

---

This document was created from the closed caption transcript of the June 27, 2017 City Council Regular and Special Meetings and **has not been checked for completeness or accuracy of content.**

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

<http://www.Scottsdaleaz.gov/Assets/ScottsdaleAZ/Council/current-agendas-minutes/2017-agendas/062717RegularAgenda.pdf>

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

<http://www.Scottsdaleaz.gov/Scottsdale-video-network/Council-video-archives/2017-archives>

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

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

---

#### **CALL TO ORDER**

[Time: 00:00:04]

Mayor Lane: Good afternoon, everyone. Welcome to our Regular Meeting of June 27<sup>th</sup>, 2017. I would like call this meeting to order. It is approximately 5:10.

#### **ROLL CALL**

[Time: 00:00:11]

Mayor Lane: We will start with a roll call, please.

City Clerk Carolyn Jagger: Mayor Jim Lane.

Mayor Lane: Present.

Carolyn Jagger: Vice Mayor Suzanne Klapp.

Vice Mayor Klapp: Here.

Carolyn Jagger: Councilmembers Virginia Korte.

Carolyn Jagger: Virginia Korte.

Councilmember Korte: Here.

Carolyn Jagger: Kathy Littlefield.

Councilwoman Littlefield: Here.

Carolyn Jagger: Linda Milhaven.

Councilwoman Milhaven: Here.

Carolyn Jagger: Guy Phillips.

Councilman Phillips: Here.

Carolyn Jagger: David Smith.

Councilman Smith: Present.

Carolyn Jagger: City Manager Jim Thompson.

Jim Thompson: Here.

Carolyn Jagger: City Attorney Bruce Washburn.

Bruce Washburn: Here.

Carolyn Jagger: City Treasurer Jeff Nichols.

Jeff Nichols: Here.

Carolyn Jagger: City Auditor Sharron Walker.

Sharron Walker: Here.

Carolyn Jagger: And the Clerk is present.

[Time: 00:00:36]

Mayor Lane: Thank you. A couple of items of business that I would like to attend to in that we do have cards if you would like to speak in Public Comment or to any one of the agenda items, those are the white cards the City Clerk is holding up over her head. And if there are any written comments

you would like to have on any of our agenda items, they are the yellow cards she now is currently holding up over her head which we will read through the proceedings. We have the Scottsdale police officers Jason Glenn and Anthony Wells who are here to assist and they are almost directly here in front of me, if you have any needs for their assistance. And the areas behind the Council dais are reserved for Council and staff and we have facilities under the exit sign over to the left. If you are having any difficulty hearing the proceedings of our meeting, there are hearing assist headsets that are available. Please check with the Clerk's desk over here to my right, and they will certainly provide you with one.

**PLEDGE OF ALLEGIANCE**

[Time: 00:01:38]

Mayor Lane: We will start with the Pledge of Allegiance and I ask that Councilman Phillips lead us in the pledge. If you can, please stand.

Councilman Phillips: 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, Councilman.

**INVOCATION**

Mayor Lane: This evening we have an invocation from Pastor Troy Peterson, Scottsdale Bible Church.

[Time: 00:02:20]

Pastor Troy Peterson: Thank you. Would you join me in prayer. Heavenly Father thank You for the privilege of asking for Your help and Your guidance and Your wisdom. Your scripture says if we lack wisdom to simply ask and You would graciously and abundantly give it. Thank You for these public servants, these men and women who desire to help all people and to help create a community for us to live in, a wonderful community. Lord, where there's difference of opinion, we ask that we would treat others with dignity and respect. May we all live lives where we put others ahead of ourselves. And as we approach this season of our nation's independence, Lord, we are grateful and we thank You for the freedoms that we have. Thank You that we understand that freedom isn't free and it was a great sacrifice that many gave and so we're grateful for those men and women. So we seek Your wisdom, Your guidance, in the matters that lie ahead and may the peace of Christ rule our hearts today in Christ's name, amen.

Mayor Lane: Amen. Thank you, Pastor.

**MAYOR'S REPORT**

[Time: 00:03:35]

Mayor Lane: Just have an item I would like to report on in the city of Scottsdale's Economic Development department recently received an accreditation from the accredited Economic Development organization. And the Economic Development team submitted an excellent A.E.D.O. application and hosted a successful A.E.D.O. site visit that demonstrated the department's significant impact on the community it serves. I would like to congratulate Danielle Casey, and her entire Economic Development team on your success, and I believe they are here with us. Will you come forward?

[Time: 00:04:52]

Economic Development Director Danielle Casey: Thank you, Mr. Mayor. Councilmembers, I want to also thank you for all the wonderful support. Without the strategic plan that was approved, we wouldn't have been able to even be able to pursue this accreditation. It makes us the 58<sup>th</sup> economic organization in the United States and internationally to receive this accreditation and more than 25, I think 25, at least at my count, community members participated in the on-site evaluation where a team of auditors came down and looked at our entire operation from the inside out. Without naming all 25, I thank those that participated in this process for us.

Mayor Lane: Thank you again.

#### **PRESENTATIONS/INFORMATION UPDATES**

Mayor Lane: We have another item for award, and that's the Spirit of Scottsdale awards and we have Mr. Joe Meli, the Neighborhood Advisory Commission chairman. If you want to come forward. Is Joe here?

[Time: 00:05:50]

Rachel Putnam: We are Joe this evening.

Mayor Lane: I see. Well, if I may say so, better looking.

Rachel Putnam: Thank you. So just to give you guys a little bit of information about what the Neighborhood Advisory Commission is, really our purpose is to preserve, improve and strengthen our neighborhoods in Scottsdale. One of the ways that the commission does this is by annually holding the Spirit of Scottsdale awards within the revitalization corridor. And for any of you that don't, or are not familiar with that. It's Indian Bend south to the city limits.

Tonight we want to highlight some of our award recipients and all the wonderful work they are doing in our communities. So to tell you a little bit more about these awards, for 2017, the Neighborhood Advisory Commission received nominations in three categories south of Indian Bend Road, residential property, nonresidential property and the Spirit of Scottsdale. The Spirit of Scottsdale focuses on how an organization, school, club or person has created an environment that positively impacts his

neighborhood and the Spirit of Scottsdale award was actually new for 2017. So we are really excited with all the nominations we receive for this. Some of the criteria we look for in these awards for the residential, nonresidential properties is neighborhood input. So sharing any feedback and comments from neighbors about the improvement, neighborhood impacts, where other neighbors inspire to make improvements too. Did the improvement create a more pleasant environment and create more activity and eyes on the street and neighborhood participation. Was the neighborhood involved in the project. For a Spirit of Scottsdale award, the criteria was number of years of involvement in the neighborhood, building or citywide neighborhood issues, examples of leadership and building neighborhood communication, projects and improvement, examples of effort and engaging fellow neighbors and communication, projects and improvements and unique contributions to the neighborhood. So we will go ahead and we'll talk about our winners. So Mr. Mayor, if you can come down and help present for our winners.

[Time: 00:05:50]

Carol Miraldi: Our first winner is the residential winner, and that would be the property of Camelview Greens. Two ladies, by the name of Christine Sharp and Geraldine Jordison planted these beautiful Xeriscape gardens outside of their property along the Indian Bend Wash. Unfortunately the ladies couldn't be with us tonight, but we have Bruce Cerrito, the Homeowners Association president who is accepting on their own behalf. The ladies wanted to improve the neighborhood and I think it's very obvious from the pictures that they have done just that. They have also inspired many of the residents who live along the Indian Bend Wash to plant their own garden, and it really looks beautiful. So if you get a chance, take a look.

Our next category was the nonresidential category, and I don't think there's anyone in the room or anyone who has visited Arizona in the last many years who wouldn't recognize the Sugar Bowl. So Carroll Huntress if you would please come up. The Sugar Bowl has been serving Scottsdale for over 55 years. Residents, visitors, folks from all around come to enjoy the great family-oriented restaurant as well as all of that ice cream and great food. Carroll Huntress the owner of this famous restaurant that was immortalized in the Family Circus cartoon. Thank you, Carroll.

Our next winner is in the Spirit of Scottsdale category and I would like to ask Chris Birkett to come forward. For many years, actually, he told me since he was 11 and a half, Chris has created amazing holiday light displays for the pure enjoyment of others. Chris's neighbors submitted him for the sense of magic and community that he annually creates in the neighborhood. You can find Chris's home listed when you Google Christmas light displays. And we have also heard that next December, he will be featured in a competition on ABC, this December coming up. So let's make sure we watch and support Chris's beautiful work. Thank you, Chris.

We had so many wonderful Spirit of Scottsdale awards that we decided we had to go with two this year. So our second winner is Chuck LaBenz. Chuck, if you would come forward. Chuck LaBenz works very hard in his neighborhood to create a sense of community. This spring, Chuck put together a neighborhood camp out, which you can see on the screen, where children camped with their friends and family, got to watch a movie, and I'm sure made many special memories. We have heard that

Chuck is always available to help a neighbor in need also. So thank you. Those are our Spirit winners and we think they all did a beautiful job. Thank you.

Mayor Lane: Thank you, ladies and please thank you Joe as well. Okay.

**PUBLIC COMMENT**

Mayor Lane: The next item we have is Public Comment. And Public Comment is reserved for citizen comments regarding non-agendized items with no official Council item taken on these items and it's limited to issues within the jurisdiction of the City Council. The speakers are limited to three minutes each with a maximum of five speakers and there will be another opportunity at the end of the meeting for that. We do have three requests to speak on Public Comment and we will start with, and pardon me if I got, I hope I got this right, this is Gaile Perry Dixon. Does that sound right? Did I get that right? The first name is the one that I....

[Time: 00:13:40]

Gaile Perry Dixon: Yes. Thank you, Mayor Lane, Councilmembers. My name is Gaile Perry Dixon. I'm president of the Arizona Assisted Living Homes Association. My members are very concerned about an upcoming Scottsdale text amendment reducing the number of vulnerable elderly we will be able to serve in future assisted living homes from the current number of ten, down to six, in order to allow Scottsdale to control without charge of discrimination the number of people who reside in sober living homes.

Sober living homes and assisted living homes have nothing in common. Each serves a different population with different needs. We are not opposed to sober living homes, but they were never designed to be care homes. They are more akin to halfway houses. They do not provide care. Attempting to regulate them under the same umbrella as assisted living homes is a disservice to both industries. This text amendment literally takes the word "care" out of the definition of care homes and puts at risk a very vulnerable, yet viable segment and it limits number of staff that an assisted living home could have to two. That makes no sense.

Our assisted living homes are licensed and heavily regulated by the Arizona Department of Health Services. We provide full hands on care for those who cannot mentally or physically take care of themselves. Our homes will likely be their homes for the rest of their lives. Our managers and caregivers are licensed, certified and regulated by the Board of Examiners of the Arizona's Nursing Care Institution administrators and assisted living facility managers. We feed, bathe, toilet, groom and manage hundreds of medications daily. Sober living does none of this.

They are not care homes. Currently, there are about 160 licensed assisted living homes in the city of Scottsdale. Over 100 or 60% of these serve the maximum 10 residents. Only 28% of these homes are five-bed homes. None is a six-bed home due to the expense of fire code compliance. The expense of 24-hour certified staffing alone, especially with the increased minimum wage laws will make it nearly impossible to successfully operate a professional six bed or under home in Scottsdale.

The five to six bed mom and pop operation in which the owner lives in the home is necessary for the low to average income population, many Scottsdale residents do not fit that mold. Ten bed homes are the best professional business model available. On the human side, this proposal will effectively deny families of severely compromised vulnerable adults the legal and moral right to choose the least restrictive professional residential environment over an institutional setting. As our Scottsdale citizens age we need to preserve not limit their choices for quality care. We ask that the City maintain the ten-bed assisted living home designation. We cannot effectively manage one segment of our economy by getting rid of another one in the name of equality. Thank you very much.

Mayor Lane: Thank you, Ms. Dixon. The next is Terry Brodtkin.

[Time: 00:17:19]

Terry Brodtkin: Thank you for taking the time to hear from me. I'm not sure this is an issue for the Council, but I was told today that I should come here. So I'm here. I own a building since 1990 on the corner of Shoeman and Buckboard which is the entertainment center, two blocks from Camelback. I advocated when the zoning was discussed for the entertainment center. I'm right on the corner, across from The W in the back. And as I say, I have been there since 1990. I have pictures here of where I paid over \$1,000 per lamp to beautify my building on the corner and two of those lamps have been vandalized in the last six months. I have had to hire window washers for the urination that's due to the night crowds running usually Thursday to Friday. I just finished a building at 7<sup>th</sup> and Missouri which was awarded the best Phoenix redevelopment, which was about five restaurants at Missouri and 7<sup>th</sup>. We hired a day porter for those nights and have no problems and a half a block north of us is the Yard which was one of the most popular, but yet difficult developments recently in the entertainment district, because of the crowds and the lack of parking.

I would like to suggest to the Council, and I don't know how it would be done legally, either the, I know most of owners of all of the establishments around me. Either they pay for a day porter, and I understand there's four policemen at night. I'm not there Thursday, Friday and Saturday nights but I understand there's four policemen now that hit the corners in that roundabout area. The vandalism is there. My neighbors to the north of me, the manager of that restaurant, the Dakota has complained, the urination and the defecation and the vandalism in the area. We really need something that monitors or in lieu of the establishments hiring porters, which works, for the evening hours, they pay for the policemen to be there off duty. Just a recommendation. It's just really a problem. If you check the arrests, the police calls on the weekend in that area, you will find it's quite an active area that needs monitoring. Thank you.

Mayor Lane: Thank you, sir. Next is Robert Cheveleau.

[Time: 00:20:23]

Robert Cheveleau: Thank you very much, Mayor Lane. Vice Mayor, Klapp and City Council for the opportunity to speak tonight. My name is Robert Cheveleau, I'm here as a Scottsdale resident and as a parent. The issue of nondiscrimination ordinance inclusive of LGBT people has come before the

Council several times in the last few years but has been continuously rejected as a solution looking for a problem, or not needed because Scottsdale doesn't have discrimination.

As a Scottsdale resident, and as the parent of a transgender child, I'm here to tell you otherwise. I see discrimination every day. I experience it directly, as a parent of a transgender child and I see it through her eyes, as local businesses rob her of her opportunity to thrive. There are those who have already decided who she is and of what she is worthy, and this worth is something less than the average Scottsdale citizen. Businesses in Scottsdale that are supposed to be open to all are free to dismiss her as a person, and to erase her individuality. The discrimination is painful and pervasive.

I see it when I see it as an adult when I read about the horrible incidents at 5<sup>th</sup> and Wipe where an LGBT staffer had no resource at the state and the city level to report the discrimination and harassment that he faced. My family directly experienced the discriminatory policy crafted by leadership at one of Scottsdale's top performing charter schools. The civil rights for the LGBT population fall upon the states. Arizona asks that those rights be protected by local municipalities.

[Time: 00:22:00]

So then with respect to civil rights for the LGBT population, the buck stops with Scottsdale. I'm here tonight to ask you to consider the importance of a fully inclusive nondiscrimination policy. This takes courage on the part of the city, not every Scottsdale citizen values the equality of every other Scottsdale citizen, however, I would argue that those who are unsupportive are wrong. I ask that the city provide an anchor of support for equality, a citywide nondiscrimination ordinance sends a message of tolerance and inclusion and shows the rest of the nation that Scottsdale supports the civil rights of all of its citizens.

Both my transgender child and my cis gender child should let them know that the city loves them equally. They should protect their unalienable rights chief among them, the right to life, liberty and happiness. They ought to feel welcome and free to build a life here. And in the rare case when there are bad actors, everyone ought to have equal access to resource and protection rights for the LGBT population a nondiscrimination ordinance inclusive of the LGBT population would be a tool the Scottsdale citizens can use to fight for our rights and that's all we are asking for. We are asking for the city to craft a tool we can use to fight for ourselves. Thank you very much.

Mayor Lane: Thank you, Mr. Chevaleau. That completes our requests to speak in the Public Comments period. I'm sorry. Oh, yes. That does.

#### **ADDED ITEMS**

[Time: 00:23:48]

Mayor Lane: So next order of business then would be some added items. We had Consent Items number 26a and 26b were added to the agenda on June 22<sup>nd</sup>. If it's reviewed and concur that we vote to accept the agenda as presented or to continue the items to the July 5<sup>th</sup> Council meeting. Do I



have a motion either way?

Councilman Phillips: Mayor, I move to add the Consent Items number 26a and 26b.

Mayor Lane: The motion has been made.

Vice Mayor Klapp: Seconded.

Mayor Lane: And seconded by Vice Mayor Klapp. We are then ready to vote. No further comments are necessary. All of those in favor, please indicate by aye. Aye and register your vote. It's unanimous then to accept those items as has been presented.

## **MINUTES**

[Time: 00:24:43]

Mayor Lane: Next order of business is approval of minutes. We request for the work study sessions of May 30<sup>th</sup>, 2017. This has been provided to us. Do I have any asks for deletes or adds or modifications.

Councilmember Korte: Mayor, move to accept the minute of May 30<sup>th</sup>.

Councilman Phillips: Second.

Mayor Lane: The motion has been made and seconded by Councilman Phillips, who made the second. So we are then ready to vote. All those in favor, please indicate by aye, and register your vote. Aye. It's unanimous then approval of the minutes.

## **CONSENT AGENDA**

[Time: 00:25:22]

Mayor Lane: We have Consent Items 1 through 16, which is our next order of business and Item 22, Experience Scottsdale Destination Marketing Service Agreement was removed at the request of staff. So if you are here for that item, you are certainly welcome to stay but that item will not be heard this evening. And I would like to pull Item 23, and that's Canal Convergence events and the Resolution 10821 from the consent agenda for some presentation and possible questions or comments. That will move to the Regular Agenda. And I see Councilwoman Littlefield. You have something further.

Councilwoman Littlefield: I have a question regarding number 20. If we could pull that for a question.

Mayor Lane: You don't want to move that for presentation.

Councilwoman Littlefield: Just for question.

Mayor Lane: Okay. If you have that question, do we have someone who can respond to it? Okay. I think I understand that. Yes, go ahead with your question then.

[Time: 00:26:28]

Councilwoman Littlefield: Thank you, Mayor. On the number 20, I was reading it through and I noticed that there was some comments and discussion regarding the Hashknife event. I was wondering if you could give me an update on, that please.

Tourism Development Manager Steve Geiogamah: Councilwoman Littlefield and Councilmembers. We have been having conversations, the Tourism Event staff, the issue related to that is we are establishing a 2,000 level attendance requirement. Generally, Hashknife has performed around 1,000 to 1200. Generally they feel they will achieve the 2,000 level. Staff will continue to work through that and help them as much as possible that they can achieve that. We will continue to work them through that.

Councilwoman Littlefield: I would like to make a comment that I would really like to see that event continue.

Steve Geiogamah: Very nice.

Mayor Lane: Thank you, Councilwoman. Just one other comment with regard to that particular item on our agenda, well, it may be a couple, but one is when it comes to things like the Hashknife and the Parada, years ago we determined that there may have been some latitude with regard to legacy issues that we were trying to maintain with the long history here in Scottsdale. And so I'm not sure that are the same criteria, exactly the same criteria applied in their evaluation or is there some deference to that issue.

Steve Geiogamah: Relating to applying for the community funding, the same criteria would apply. The Tourism Development Commission staff has worked quite a bit this year to enhance the criteria and hopefully have you seen that in our application and format and we have put forward here this evening. And they will assist them through that and make sure that they record their attendance properly. The smaller events, that's a challenge. With the Parada del Sol parade, we are working with them potentially on a different type of agreement that the Tourism and Development Commission has recommended that would take them somewhat out of the program requirements in a multi-year agreement and we will be bringing that forward at the July 5<sup>th</sup> City Council meeting for presentation.

[Time: 00:28:36]

Mayor Lane: To the nature of this particular item, and to the extent that we are talking about, this has been an ever increasing category of funds available for the three different categories that we

generally apply it to and I have also noted that we have had an ever increasing individual. Are we still on a three-year weaning process when it comes to some of these applications?

Steve Geiogamah: Mayor Lane, related to the new event development program, that is correct. We looked at a three-year agreement. We would like to transition to some of our programs that require more room nights and matching those programs. The other three programs are annually based. So an event can apply and they meet the criteria, we continue to look at them through the tourism development process. But related to the three-year weaning process, that's related to the new event development program.

Mayor Lane: And that's being replaced with the other category of funds.

[Time: 00:29:35]

Steve Geiogamah: Correct: A new event will continue to grow and establish more room nights and easily go into the other room programs.

Mayor Lane: Okay. If that satisfies your question, I'm fine with that too. With, that question, I'm assuming there's no need for a separate vote, Councilwoman? Okay. So we will continue with the Consent Item 27, I'm sorry, 1 through 26b absent....

Councilmember Korte: I will make a motion.

Mayor Lane: Absent item 23.

Councilmember Korte: That's 22 and 23.

Mayor Lane: We already have 22 indicated do we need to mention it again? Since it's indicated in the Consent Items that it's been removed.

City Clerk Carolyn Jagger: Your Honor, we can take care of it in the minutes, either way you do it is fine. I wanted to note that we do have a speaker card on item 15.

Mayor Lane: Oh, I'm sorry. Thank you very much. I appreciate that. So before that motion, in any case. Yes, Michael Auerbach on Item 15 in the Consent.

[Time: 00:31:01]

Michael Auerbach: Michael, excuse me, Michael Auerbach, 4281 North 81<sup>st</sup> Street. Good evening, Mayor, members of the City Council. I as a member of the parks commission am very proud that the resolution regarding the Morrie Chernis Ramada at Pinnacle Peak Park is being considered. And having a chance to meet Morrie about ten days before his death, it was quite an honor. Thank you.

Mayor Lane: Thank you, Mr. Auerbach. We have the added items and the item moved, I should

say, the item pulled to Regular and one just removed. The motion then.

Councilmember Korte: Mayor, I move to accept Consent Agenda items 1 through 26, excluding item number 23.

Mayor Lane: Pardon me, it's got to be 26b.

Councilmember Korte: Yes, 26b.

Vice Mayor Klapp: Second.

Mayor Lane: The motion has been made and seconded. No further comments on it. We are then ready to vote. All those in favor, please register your vote. It's unanimous then. Those items have been approved and accepted. As is noted with those exceptions moving either to be pulled and/or to be moved to the Regular Agenda. If you are here for any of those items you are certainly welcome to stay and spend some greater amount of time with us or you could leave and if you leave, if you could leave quietly. Okay.

## **REGULAR AGENDA**

Mayor Lane: We will continue on then with our Regular Agenda items, 27 through 30a, but this now includes item 23, and I think we have Karen Churchard here to give some background information on this item.

[Time: 00:33:16]

Tourism and Events Director Karen Churchard: Good evening Mayor and Council. I would like to give a brief presentation on, I'm not sure what's happening here. On the Canal Convergence funding request. Since 2012, the, it's rolling.... scroll? Sorry about, that guys. Since 2012, Canal Convergence has become a point of pride for Scottsdale residents and businesses and it's a great event that brings together international and local artists. It's a one of a kind celebration. The Tourism Strategic plan which was adopted in 2013 identified the need for the city of Scottsdale to establish a destination event. So through the Tourism Advisory Task Force, we hired a company called Web Services Development who looked at the event feasibility for destination event.

Basically, they established that a destination event should activate your downtown by increasing foot traffic and activities. It should raise Scottsdale's international reputation as well as a destination, and it should expand the tourism season into a shoulder season event. It also talked about, so from there, we actually started having in-depth discussions because I believe that that event is Canal Convergence. Just to back up one step. We spent many months talking through the Tourism Task Force about many different types of events, and it was, it became more and more aware to me that that event, we already had it and it was Canal Convergence. And so the transition of potentially moving that event from February to a November event, we began those discussions. And we had in-depth over the past 12 months.

We started with Scottsdale Arts that oversees that event and they are very amenable to that conversation. And we took the concept with staff and Public Art and we presented to the Tourism Development Commission and the Tourism Advisory Task Force to both unanimously recommend to Council that we participate in this event and transition it from a February to November event. And just to give you the analysis for it, this past February, we had more than 80,000 attendees over a four-day period from a Thursday through Sunday. And it really showcases an exciting way in how Scottsdale celebrates the arts.

[Time: 00:35:50]

And then one of the things in the web report that I mentioned earlier was that they identified that while we have many events, there was definitely gaps in the area of art, culture, and food. And food has actually picked up quite a bit with events as of late. Additionally, we asked our in-house marketing consultant that looks at all of our funding requests that we present to TDC and the Council and we asked them to look at this recommendation and give their feedback and basically they said that Canal Convergence does have the potential to be a differentiator and an event that could withstand the ten days and become a destination event. It would require significant funding above and beyond, in terms of us going out and getting sponsorships and grants to help fund this event.

It definitely could help to brand our efforts that we already do for Scottsdale and it would serve as a significant tourism driver and he feels that it has a tremendous capacity to be a strong ten-day event that brings in a high demographic audience. We are requesting \$650,000 from bed tax carry-over for this transition from a February event to November. We would like to start that this November by putting in a temporary art installation. Similar to the Bruce Monroe bloom that just recently was awarded, American arts awarded them as one the top 49 public projects done throughout the United States. So we are very proud of that.

So we would like \$100,000 to do a temporary installation this November that would stay in or above the canal until March of 2018. We are also requesting \$60,000 for the holiday celebration to have an art installation as part of that. The actual Canal Convergence would run four days, but the TDC recommends that those four days be nonconsecutive, that we actually run it Saturday and Sunday the last weekend of February and the first Saturday and Sunday of March. So they would be two consecutive weekends for two days each.

And then finally, because we want to transition this event to November of 2018, we are requesting \$150,000 be set aside for seed money to get the international artists selected for the November 2018 event. And I want to note that this \$650,000 would stay in the actual Tourism Events Department and we would reimburse Scottsdale art, public art as expenses were accrued if you so approved. And, again, I mention the \$150,000 seed money. So with that, this is a requested action and I will open it up for any questions Mayor or Council.

Mayor Lane: Thank you. I appreciate it. Let me first say, I asked to have this presentation made and maybe an opportunity to talk about a few of these things, because the amount of money that's

involved. This is not an insignificant amount of money and I think it's something that is at least worthy of some conversation with the public as to what we are trying to accomplish here. Number one, you answered a couple of my questions in the presentation and for that I'm grateful. And one was who actually owns this. I see it was a city presentation that we just saw right now, but it is Scottsdale Arts that is responsible for this. So this is a contribution to a program they have.

Karen Churchard: Yes, it's a program that they adopted, but with the investment, our intent is that we work collaboratively, both the city and the Scottsdale Public Art on the Canal Convergence moving forward.

Mayor Lane: So is it not something rather than going outside of our contract with Scottsdale Arts that we would add it to Scottsdale Arts with the designation. Why are we sort of in this hybrid mode with regard to this?

Karen Churchard: Mayor, one of the reasons is probably the foremost reason is that we will be going through a transition for a, next year is the last year of the Scottsdale Arts contract and we felt it would give us a year to work towards a new contract and how we would evolve Canal Convergence at that time.

[Time: 00:40:08]

Mayor Lane: But our contract, as it is year to year does allow for an add to the participation agreement, which is something we are also looking at right now as well. I'm still a little concerned as to why is a separate notion. What I'm concerned about is that we do have contract for services with a number of different agencies that are outside the city. And we move to and fro between them and the General Fund sometimes and Tourism Development, which are technically General Funds as well, you know, for the city to allocate in these kinds of transactions. That's my primary concern. I think we are probably at a point that will not change anybody's mind here at this table. I am very concerned about us taking various different approaches to things that have been technically assigned to a contract agent such as Scottsdale Arts. And so that was one of my concerns and the other one was that we're moving it from height of the season to the shoulder season in November. And though I'm personally, I'm an advocate, I think that's a good thing. I don't know and I'm not an expert in this area but it gives me some cause for certain as to whether or not you will have the same audience and be able to drive the same kind of attendance, particularly with the change. People have become accustomed to it. I know it's only been four short years or something like, that but nevertheless, that sometimes can have a detrimental effect. It's also a significantly more, greater amount of money that the city is contributing through its funds through the bed tax dollars that we have to allocate. So we are going to a ten-day, with now the sort of distributed, if I understood your comments about using the weekends, that was for this year.....

Karen Churchard: That's correct. From February.

Mayor Lane: February. What about in November?

Karen Churchard: In November, it will be ten consecutive days and just to go back to a couple of questions that you made that are great questions and I didn't put in the actual presentation, but was in the City Council report, is that this Canal Convergence will become, our intent is that we become an umbrella of what it currently is, but that we would expand the actual Convergence if you will, throughout downtown Scottsdale and actually throughout Scottsdale. And what that is exactly, we are just starting to really talk about that, and this will be, of course, pending Council approval. So we have just started talking about what that might look like in terms of conventions and conferences and things around the theme Convergence and what the Canal Convergence means. Donna Isaac, our Public Arts Director, wrote this beautiful description and I used it in the City Council Report, about what is the meaning the Convergence and the canal and what it means to the desert life. So there's so many opportunities in terms of what this event can be and there will be, hopefully, if it's approved, 10 to 12 major events that would happen over a ten-day period that would happen every day and evening.

Mayor Lane: I realize it's in the development stage and maybe the creative stage as far as how it might be rolled out and how, who would participate and what kind of great events you might have within it. What would be the ask in November?

[Time: 00:43:53]

Karen Churchard: That's a great question. Another part of it is really, I believe, that this event has a huge potential in terms of sponsorship, and I know that Public Arts has already started to receive grants. And so pending what type of dollars that we can bring in, in terms of sponsorships, I think will really dictate what that ask might be, but I think it's safe to say that we will be back and we will need some funding for the November 2018 ten-day event if the Council so approves.

Mayor Lane: Well, once we get on this path, that's the reason I asked. Is it half a million dollars a year that we would have to be doing this and maybe that's it? Maybe it's twice that amount. You, if I were to just take the number of days and I realize it's a simple math issue. If we are talking about \$1 million a year, we have to contemplate that. We have invested \$1.358 million so far in the downtown in a very specific way with regard to enhancements and that.

And I'm concerned, as I have been for some time, that we make sure we monitor this, and that we, and I understand there's great studies that have said this is the answer, but it's going to really play out in how the cards really come to us, because thus far, and I realize that we are at the early stage of things, downtown continues to decline, quite the opposite of what the rest of our community in the same categories, the rest of Scottsdale is doing. And there's a significant difference between the two. You know, 8% up across the city, and 6% down in the district, and miscellaneous retail, which includes the very item that we have been trying to muster up for. And we have also made sure that there were significant tax breaks and we reduced, purposefully reduced the tax income from downtown as well and that's not even in the \$1.35. So if we are talking about close to \$2 million and maybe it's even more, because there's other programs that are out there that we are trying to enhance downtown.

I'm concerned that with this, that we have a really clear path to evaluate how beneficial this would be. I think you probably know, as most anybody I have talked to, I think Canal Convergence is a fantastic program and it has, and I believe it does have great potential, but I'm not trying to keep track of what impact truly is. I mean, it seems great to me but I also thought, you know, there were other things that happened in downtown that I thought were great and frankly, it turned out to be not so good, at least not for the merchants. And I know this is also our extent of contribution in this, this particular one, and otherwise, is a result of some of the changes that we affected in the downtown with regard to events in general. So concerned about just tracking and making sure that this somehow is a path on recovery. Since it's been judged to be eligible and qualified for tourism funding dollars, is it having the desired effect on the marketplace?

And thus far, at least to the objective, it seems like that at least it's in question, but I would feel, and I might just ask the City Manager somehow or other, and maybe even the City Treasurer and finance department, if there's some way, and I realize some of this is intangible but if we can see some type of path to develop a performance on some of this. If there's some way we can measure what's happening in downtown as a consequence of some of this money that's being spent, I think it would be purposeful. My intent was not to necessarily deep six this. I don't know that I'm in a position to do that anyway but I want us to be cautious about it. And these are big sums of money and when it comes to some of these dollars that the city receives on this side for the General Fund, I'm also concerned about how we might reallocate it to our general administrative side because of that intensity of need too. So with that, I wanted to ask those questions. You answered some of them originally and you appreciate that, and the follow-up and I appreciate the answers to that.  
Councilman Phillips.

[Time: 00:48:19]

Councilman Phillips: Thank you, Mayor and I can probably echo a lot of Mayor's concerns. I don't know about the rest of the Council, but, you know, we will have to look at metrics on this. On the other hand, I think extending our tourism season is a great idea, it can't just be December to March or April, we've got to extend it to the other side as well, and this might become the great canal experiment but I like the idea of it. And, you know, when we had the Canal Convergence along with all the other events, it's really hard to say if people are just for that or they are already here and attending that. This will probably give you a much better idea of who is coming just for the canal because pretty much it's going to be the only thing going on. The idea to expand, it I think is a great idea, because we are using this canal to its potential. It's been sitting there a long time as a canal, people no longer look at it as a canal but look at it as some kind a destination. So I'm kind of excited about it. And I will be proud to support this resolution. And we will come back with the Public Arts contract and I think we will have a better idea of how it worked by doing it this year and we will have a better idea of how to, you know, address the Mayor's concerns so to speak. So I guess with that, I would move to adopt Resolution Number 10821.

Councilmember Korte: Second.

Mayor Lane: The motion has been made and seconded to adopt the resolution. Would the second



like to speak it? Councilman Smith, you were on record to have a comment.

Councilman Smith: I will wait for the second.

Mayor Lane: She doesn't have the desire.

Councilman Smith: Very well. I guess asking Karen, comments were made about having some way to report on the performance of this event. Do you have anything in mind? Obviously attendance would be a factor, but what kind of things do you see as the measures of performance for this event?

Karen Churchard: Mayor, Councilman Smith, the first thing that would come to my mind is survey those who are attending to find out the type of questions that we can find about the demographics and the type of money that they are spending, are they from out of town. Are they from Scottsdale or other metropolitan areas. And then we can look at other opportunities to refine at how we can look at possibly the sales tax and some of the things with the Treasurer's office.

Councilman Smith: Sure. Well, I encourage you to, anything you can come up with, it will be difficult because a lot of it is just the feel of the signature event and I think a lot of people are excited about this event, thinking that it may, indeed become another signature event for the city. Certainly those people who went last year were excited, myself included, and saw a great potential there. So I'm excited to see us trying to turn this into a signature event. I wholly support it. And I'm confident that it's going to be as exciting in the future years as it has in the past. So I'll obviously support this.

[Time: 00:51:51]

Mayor Lane: Thank you, Councilman. More exciting, I hope, but nevertheless. In a very positive way. You mentioned one other thing that just occurred to me and that is, is that the full budget or is that in anticipation of what you have had for past sponsors and what you expect and plan for on new sponsors? In order to facilitate this planning and the development of thought on this? So is there something in mind to continue to seek sponsors that can benefit maybe by their sponsorship but at the same time benefit the entire program?

Karen Churchard: Another great question. We are asking for the full amount of the budget for the event as it was in four consecutive days. There will be increased costs, because we are splitting out the event into two weekends. We are just starting to really have conversations about the sponsorship side and how we would develop that further. Donna and I meet on a particular regular basis to have those conversations. So nothing set in stone. We have done some brainstorming. We've got some lists. Pending, if it's approved tonight, we fully plan to reach out to about 30 art organizations in Scottsdale to really start talking about this, the potential of this event in November of 2018. So we are just, we are just starting down that road.

Mayor Lane: Is Scottsdale Arts part of that program at all?

Karen Churchard: Yes. Absolutely.

Mayor Lane: Okay. Very good. I thank you very much for that. We do have a motion and second on the acceptance of this resolution. Thank you very much. I think we are now ready to vote. All of those in favor, indicate by aye. It's unanimous passage on that. Again, thank you very much on that.

**ITEM 27 - PUBLIC HEARING AND ADOPTION OF FISCAL YEAR 2017/18 RATES AND FEES**

Mayor Lane: The next item on our Regular Agenda, Item 27, the Public Hearing and Adoption of Fiscal Year 2017/18 Rates and Fees. And I believe we have, well, we have Judy here for a presentation.

[Time: 00:53:55]

Budget Director Judy Doyle: Good evening Mayor and members of Council, I'm going to kick off the presentation this evening for the '17/18 proposed rate and fee changes. You may recall on May 23<sup>rd</sup>, when we adopted rate and fee changes for fiscal year '17/18, I mentioned that state law requires us to post any new or increased rates on the city's website, at least 60 days prior to adoption and that recent legislation now also requires us to post a written report or data to support each of those new or increased rates or fees. And that we were not comfortable with that initial level of detail provided in those justifications for just a handful of those fees. They are listed under the non-enterprise. So we enhanced the justification for those fees and that meant we needed to restart that 60 day clock on the posting. So we are back this evening with those fees to, for your approval. Directors from the respective areas will present those changes.

But first Brian Biesemeyer, our Water Resources Director will clarify language in city code related to a couple of enterprise service charges that were presented and adopted on May 23<sup>rd</sup>.

[Time: 00:55:33]

Water Resources Director Brian Biesemeyer: Mayor and Council, again, as Judy mentioned, this is for clarification. I wanted to say, I just want to be in front of you one more time, but not quite true.

Mayor Lane: It's good to have you, Brian.

Brian Biesemeyer: Truly, this is just a clarification of language. When we reviewed what Council approved in May, we wanted to clarify some language. We proposed and Council adopted a new quote, additional base fee for water hauling. As you will recall, we improved our water hauling station on Pima Road, to improve access, safety, and the availability of positions to fill both commercial and residential water hauling vehicles or trailers. In addition to the base fee, for clarity, we would like to call that a capital recovery fee so it's not confused with an existing base fee. This is a change in the language to call it a commercial water hauling capital recovery fee and a residential water hauling capital recover fee. And it's a change in the language, not in the dollar amount for this

proposal and pending your questions, that's my presentation.

Mayor Lane: Well thank you very much, Mr. Biesemeyer. I don't see that we have any questions. So that's pretty simple. I think we get it.

Brian Biesemeyer: Thank you, Mayor.

Mayor Lane: But it's good to see you again anyway.

Brian Biesemeyer: It's good to be here, sir.

[Time: 00:57:13]

Planning and Development Services Director Randy Grant: Mayor and members of the City Council, I won't take as long as Brian did.

Mayor Lane: It's good to see you, Randy.

Randy Grant: Thank you. We only have one rate change and that is to the wireless communications facility and rights-of-way. 3% increase has been the industry standard and that's what was being proposed again this year. Ordinance 7983 states that Council is authorized to establish fees for this use and may adjust these fees on an annual basis. Since 2009, the fee schedule has been increased each year by 3%. Licenses can be set at 5% as an escalator and the 3% is consistent with the industry. I will point out that consistent with the state law passage for wireless facilities, this fee will be changing and will be coming back to you next spring with a change that would take the fee from \$3,900 to \$50. And that is the state requirement for small cell b requirements, limitations placed on cities by the state. With that, I would be happy to answer any questions.

Mayor Lane: Just as simple, I guess. I have no particular questions on, that but thank you. Oh, I'm sorry. A late comer. He just wanted to keep you there. Councilman Phillips.

[Time: 00:58:44]

Councilman Phillips: Thank you. So does the city have an idea of how this is going to affect revenue once this comes into effect?

Randy Grant: Well, it's kind of hard to tell by this past year because it's our understanding that some of the wireless carriers were holding off anticipating that the fees were going to be reduced. We only had a handful this last year, three or four, small cells. We have been hearing and we have had a lot of interest and a lot of activity around new small cell sites. So we are anticipating that that will multiply. But in terms of a number that we're anticipating for this year, we haven't assessed that yet.

Councilman Phillips: So it's not really a matter of revenue loss, but more a matter of potential revenue loss?

Randy Grant: Correct. We do know that there are a lot of small cell, a lot of carriers out there that are going to be proposing small cell facilities.

Mayor Lane: Thank you, Councilman. Randy, but these apply to existing leases and contracts that are in place already.

Randy Grant: Correct.

Mayor Lane: There may some new coming, but there's a number of facilities other than small cell, that this would apply to.

Randy Grant: Absolutely.

Mayor Lane: So 3% across the board increase as far as that is concerned. Now the influx of new business, and small cell maybe being part of it will be something on top of that.

Randy Grant: That's absolutely correct.

Mayor Lane: Okay. Thank you. Do we have any, now I will just be hesitant to say this. No, we don't have any other questions right now. Thank you, Randy. Appreciate it.

Mayor Lane: Karen, nice to have you back.

[Time: 01:00:30]

Karen Churchard: Thank you. So Mayor and Council, we have one recommendation in addition to those we have already made and that have been approved, just to remind you a year ago, we set a new special event ordinance and set fees and rates for use of public property for special events. And we have been monitoring it for the last year to see how it affects or impacts both the use of property and the special events themselves. We have one recommendation to reduce the fee for parking space use from \$60 to \$30. The reason for that, in some case it would cost more to use parking spaces than it would to close a whole street and the street closer has more of an impact on merchants more so than use of parking spaces. So that's our recommendation. Any questions?

Mayor Lane: I don't see any. So I think that is well explained. Thank you.

Karen Churchard: Thank you.

Mayor Lane: So Mr. Murphy, we have great expectations that you will be as succinct as everyone else.

[Time: 01:01:46]

Community Services Director Bill Murphy: Good evening Mayor, members of Council. I do have a few more things to talk about. So the Scottsdale Sports Complex in February, we came to talk to you about the fees, but, so we have 5ks that we do at the facility, and they take about four hours to do those, and after evaluating some things, the vendors who we might have out there, who might be selling merchandise or drinks or food. We decided from discussions with them that it would be easier for us to take the fee down from \$100 which we had it for two days, to \$25, to cover them for four-hour period. So our recommendation to you tonight is to actually have this vendor fee to be \$25 related to our 5ks that we host out there. We want to increase the standard and custom field soccer fees, the standard fee would just be a simple layout of the fields for games or practices, from \$50 to \$75, and more of a custom layout would include really more detail work and painting of all the areas on the field to take that from \$75 to \$115.

The other fee in here is the drop-in rate fee for residents and nonresidents at Club SAR. We have not raised this rate in almost 20 years. But what we want to do is actually for a resident of Scottsdale who is nonmember of Club SAR, that you would be charged an additional dollar from \$3 to \$4 and if you were a nonresident using the facility, you would go to \$6. What that would also include for you is that you would be able to enroll in some of the classes that we offer as well as using the facility.

Mighty Mud Mania, a year ago, we developed a fast pass and what that was, was for you to pay in advance, to, similar to Disneyland to get in line quicker. But you could only use it for one time. And so we set the fee at \$10. In 2016, we sold 500 of those. And so this past year, in June, we just sold 451 passes. And so this was, again, someone could stand in line, go through the line, if they wanted to come back through again, they would have a fast pass to be able to move to the front of line. All of this money that's generated from this goes into the General Fund. And finally, the youth sports field allocation, I told you, we would work with the groups about a year ago. So we spent a considerable amount of time this year. We had four nice meetings with them over the course of the year. Our last meeting in March to raise the fee from \$3 an hour to \$5 an hour and we had really good consensus from all the groups. We presented that to the Parks and Recreation Commission and had received their approval as well. This is a little different because it's special revenue money that we collect and we put it right back into the fields for the users. So this past year, we did quite a bit of work with back stop replacements dugouts and shade at various sites and so that concludes what I have.

Mayor Lane: Thank you, Bill. Just a question I suppose. It does say additional new General Fund revenues down there at the bottom of \$29,000 and additional program funds revenue of \$108,000. This is over and above what is normally charged in these areas. These are new or increased fees?

[Time: 01:05:29]

Bill Murphy: Mayor, the General Fund increase will be from the implementation of the fees, the new fees that we would be doing in Scottsdale Sports Complex, Club SAR and the Mighty Mud Mania. The special revenue is the new increase fees that we would add to the special revenue fund for the field allocation that with do with the youth groups.

Mayor Lane: And the implementation of the lower 5k event vendor fee is netted against one of those.

Bill Murphy: Yes.

Mayor Lane: So we have some small reductions and actually increases and some new fees that...

Bill Murphy: That's correct.

Mayor Lane: They were not included in the original fee structure that has been given to us.

Bill Murphy: Right.

Mayor Lane: The new ones were not previously presented to us?

[Time: 01:06:13

Judy Doyle: Mayor and members of Council, I believe it was February 21<sup>st</sup> is when we presented these as a proposed rate and fee changes.

Mayor Lane: All right. Very good.

Bill Murphy: So that's all I had.

Mayor Lane: Very good. Thanks Bill. I appreciate it. All right. Now there's no action on that particular item, other than information.

Judy Doyle: Mayor and members of Council, there is action this evening. We are asking for the authority to adopt the ordinances and resolutions named here on the slide.

Mayor Lane: Okay. Well, then do I have a motion to accept. Councilwoman Milhaven.

Councilwoman Milhaven: I move to adopt Ordinance Number 4316, Resolution 10839, Resolution 10823, and Resolution 10830.

Councilwoman Littlefield: Second.

Mayor Lane: The motion has been made by Councilwoman Milhaven and seconded by Councilwoman Littlefield. There's no further comments on that. So then I would say we are ready to vote. All those in favor please register your vote. Opposed with a nay. Aye. It's unanimous. The next item of business would be the, you covered them all in that, in your motion?

Councilwoman Milhaven: I thought so.

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

### **ITEM 28 - FISCAL YEAR 2017/18 PROPERTY TAX LEVIES**

Mayor Lane: So the next order of business then is our Item 28, which is Fiscal 2017/18 Property Tax Levies. And we have Judy Doyle in front of us again.

[Time: 01:07:55]

Budget Director Judy Doyle: Hello again. Two weeks ago on June 13<sup>th</sup>, we held a Truth in Taxation Hearing and a Public Hearing on the '17/18 Property Tax Levies and Rates. As I mentioned at that time, state statute required the hearings to be held at least 14 days prior to actually assessing the levies and rates, which is the action tonight, through an ordinance. On June 13<sup>th</sup>, by a roll call vote, a motion was approved to levy 28.2 million on the primary side, which includes new growth, the 2% statutory adjustment, and \$1 million for involuntary tort claims that goes to our risk fund. And a motion to approve the secondary levy at \$33.6 million, equating to a combined tax rate of 1.8 per \$100 of assessed value. So the action tonight is to adopt Ordinance 4312, assessing the primary and the secondary property tax levies and rates. And that concludes the brief presentation.

Mayor Lane: All right. Very good. No, well, I will say I will reserve judgment. Councilmember Korte, do you have a question or a motion.

Councilmember Korte: Motion to adopt Ordinance Number 4312.

Councilman Phillips: Second.

Mayor Lane: Motion has been made by Councilwoman Korte and seconded by Councilman Smith. All those in favor, please register your vote with an aye, and opposed with a nay. It's unanimous. Good work, Judy.

### **ITEM 29 - Fiscal Year 2017/18 Streetlight Improvement District Property Tax Levy**

Mayor Lane: Moving on to Number 29, Fiscal Year 2017/18 Street Light Improvement District Property Tax Levy.

[Time: 01:09:48]

Budget Director Judy Doyle: This is similar to the last item, which relates to the various street lights within the city. On June 13<sup>th</sup>, we also held a Public Hearing on the '17/18, Street Light Improvement District Property Tax Levies. By unanimous vote, you passed a motion to proceed with a levy of about \$585,000 on the city's 355 street light districts to cover the electric utility costs of operating the street lights within those districts. The action item tonight is to adopt Ordinance 4311, assessing the '17/18 street light property tax levies by district.

Mayor Lane: I see no questions. I have a motion to accept the resolution or the ordinance.

Councilmember Korte: Mayor, I move to adopt Ordinance Number 4311.

Councilman Smith: Second.

Mayor Lane: The motion has been made and seconded by Councilman Smith. Presuming there's no further comment, we are ready to vote. All those in favor, register your vote. It's unanimous. Thank you, Judy. We are good.

### **ITEM 30 - MONTHLY FINANCIAL UPDATE**

Mayor Lane: Item 30 is the Monthly Financial Update. We have Mr. Jeff Nichols, our City Treasurer here to present.

[Time: 01:11:21]

City Treasurer Jeff Nichols: Thank you, Mayor and Council. Monthly Financial Update as of May 31<sup>st</sup>, 2017, I will walk through it rather expeditiously, unless you have a lot of questions. There hasn't been a lot of change.

Looking at the General Fund operating sources fiscal year-to-date, you see that negative variance related to the taxes local of \$3.2 million, I will get to that in just a moment. For the most part, very few variances. We have some variances, the state shared revenues, a slight decrease and what staff is reporting is that some of the things we are seeing with the Arizona Department of Revenue, the state is now experiencing as well. And it's impacting the shared revenues that we receive from the state.

And so when I say it's impacting them, it's the Arizona League of Cities and Towns that gives us that budget, and they are falling a little bit behind, not significantly, although \$400,000 is a lot. Property taxes just a timing difference, when people pay their property taxes. I have reported before on the fines, fees and forfeitures, the shut off of the photo radar for a two-month period last fiscal year which rolled over into this fiscal year. We're seeing some charges for services, you see a positive variance of \$700,000, that was for events that occurred last fiscal year but we didn't receive a payment until this fiscal year. And you see an uptick in the interest earnings. So good news there.

[Time: 01:12:52]

General Fund operating sources of sales tax as you will note, almost every source of revenue is a negative variance, total of \$3 million. We have some positive variances, one in the construction sales tax. That was related to an audit. So property that was speculative in nature and sold and our auditors caught it and so we collected the taxes related to that and we are seeing an uptick in the hotel, motel area as well. Overall, well within what we will be reporting later in this report, for where we think we will end the fiscal year, so I will continue to move along. As you can see, quite an



experience, the ups and downs I had reported during my April monthly report that ADOR had stopped collections or cut off the collections for April on April 20<sup>th</sup>. Normally, that's the due date that people file their taxes, the 20<sup>th</sup>.

And so all of the people, the returns really start rolling in the day after or the second day after the due date. Those were all captured now in the month of May and you see an uptick of 32% or approximately \$3 million. I think this slide was very, very instructive when it was created and it's less instructive now due to the implementation of ADOR collecting our sales taxes on our behalf. You look at the General Fund operating sources. And you see a slight variance there in the taxes local of \$2.7 million. We had reported before that we thought there would be about a ten-day delay. We think that will hold. We do, so that's kind of locked in.

[Time: 01:14:53]

The fees, the fines, fees and forfeitures that is a loss that we are going to experience by the end of the fiscal year. We have it now and the charges for the services will hold. We think this is a strong number where we will end the fiscal year. You look at the General Fund operating uses by category. Here's the graphic representation. Personnel Services will get a little further into that as we go along, but on the contractual services, it's across the board. We have savings and some is timing. Some will be actual savings as you will see as we get further into the presentation but City Treasurer, Community Services, Tourism and Events and Admin Services all have positive variances to the tune of \$200,000 to \$400,000 in each of those divisions. The majority of this, however, is Public Safety Police has about a \$1.1 million variance. Some is related about \$400,000 as related to the jail services contract.

We are just using it less than we had anticipated. We have some fleet fuel about \$300,000 in savings related to fleet fuel and we have some savings related to the photo radar, although we were not collecting the revenues related to photo radar. We were not experiencing the expenses either. Public Works also has a large variance of approximately \$1.9 million. So those two divisions make up about 59% of that \$5.1 million variance. As I reported before in the capital outlay, you see a negative 1.3 million. Public Works was using some contractors and they, we are going to record them in the capital outlay area. They had budgeted them in the contractual services area. And the last one we had talked about the transfers out a few times, the majority of that being related to the SCBA equipment purchased by the fire department, earlier this fiscal year when they came to you with a request for about \$1.4 million to buy that equipment.

So getting into the Personnel Services, again, looking at the salaries, retirement, health, dental, all of these positive variances relates to the fact that we are hiring people. People are leaving the city with many, many years of experience. They are at the top of their range, and we are filling these positions with people at the bottom of the range or closer to the bottom than the people that were leaving. Significantly that was happening in the Police Department, but it's also, it's happened across the board. It's happened in the City Attorney's area. It's happened in Community Services. We also have some savings in Community Services related to programming, just not needing to hire as many people to run the programs this year, as they had in the budget. So these, the majority of these savings will be

realized at fiscal year end.

[Time: 01:18:01]

You look at General Fund operating division expenditures to date, fiscal year-to-date and you can see everyone has a positive variance in their budget at this point in time. We hope to realize the majority of these savings and we are hearing from certain departments that there's an uptick in spending and this is unusual in May and June. We are using their information to project out to the end of the fiscal year, and so I will go to that right now. Our year-end estimate for the operating uses and you see that \$7.1 million drops down to \$2.6 million. I think they are overly optimistic in what they think they can do between now and June 30<sup>th</sup>, we will see who is right and hopefully on the savings that we realize, will be higher than the \$2.6 million but the majority of that savings Personnel Services will be realized because that's already realized and it's going to be money in the bank for us at the end of the fiscal year.

If you look at the fiscal year-to-date, our summary right now, we are projecting a positive variance of \$2.1 million and if you take the results of what staff is giving us, our year-end estimate that \$2.1 million falls to \$2.2 million, \$200,000, but as you can see, we are projecting to end the fiscal year with an undesignated unreserved balance of \$24.1 million. And with that, I will take any questions that you may have.

Mayor Lane: Thank you, Mr. Nichols. I appreciate the information and report. I don't see any requests for, or any comments asked of you right now. Obviously you communicated it well. Thank you.

Jeff Nichols: Thank you, sir.

Mayor Lane: Thank you. Okay.

**ITEM 30A - INDEMNIFICATION OF MAYOR, COUNCILMEMBERS, CITY MANAGER, CITY CLERK, AND CITY ATTORNEY IN MARK STUART ET AL., V. CITY OF SCOTTSDALE ET AL., FEDERAL DISTRICT OF ARIZONA CAUSE NO. CV-17-01848-DJH**

Mayor Lane: Now to our last item with our Regular Agenda here today and it's Item 30a. And I will ask the Deputy Attorney Sherry Scott will give us the introduction of this and the unique procedures that we have to take this evening.

[Time: 01:20:20]

Deputy City Attorney Sherry Scott: Thank you, Mayor, members of the Council. As you know and I think many of you were served with tonight a lawsuit that has been filed by Mark Stuart and an organization identified as Save Our Preserve against the city of Scottsdale. It's also been filed against the Mayor and all members of Council, the City Manager, City Clerk, City Attorney and many other city employees. The lawsuit alleges numerous constitutional violations and other violations and it

requests numerous forms of relief.

The case is currently pending in the United States District Court, and this item tonight is limited to addressing the procedural needs arising from the recently filed case. The procedural need to be addressed tonight is at the city's defense and indemnity ordinance allows for the city to pay for the defense and the indemnification of the Mayor, the members of the City Council, and the charter officers for their good faith official actions. But only once the Council has voted to do so.

Each Councilmember pursuant to our ordinance cannot participate in the vote of their own individual defense and indemnification request or resolution. Practically that means that each Councilmember will need to declare a conflict prior to the Council voting on the resolution addressing their defense and indemnification, and leave the dais and the room. And then return to the dais once that resolution has been handled to vote on the many others. For this reason, we have separated the defense and indemnification resolutions, into eight separate resolutions that will require eight separate votes with the final one being the resolution for the City Manager, City Clerk, and City Attorney, and, of course, all of Councilmembers will be allowed to participate and vote on that resolution.

And so if now would be appropriate, Mayor, I would ask that you declare a conflict, turn the meeting over to the Vice Mayor for action on your resolution, which is Resolution Number 10849, and leave the room and, of course, resume to preside over the rest of the meeting once that resolution has been voted upon.

[Time: 01:23:08]

Mayor Lane: Thank you, Ms. Scott and I will announce my conflict of interest on Resolution 10849 and I turn the meeting over to the Vice Mayor and I will be recusing myself.

Vice Mayor Klapp: Is there a motion to adopt Resolution 10849, authorizing the city to defend and indemnify Mayor W.J. "Jim" Lane.

Councilmember Korte: So moved.

Councilwoman Littlefield: Second.

Vice Mayor Klapp: We have a motion and a second. We will be voting I assume by the same method. Please vote aye or nay. The motion passes 6-0. And the meeting will be turned back over to the Mayor now.

Mayor Lane: Thank you, Vice Mayor. Next is Councilman Phillips, will declare his conflict and leave the room for the motion 10850.

Councilman Phillips: I would like to announce my conflict of interest and I will be recusing myself at this time.

Mayor Lane: Then I would ask is there a motion to adopt Resolution Number 10850, authorizing the city to defend and indemnify Councilmember Guy Phillips?

Councilmember Korte: So moved.

Councilwoman Littlefield: Second.

Mayor Lane: The motion has been made and seconded. Further point or comment? I think we are then ready to vote. All those in favor of the motion, please indicate by aye and register your vote. Aye. The motion passes 6-0. Councilman Phillips can come back to the dais, if you would please. Excuse me, Councilwoman Littlefield, I ask that you declare a conflict and recuse yourself from the next motion which is 10851.

Councilwoman Littlefield: Mayor, I announce a conflict of interest regarding Resolution 10851. Thank you.

[Time: 01:25:45]

Mayor Lane: Is there a motion on Resolution Number 10851 authorizing the city to defend and indemnify Councilmember Kathy Littlefield.

Councilmember Korte: So moved.

Councilman Phillips: Seconded.

Mayor Lane: The motion has been made and seconded. No further comment indicated. All those in favor, indicate by aye and register your vote. The motion passes 6-0. For that resolution.

Vice Mayor Klapp: Mayor I declare a conflict of interest on Resolution Number 10852.

Mayor Lane: Thank you, Councilmember Klapp. Is there a motion on Resolution Number 10852 authorizing the city to defend and indemnify Councilwoman Suzanne Klapp?

Councilmember Korte: So moved.

Councilman Phillips: Second.

Mayor Lane: The motion has been made and seconded. All those, we are ready to vote. All those ready to vote, register your vote. Motion passes 6-0.

Councilwoman Milhaven: I would like to declare a conflict of interest in Resolution 10853.

Mayor Lane: Let's make sure the Vice Mayor is here. Is there a motion on Resolution 10853,

authorizing the city to defend and indemnify Councilmember Linda Milhaven.

Councilmember Korte: So moved.

Councilman Phillips: Second.

Mayor Lane: Motion is made and seconded. No indication of thoughts or comments. Please register your vote. The motion passes 6-0. Councilwoman Milhaven has returned to the dais.

Councilmember Korte: Mayor, I declare a conflict of interest regarding Resolution Number 10854. And recuse myself.

[Time: 01:27:49]

Mayor Lane: Thank you, Councilwoman. Is there a motion on Resolution Number 10854, authorizing the city to defend and indemnify Councilmember Virginia Korte?

Councilman Phillips: So moved.

Councilman Smith: Second.

Mayor Lane: The motion has been made and seconded. No further comment or indication of question. All those in favor, please indicate by aye. Those opposed with a nay. The motion passes 6-0. Councilwoman Korte, you can return to the dais.

Councilman Smith: Mr. Mayor, I announce I have a conflict of interest on Resolution Number 10855.

Mayor Lane: Thank you, Councilman. Is there a motion on Resolution Number 10855, authorizing the city to defend and indemnify Councilmember David Smith?

Councilman Phillips: So moved.

Councilmember Korte: Second.

Mayor Lane: The motion has been made and seconded. Ready then to vote. All those in favor, please indicate by aye. Opposed with a nay. The motion passes 6-0. Okay.

With Councilman Smith back at the dais, final motion would be for the full Council, is there a motion on Resolution Number 10856, authorizing the city to defend and indemnify City Manager Jim Thompson, City Clerk Carolyn Jagger and City Attorney Bruce Washburn.

Councilmember Korte: So moved.

Councilman Phillips: Second.

Mayor Lane: The motion is made and seconded. No further comment. I think we are all ready to vote. All those in favor, please indicate by aye. The motion passes 7-0. That completes the items on 30A. As has been described by the Deputy City Attorney Sherry Scott. So that, we have no further Public Comment or petitions.

**MAYOR AND COUNCIL ITEM**

[Time: 01:30:06]

Mayor Lane: I have one Mayor or Council item, as you might say. And that I recently, the City Council and I received an email from a Connor Ahern, a sophomore at Desert Mountain High School, he thought our city flag, a white flag with the city seal is in his words unrepresentative of our city and asked us to investigate changing the design.

Now, I might just say that there have been a couple of cities that have entertained this kind of thing in recent past and the city of ,not that we necessarily follow Mesa's lead on some of these things but nevertheless, the city of Mesa did decide to change it, but what we are thinking here, I would like to agendize for a future meeting that the Mayor's staff bring forward a process for our review that would engage Scottsdale citizens in a discussion about possible new or redesigned city flag: Do I have a motion to agendize such an effort?

Vice Mayor Klapp: So moved.

Councilman Smith: So moved.

Mayor Lane: We have, we have a motion and moved and seconded. So I think unless there's any further comment, I think we are ready to vote for that. All those in favor, please indicate by aye. Those opposed with a nay. The motion passes unanimously. And I thank you for that.

**ADJOURNMENT**

[Time: 01:31:25]

Mayor Lane: And that completes our business, and so I would accept a motion to adjourn, but before we take that motion, I want to thank everybody, including the staff for the work here tonight and all the questions that have been answered and for the input from our earlier conversation of the boards and commission folks who came out to work with us in the city of Scottsdale. Great effort.

Vice Mayor Klapp and Councilmember Korte: Move to adjourn.

Mayor Lane: A little anxious. Yes. I don't know if I even got that period in yet, but nevertheless, I understand. We have two motions to adjourn and we have one second at the far end. And all in favor of adjournment, please indicate by aye. We are adjourned. Thank you very much.