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CALL TO ORDER

[Time: 00:00:03]

Mayor Lane: And then we will move right on to our Regular, it's a Special Meeting and I would like to call to order the April 17th, 2018, City Council Special Meeting, and it is approximately 5:40.

ROLL CALL

[Time: 00:00:15]

Mayor Lane: And we'll start with the roll call, please.

City Clerk Carolyn Jagger: Mayor Jim Lane.

Mayor Lane: Present.

Carolyn Jagger: Vice Mayor Virginia Korte.

Vice Mayor Korte: Here.

Carolyn Jagger: Councilmembers Suzanne Klapp.

Councilwoman Klapp: 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.

ITEM ONE – NOVEMBER 6, 2018 SPECIAL ELECTION FOR THE ISSUANCE AND SALE OF GENERAL OBLIGATION BONDS

[Time: 00:00:45]

Mayor Lane: Thank you very much. This Special Meeting, there's one singular item and it's the November 6th, 2018, Special Election for the Issuance and Sale of General Obligation Bonds. And we

have Dave Lipinski coming back, our City Engineer to get through this area as well.

City Engineer Dave Lipinski: Good evening again, Mayor and members of Council. I bring before you tonight, the requested action to adopt Resolution 11092, ordering for the special election of November 6th, a total of \$350 million for General Obligation bonds.

Mayor Lane: We have one request to speak on this and I will go ahead and go with that. Alex McLaren.

[Time: 00:01:43]

Alex McLaren: Good evening Mayor and members of Council. I strongly support this action tonight and I hope you move ahead after your discussion adopting this resolution. I did have a concern when I looked at the program for the one question, which as opposed in the past we had separate questions for the different categories. I think that showing them all and having them all in one question is an opportunity for unifying Scottsdale, showing people that all of these projects are for all of Scottsdale. I think that's important.

I would like to see more information about the projects. I know we have the list, the list is published, but I think staff has been working on having more information on the project. Also maps showing where the projects would be, I think, would be important. In Council report, there's discussion about strong oversight for the, for the bond if it passes and I agree with that. I think the discussion of utilizing the existing bond commission, which I think would be a good idea. I think it would also be a good idea for Council to keep the CIP bond commission. And review any changes which might be supposed by staff and bring those, make a recommendation to the CIP subcommittee who then would go to the, come to the entire Council with any changes. I think we had the bond review commission, and then the CIP subcommittee and then obviously the Council being the final decision makers for any changes which would be made in the program. I think the, I think this program, \$350 million is affordable. I think the City Manager showed the graph earlier secondary assessed valuation. Secondary property tax that drops off the blue as we pay it off, but as we do the \$350 million, it stays level and then it drops off. I would strongly urge to pass this motion tonight. Thank you.

Mayor Lane: Thank you, Mr. McLaren. That's the one and only request to speak on this item. So you know, before you start again, I'm just going to say for the record, for those folks who may be watching on TV, that vast audience of folks we have out, there I want to make sure it's clear the action item here, and this is an action item. This is apart from a work study now. We have just gone to a Regular Meeting and so it is now a point that we will discuss the one and only item within this Special Meeting, and that is an action item, and calls out for a November 6th, 2018, special election for the issuance and sale of General Obligation bonds, to submit to the qualified electors of city of Scottsdale a question authorizing the issuance and sale of \$350 million of principal amount of General Obligation bonds. Just for the record and everyone's clarity that we are now in a Regular Meeting. I'm sorry. David.

[Time: 00:05:30]

Dave Lipinski: Mayor, members of the Council. Here tonight to present the requested action, Resolution 11092, calling a November 6th, 2018 election for this issuance and sale of \$350 million of General Obligation bonds. This calls for the special election for projects in the following categories. It's a single question and it does have the list of potential projects that, with it attached to your packet this evening and it also allows for the establishment or the continuance of a resident bond oversight committee for control of the program. The ballot language is one single question for \$350 million. And the requested action, as I said earlier. We can take any questions beyond that.

Mayor Lane: I'm sorry to have held you up. Very good. Obviously this is an item that we have had in a work study this weeks ago. So this was discussed, rather thoroughly by this Council and in the meantime, there have been some small changes made to it, by the City Manager in the listing of the assets that are on this versus what we saw some weeks ago. I don't know whether we are in a position to discuss that or talk about that but we did make some changes. David, if we could maybe explain that.

Dave Lipinski: Changes that were made to the list, I don't, one of the significant changes, the Indian Bend Wash/Vista del Camino project. That as I mentioned earlier was pulled from the General Fund out of the CIP and put on this list. At \$21,288,000. I think that's the most significant change to the list to date.

[Time: 00:08:08]

City Manager Jim Thompson: Mr. Mayor. We removed some of the drainage projects based on the \$2 utility charge for drainage projects. We moved those to that drainage utility and we will be taking those in that project. It was about an equal value. The other projects that were removed were already discussed twice this evening and those were the two roundabouts presented by our speakers' speak beginning of the last portion of the meeting this evening and that totaled 5 million. So those were removed from the project list. So additions of Civic Center Plaza, and Indian Bend Wash, subtractions of drainage projects and the two roundabouts gave us back to 350. So those are the major changes in summary that occurred to the list.

Mayor Lane: Thank you very much for that explanation. Any comments from the Council?

Councilman Smith: I don't have any comments on those changes but I had question on the whole thing.

Mayor Lane: Is there any questions from anyone else on those changes? Otherwise, we will go forward with those as they have been stated. Seeing none, go ahead, please.

Councilman Smith: A question to staff. At one point in time we discussed that obviously, the \$350 million could be approved by the citizens and their secondary property tax in total for the city would not increase over the next five or six years. We had a comment that we would go as high as \$450 million if the need was there, and, and the manner of phasing the bonds in, we could still represent to

the citizens, even at that level. I'm not suggesting that level, but even at that level, we could say, your taxes will not go up. Is that still true?

City Treasurer Jeff Nichols: Mr. Mayor, Councilman Smith, yes, that is true.

Councilman Smith: Then I would like to suggest, and maybe it's a modification to what's being called for approval here, but there is one other project which is important to the city, to all the citizens and certainly to tourism and that is the Scottsdale stadium renovation project. We briefly talked about this last week, but it's a project which is currently estimated to be about \$60 million and we'll do some due diligence and try to bring that number down and whatever. But if it really comes in at \$60 million, I don't know that we have, well, I know we don't have the money in the city to fund that project, either from tourism funds or anything else.

[Time: 00:11:02]

I would very much like to see us amend this \$350 million package to add an additional project which is the stadium renovations. Only asking the voters to pay with their property tax up to 50% of the cost and the other 50% we can get from the tourism fund. We can get it from, potentially from the Giants themselves from who knows where. But I would like to see this project before the voters as part of this package because I think it's one that positively impacts the entire community and I think the citizens. I would anticipate they would be supportive of this. They certainly were the last time we asked them. They recognized the economic value of the stadium to our community. If that were approved, the package would then be \$380 million and that's why I asked the City Treasurer whether it's still true that we could phase those bonds in, in such a way over time that we can still represent to the citizens that their secondary property tax in the aggregate will not increase and the answer is yes. So I'm not sure if it's a motion or a discussion. If you want a motion, I will give you a motion. But I would be interested to see what my colleagues think about that. Thank you, Mayor.

Mayor Lane: Well, it constitutes a motion. You just got a second on it.

Councilman Smith: Thank you for the second.

Mayor Lane: The second would probably like to speak to it. Would you like to speak toward it?

Councilwoman Milhaven: I think I spoke the last time. I don't know that I have anything to add right now, but I think adding the stadium to this makes a lot of sense.

Mayor Lane: Yes, Councilman Phillips.

[Time: 00:13:00]

Councilman Phillips: I think everybody knows where I'm coming from. I'm for a 1.5 transportation sales tax instead, and not a bond. I think the problem with adding on this stadium is we were planning to use tourism fund for the stadium. And if we take that off, then what would we need the

tourism funds for? What else is left? It's the white elephant in the room which is the Desert Edge. I'm afraid you are trying to of move the money over there to fund the Desert Edge. If we did the transportation this time around and did in two years, and by then the Desert Edge issue will be over with and we will know where we stand with it and we won't have to have that as a question hanging over our head for a bond this year. I wouldn't be going for that at this time.

Mayor Lane: Thank you. Vice Mayor?

Vice Mayor Korte: Thank you, Mayor. Councilman Smith mentioned that there was not enough funding in the tourism development bed tax dollar fund to cover this \$60 million, the estimated \$60 million for the stadium upgrade. I would like to ask our City Treasurer to break that down for us so that we better understand, where the funding is, regarding bed tax and how much is projected in that fund.

[Time: 00:14:41]

City Treasurer Jeff Nichols: Mr. Mayor and Vice Mayor Korte, the way I see it in the tourism development fund, there's approximately \$3.2 million been allocated. It could be allocated to tourism-related projects. The Tourism Development Commission spoke internally. They haven't brought it forward to Council, but they support \$1.2 million being allocated to a Desert Edge project which would leave the remaining balance of \$2 million. With that \$2 million, I believe we can leverage that over 20 years at 4% and fund about \$26.7 million of the stadium improvements.

If you then add in the \$5 million that we took from tourism fund balance, in a previous Council meeting for the design of this stadium, the remaining funds needed for the stadium improvements are approximately \$28.3 million. So I believe that Councilman Smith's recommendation to add an estimated \$30 million to the \$350 million program cover the stadium improvements so we would pay for the stadium with MPC DAT of \$7 million and \$5 million and cash that was transferred for the design and the balance with the GO bond project.

Vice Mayor Korte: Thank you, Mr. Nichols. So just in summary, if we were, if we wanted to fund the estimated \$60 million of the stadium cost rent renovation, we really only have \$28.3 million of that.

Jeff Nichols: That's correct.

Vice Mayor Korte: In the TDC funds?

Jeff Nichols: That's correct.

Vice Mayor Korte: Thank you.

Mayor Lane: Thank you, Vice Mayor. Yes, Councilwoman Milhaven.

Councilwoman Milhaven: City Treasurer. So even if we were to take all of the remaining bed tax, including that facility, we would reallocate that from the Desert Edge to the stadium. We still don't have enough bed tax to pay for the stadium renovation; is that correct.

Jeff Nichols: Mr. Mayor, City Councilmember, yes.

Councilwoman Milhaven: I think this is a really important point and I want to reiterate this point. This bond is about the quality of life in our community. This bond is not about the Desert Edge versus roads. We should have the conversation about the Desert Edge separately and we should not be cuing up this conversation to suggest that it's an either or, because if we set this up as an either/or conversation, our community loses. The Desert Edge should be a separate decision and should not be part of this decision. Do we want parks, libraries or not? And so I challenge my colleagues to not confuse this issue with the Desert Edge. Thank you.

Mayor Lane: Thank you, Council woman. Oh, I'm sorry, Councilman Smith.

[Time: 00:17:58]

Councilman Smith: Perhaps picking an explanation point on the end of that, even if we have the citizens chip in money to pay half the cost, potentially the stadium, I mean, there's not enough money in the tourism development fund to do the stadium. There's also not enough to do the Desert Edge. It's just not that big of a fund. That's why for stadium we really have to ask the citizens to help support this economic engine. And I can't say it too emphatically, it doesn't have to do with the Desert Edge. We need to fund the stadium.

Mayor Lane: Yes, Councilwoman.

Councilwoman Klapp: I'm curious as to why the CIP committee came with the bond package and a recommendation that the stadium and the Desert Edge not be included in that list. What was the thinking back then?

Mayor Lane: I think that was directed at you.

Councilwoman Klapp: There were three people there.

Councilman Smith: At that time, as you may recall, the stadium was estimated to be \$42 million and it's, we're now looking at \$60 million, or 65, whatever the number really is. So the cost has gone up. But the thought was that it could be funded by the tourism development fund. \$5 million was taken out of the TDC carryover money. We all approved that and we also made a number of changes to the tourism development fund moving cash, moving revenues from there to General Fund. And you may remember at the time that, at least I made the remark, one of the things we are doing in moving that money is we are depleting the borrowing authority of the TDC by doing that. It may be the right thing to do but let's remember we are reducing the borrowing money by \$15 to \$20 million. So the combination of the project now, before us, looking more expensive, and the tourism development

fund significantly depleted by those two actions. That's why I'm here recommending.

Councilwoman Klapp: Are you suggesting this is part of the one question or do you want to have a separate question on the, on the issue?

Councilman Smith: I suggested last week a separate question, but that didn't seem to resonate with the, with all of you. I'm perfectly happy and think it probably better to have it embedded in this question. It will be unique because I'm only asking for this project, 50% support rather than full support for the project with \$1 limitation. Yes, I would put it in one question.

[Time: 00:21:03]

Mayor Lane: You know, I think when we looked at the \$350 million and let me just tell you, as a bond issuance, that is something that is imperative for us, for a lot of reasons. And things that are very, very vital, and I'm not taking anything away from the stadium. I think it's a major component of our tourism and has been for many years. It's a proven product and it's done very well for our downtown. I in no way think that it should be second to another project being the DDC or the Desert Edge. When the questions were posed, they were posed as separate questions but there was a question whether to put the Desert Edge on a separate question and then you followed it with a separate question for the stadium.

Both, well, I think they may have gotten a second but they certainly both did not get, we did not follow through on those and here we are talking about them, even though that was just to agendaize them. And so we are now talking about them outside of that vote to agendaize or not to agendaize. So it's, there's a little bit of, if you don't get it agendaized, we just show up and we start talking about it. So I'm concerned about that just a bit. But more than that, it was more or less settled business that we had \$350 million worth of projects that were vital for our city, inclusive of transportation projects, which I at the time indicated I would go anyway was necessary to make sure we were taking care of our infrastructure and transportation. It's critical that we do it. It's actually basic to our community. And our quality of life.

And so to think anything else supersedes it is nonsense only because without it, it's like public safety, I suppose, you don't really have a city to be able to operate some of the things we want to separate. Am I strongly behind the relationship with the Giants and the other teams to support our city. I'm strongly for it. The idea that both of these projects were taken out under the auspices that they would be funded by tourism dollars. Irrespective of what we are saying now, that's what we were talking about. But what the subject comes up, as who would want to have other sources, the Desert Edge has by its own prescription another source and it's the preserve tax dollars and if that will be the case, it will be coupled with something else.

So there's been a good bit of conversation about a public vote on that, a bond question for that, the other side of that would certainly be in order and accomplish a couple of things. I'm for this bond issue as it is. I'm not for changing it, for this element. I think we move forward with the most important part of this. We have the sales tax conversation and we already discussed that prospect

and I think there's further that can be done with regard to, it but I think it's important that we get this done and in a form that I believe the public will accept. Yes, Vice Mayor.

[Time: 00:24:36]

Vice Mayor Korte: You talk about the 91 projects as being critical to our quality of life and I believe that the stadium, our downtown baseball stadium is intrinsic to our quality of life. It is our downtown that provides the life support for our downtown or our downtown merchants. It raises the level of engagement and people and pedestrian and activity in our downtown that no other event can possibly do. These events support and maintain the life blood of our downtown. And that's why I support it to be included in the one question, increasing it to \$380 million because, because there is, there's no other event that we bring to the city or outside vendors bring to the city that impacts our economic well-being and financial well-being of our downtown like it is. And we are all committed to maintain that downtown, to sustaining the downtown and the baseball stadium is a very important critical key to that. Thank you.

Mayor Lane: Thank you, Vice Mayor and I couldn't agree with you more. It's absolutely critical and the reason in 2010 we put the language on the ballot, to have an allocation of our tourism bed tax dollars to capital infrastructure for venues here within the city and we have used that repeatedly for existing facilities to the benefit of this city and the ability to be those prime venues for whether it's the TPC or whether it's WestWorld or whether it's the western museum, and other things we have zone in downtown. To fund on a capital basis and some other available funds for studies and otherwise. That's what that is meant for. We will find a way.

I mean, we're very close and I have great confidence in the City Manager's ability to engineer this into a range where the monies are available right now. There's a timing situation as far as the Giants are concerned. That's the most readily available funding. Without question, it's available to be used just as it's been designed to be used for our stadium. And so if we have to do a reallocation, much as Councilman Smith mentioned and several meetings ago with regard to the allocation of funds that are now going to subsidies and incentives to event producers, we may need to relook at that. General administrative, we certainly increase. I think it was a valuable thing to do, but I tell you what, we can relook at a lot of things, if it gets down to that.

I would prefer to reengineer it and get it within the range and there's no, there's no sanctity to the set aside of 1.2, this Council and no other Council has ever agreed to that set aside. That was something that was done strictly by the Tourism Development Commission. So that's really off the table as far as that is concerned. You can easily add that into it if that is necessary. I do think, if you get something that's vital for us to pass and take care of another vital tourism product and a venue and that's important for us, and it's uniquely and totally qualifies for tourism funds for capital infrastructure for tourists' venues. So I'm certainly a big supporter and I'm a supporter of this bond as it is right now. Yes, Councilwoman.

[Time: 00:28:54]

Councilwoman Klapp: I would agree with what was said by the Mayor. I don't agree adding to the stadium to this list. I think should be funded through as much as we can through the tourism funds and not as a bond question. I don't think it should be in this package. You know, I don't want to jeopardize it by having it in this package. I would rather have it separate and fund it as much as we can with whatever tourism funds are available and as you said, if we have to go back and reallocate, I'm okay with looking at that. I think the stadium is too important to bury it in the middle of this bond project list. I won't be supporting this. And I wish it wasn't going to come on this at the last minute. I wish it would have been presented early on, rather when we are prepared to talk about a \$350 million bond issuance and all of a sudden we are going to add another \$30 million to it.

Mayor Lane: There's a motion on table. And we could take the vote on that, I don't know that I, we don't have to, unless there's an alternative motion. And that's what I'm contemplating. I'm sorry. I didn't see your hand or hear. Go ahead, Kathy.

[Time: 00:30:30]

Councilwoman Littlefield: I'm sorry. I listened to all the comments and the testimony, that the city needs this bond election, so we can pay for the city and we can pay for the infrastructure that's needed for growth, development, replace obsolescence and we have experienced here in Scottsdale. We do have some real needs here and that the city must address them.

But Scottsdale voters have rejected nine out of 11 bond questions put before them over the last five years. There is a huge disconnect here that all of us are ignoring. It revolves around trust. As I travel around the city, and talk to residents, they tell me black and white, they will vote against the bonds mostly because they do not trust us to spend these dollars as we say we will and to spend them wisely. One complaint I often hear is they don't trust the city to spend their tax dollars as they were promised to be spent. And that the money would go somewhere else. Residents also tell me they don't believe the city needs all the money requested and they really distrust this bundling multiple projects into one single question. They figure the city is using real needs to force them into also approving unnecessary projects designed to pad the municipal piggy bank and they won't do it.

I believe this lack of transparency is one of the reasons the last two bond questions fared so poorly and it is even worse this time around. For one thing the request packages all of the bonds into one question. Maybe that will bring unity as our speaker said earlier. I think it will bring disunity because I don't like this question and that gives me an excuse to vote no. You know I have just received tonight the detailed descriptions of the projects that will be on this bond from the last work study. I asked for it two weeks ago, didn't get it, neither did anyone else.

This is a huge total for defeat at the ballot box. I'm firmly convinced that the lack of transparency alone will doom this bond package should we decide tonight to refer it to the ballot. Another complaint I hear from residents is they don't want to give this Council more money because they don't like the way we spend the money that we already have. They have figured out that all of the runaway over-development that this Council has approved doesn't pay for itself. When we vote to cram more people into smaller spaces, the current residents have to pay to upgrade and enlarge the

infrastructure in order to accommodate them. That translates into more police and fire personnel and equipment to keep us safe. Wider roads to accommodate the more larger traffic problems that we are going to have. More water and sewer lines and on and on.

Current residents are being forced to pay for growth they didn't want in the first place. They don't like it and they sure don't want to tax themselves to pay for it. I don't know why we think they will. Citizens were upset with Council spending priorities during the last two bond elections. They weren't nearly as angry and upset then as they are now. And I'm sorry, Linda, it is about the Edge. You mentioned the Edge and it relates to trust to us. They don't trust us. I have never seen in all the years I have lived here in Scottsdale, citizens so angry. They are furious! That doesn't relate to passing a bond package. They have collected signatures from all over the city to try to stop us.

Bottom line, they don't want the government to waste the money they currently have and that's exactly how they see it, not how we see it, how they see it. And that's what we need to listen to. I have literally heard people tell me, and this is direct quote, if you have this kind of money to waste, you don't need any more. So I will not support this bond package tonight. I don't believe we should take this to the voters in this its present form. It's too big. It's bloated, it's totally undefined to the voters and it lacks any transparency whatsoever. These are reasons enough for me not to support it and I won't ask Scottsdale citizens to approve any new bonds until we start to listen to them. The expensive and unpopular Desert Edge should be off the table. Then they may listen. It's long past time that we realign ourselves with our citizens. Focus on what they see as the city's needs and apply ourselves to that task. Thank you.

[Time: 00:36:39]

Mayor Lane: Thank you, Councilwoman. I'm sorry to hear, Councilwoman speak along those lines. I thought this was some place further to be on this, with regard to the package that's been before us now for several weeks and to reinstitute something I think we have worked very hard to try to address, the explanation as to having a singular question, I think is something that becomes important for us as a community eventually. There are always going to be some things within a package that somebody doesn't want, maybe because it doesn't fall into their neighborhood and it doesn't affect them specifically. We can't operate, we can't have General Obligation bonds doing the job that they need to do. It's totally democratic but it is a community that needs to be together to be able to pass it without question.

I'm sorry that there's any indication. I'm sorry that the subject was brought up here. That really drew a stark comparison between how tourism dollars might be used versus bonding money. But the bottom line is this Council, barring none, has tried very hard to bring this community together. And to try to eliminate some of the contentiousness and frankly suspicion and in other words that may be tied to the Desert Edge. This is not about the Desert Edge. This particular proposal and its language as it is right now specifically excludes it. And we talked tonight as to what may become of this effort in any case. There are petitions out there, actively engaged in making, changing that picture all together and certainly there are things that have to be resolved before anything happens and it's been an open process.

So I'm disappointed and I'm sorry, Councilwoman, you feel that way, because that divides us even further and I think it's damaging for us. I wish we could come together a bit on this and there are things the city needs. That are outside the realm of discussing the Desert Edge, maybe even the stadium. And that's what we tried to confine this to. But something that's complete and full for the city as a whole. Not just one community versus another. So on that basis, I think we really do have a troubling sense. I don't know if the motion that's at hand, I mean we could ask for that or we can figure an alternative motion, but my, Councilman, if you have a comment or otherwise.

Councilman Phillips: I think the motion at home is just to include the stadium, isn't it? Nobody has made a motion to do the bond yet.

Mayor Lane: The motion is made and seconded. We could vote on that. This is an alternative motion.

Councilman Phillips: Okay. If that's the case and this is not about the stadium, but for the bond, I will make an alternate motion that we ask voters for a .15 transportation sales tax increase on the 2018 ballot and defer this until 2020.

Councilwoman Littlefield: I will second that.

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

Councilwoman Littlefield: I think we need to have an alternate discussion on this. And I think deferring this until 2020 is a very good idea, because that will be, all the problems with that will be over at that point and I think the sales taxes is a positive, interesting way to go. It's an alternate source of funding and it needs to have more discussion than we have given it.

[Time: 00:40:28]

City Attorney Bruce Washburn: The agenda for the Special Meeting regarded the approval the bond and I'm thinking about this, I don't think the average citizen would understand that there might be a sales tax increase that will be decided on tonight. I think the motion about deferring this bond to 2020 is perfectly appropriate but I think the, any vote on the sales tax increase will have to be a meeting where that's considered by the agenda.

Mayor Lane: I understand. Thank you. As we technically like to say, never mind.

Councilman Phillips: So deferring, would I also be able to agendize a vote for a 1.5% transportation sales tax?

Bruce Washburn: We could have staff bring that back at a future meeting. That's the type of thing that you could do under a Mayor and Council item. I think that's fairly contemplated by this meeting. So, yes.

Mayor Lane: Can you restate that motion.

Councilman Phillips: I move to defer the bond election until 2020, and agendaize a, how would you say this, agendaize a motion to instead ask voters for a 1.5% transportation sales tax increase. But I think staff would have to word it properly.

Bruce Washburn: If I could Mayor, so that part of the motion would be to agendaize at a future meeting for presentation, discussion, and possible action by Council, a 1.5% sales tax agreement.

Councilwoman Littlefield: I will second what he said.

Mayor Lane: Okay. Well, for me, this is particularly difficult, because as some of you may know, I talked about the idea of the sales tax and specifically, now disregarded motion to consider the transportation sales tax but that's undoubtedly up for discussion in the future as it might be, has been moved here now. As an alternative, something that I think may be weak, I didn't come into this meeting and think that this bond issuance and weak prospects. I didn't come into this meeting, thinking that the community, that this was, you know to be fought or deemed to be something less than a reasonable effort to bring important projects to the table. On the other hand, alternative motion would be to pass the bond as it is right now, but I think, there isn't even the votes for that. So I'm, and it would leave us in a position that I'm not crazy about in any case. I'm talking about as far as taking this to the community.

[Time: 00:44:02]

Councilwoman Milhaven: May I suggest we vote on the motions on the floor and then if you want to make that motion you could make that motion.

Mayor Lane: That's a reasonable suggestion, but then it's a question of whether my vote, whether I would go with a motion that's fairly.....

Councilwoman Milhaven: We ask the City Attorney. If we vote on the motion for \$380 million bond and it fails, we could bring back a motion for a \$350 million bond.

Bruce Washburn: Yes, you could.

Mayor Lane: I'm sorry, you're making a motion for the.....

Councilwoman Milhaven: So we have the motion on the table about sales tax and we vote on that. It passes or fails. Then that doesn't preclude voting on the first motion which is the \$380 million bond package. If that passes, which doesn't look like it will based on comments. If it fails then we could come back, somebody could make a motion for a \$350 million bond package. I think that's where you wanted to go.

Vice Mayor Korte: We could do an alternative motion.

Councilwoman Milhaven: Do we do alternative.....

Mayor Lane: The alternative, it's Councilman Phillip's alternative motion. We can't put another one on top of that. Really where we are at is voting on the alternative motion. So with that, the motion has been made and seconded unless there's some further comment on that, we will vote on that.

Bruce Washburn: Mayor, one further comment from over here and that is I misspoke. I think I said 1.5%, it should be .5% sales tax. I want to correct that error.

Mayor Lane: Actually, we are talking about a discussion and not necessarily the specific numbers. Discussion.....

Councilman Phillips: Right, because you won't let me talk specific numbers.

Mayor Lane: But that's not even in the motion.

[Time: 00:46:00]

Councilwoman Klapp: Let me clarify, the alternative motion is that we table the \$350 million bond package until 2020. And then we agendaize and have a discussion on a .15% sales tax at some date that would be soon. Is your anticipation that if that passes it will be on the ballot this year? Is that your intention?

Councilman Phillips: If that's an okay assumption with the Attorney.

Councilwoman Klapp: Timing-wise. That's all I'm asking. Is that your thought?

Mayor Lane: It would be subject to the conversation that has yet to take place.

Vice Mayor Korte: It was a transportation project only.

Mayor Lane: Yes. And that's in the discussion again, so that would be subject to the discussion as well. So the motion is on the table and seconded. I think we are then ready to vote on that. All in favor of the motion has been presented and indicated by aye. Aye. All right. So that motion passes 4-3. And takes this to another day.

Councilwoman Milhaven: I would like to speak to what just happened.

Mayor Lane: A lot of it was at your suggestion.

Councilwoman Milhaven: No, I said we should vote. I was hoping it would fail. It would fail and we would come back and put a 350 bond on for November.

Mayor Lane: I know what you were hoping.

Councilwoman Milhaven: And I want to respond to what Councilwoman Littlefield said and I will start with one of the last comments she said, which is if we have money to waste. Councilwoman, if we are wasting money, I would like to know where you think it is. I'm sort of reminded of when I was about 8 years old, dad cashed his paycheck and brought it home and handed his paycheck to mom. I looked at the wad of bills and said, mom, I want a new bicycle. And mom said we don't have enough money for you to have a new bicycle. And I said what do you mean, you have this whole wad of cash in your hand that dad just handed you. And mom explains we have to pay the rent and pay the lights and have to pay for heat and buy food and put gas in the car so dad can get to work and we had all of these bills and by the time you added up all the bills for all the things we needed to do to feed our family and keep a roof over our heads we didn't have enough money. On the one hand, we can say, gee, we've got tons of money, why can't we have everything we want.

And the answer is, at some point, there isn't enough money for us to get everything we want. For folks to look at specific projects and say, well, I don't like that project so that's a waste of money, neglects the fact that we live in a democracy where we all get a little bit of something we may not agree with everything. So if you think there's a waste of money, I would like to know where you think it is. We talked about earlier in the day, right, we are not going to increase, we are not going to claim back the primary property tax. The 2% that's allowable, I believe was to help keep pace with inflation. It wasn't to continue to pad. Because expenses continue to increase and the revenues need to increase with inflation. We want to take the food tax and put that toward capital so we further constrain our ability to provide operating capital.

[Time: 00:49:29]

So we continue to push both ends against the middle saying we have plenty of money and at some point, when is enough money enough and when do we have to start closing parks and libraries? A Councilman also made the point that the current citizens are paying for the development and I'm sorry, that is not correct. When we consider a rezoning and a redevelopment project, that report includes a staff analysis of the existing infrastructure and if roads need to be widened or water lines need to be laid that development costs for the cost of that infrastructure. Going forward, that project pays property tax and then they pay their fair share of the infrastructure over time. So there is no additional burden on existing residents for the cost of the development or for the ongoing maintenance. The new development pays for itself. And the amazing irony of it all, is Councilwoman Littlefield says there's no transparency and no accountability in the way this bond is structured, but there is less transparency and less accountability in a sales tax. At least with the bond issue we have a list of projects that say it is our intention to build these projects while the bond oversight committee, thank you, yes, we should continue with that to oversee that. We'll have a City Council subcommittee to oversee that. There is a great deal of transparency and accountability with the process with the bond with the sales tax we don't have any of that. It's completely up to the discretion of the City Council.

So for you to say that you are not going to support a bond because I can't trust the City Council to be accountable but a sales tax, we can, I think is contradictory and just doesn't make any sense. And I think this is a very, very sad day for the city of Scottsdale, that our quality of place is being compromised for political agendas, and it just, it's a sad thing and it is not fiscally conservative or prudent to finance capital with sales tax. It's just inappropriate and fiscally irresponsible and thank you for giving me the opportunity to share my point of view.

Mayor Lane: Thank you, Councilwoman. Vice Mayor.

[Time: 00:51:54]

Vice Mayor Korte: To say I'm disappointed with this action, would be an understatement. To move forward with a sales tax increase is bad policy. Funding capital projects, the best practice to fund capital projects are General Obligation bonds. They are cheaper, they are transparent. There's a beginning and end. The cost of it is spread throughout the community. Businesses pay for GO bonds. Residents pay for GO bonds. Our part-time residents pay for GO bonds. Sales tax and using sales tax to fund revenue bonds, it costs more. It is less transparent, and it impacts the low-income families more than the higher income families.

I am saddened by Councilwoman Littlefield's belief that our citizens are so angry and distressful that there is no possible way that a bond measure is going to pass. I just don't believe that. I don't know who she talks to. But I believe the people that I talk to, are supportive of a bond measure. They understand the need for it. They understand the fact that we haven't had a significant bond measure for 18 years and that our city is crumbling under our feet. Our bridges are closed off because of integrity issues, our Civic Center Mall is crumbling underneath and on the bridge, we've shut down fountains and splash pads because we cannot maintain them. If Councilwoman Littlefield was concerned about transparency and feel that she's not had the opportunity to review these bond projects, you know, our subcommittee met for over a year, and those meetings were open to every public individual, and I see several individuals in the audience who came to every one of those bond meeting, those CIP overview, CIP subcommittee meetings. And everyone had an opportunity to review these bond projects and to say that lacks transparency, I'm sorry, is just false. It's just false.

Regarding the citizen distrust, you know, I believe we as individual Councilmembers representing this fine city resonate a trust or a distrust. I resonate a trust of this city. I think we have a fine staff. I think the amount of time and effort put into these projects was based on true need and integrity and it is really our own residents that brings that feeling of trust or distrust. My constituents, the individuals that I talked to often believe that a bond measure is the best practice for capital improvement projects and what a sad day when bad policy is moved forward based on politics.

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

[Time: 00:55:49]

Councilman Smith: I agree with much has been said. I think to use the phrase of Winston Churchill,

this is a day that will live in infamy in the city. We may not be trusted. I happen to think we are by many, many citizens but there are a vocal few who like to excite the different opinion, but I think more than anything else, they will move from distrust to one that they are convinced we're totally inept. To say that this package was too big and too bloated, is a totally unfounded statement. We identified and looked at as a subcommittee, \$800 million worth of capital needs in the city. And we took items out and we paired it back and finally we came to the full Council with a recommendation for a package of about half the size. We have said for years, literally since the recession, that the depreciation of the assets of the city is exceeding by multiples the amount that we are re-investing. The assets of the city are wearing out at the rate of \$100 million a year and we are investing 20, 30, 40 million. This was an opportunity to not catch up, but at least to start to catch up. To say that we have money to waste, I agree with Councilwoman Milhaven. Show me where this money is to waste.

We just finished a session with the City Manager who can't make ends meet for running the city right now. The thing that creates mistrust, in my opinion, in the city, are the inflammatory statements like the package is too big and it's too bloated, we've got money to waste. When you tell the citizens that, there's a fair number of them that will believe you. Whether you have any foundation for saying what you are saying. We seem to be as a community making everything spin around a single issue. This Desert Edge or Desert Discovery Center. I made a motion last week that we actually take that to the vote of the people. Ask the citizens if they would support a Desert Discovery Center paying half the cost. I didn't even get a second on the motion.

So where is everybody that wants to put the issue to a vote. We specifically deleted it from the language in the Council report. Making clear to the public that this was not what we were talking about. We are talking about the infrastructure needs of the city. We give them a list of projects that we are talking about. We promised we would set up an oversight committee of citizens that if necessary will keep the subcommittee together to review the projects, and all we hear is that it's too big and it's too bloated and the citizens don't trust us. I think we will find out that citizens don't trust some people here, but I intend to emphasize in the months to come to the citizens whether we have a bond issue or not, that the needs are desperate, have them drive down 68th Street, whatever is left of it, if the bridge has not fallen down by time they get there.

The citizens that I talk to, don't talk about trust or the lack of trust, what they talk about is the crumbling infrastructure of the city. The potholes in front of their home, the lack of pavement. It's just not the same sparkling, well-maintained city that they moved here to enjoy. And that's what we were trying to address. I'm deeply saddened as everybody else is that we must now go back to the citizens and say, we couldn't figure out how to, we couldn't figure out even how to come and ask for your help. Thank you, Mayor.

[Time: 01:00:11]

Mayor Lane: Thank you, Councilman. I'm not going to create any more drama on this than has already been said, but I will say, again, that it is a sad day. And I think this process has been corrupted maybe on both sides of this. The DDC, on one hand has been a thing that has divided us. Now we are divided on anything that's on a bond which we have been living with for some time. We

tried to break everything out and we are still unsuccessful because of folks that were specifically engrained with the idea that nobody here is to be trusted. Maybe not even the people who profess that argument. I don't know.

But the fact is, our needs are real and one of the reasons that I am, I voted for the motion as it was, because this \$350 million package that I thought, and frankly it was represented on a number, from a number of quarters was acceptable and understood and could be unifying and could be the very thing to get us into a very democratic system of a General Obligation bond. You vote on it. It automatically sunsets when it's done and that's it! I'm not crazy about the sales tax. But there is one thing about the sales tax that everybody would have talked, who has talked about the desperate need, which it's 68th Street bridge or whether it's the potholes or otherwise, all of this is focused on absolutely fundamental and that's maintaining our streets and roads in a safe way. And the conversation on a transportation sales tax will do that. And it is quantifiable. Most of these are recurring expenses. It makes a great deal of sense to move it over.

We already have a transportation sales tax. It's just not sufficient for growing city and frankly, we have become dependent upon it for things that otherwise might be on a bond. So I mean, my reason for voting for what it was, I was not going to vote for a bond issue that I think had, of how we are using tourism funds and it doesn't take a rocket scientist on either side of this equation to figure out what was going on there. Somebody has to say it. It's exactly how it would come down, and to my way of thinking it jeopardized, potentially jeopardized something that I feel very strongly about and that's our stadium and a complex that supports Major League Baseball's training season with the Giants. And that's, that's huge for me. So, I mean, I think that's vitally important and for us to create any kind of difficulty with this by changing the bond package, I think jeopardized its ability, irrespective of both sides, countering against it or making up their arguments. Councilman?

[Time: 01:03:16]

Councilman Phillips: Thank you, Mayor. And you know, to me, I don't look at this as a sad day because I never said no bond project. All I said was let's do this sales transportation tax first, and get sales transportation on to the sales tax where it should be, and then our bond package in 2020 will be all capital bond projects. That will be projects that this should be, you know, and this is a great list of projects that we have. We don't bring voters. Also unfortunately, whether you like it or not, Desert Edge is out there. Voters right now, maybe a bond will pass and maybe it won't. In two years you will have a 7-0 vote. It will pass.

So all I'm asking is really deferring the bond which is a great bond package and we'll still get it. But let's put the transportation tax, let's put transportation on the sales tax first and get that out of the way. And then 2020, we have a 7-0 and with have a kumbaya moment and you won't have any opposition and the voters won't feel like they are being tricked. How can you be tricked when the tax is just for transportation?

Mayor Lane: Councilman, I appreciate your point there and a kumbaya, a kumbaya moment would be very, very nice to have in this Council, even though I think we have had our moments. This is one

that's plagued us for a long time and I don't, and I hear what you are saying. But on the other hand of the table from me with Councilman Littlefield, Councilwoman Littlefield, I do not figure that that's going to change.

Councilman Phillips: I think it will just because the DDC will be off the table at that time. Whether it's funded or not funded. It's nothing to hold over our heads.

Mayor Lane: Here's the one thing about it that's not disheartening. If you are able to do something to take care of our transportation issue, the matching funds for the prop 400 monies that are going to fall off the tables. The whole 9 yards on that is dastardly, and it's shooting yourself in the foot not to take advantage of those things and keep the process going. The process we are engaged in, I think can be good, but it's all going to be a matter of what happens in a year or two, when we come back to this issue. That's going to be a big thing. Yes, Councilwoman Littlefield. Oh, all right. Then I'm sorry.

Councilwoman Littlefield: I just wanted to say, I support the sales tax for the transportation issues. I think that where it should go. If we put it on the ballot now if it passes and I think it might, because that's one area that people really do have an interest in getting done. Then we get the matching funds. So we double our money. They get a two-for and we tell them that.

Councilwoman Milhaven: It would help with the bond too.

Councilwoman Littlefield: No. But not when it's not all of it this. We can put all of it on the transportation sales tax. And get all of that in there. And I think that that's important and I think we have a much better way of passing it and getting something rather than if we go with what we were planning.

[Time: 01:06:49]

Councilwoman Klapp: Well, I'm glad that Councilman Phillips explained his motion. It was similar to what you brought up at the meeting last time. And I didn't give it a lot of due diligence at the time since the time you brought it up. But since then I have thought about the benefits of going the sales tax route and I'm not an advocate of sales taxes. I think I sat up here and said I will not support a sales tax increase. We still have to discuss it.

So my reason for supporting the motion and the second, was it's obvious to me that if we brought this bond package to the voters this year, it would likely fail. And so why do that? So why take, that's why I didn't want to put the stadium in the package. I didn't want to jeopardize the stadium. It could be in the middle of that package that could fail and you heard the reason that Councilman Littlefield gave. This is her thought. She has a right to think the way she thinks and so do we all. And so my thought was just what the Mayor said too. If we can come to an agreement, that we put a transportation sales tax on the ballot, this year, and then hopefully find agreement among everybody in two years to put all the rest of the projects on a bond project list on the ballot, property tax ballot in 2020, then we could accomplish all of this.

But I believe the way the package is put together now, it could fail. And for some of the reasons that Councilwoman Littlefield said. I don't agree with everything that she said. I do feel that having one question of \$350 million is problematic. Most of the people who have voted in the past for these projects have wanted to know specifics. They want to know very specifically each individual project and the cost and right now we haven't even discussed it as a Council.

I did get incidentally the list, Councilwoman Littlefield, I think it was yesterday I asked for it of all the projects and I could understand what they all were and what the amounts were and so it's not that I don't feel they are worthy projects. I do think they are worthy projects but I think the most important thing right now is to get the transportation projects on to a question. These are critical projects that need to be funded, there need to be matching funds for it and I think there needs to be more support. I don't really like sales tax. I think there's more support for the sales tax approval this year than there is the bond projects and partly because there are other projects out there that people don't want and they are very suspicious of this Council.

[Time: 01:09:54]

I think we have to take that into consideration and I'm trying to consider the thought process of everyone here, not only Councilman Phillips but the concerns of other two members of the CIP committee and what they brought forward to us, including Councilwoman Milhaven, including the Mayor and my feeling is that based on everything I know today and everything I thought could happen, I think the most course of action is that we try to have a productive conversation, when we come back here to talk about the sales tax transportation, the transportation sales tax, we don't know what the amount will be yet. I don't know what the percentage will be. I don't know if it will be sunsetted or not, I don't know a lot of things about it but we need to have a productive conversation about it because we have funded transportation projects in the past on the sales tax.

So there is a precedent here. And I have sat on this Council too many times when I said let's go for the bond and it failed and I want to find a way to get approval from the citizens that were trying to make a reasonable determination as to what they want and what they will support and what they won't support and I'm hoping that this is a project that can work and that's why I voted to second it and I hope that we can discuss this without too many hurt feelings and get to a conclusion that's going to work for our citizen to have to approve it. They are the people who will tell us whether or not we made the right decisions or not. It's not the way we feel, whether we are angry or not angry. I'm disappointed that we haven't been able to come together on the \$350 million bond list and so we weren't.

My feeling is that this is the best course of action and I don't feel bad about agreeing to go ahead with the conversation on sales tax and moving the project with us. Councilman Phillips said to 2020. They are not going away but they could be less toxic than they were in 2018. That's my feeling right now. People will say, yes, this sounds like a good list projects. I have given it enough thought. And between now and then we should know every project in detail and what the amount is because we will have two years to discuss it even further. I hopefully said all I can say about this to feel like I

made the right decision.

[Time: 01:12:20]

Mayor Lane: I think it was well put. We need to disengage from some of the rhetoric and the hyperbole to get to that spot. I appreciated everyone's comments on this and though we'll move forward, and we will see how we can handle the more specific transportation issues and go from there. So that completes our business in this Special Meeting.

Vice Mayor Korte: Move to adjourn.

Mayor Lane: Okay.

MAYOR AND COUNCIL ITEM

[Time: 01:12:44]

Councilwoman Milhaven: I would like to make a motion that when we bring back the conversation of the, and the City Attorney can help me, that when we come back and discuss the potential sales tax, that we agendize it in a way to allow us to reconsider a bond in November of 2018 as an alternative. The motion was to put it off until 2020. So the conversation when it comes back would just be about sales tax and is there a way for, to agendize it to reconsider that decision when we discuss a sales tax?

Bruce Washburn: Technically it's not a motion for reconsideration. The reconsideration happens at the same time meeting which is not happening and the Council can agendize changing their mind if they wish. So your motion would be.....

Councilwoman Milhaven: I would like to agendize discussion at the same meeting of a bond in November of 2018.

Vice Mayor Korte: Second.

Mayor Lane: The motion has been made and seconded. All then in favor of the motion please indicate by aye. So we will consider it.

ADJOURNMENT

[Time: 01:14:21]

Vice Mayor Korte: Move to adjourn.

Mayor Lane: We are adjourned.