.

Just as a quick aside, Uasin Gishu is world renowned for producing the best middle distance and long distance runners in the world. Nearly all major marathons anywhere in the world are run by, are won by citizens of Uasin Gishu. One the reasons we are very excited about recommending this is we think it adds significantly to the cultural and geographic diversity of our Sister Cities, and that's an important aspect of this. We still have some gaps in our cultural and geographic diversity but with this one, it would fill an important gap that we have. We are fortunate in being able to bring to this a unique leadership situation from a gentleman named Peter Olay Subay. He transferred down from Minneapolis. He has extremely strong connections in Uasin Gishu and so it's an exciting opportunity. This hasn't come up a lot that we had someone on the ground here who has such strong relationships there. I guess Max Haechler and Interlaken is the only similar situation. After the week of delegates



visit, my wife and I spent another two weeks in Kenya where we spent some time in Nairobi and took a wonderful safari. Kenya is a beautiful country with extremely friendly people and a fascinating culture. We expect that Uasin Gishu will be one of our most active Sister City relationships. We are excited about it and hope you all are excited about it too. Thank you.

Mayor Lane: Thank you, Mr. Hartz. Councilwoman Klapp.

[Time: 01:15:04]

Councilwoman Klapp: I don't have a question. I have a, I want to make a motion. My understanding and relationship with Sister Cities is fairly strong and I have to admire the fact that the organization has really made, has evolved quickly over the last few years with some of the new relationships that have been established, and I think the public should know that you have a very tiny budget and that these trips that are scheduled and the delegations that go out are all on your own dollar, not out of the Sister Cities budget. So I have to congratulate you for the work that you have been doing over the last few years in developing relationships throughout the world. And so I proudly will be happy to make a motion to adopt Resolution 9592 endorsing a Sister City partnership with the county of Uasin Gishu, Kenya.

Vice Mayor Korte: Second.

Mayor Lane: Second from Vice Mayor. Would you like to speak to it, Vice Mayor?

Vice Mayor Korte: Just simply thank you, George, for your work on this. I know the last several years we have expanded our Sister City relationships 200, 300 fold. I think it's a really good work and to support that cultural aspect of Scottsdale with other communities I think is real important. So thank you.

Mayor Lane: Thank you, Vice Mayor. I would just like to say that, George, I think you have done an excellent job in trying to quantify this from a number of different angles that always concern me and are important to the city as far as its participation in a great program and has been for a lot of years, even though I had some original skepticism on this, I think the idea that this is a fully encompasses all of those functions that we are looking for in building a cultural relationship, economic, medical, educational, social, and governmental context with a country that's probably in need of some bonding with the United States at a critical time. And I think that's part of what the program is about, is really bringing people together on a cultural way, but also in a lot of physical and human kind of ways that are so important for us to develop. Not only our presence as a country across the world, people to people. But also for Scottsdale recognition, things we've been able to do. I for one certainly have been focused on and used the Sister Cities program very effectively to get the word around internationally for the City of Scottsdale in a lot of different ways as it relates to tourism and business development. But frankly, there are a lot of other aspects that have less tangible, sometimes results but also are very, very equally valuable. So I support the motion as it stands now and I want to thank you for your work on that, George. There's no other comments that I see. I think we are ready to vote on this motion. All those in favor, please indicate by aye. And those opposed with a nay. Motion

passes unanimously. Thank you. Thank you, George and thank you, Brad.

**ITEM 13 – PROPOSED FISCAL YEAR 2014/15 KEY CAPITAL BUDGET ISSUES**

[Time: 01:18:42]

Mayor Lane: Our next item, item 13 is a Proposed Fiscal Year 2014/15 Key Capital Budget Issues and we'll start with Dan Worth. Mr. Worth.

[Time: 01:18:50]

Public Works Executive Director: Good evening Mayor and Council. I am indeed here to talk about our key issues and assumptions as we begin the development of our proposed capital budget for fiscal year 2014/15. I'm going to focus on the magnitude of the need for capital investment and the resources that we have available to address the need. I will point out that there's no action required as part of this item tonight, although it is agendaized to accept any input. We are doing this a little early than the past few years. Usually we provide this in the January/February time frame and we have requested receives from all divisions on what their new capital needs are and we ranked and developed some preliminary recommendations. We haven't gone through that process yet. You will see a little bit of a difference at one point in this presentation instead of proposed projects, I will be instead presenting you the magnitude of that total overall request. But I will also be presenting you the process that we will follow to get to that point later in the year when we provide our recommendation to you. This slide is one that we have used for the past few years that gives you an idea of the value of the city's capital assets from our balance sheet. The key thing here is \$5.1 billion in value, if you take away the two large pie slices at the bottom of the chart which represent land value, you have essentially \$4.1 billion worth of machinery equipment and buildings primarily and I would also add not just buildings but other built infrastructure, our streets, our storm drains but basically what we have built through the construction, C.I.P. and what we bought through the equipment.

This is our fiscal year 2014/15 C.I.P. budget. The C.I.P. is a five-year plan. This is a representation of, based on our current assumptions on how much we will spend this year on projects that are budgeted that are in this year's budget. This is the budget that will be in place, that we don't add anything else for 2014/15. A couple of points that I would make about this, number one, the pie slices don't correspond directly with the pie slices on that asset valuation chart that I just showed you, but they are fairly close. And if you take the pie slices on this C.I.P. budget chart and match them up against the value of the asset, you can make some observations about the level of investment and different parts of our capital infrastructure. The large slice in the upper left, water and wastewater. \$1.2 billion worth of infrastructure that we own, we've got about \$142 million investment budgeted for next year. That's about 12% of the asset value.

If you take a look at the General Fund and the transportation fund slices, and make the same kind of calculation, those are the two slices of this budget that are primarily or largely sales tax revenue dependent. The General Fund and then the transportation dedicated sales taxes is a big piece of transportation fund, but if you do that math instead of the 12% that you get with the water and the

wastewater we are planning on investing about 8% in the storm and street drain and 7% of our buildings and other improvements. The point I would make is that that investment and this is no surprise, we talked about every year for the past three or four years, it's lagging behind, and it's largely a result of that dependence on the sales tax revenue. I will take you through a couple of slides that elaborate on the 2014/15, where we think we will start. This is a representation of this year, we are starting with a General Fund cash balance of \$36 million.

I have listed our major anticipated expenditures. These are all budgeted projects in this year. We are spending money on these projects and when you subtract out our anticipated cash flow on all of these projects, we are left with an ending cash balance in the General Fund C.I.P. of about \$8 million.

Mayor Lane: Excuse me, Mr. Worth, maybe back to the last slide. I believe Councilman Littlefield has a question.

[Time: 01:23:51]

Councilman Littlefield: What's the \$6 million for SkySong for?

Dan Worth: That is the last of the city public infrastructure investment that was included in the original investment in 2004. We are building the last of the public parking that we will build as part of that requirement.

Councilman Littlefield: Thank you.

Dan Worth: This is the entire five years or it is actually two through five of the current C.I.P. This doesn't represent any new projects being added to the C.I.P. This is just what's in the plan right now. The column under '14/15 is the anticipated budget requirements that will be left after we spend the money that I showed you on last slide, adds up to \$24.6 million. The subsequent columns '15/16 and beyond, are new spending that's in the plan now. One of the things I want to point out to you, well, before I get into the subsequent columns. If you look down towards the bottom, the anticipated fund C.I.P., \$8.1 million, that comes from the last chart. We anticipate going into '14/15 with \$8 million. The line below that \$8 million, our beginning cash balance, the line below that is the amount of money that we anticipate adding, sales tax revenue, to the General Fund C.I.P. fund every year. That is a result of the adopted financial policy that says that we take 25% of our construction sales tax revenue citywide and add that to the General Fund. So you take that 8.1 and you add the 2.6 that we anticipate, 25% of what we anticipate receiving this year, we have a starting cash balance of a minimum of 10.7.

The last row is the question marks. That represents any additional funding that you may choose to add to the General Fund C.I.P. The last two years, you have added \$3 million from our unreserved fund balance, when we were done with the operating budget process. It could be a number higher than that. It could be a number less than that. I would subject and this slide kind of points to this fact, if we don't make some additional allocation from that unreserved General Fund balance, we will start falling behind our General Fund C.I.P. The last observation I would make on this is those out years,

'15/16 and beyond. The numbers you see listed in the out years are primarily represent investment in existing infrastructure, both our information technology, communications equipment and our building infrastructure.

We have recurring annual accounts where we project our replacement needs for major building components for major I.T. components and this is where we budget for them. These are all backed up by annual replacement, life cycle replacement schedules, and if you go to the total line, you can see that without adding any new projects, we are anticipating a need for somewhere between 2.8 million and \$4 million of new money every year just to meet these annual recurring investments in what we have got already and match that up against the two rows at the bottom, the \$2.1 million, which is not enough to meet that need and then whatever that question mark is, whatever we have available to transfer over.

This is our summary of issues that result from that last slide. I have already really hit on these, except for the last one, we do anticipate and I will go back, we do anticipate an impact of changes that have been approved or are being considered by the legislature that would reconfigure construction sales tax receipts so we, that accounts for the reduction from the 2.6 to the 2.1, that's factored in. So this is pessimistic. This is taking into account what we anticipate to be the downside resulting from the changes to the construction sales tax. I have already highlighted the other two points.

[Time: 01:28:15]

Mayor Lane: I'm sorry, Dan. If you could, I just had a question that sort of struck me I was looking at the current General Fund C.I.P., the work sheet you have with the budget new, new, new and new for each of the fiscal years. And given the 2014/15, which is obviously the subject of tonight's conversation. And maybe you pointed this out and pardon me if I didn't sort of, it may be in your style of presentation. I didn't, it wasn't emphasized enough to me. Are we looking at a total budget of \$24.6 with anticipated resources of the \$8.1, which is the cash balance, plus the \$2.6 coming off that construction sales tax, excuse me or approximately \$10.7 million of total resources to meet that budget?

Dan Worth: Mayor, that's correct. And I apologize for not addressing that specifically. We are looking at anticipated budgeted, you know if we spent everything that we were budgeted it would be \$24.6 million. We have \$8.1 plus \$2.6, plus whatever the question mark turns out to be to meet that. Historically, we spend somewhere in the neighborhood of the 25 to 30% of the total budgeted amount in our C.I.P. Many of the projects are budgeted in one year, but they involve multiple years of spending as we go through the process of designing and building the project.

Mayor Lane: But if that amount of unreserved fund balance is anything less than \$14 million, we have got a shortfall to try to meet that budget at the very least? And \$14 million would be a substantial amount to be recovering off of the unresolved fund balance, unmatched by any past years.

Dan Worth: Mayor, there's a high likelihood that we will spend close to budgeted amounts for several of these projects but I will point to the largest number up there, the crossroads each drainage, that's a

collection of five different projects, five projects that had amounts on the proposed bond election that went to the voters in November. These are General Fund portions and I came in each of the last four years these are still valid requirements and we need to have them budgeted. We are still conducting studies and determining feasibility and options for what we ultimately will build to meet the need for drainage in that area. The likelihood that we spend substantial amounts of that money this year or next year is fairly slim. By the time we get to the point where we have to spend substantial amounts of money the implemented drain solution in that area, we anticipate having contributions from the flood control district, contribution and in way of in lieu fees and anticipate that there will be funding that will mitigate the need to spend some or all of that \$13.3 million. We have left it in the budget because it's a valid need. We don't want to take it out of the budget or we have been reluctant to take it out of the budget for the past four years because we still intend to meet that need but the likelihood that we will be called on to spend that money in the near term is not high. So that \$24.6, if we spend everything else, you are at 11.

Mayor Lane: Yeah.

Dan Worth: This is the requirement which is pretty close to what we anticipate.

Mayor Lane: All right.

Dan Worth: Still not adding any new requirements.

[Time: 01:31:47]

Mayor Lane: And I appreciate the explanation and what may be available and what may be used but within the crossroads east drainage includes the project that includes the 1200 homes in south Scottsdale, west of Pima Road and frankly it includes our obligation to the tribe and to the county as far as that matching of funds for that drainage along Pima Road and into Scottsdale.

Dan Worth: That's actually represented by first line on the budget, the \$3 million grant watershed project.

Mayor Lane: So, it's not included in that number?

Dan Worth: It's not included in the \$13.3. I'm not going to tell you that we will be able to tell you \$3 million for that project immediately but we are working very hard on it. We are looking at some assumptions for the flood control district and reopening the dialogue with our partner on that project with the Pima community to see if we can start moving that project forward.

Mayor Lane: But pardon me for interjecting that we worked very, very, hard on, which is the upper end of this, up near the, up near the Salt River fields and when they were developing that we got ahead of the drainage issue and the Pima Road to facilitate that. That's the front end of that whole issue of Granite Reef is it not?

Dan Worth: That's correct. I will briefly go over some slides showing the transportation C.I.P. budget. You will see the Pima Road project from 90<sup>th</sup> Street down to McDowell, the improvements adjacent to Salt River fields, the ones that you are referring to were done as a first phase of that project that but that project is integrally tied to this drainage project, part of the drainage solution that will be built in conjunction with the road.

Mayor Lane: And even for the rest of the drainage, Pima Road to the far south and to those homes to the west of Pima Road that also includes a transportation as well as a drainage component?

Dan Worth: Mayor, the transportation funds will be used to add capacity lanes to Pima Road. The drainage funds will be used to build the pipes, essentially to intercept flows and keep them out of those neighborhoods. We will make sure the street money is spent on the street and drainage money on the drainage.

Mayor Lane: Absolutely. We don't want to do one and then the other. We want do them together. They have to be coordinated in the availability of funds and the project timing?

Dan Worth: Absolutely.

[Time: 01:34:25]

Mayor Lane: All right. Thank you very much, Mr. Worth.

Dan Worth: That was currently in the General Fund C.I.P. The two slides I will show you the divisional requests. We go for a call for capital needs every year. All the divisions in the city put into their needs. We do it as a five-year data call. It shows the anticipated amounts that would be added each of the five years if we adopted all the requests and, of course, we go through that prioritization process, and what we will add to the request. This is what it looks like. You can see the heading before November 5<sup>th</sup>. We did the data call before the bond election. The bond election you would anticipate might change the anticipated needs for some of the departments. We gave them an opportunity to revise the data call after the bond election and this is what it ended up looking like.

A couple of the points that I will make here. After the bond election, it jumped up from \$55 million of high priority to \$158 million. That makes sense. The bond election looked at \$212 million of spending, \$99 million was on transportation, which it doesn't show up near. The remaining \$113 million, there were some projects that we reduced scope as we went from the bond package to this, but primarily they were transferred in total, and added that much spending over the five years. So this is the updated in view of the results of the election to reflect the current high priority capital needs for those claimants of General Fund C.I.P. And this is the process that we are going to go through to figure out how much of that \$158 million we anticipate being able to add into the five-year plan, either in 2014/15 or in the out years of C.I.P. We have already begun the process for that data call. We have been going through a process of reviewing prioritizing. We have got two staff expert groups that we pull together to look, one, at the construction projects, the other at the equipment and the technology projects. They look at the projects to ensure that they are scaled properly, the price, estimates are

reasonable. And to look at some very well established prioritization criteria that are established in our C.I.P. budget. And they pull together a consolidated recommended list. We got that now.

We have a meeting scheduled later this week, the C.I.P. advisory group, the senior level leaders, myself, the Public Safety Executive Director, the Community Services Executive Director, the Treasurer will get to go and take a look at that recommendation from the advisory groups and we will make a recommendation for the City Manager. And then ultimately, that will make it to you in the form of staff, City Manager staff recommendation for the 2014/15 capital budget. Very briefly, I will present a couple of slides for the transportation on the other fund that's largely sales tax dependent that mirror the presentation I gave you on the General Fund. This is our starting transportation fund C.I.P. balance, just shy of \$32 million. The list of projects that we anticipate making expenditures on this year. We will leave \$13.9 million. I apologize, there as a lot of words and numbers on this chart, but I can direct you to the ones that really matter. You go to the lower left of the numbers, you see \$28 million of anticipated budget requirements at the beginning of 2014/15, but \$13.9 million, it came from the last slide, plus our anticipated sales tax revenue into the transportation fund, about \$23 million to go against \$28 million of requirements, that's, again, you are recognizing you will not spend all of the budgeted amount on all of those projects.

[Time: 01:30:05]

That's management. We are fairly close on the transportation fund. You can also look at the out years like we did with the General Fund. You have got projects. You have a number in every column. They are projects where we make annual investments in our existing infrastructure, projects like traffic calming, intersection enhancements, trails being bikeways, sidewalks, we have anticipated amounts that we spend to make some of those annual improvements. You add those up, and that's our investment and our existing infrastructure amount and, again, the numbers and the total line at the bottom aren't too far off from the numbers that we see in our anticipated revenue problem. It's, it's, it doesn't project the surplus but it projects numbers within the range that we can manage within the existing budget.

I already talked about the estimated impact of the legislative activity regarding construction sales tax. It's less sensitive here because the construction sales tax is only a portion of the total tax, the transportation fund receives .2 of a percent of every dollar, not just the construction, not just a percentage of the construction sales tax. The other comment on here, growing need for investment for existing infrastructure, I'm going to highlight that a little bit when I look at the new project request. The new project requests are fairly modest in the transportation fund. A lot of the new project requests and frankly a lost projects currently in the five-year plan, five-year plan I showed you was just the transportation sales tax portion. A lot of these are transportation sales tax that's needed to leverage other money. Probably M.A.D.D. regional funding and federal grant opportunities. So again, fairly modest additional project requests. It's not because we are not looking to add a lot of transportation projects because the request is enabling us to add other projects that we hope to get other funding for.

The second line on that, the public works, I will differentiate between two departments. The

transportation department builds new stuff. The public works maintains the existing stuff. The public works is resurfacing, renewing existing assets, the repavement program, the overlay program and when we do the same thing that we did with the General Fund, we take a look at what happened as a result of the \$99 million bond package not being approved by the voters, the projects were listed for the transportation fund, we can continue to look for alternative sources, add regional funding if it becomes available, federal grant opportunities for some of those projects.

We can defer some of those projects. The big difference is in the public works. There's a \$15 million bond proposal project to renew existing pavements, the expired pavements project, and that is the result of the bond election not being approved by the voters, resulting in increased request from the paving program from transportation sales tax funding. Again, the requests are fairly modest and the transportation department, public works department is going to be able to manage the new requirements and balance it within the anticipated transportation sales tax, but it doesn't give us a lot of flexibility as with the General Fund to add new projects. And that is really all I intended to present. I had a couple of other slides that you will see in the packet. I had those for backup. I will be happy to entertain any questions that you may have or directions you may want to give us at this point.

Mayor Lane: Thank you very much, Mr. Worth. We probably will have some questions. We do have a request to speak, from Kathy Littlefield.

[Time: 01:43:21]

Kathy Littlefield: Did I request that page number 6 be replaced on the screen, please?

Mayor Lane: Certainly.

Kathy Littlefield: My name is Kathy Littlefield. I live at 8926 East Sheena Drive here in Scottsdale. As former City Treasurer Smith noted from this very podium, the last several years, the City Council has balanced the operating budget not by cutting expenses, but by cutting contributions to the capital budget. The problems listed on this slide, number one and two, are direct consequences of this short sighted policy. The voters of Scottsdale made it clear in the recent bond election that they will not increase their property taxes by 31% to bail you out of the hole you have dug for yourself on this issue. You need to find other answers. When you have dug yourself into a hole, the first step in getting out of that hole is to stop digging it deeper. In this case, that means you need to immediately start looking for ways to fund as many of the high priority C.I.P. projects as possible by cutting General Fund spending. The vote by the Council majority on your November 12<sup>th</sup> meeting to not even consider that discussion was a big mistake. Not only does that decision kick the can down the road, but it sends a message to the public that you are not serious about fiscal responsibility. This makes it even less likely that the voters approve a leaner, more transparent bond package in the future. Here's what I recommend that you do to deal with the C.I.P. issue. Step one, reverse your decision of November 12<sup>th</sup>, and agendaize a Council decision about General Fund spending cuts that can be made immediately in order to fund the highest priority C.I.P. projects as per the citizen task force.

Step two, take ownership of this problem. When you rejected having a Council discussion about



cutting General Fund spending to fund higher priority C.I.P. issues, several of you on this dais, actually said that this issue was not really important. Really? If it wasn't important, why did you put a third of a billion dollars property tax increase on the ballot? That sort of talk erodes public confidence in your commitment to fiscal responsibility even further. If you immediately take step one and two, maybe, just maybe you can restore the public's trust in this Council enough to pass a leaner, more transparent and more accountable bond package next year. One other important point, while you are discussing and considering spending cuts and funding C.I.P. projects always keep in mind that the voters of Scottsdale have spoken many, many times, that their number one priority is fully funding public safety. Thank you.

Mayor Lane: Thank you, Ms. Littlefield. That's the extent of the public comment on this item. Do we have any questions here from the Council? For Mr. Worth? Councilman Phillips?

[Time: 01:47:00]

Councilmember Phillips: It's not really a question but you did say at the beginning that you might look for a little direction from the Council and what I was hoping that we could do and to be fiscally responsible is to, let's see if we can get staff to make city policy that would put \$5 million a year in the C.I.P. instead of the \$3 million. I know we put in 2.5, whatever the tax is and then if there's any on reserve left over, then we decide, well, let's throw a little more in. I would rather have it a city policy that we put in at least a minimum of \$5 million and see if staff can find a way for that to happen.

Mayor Lane: Thank you, Councilman. Any other comments from the Council? Councilwoman Milhaven?

Councilwoman Milhaven: Thank you. I do need to correct something that was said. We didn't cut the contributions to the capital fund in the last few years. We contributed exactly what our financial policies dictated and added more than our policies required. Mr. Worth, thank you very much. It's clear this is the beginning of some important work, and what I would like to, what I hope to see when we come back here is more detail around the projects that are here, around exactly what the projects represent, and what the public benefit is for each of those projects because I think we are going to have to be setting some level of priority. I would also think that for the current year projects we probably shouldn't commit ourselves to anything further until we can get the priority listing from the budget projects and the stuff that's in the current five-year plan because the five-year plan, I didn't get to look at everything and say what's the order of priority for all of the things in the five-year plan, plus the stuff in the budget and I would like to have some clarity around what criteria the staff will have to prioritize those projects. I'm open to what staff is thinking, but my immediate thoughts are what mitigates an eminent risk to public health and safety, you know, which things are federally mandated. We don't have a choice but to do them and which projects have matching funds. I would imagine they take priority. I would like to understand better what that is, and so I think this is the beginning some of good work but I would love to get more detail as we go through the budget process. Thank you for that.

Mayor Lane: Thank you, Councilwoman Milhaven.

Councilman Littlefield: When Councilwoman Milhaven said we didn't cut the contributions to the capital budget plans, we would used to put \$40 or \$50 million in so yes, we have radically cut the amount of money that we put from the General Fund into the C.I.P. She said Smith stood at that very podium and said that, and we have actually seen that in the budget. So that's simply not the case that we have contributed ,you know, that we didn't cut our contributions.

Mayor Lane: Thank you, Councilman. Let me weigh in on the side of Councilwoman Milhaven. Frankly, we had a situation with a 30% drop in revenues that were received by the city by virtue of an economic downturn. The first \$10 million were taken by a previous administration's management to fund the retirement incentive program that came right out of C.I.P. funds and so that was first move that was somewhat unexpected and unknown, but nevertheless, that's what happened with the first \$10 million of it. The next, after that, frankly, it was just a drop in funds. And as Councilwoman Milhaven said, we were strictly in adherence and we worked hard to stay in adherence with our policy of a percentage of construction sales taxes that would go into C.I.P. as an automatic.

Frankly all management in the city here has followed a very sensible rule with surplus funds that were developed in the fat and happy days prior to the recession, where surplus monies that were received, there was no change in the tax rate, sales tax or otherwise, and those surplus monies were put into C.I.P. as a means to take care of what might have been seen as a one-time collection of revenues and to be used in C.I.P. which is something we still try to do with one-time monies now for capital projects rather than structural budget changes. It was a very responsible way to go. There were a major, dramatic changes that took place. There were cuts in city government, substantial ones and you can ask anyone who lived through them, that knows exactly what this city did, very responsibly, to set the economic station of this city in place.

And frankly to move up the credit rating and the bond rating capacity and frankly rating that this city has over all other municipalities in the valley, and improve them, we joined a very exclusive club by very strong and sensible fiscal management. But to say that somehow or other, we contracted or we withdrew or we took out of capital improvements monies that were supposed to be there is absolutely false. And so I would have to just leave it at that, that is, that is the fact of the matter and that's where it is. That's our final item for today's meeting. I don't believe we have any, or rather any petitions. Or other items for consideration from the Council.

## **ADJOURN**

Mayor Lane: And if not, I would entertain a motion to adjourn.

Councilwoman Klapp: Move we adjourn.

Mayor Lane: Thank you moved and seconded. All of those in favor of adjournment. Please indicate by saying aye. We are adjourned. Thank you very much.