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CALL TO ORDER

[Time: 00:00:01]

Mayor Lane: Good afternoon, everyone. Nice to have you here. I would like to call to order the July 2nd, 2014 City Council meeting. And we'll start with the roll call, please.

ROLL CALL

[Time: 00:00:13]

City Clerk Carolyn Jagger: Mayor Jim Lane.

Mayor Lane: Present.

Carolyn Jagger: Vice Mayor Guy Phillips.

Vice Mayor Phillips: Here.

Carolyn Jagger: Councilmembers Suzanne Klapp.

Councilwoman Klapp: Here.

Carolyn Jagger: Virginia Korte.

Councilmember Korte: Here.

Carolyn Jagger: Bob Littlefield.

Councilman Littlefield: Here.

Carolyn Jagger: Linda Milhaven.

Councilwoman Milhaven: 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 Clerk is present.

[Time: 00:00:30]

Mayor Lane: Present. I'm here again. We have, for just a little order of business, we would like to explain that we have cards if you would like to speak on any topic or for Public Comment, they are the white cards being held over the City Clerk's head over here to my right and if you would like to write any comments on any items on the agenda, that's the yellow card and we will read those throughout the course of the proceedings this evening. We do have Scottsdale police officers Tom Cleary and Dave Pubins, if you have need for any of their assistance. The areas behind the Council dais are reserved for the Council and the staff. We have facilities to my left under that exit sign for your convenience.

Tonight, before we have the Pledge of Allegiance, I would like to welcome the members of the Daughters of the American Revolution, Grand Canyon Chapter, to the meeting this evening. Kate

Paulson, Chapter Regent, agreed to share with us the American creed and to get us in the spirit of Independence Day. Katie, if you would, please.

Thank you very much, Katie.

PLEDGE OF ALLEGIANCE

[Time: 00:02:25]

Mayor Lane: While we are pleased, once again to welcome some of Scottsdale Youth Corps volunteers to lead the pledge. These young folks have volunteered on a variety of projects throughout the summer. A special thanks to Alex Bennett, who is coordinating these efforts through our Parks and Recreation department. Thank you very much. If you want to go ahead and come forward to the microphone. And if you can, please stand for the Pledge of Allegiance.

Scottsdale Youth Corps: 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. And if you would, please introduce yourself. Are we on? Thank you very much.

INVOCATION

[Time: 00:05:21]

Mayor Lane: Tonight we welcome Pastor Troy Peterson from the Scottsdale Bible Church to provide us with an invocation. Pastor?

Pastor Troy Peterson: Would you bow with me in prayer. Father, at the outset of this meeting, we pause to just say thank you and to ask for your help. Lord, we are thankful for the men and women that have sacrificed of their time and their lives that they might serve us as public servants. So we honor them and we are grateful for them and we ask your blessing on them. On this Independence Day weekend, God, we are reminded to be grateful for our country that we live in, the incredible freedom that we have, and that for those who paid the ultimate price, that we might live in a free land. So we are grateful today. Lord, we ask you for your help and guidance. We ask for your wisdom and we ask for your peace and unity. Lord, may you bless your city and Council, and may love rule our hearts and mind today and forever in Christ's name we pray, amen.

Mayor Lane: Amen. Thank you, Pastor.

MAYOR'S REPORT

[Time: 00:06:53]

Mayor Lane: A few months ago, the City Council and I were contacted by Henry Glauddell representing the 97 members of the Military Order of the Purple Heart Chapter 790. This group consists of local patriots from World War II, through Operation Enduring Freedom. Mr. Glauddell if I would proclaim Scottsdale as a Purple Heart City and of course, I was happy to oblige. In the meantime and certainly it was asked if we might be able to at least read this proclamation here at a meeting this year. So Mr. Glauddell, unfortunately couldn't be with us here this evening. I want to make sure that he receives the proclamation so he can take it to the next meeting at the VFW hall.

The proclamation reads whereas the people of Scottsdale have a great admiration and the utmost gratitude for the men and women who selflessly serve their country, and this country, in the armed forces; and whereas, veterans are paid the high price of freedom by not only leaving their homes and family and selflessly choosing to put themselves at harm's way for the our nation and community; and whereas, the sacrifices of our veterans and citizens and communities are afforded the ability to maintain the freedoms and way of life guaranteed to all citizens. And whereas, many men and women in uniform gave their lives while serving the nation in the armed forces and where many citizens were wounded during combat and earned the Purple Heart recognition for the meritorious acts of bravery and service to our communities and nation. I therefore, Jim Lane, Mayor of the city of Scottsdale do hereby proclaim the city of Scottsdale to be a Purple Heart City to recognize the sacrifice of our men and women who were wounded or killed while serving to protect the freedoms of our nation. We proclaim Scottsdale Arizona as a Purple Heart City.

So thank you Mr. Glauddell for bringing that forward to us and certainly as a timely manner in relation to the 4th of July and consider of our country and those who have served us. Next order of business is for Public Comment. I see that we have no Public Comment cards. So I will leave that aside for now, except that if there are some, there will be time at the end of the meeting to consider that as well.

ADDED ITEMS

[Time: 00:09:36]

Mayor Lane: We have a situation with supporting items, added items after the time period for agenda addition. So we have the supporting materials for item 12 were added to the agenda less than ten days before the meeting. Do I have a request to accept the agenda as presented or to continue the added items to the August 18th, 2014 Council meeting?

Councilwoman Klapp: I will move to accept.

Mayor Lane: Motion to accept the items as is on the agenda?

Councilman Robbins: And seconded.

Mayor Lane: Seeing no further comment on that item, we are ready then to vote on that, and please all favorably indicate by aye and register your vote aye. The tally is unanimous, 7-0. So the item

will remain on the agenda.

CONSENT AGENDA

[Time: 00:10:34]

Mayor Lane: Next order of business is our consent items 1 through 13. I have no cards on that. So no requests to speak on those items, seeing that there's no question on any of the items, Consent items 1 through 13, I would accept a motion to accept those items.

Councilman Robbins: Mayor, I move to approve Consent items 1 through 13.

Councilmember Korte: Second.

Mayor Lane: The motion has been made and seconded. Seeing there's no further comment on Consent items 1 through 13, we are ready then to vote. All those in favor, please indicate with an aye, opposed nay. Aye. The tally is unanimous and the Consent items are all accepted. If you are here for Consent items, you are welcome to stay or to leave us.

REGULAR AGENDA

ITEM 14 LIVEWIRE/BOTTLED BLONDE (AKA AXIS/RADIUS) CONDITIONAL USE PERMIT (17-UP-2012#2) ITEM 15 LIVEWIRE/BOTTLED BLONDE (AKA AXIS/RADIUS) CONDITIONAL USE PERMIT (61-UP-1997#3)

[Time: 00:11:26]

Mayor Lane: Move on to the Regular Agenda items which are 14 through 16, and just a note here, is that the Public Comment on items 14 and 15 will be taken together. And I'm presuming then, of course, and he's standing ready, already to present. Greg?

[Time: 00:11:49]

Planner Greg Bloemberg: Thank you, Mayor Lane, City Council, Greg Bloemberg with Current Planning. In the interest of time, I consolidated items 14 and 15 into one brief presentation. And these are cases 17-UP-2012 number 2, and 61-UP-1997 number 3, for Livewire/Bottled Blonde. It's located on the north side of Indian Plaza which is south of Camelback Road here. W Hotel to the west, and the Maya Day and Nightclub to the south and to the east is Majerle's and El Hefe. This is the Bottled Blonde, and this is Livewire. The primary change to the site for the most part is the expansion of the patio area for Bottled Blonde for an addition of a bar area out front. The pedestrian realm has been enhanced or is proposed to be enhanced, widen the sidewalks, additional trees and bike racks.

This is the first floor plan. The changes of note on the first floor, entry foyer here for Bottled Blonde, again, the expansion of the patio, some additional restrooms in Livewire and additional bar in Livewire

and some office space in Livewire. On the second floor, the biggest change here is a second floor balcony that is proposed for Livewire. The interesting thing to note about this balcony is the property line basically runs along the front of the building. So this balcony will encroach into the city's air space, over our right-of-way. As such, we will require a separate license agreement and that license agreement is being worked out as we speak. And we'll be coming before you hopefully in the very near future.

And summary of this amendment, again, the amendment to the live, the live entertainment conditional use permit would add live entertainment to Bottled Blonde. Livewire already has an amendment for live entertainment. It would add floor as well as the aforementioned second floor balcony to Livewire. And the change in the hours of operation are proposed for Saturday and Sunday only, and only for Bottled Blonde.

This request or this amendment would have Bottled Blonde opening at 9 a.m. on Saturday and Sunday as opposed to the standard 11 a.m., primarily anticipation of the football season, but that's what the request is for. Hours of operation for Livewire remain unchanged, and there originally was a request, you may recall, for an exception for New Year's Day for these establishments. The applicant has since withdrawn that request. So there's no exception for a holiday proposed as part of this request. That concludes my presentation. I'm available for any questions you may have.

Mayor Lane: Thank you, Mr. Bloemberg. We do have one request to speak on this item. This, of course, was for 14 and 15, as you just presented and as is this request to speak. Mr. David Smith.

[Time: 00:15:30]

David Smith: Mr. Mayor, members of Council, I don't really have an objection to the business proposition that's being proposed here, but I would like to recap for you a concern that I do have. The applicant is asking for an expansion of their real estate footprint, 669 square feet in one area and 542 in another and they are also asking for an expansion of their business hours of operation and to add live entertainment to one of the areas. I think from all of these things, we can certainly assume that the request from the applicant has, is a request that has financial value to him, otherwise, he wouldn't be here asking for this request. And I think we can also assume that this is not a guaranteed property right. If it were, again, he wouldn't be here asking for the request. He's got some further requests because it is conditional, and that's what we give these folks a conditional use permit for. And we have to remember what the word "conditional" means. It is dependent on certain circumstances.

What we don't know from the application is what is the benefit of this proposal to the Scottsdale citizens, to the 235,000 citizens of the City of Scottsdale who in a sense own these rights we're giving to other property owners. I submit that this is, it's not an establishment that's built for the benefit of the 235,000 Scottsdale citizens. I don't think that was the objective. I don't think it's an establishment that will add to the iconic cache of our city. I don't think it's an establishment that is being built or being expanded in the interest of promoting tourism, at least not in the traditional sense of tourism. It won't create any bed tax nights. I doubt that anyone would visits our city is going to

decide to extend their stay by a day or two, so that they can visit these two newly expanded facilities.

The applicant is not proposing to add any open space or any public areas or any public art and so the question that continues to run through my mind is what is it going to do for the citizens of Scottsdale? We know that this area, which we proudly call the largest bar area in Maricopa County or perhaps the entire state, we know it's a cash drain for the citizens. We know from previous studies that there's almost a three to one or worse ratio between what we spend to patrol or take care of this area, versus what they generate in property taxes to provide other services. So it seems pretty clear that the benefit or the impact on the Scottsdale citizens is negative and I guess I would like to see the Council ask the question at some point in time, ask the question, what is the benefit for the current Scottsdale citizens. Thank you very much.

Mayor Lane: Thank you, Mr. Smith. There are no other questions or requests to speak on this topic. And we do have some questions or comments from the dais and we'll start with Vice Mayor Phillips.

[Time: 00:18:56]

Vice Mayor Phillips: Thank you, Mayor. Mr. Bloemberg, so approval of item 14 and 15, is it going to include that balcony?

Greg Bloemberg: Mayor Lane and Councilman Phillips, the location of the balcony would be approved as part of this request, however, they obviously won't be able to install or construct that balcony until the license agreement comes before you, which will hopefully happen in the very near future.

Vice Mayor Phillips: But you are saying if we approve this, they can go ahead and build it?

Greg Bloemberg: No, they have to get the license agreement before they can build the balcony.

Vice Mayor Phillips: But that's coming back to us.

Greg Bloemberg: Correct.

Vice Mayor Phillips: That's one that's contentious. Why the extra square footage, that's not going outside the scope of their property. That's going up, right?

Greg Bloemberg: That's right.

Mayor Lane: Thank you, Councilman. Councilman Littlefield.

Councilman Littlefield: Just to refresh my memory, these are the guys who had the after-hours party on New Year's Day, that they weren't authorized to have?

Greg Bloemberg: Mayor Lane, Councilman Littlefield, this is one of the establishments that did have an after-hours situation on New Year's Eve.

Councilman Littlefield: Yes. And I remember at the time, saying, I just want to make sure that I hadn't forgotten. That at the time, we should have been talking about revoking their conditional use permit, rather than expanding it and I still feel that way and so I will certainly be opposed to approving this expansion of their C.U.P.

[Time: 00:20:46]

Mayor Lane: Thank you, Councilman. Mr. Bloemberg, there was an indication that this was given to the applicant. These license agreements are subject to a payment to the city for the use of this property and it's of a specific period of time, subject to renewal or otherwise, is that not correct?

Greg Bloemberg: Mayor Lane, that's correct. The license agreement is being crafted as we speak with asset management and obviously, there's a per square foot cost, almost like a lease that they will have to pay in order to occupy that space.

Mayor Lane: Other than the allowance to allow it to happen, there's no give on this?

Greg Bloemberg: That's correct.

[Time: 00:21:35]

Mayor Lane: Okay. Thank you. I see no further comments on this particular item. And no request to speak on it. So I would, at this point in time, I would entertain a motion. Remembering that this is also a motion for item 14 and 15.

Councilwoman Klapp: Mayor, I will make a motion. Are we going to take these one at a time?

Mayor Lane: No, they can be together. So if you want to.....

Councilwoman Klapp: Read all of it? Okay. I make a motion to find that the conditional use permit criteria has been met and adopt Resolution number 9765, approving an amendment to an existing conditional use permit for a bar to add 669 plus or minus square feet of indoor floor area and 542 plus or minus square foot second floor balcony, to expand the hours of operations for weekends for a 19,397 square foot space with the central business district, et cetera. Et cetera zoning. The second one is to find that the conditional use permit criteria has been met and adopt Resolution 9733 approving an amendment to an existing conditional use permit for live entertainment to add 669 square feet of indoor floor area and a 542 square foot second floor balcony to 19,397 square foot space and to add live entertainment to the east tenant, Bottled Blonde with central business district, parking district, downtown overlay, et cetera.

Mayor Lane: A motion has been made on item 14 and 15 as indicated. Do I have a second?

Councilmember Korte: Second.

Mayor Lane: Would the second like to speak toward it at all?

Councilmember Korte: No.

Mayor Lane: Okay no other further requests to speak then. We have a motion and a second. All those in favor, please indicate by an aye. Opposed nay. The motion passes 5-2 with Councilman Littlefield and Phillips opposing. That completes those items. Thank you for the presentation, Mr. Bloemberg. And for the input.

ITEM 16 – PRESERVE JEEP TOUR PERMITS AND BED TAX FUNDING

[Time: 00:23:51]

Mayor Lane: Next item is item 16, it's to Preserve Jeep Tour Permits and Bed Tax Funding. And this is a request to approve Resolution 9824 and we have Mr. Kroy Ekblaw at the podium to give us a presentation on this subject.

[Time: 00:24:05]

Preserve Director Kroy Ekblaw: Thank you Mayor, members of the Council. This evening we are presenting an update on the status of commercial motorized guided tours. And we'll be talking a little bit about the background and the history and reviewing the 2013/14 season as was required by your approval a year ago for a period update, and we will also have recommendations from the McDowell Sonoran Preserve Commission and the Tourism Development Commission for you.

Originally, before we acquired all the lands, there were three Jeep tour operators that were on the trust lands. These are lands that were north of Dynamite and east of 118th street. Prior to acquisition, we were pursuing what was called a shrub or a special land use permit that would have given us control over the trail use and if that had occurred prior to the acquisition, we would have for a period of time managed the operators for the State Land Department. However, we acquired the lands prior to completing the S.L.U.P. and the Preserve ordinance became the controlling responsibility over the Preserve, and that ordinance prohibited motorized vehicles. This graphic here identifies land acquisitions and, again, it would be these areas up here, north of Dynamite that were acquired in the 2010, '11 and '12 years.

In 2013, starting in, near first of the year and ending in the summer, the Preserve Commission and ultimately the City Council considered options for how to address the Jeep tours. Your options included simply keep the ordinance as is and not allow tours or to allow tours and the option would be permanent or temporary. The choice of permanent is what the Council approved on a one-year basis last June. Staff implemented that and we had four operators that were selected for the one-year period. For summary, this is that graphic north of Dynamite and the trails in yellow are those that

were really old dirt roads on which a four-wheel drive vehicle could have operated prior to the city acquiring those lands. These areas now remaining in yellow are the areas that the Jeep tours were able to operate on under the state trust landownership and this is the area that was then identified, this route was for the one-year period.

As you recall, it's about a 3.6-mile maximum loop that we operated in a one-way direction to avoid conflicts on the trail. The summary of activity over this one-year period saw just under 1100 total clients, visitors provided tours that were 370 plus vehicles and 260 different trips that occurred based on our \$3.50 per visitor, we generated just under \$3,800 in revenues. This is a summary of the trail counters on the north and the south.

The north being in blue and the south being in red, and this includes all activities, not just Jeep tours. This is hikers and bikers and typical of the trend that we see throughout the area that it reaches a peak in January, February, March time frame and tapers as the weather gets warmer. The southern leg, these pie charts identify the different types of users, the southern chart identifies over here the 44% of mountain bikers. That's very high in that area, typically because that's a dirt road that is fairly solid. You will notice on the northern route that mountain biking is 1% and it's a sandy bottom wash in that area and mountain bikers tend not to appreciate that but you will see the equestrian was very high in that particular area. They tend to like the wash. So, again, very typical of the type of activity. We had no violations. We had no complaints. We received really no calls about the Jeep tour activity over that one-year period of time.

[Time: 00:28:47]

Recently over the past several months, the city staff, the Scottsdale Convention and Visitors Bureau, the McDowell Sonoran Conservancy and the Tonto National Forest top staff have been exploring options within the forest of Jeep tours to operate there as well as some other opportunities that might benefit all the parties and user groups. The forest service has available capacity. They have identified that their typical solicitation process could take up to 24 months. However, if additional resources were to be made available, they could short than time frame under 12 months.

So the city staff, Tourism and the Scottsdale Convention and Visitors Bureau began reviewing options to address their needs and those options include utilizing bed taxes and the opportunity to extend the temporary permits for one more year to allow some options to be reviewed. This graphic shows the northern part of the Preserve as well as our connectivity to the Tonto National Forest here, and the available routes in the Tonto National Forest are identified in orange. Certainly, there's a much greater amount of availability over the three mile route that we have within the Preserve. One the other things that we have identified in the options of looking at a temporary, another extension of one-year for the temporary route would be to shorten our route from 3.6 miles to about 3 miles. That extension to 3.6 gets very close to a wildlife watering source and by shortening it, we would keep activity away from that. There's no concern from the operators. They were very rarely using that last .6-mile portion of the loop and that would not be a concern to anyone to shorten that up.

The Preserve Commission on June 5th reviewed these options and, again, they had the opportunities to

say, stay with the ordinance or to allow with a permit. They supported by a 5-1 vote the opportunity to extend the temporary permit process, going with the reduced route at 3 miles instead of 3.6, and that this one-year process would allow investigation of the restricted use on the Preserve or the option to move all use into the Tonto. They do have available user days in excess of 20,000 available for Jeeps alone.

This process would include, though, outfitters not just for Jeep tours but it would open up to equestrian outfits, mountain biking and hiking and they have some water sports on Bartlett Lake that are unique to that. So all of those would be open. And it would also look at a combination of Scottsdale and Tonto options. Their support was conditioned on finding funding to expedite the Tonto National Forest process, so that that could occur within the one-year process. And looking at the benefits of use of the bed tax funds, the Tonto National Forest priority is to increase the outfitter guide program and that would be the purpose of the use of the bed tax funds. To speak to the benefits to tourism, we have Scottsdale Convention and Visitors Bureau's President and CEO Rachel Sacco here to talk to the benefits that they have identified.

[Time: 00:32:24]

Scottsdale Convention and Visitors Bureau President and CEO Rachel Sacco: Thank you, Kroy. Mayor Lane, Vice Mayor Phillips, members of the Council, I'm here to talk a little bit about why we are having this discussion and we are having the discussion because it's important, I think, to the Preserve community and it's also important to the tourism community. Before I go into some of these benefits, I want to say a word about the process. This is an area that people feel very passionate about, and it could have been a very contentious discussion and yet, what has happened is that this has probably been one of the most collaborative community discussions that I have seen on such a passionate topic. Where you have people in the Preserve community, including the McDowell Sonoran Conservancy, working respectfully with the tourism community because we know we are talking about two of Scottsdale most important assets, the Preserve and tourism and finding a way to leverage that is really a model for how we can talk about difficult discussions in the future.

Getting to some of those benefits, number one, the Jeep experience really supports what our five-year strategic plan says, love of place. The Sonoran desert is something that we want to experience. We want our visitors as a distinguishing feature to love it, to understand it, to view it and also to celebrate it and experience it. This would allow us to have increased capacity for outfitters and people to actually go into, not just the Scottsdale Preserve but also certainly even way beyond and have an experience in the Tonto National Forest in a part of our area that I think is going to be very, very unique.

It's not just for Jeeps, of course. It's for hikers and mountain bikers and it's also not just for visitors. It's for our residents. And I think it will really open up a part of our community to visitors and residents that they have not had the opportunity to experience before. This would maintain the Jeep tours as an important tourism community. As development has encroached on Scottsdale, we have very few, if any, launching areas to actually say we have a quintessential Jeep experience in Scottsdale. More and more our operators are forced to go to Mesa to other aspects of the, of the Phoenix area.

And this would allow us to continue to be in the Scottsdale area, working with the national forest, if you so deem, even continually potentially that three-mile leg within the Preserve, if you deem so and it gives us a year to work on a solution that would fit everyone and make sure that tourism and Preserve are continuing to work together as well.

It actually allows young families, it allows elderly and other people who want to go into the Preserve and into the desert but aren't able to hike it or bike it another opportunity. And that's what we have heard from our visitors too is there may be a small amount that are not able to physically go into the desert or the Preserve, but this Jeep experience allows those who can't but want to the ability to do so. Jeep experiences allows our strategic marketing consultant, a framed experience. It's a strategic plan that identifies a key area of Scottsdale's character and cache.

Over 50% of the visitors who come here are here on a group tour. And often if they are here in a meeting environment, they may only have two hours in which to get out and have an experience of Scottsdale, which is why the resort community is so behind this opportunity to have this extension because it may be the one opportunity that they can offer to their guests to have an experience in the desert, an experience in Scottsdale where they would not be able to go out of their meeting environment and they can go back and enjoy Scottsdale and enjoy and experience the desert, understand it, hopefully even grow to love it as we do. So, again, this gives us the opportunity in a very shrinking environment to keep a quintessential experience for Scottsdale in Scottsdale. And we thank you for your consideration.

[Time: 00:36:29]

Mayor Lane: Thank you, Ms. Sacco. I don't know where this question might be addressed to....

Councilman Littlefield: I will wait. I didn't realize it wasn't done.

Mayor Lane: Okay. Kroy? Do you want to continue?

Kroy Ekblaw: So in summary, we went before the Tourism Development Commission on June 17th, and there are funds available in the 2014/15 bed tax budget and with the work that we are doing with the Tonto National Forest currently, we would expect to return to the Council with an I.G.A. in August and that will simply speak to the timing and the performance requirements. They do identify that they will be able to complete their full solicitation and selection process by April 2015.

So that would be a ten-month period that we would complete their process and the Tourism Development Commission did recommend approval for the funding of the \$30,000. With that, you have recommendations before you from both commissions, Tourism, Development and the Preserve Commission as well as support by the CVB and the McDowell Sonoran Conservancy in support of a resolution to fund the Tonto National Forest process and to extend the special permit process for one additional year in which we'll follow the same rules that we had in place and will utilize the same four outfitters that operated in '13 and '14. With that, I'm happy to answer any questions tax completes our presentation.

Mayor Lane: Thank you, Mr. Ekblaw for the presentation and the other input, Ms. Sacco. We have a question or a comment from Councilman Littlefield.

Councilman Littlefield: Who would get the \$30,000?

Kroy Ekblaw: The Tonto National Forest. They would use that money for their process and the development of the solicitation process and the issuance of the permit.

[Time: 00:38:16]

Councilman Littlefield: If we don't give them the \$30,000, what happens?

Kroy Ekblaw: It would take them two years to complete that instead of the ten months and the Preserve Commission would then recommend that you not extend the one-year permit process.

Councilman Littlefield: Why would the Jeep tour operators who would profit from this, not pay that fee?

Kroy Ekblaw: Again, it goes beyond just the Jeep tour operators and specifically Scottsdale. This will be the urban interface edge along the Tonto National Forest that's been addressed from Mesa over to the Cave Creek area. And, again, it was seen as a broader benefit to tourism and residents than just the Jeep tours because there are other operators, equestrian, mountain biking, hiking, that would also be available to apply and be selected for permits within the Tonto National Forest as part of this.

[Time: 00:39:32]

Councilman Littlefield: Well, but I mean in my business, when I want a permit, from some government agency, I bear that cost. So the question I'm asking is why are we paying to, for the Jeep tour operators to get a permit which they will profit from? That's what strikes me as unusual.

Kroy Ekblaw: It's really driven by the expediency issue that the process would occur ultimately through the Tonto National Forest, without a need for funding. They would fund themselves, but it would take a longer period of time for them to be able to budget and achieve that and that would not be something that, in the expediency, in essence was being driven a bit by the Preserve Commission that it occur in a year and not a two-year process.

Councilman Littlefield: I supported the Jeep tour operators but I'm not supportive of the idea that we should be literally subsidizing their activity. They will go out and make money, which is fine. But I'm not very happy about the idea of the city subsidizing their costs and a fee for the permit is part of the cost. I find that objectionable.

[Time: 00:40:57]

Mayor Lane: Thank you, Councilman. Kroy, if I were to mention that this is the result, a little bit from the Tonto National Forest reaching out to the surrounding constituent municipalities, and agencies and frankly neighbors on all levels about a year ago, they actually hosted a get together at one of our libraries with a specific intent to see what they could do to get further engaged with the surrounding communities. And so I think not that they were not soliciting business or for us to fund their RFP process, but at the same time, it is an important aspect for us as far as tourism is concerned.

I believe that the Jeep tour operators and their existence here is a definite additional and frankly, it's been historically a Scottsdale experience and it's one I think we would like to continue to have one way or another. If we can do it and at the same time maintain the integrity of the use of Preserve, I think that can be a wonderful side effect. But I also understand this to be an opening and please maybe you could answer this one.

I understand this to be more than just an RFP to find operators that will end up working within the Tonto National Forest but also as an opening, as an opening to our residents and to people who are not operating as a Jeep tour operator, as an immediate, I don't know if it's on open permit or otherwise, but nevertheless, that they can expand the use of not only our Preserve and all it has to offer, but now the 3 million acres of the Tonto National Forest. Is that part of this process that would be facilitated through this RFP process?

[Time: 00:42:50]

Kroy Ekblaw: There are a number of processes that the forest is in pursuit of, and they are updating their overall forest plan, that's a three-year process, much like we go through the General Plan and other types of processes, they're doing that. That's in progress. The specific aspects of this \$30,000, again is the expediting issue. It speaks to outfitters of a wide range, not just a Jeep tours but provisions of those services that would be provided would be open to tourists and residents alike to be able to take advantage of that. Any of the operators that end up being selected will have to pay fees and permits. Beyond that, we are not subsidizing any of those costs and the cost itself is really going to expediting the process itself so that becomes available to residents and visitors sooner rather than later.

Mayor Lane: Well, specifically, this is the administrative costs associated on a more rapid pace, maybe even a pace that is beyond their budget for issuing an RFP and that process of interviews and consideration of qualifications under the request for proposals or permits. So it's strictly something that's handed, that's given over to the forest service to facilitate that processing.

Kroy Ekblaw: That's correct. The dollars go to the forest service.

Mayor Lane: Okay. But you are also saying, as it was related in the meetings from some time ago, that they are going through their process of how they can have greater prospective use and tie-in with the communities around them and, of course, Scottsdale is seen as a great respect for that, because of our Preserve and the compatibility of that.

Kroy Ekblaw: And we expect cooperation between the city, the county regional park, both McDowell Regional Park and Spur Cross and ultimately with Phoenix, I think there's a number of relationships there. We've had the Conservancy involved in that, the opportunity for volunteers, as well as ultimately for the experience of residents and visitors to whatever may come out of their master planning process and ultimate improvements to the forest and be that in trails, trail heads, camping areas, all of those things are part of the things that they are working on and we have been participating in those discussions with them.

Mayor Lane: And that is certainly playing our part in a collaborative effort to bring all of these, the use of these facilities to go. So thank you for that. Vice Mayor Phillips?

[Time: 00:45:38]

Vice Mayor Phillips: Thank you, Mayor. Well, Kroy, there's a couple of things. I will start backwards and go. The extended special use permit process for additional year, for the four outfitters selected for the 2013/14 season. Does that mean that we're excluding anybody else that might want to do this?

Kroy Ekblaw: Again, we had no other submittals a year ago. We would simply be proceeding with those. We have, we had one other submittal a year ago, but it was of a much different adventure type proposal, not education based which was not consistent with that. And we have not had other interest expressed over the year that we have been in operation with it.

Vice Mayor Phillips: Shouldn't we leave it open? We shouldn't be saying these four only?

Kroy Ekblaw: Again, that's an option available to you. We simply were looking at it in that there was not that expression of interest for this period of time. And we would be opening up another opportunity in the Tonto National Forest.

Vice Mayor Phillips: I don't want to see this go through and somebody come in and say, hey, you didn't give me a chance. The other thing was, of course, I voted against the Jeep tours in the Preserve because I don't think it's right that they can have motorized vehicles and nobody else can. I understand it's a business and I have a business too, but, you know, development has its consequences and that's what happens. You know, we are running out of land to do these kind of things. I mean, we used to have Jeep tours pretty much on the other side of Bell Road but there you go, you know? So that kind of thing happens.

As far as the Tonto National Forest, you know, they say this 30,000, you know, the administration fee, if we don't give it to them, it will take two years to process. We give them \$30,000, they can do it in two months. The forest service, they can throw us a bone or something. If they really want something, I don't see why they charge us. Maybe they can pay half the fees. I mean, the government should throw in something if this is really ideal for them. I don't see why we should bear the full brunt of this.

The third point, you pointed out earlier that we made \$3,800 off of last year, the Jeep tours. You want us to give them \$30,000 to expedite this so they can go into the forest service land which is not even our property. I don't see the cost benefit. And I don't think the taxpayers see the cost benefit. So I can't really go along with that. I will agree to allow them to get a special use permit because we didn't get any complaints from it last year but I would like to make sure that that's open to other applications.

Mayor Lane: Thank you, Councilman. Councilman Robbins.

[Time: 00:48:34]

Councilman Robbins: Thank you, Mayor. Kroy, so the \$30,000 expedites the process, but then how long does the process stay open? I know that's a one-time fee, but then is it a five-year, ten-year permit or how does that work, exactly, once the outfitters are selected.

Kroy Ekblaw: The process itself would be one where they would, first, have to write up the prospectus and customize it to the area and the outfitters and the capacities that they have and they would be using that for a group of kind of internal consultants that aren't funded by any one particular National Forest Service. So that would open up first the process. They would open the process over the fall. Submittals would be required by a certain time frame then do the review of those submittals and the selection process would result by April.

Permits, for those that are selected, as a understand it, they are typically a ten-year permit with a five-year review process on them and how often the forest service opens this is something that has been of concern in the past, and it really has to do with the funding issue. Just to clarify, I don't believe the \$30,000 is for the entire process. It's for the accelerated portion of this. There will still be costs that the federal government is bearing and, in fact, they may apply it to other, or have funds that they are using for some of their staffing as well. But this was the amount that as identified up to \$30,000 necessary to expedite the process in less than ten months.

Councilman Robbins: Okay. And then, so what agenda the long-term thought a year from now if we extend the permit from one more year into our Preserve? Then if everything goes as planned on the Tonto National Forest side, what is staff thinking about the use of that Jeep trail in our Preserve a year from now?

Kroy Ekblaw: The goals are that we would be meeting next week with staff of the conservancy and the Convention and Visitors Bureau and Tourism staff and Preserve staff. We have discussed with the chairmen of both commissions, Preserve and Tourism, the opportunity for a fall meeting to talk about a number of issues that relate to the Preserve and tourism, but that the options that would be looked at in this period of time include further restrictions in the Preserve or operating solely in the National Forest or some combination thereof and that a permanent recommendation would be in place for the Council to consider by about this time next year.

Councilman Robbins: Okay. And then on the actual request here, so we have approval of a resolution, and then do we have this special use permit process for additional year, is that just staff direction or do we have, is that, because it's not part of the resolution, so is it a separate action or how does that work?

Kroy Ekblaw: Your approval of that gives the direction to me that I would proceed with that just, that's how we did it last year. We went forward with your direction and implemented that and we would follow, again, the same restrictions on use, the Jeep tours that we had in place, other than which we would be shortening the route as described in the presentation from 3.6, to 3 miles.

[Time: 00:52:15]

Councilman Robbins: Then I will make a motion that the Council adopt Resolution 9824 and extend the special use permit for one additional year.

Councilwoman Milhaven: Second.

Mayor Lane: The motion has been made and seconded for approval. Would the second like to speak to it.

[Time: 00:52:30]

Councilwoman Milhaven: It's interesting to me that two of the members who would have spoken against this often criticize the rest of us for not listening to the citizens. And yet what we are hearing is the tourism community says we want Jeep tours. The Convention and Visitors Bureau and the Tourism Development Commission says these Jeep tours are important. The Preserve community says we don't want Jeep tours in our Preserve and so this gets the Jeep tours out, and the Preserve Commission said this is a good plan and the McDowell Sonoran Conservancy said this is a good plan. So what I'm saying is the community says we are collecting bed tax dollars to support tourism. We want you to spend our money to promote tourism and so I'm listening to the people and I'm going to support this. Thank you.

Mayor Lane: Thank you, Councilwoman. Councilman Littlefield.

Councilman Littlefield: So, in essence then, the \$30,000 is to expedite the process of moving the Jeep tours out of the Preserve and into the national forest; is that correct?

Kroy Ekblaw: It's intended to provide that option that they can operate in the National Forest. Three of four do not have the ability to operate out there. There's no guarantee, one, that they will submit or; two, that they would be successful but it provides them the opportunity to apply and we are not saying it's a guarantee it would close the Preserve. We would look at that with the Preserve Commission and the Tourism group and come back with a permanent solution within the next year to address that and see if there is something that either utilizes a small part of the Preserve or none, and something with the Tonto National Forest, but that we would continue that dialogue with all of the

folks who have been around the table in the last several months and look for a permanent solution and bring that forward.

Councilman Littlefield: Okay. But the impact of Councilman Robbins' motion would be to allow the Jeep tours to operate in the same location in the Preserve next year, but also at the same time to pay \$30,000 to the Tonto National Forest to expedite their process, their RFP process, am I correct?

Kroy Ekblaw: And that would complete by April of 2015.

Councilman Littlefield: What if for some reason we give them the \$30,000 and we're not done on April 15? Would they change their mind? What would happen then?

Kroy Ekblaw: Well, that's where we would bring back to you by August an agreement with them that would set those performance expectations. We did not have the time to complete that before tonight, but we met with the Tonto National Forest yesterday and we have the outline and we will have that agreement. We are targeting the August 18th meeting for that.

[Time: 00:55:30]

Councilman Littlefield: Okay. So the check would not be cut until that agreement is in place?

Kroy Ekblaw: That's correct.

Councilman Littlefield: So the check is not cut until we have an agreement that this process would be done by next April?

Kroy Ekblaw: That's correct.

Councilman Littlefield: But even after that, it's not clear which if any the current Jeep tour operators would apply or would be accepted because they would still have to go through the process of being accepted by the Tonto National Forest, whatever process is decided.

Kroy Ekblaw: We know that they all have an interest, but, again, we can't control whether they will file an application or not, and then it will be the Tonto National Forest process that they will have to compete in and be selected through. We do understand that operators who have existed have operated somewhere else before under land review, whatever, private property or public property that that would show favorably if they have been able to operate without conflict and as we have said in the past year, all four operators have operated without any complaints in the city of Scottsdale Preserve.

Councilman Littlefield: Do the people who are running the Tonto National Forest want this to happen?

Kroy Ekblaw: Yes, this is a priority to them, amongst the many things not just for Jeep tour operators

but for all outfitters and that this process would go to equestrian outfitters, mountain biking, hiking outfitters, they are looking for an expansion and a relationship and that's something that we have been talking with the CVB and the Conservancy about providing cooperation in a number of areas. The scientific research that the Conservancy is doing for us in the Preserve relates to the adjoining the Tonto National Forest and the sharing of that information, the sharing of master planning, of trails, of access areas are all things that on a broader scale than just what we are talking about here, are things that we see as a benefit to the citizens, the Preserve and tourists alike.

Councilman Littlefield: But their enthusiasm would be enhanced if we gave them \$30,000?

Kroy Ekblaw: It's all about the expediting of the issue so that it's completed by April, so that a permanent solution can be proposed. That was a condition of the Preserve Commission and going forward with their recommendation.

Councilman Littlefield: Okay.

Mayor Lane: Thank you, Councilman. Councilwoman Korte.

[Time: 00:58:10]

Councilmember Korte: Thank you, Mayor. You were sitting here last year and talking about a temporary use permit for the Jeep operators and there was a lot of discussion around needing the year for a transition and to identify, perhaps appropriate alternatives for the Jeep operators and we didn't want to put them out of business. I don't see where a lot has been accomplished in that except that now we are looking at \$30,000 to expedite a perhaps plan that may work. I opposed this last year and I'm going to oppose it this year, primarily because of principle. This use clearly violates the Preserve ordinance and contradicts, and I believe contradicts the intention of the voters that approved this tax to buy the Preserve, to preserve the Preserve. And while I think this may turn to, turn out to be a great alternative, I don't see where it should be done on the backs of our taxpayers.

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

[Time: 00:59:41]

Vice Mayor Phillips: Thank you, Mayor. Well, what I heard tonight, I didn't hear from my constituents but I heard it was from advocacy groups and organizations, basically saying we have money to spend. We don't have money to spend. It's taxpayer money. It's not your money. It's much easier to say, hey, we have this money. Let's use it for this, this, and this. It's not our money. We shouldn't be doing this kind of thing. Look, along with Virginia Korte's point, hindsight is 20/20.

If Tonto Forest is so ready to be engaged in this and want to do this, why didn't they do it ten years ago or five years ago or two years ago and then it would have already happened today. Even if you had done it last year, you could extend it one more year and then they would have it without skipping a beat. I just feel like this is a last minute thing and putting us on the spot to spend taxpayer money

and I still don't agree to do it. I did say, even though I voted against it last year, I will agree to give them one more year on our Preserve land to get this through as quickly as possible with the Tonto National Forest. So I would like to make an alternate motion that we just extend the special use permit for one additional year for the commercial guided tours in the McDowell Sonoran Preserve for the four outfitters for the 2013/14 season and also to include any additional applicants.

Councilman Littlefield: I will second that.

Mayor Lane: A motion has been made and seconded on the alternative motion. Councilwoman Klapp, if you would like to speak towards that.

[Time: 01:01:31]

Councilwoman Klapp: I'm not going to speak to the alternate motion. I'm going to speak to the issue. I voted against this last year because I did not think that the tours should extend into the Preserve on any continuous basis. And, but I am prepared tonight to vote for the first motion and there's two reasons, that I have talked to members the Preserve Commission and I respect the fact that they have now voted to say that they would like to see an extension for one year but I would note that the extension said for one year only. They are not wanting anything more than one year.

So if this should come back in another year, and there's a discussion about we want to extend it again, we will not be extending it beyond this year. But the Preserve Commission understands the reason why the extension would have to take place. They want to speed up the process to get the tours out of the Preserve. That's my intention to find a way to move them out of the Preserve as quickly as possible. That's the reason why I would support this original motion, not the alternate motion because it does give the opportunity to work with the Tonto forest people to try to find a way to move the Jeep tours out of the Preserve and it can move it along at a faster pace. There are dollars being spent and I would probably prefer that we don't have to spend them, but if that means that we can speed up the process, these are tourism dollars. They are not sales tax dollars, et cetera. These are not property tax dollars. This is bed tax money that we are spending on this. So for that reason, I will support the original motion.

Mayor Lane: Thank you, Councilwoman. We do have an alternative motion on the table. That would be stipulating to the one-year extension with some qualifiers but no funding for the expedited RFP process through the Tonto National Forest. I don't see that there's any further comment on either right at the moment. So I think then in taking the first or rather the alternative motion first, are we ready then to vote on the alternative motion. Keeping in mind the motion you are voting on whether you are for or against this motion. I see some numbers popping up....

Councilman Littlefield: The alternative.

Mayor Lane: This is the alternative motion. It would not.....

Councilwoman Milhaven: No, the motion was not on funding. The motion was.....

Mayor Lane: No, the first motion was. But we have to vote on the alternative....

Councilwoman Milhaven: The alternative was just number two. He's voting to extend the special use permit, period. There's no mention of timing.

[Time: 01:04:38]

Mayor Lane: That's right. Okay. No mention of it, but the fact is that that's excluded. Yes. So if we wanted to look at that.

Councilwoman Milhaven: Then we will come back to number one.

Councilman Littlefield: This is without the \$30,000.

Mayor Lane: This is without the \$30,000. The original motion we will vote on if this one were not to prevail. Okay. So just as long as everybody is clear. I know we have had some issues with this. Okay. So all of those in favor of the motion please indicate by aye and those oppose with a nay. Nay. The motion fails 5-2, with Councilman Littlefield and Vice Mayor Phillips proponent of it.

So that leaves us with the original motion which would encompass both one and two, if we could put that back up on the screen, if you could be so kind which would include the Resolution, 9824, has already been made and seconded but just to reiterate, it includes one and two on this on both the extension and the funding aspects. Seeing that there's no further comment on that, I think we are ready to vote. All of those in favor, please indicate by aye. The motion passes 4-3 with Councilman Littlefield and Councilmember Korte and Vice Mayor Phillips opposing. So the motion does pass and here we are. Thank you very much, Mr. Ekblaw. All right. That completes our agenda items. We have no further Public Comment cards there's no citizen positions and no other Mayor and Council items.

ADJOURNMENT

[Time: 01:06:25]

Mayor Lane: I would accept a motion to adjourn.

Councilwoman Klapp: So moved.

Councilman Littlefield: Second.

Mayor Lane: All of those in favor of adjournment, please indicate by aye. We are adjourned. Thank you very much.