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CALL TO ORDER

[Time: 00:00:15]

Mayor Lane: Good evening everyone, it's nice to have you here for our October 16, 2018 Regular Meeting. And it is about 5:00.

ROLL CALL

[Time: 00:00:18]

Mayor Lane: And it's our, want to start with the call to order. We start with the roll call please?

City Clerk Carolyn Jagger: Mayor Jim Lane.

Mayor Lane: Present.

Carolyn Jagger: Vice Mayor Guy Phillips.

Vice Mayor Phillips: Here.

Carolyn Jagger: Councilmembers Suzanne Klapp.

Councilwoman Klapp: Here.

Carolyn Jagger: Virginia Korte.

Virginia Korte: Here.

Carolyn Jagger: Kathy Littlefield.

Councilwoman Littlefield: Here.

Carolyn Jagger: Linda Milhaven.

Councilwoman Milhaven: 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: 00:00:40]

Mayor Lane: Thank you. A couple of items of business here for us. That is we have cards if you would like to speak on the topics or the Public Comment that is over the city clerk's head over to the right and if you would like to give us written comments, that's the white card over her head. It's comments we read throughout the proceedings. We do have Scottsdale police officers Jason Glenn and Tony Wells here. They're here at 11:00 in front of me here. And thank you, gentlemen, for being here. If you have a need for assistance in any way, that's where they are, they'll be around and they're pretty visible. The staff and for Council access only. There are restrooms available to the public here to my left under the Exit sign. And just got a couple of notes there.

PLEDGE OF ALLEGIANCE

[Time: 00:01:44]

Mayor Lane: So, with that covered, I would like to ask our Councilwoman Milhaven to lead us in the Pledge of Allegiance.

Councilwoman Milhaven: 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, Councilwoman.

INVOCATION

Mayor Lane: For the invocation this evening, we have Pastor Nick Johnson of Scottsdale Bible Church. Thank you, Pastor.

[Time: 00:02:20]

Pastor Nick Johnson: Let's pray. God, we thank you for today. We thank you for the gift to be able to live in such a great city. Of all of the times and places you chose for this time and this place in history, and now, God, those assigned with the responsibility of authority and stewardship over the great city as they make decisions, debate, deliberate, listen, and hear. We pray that you give them clarity, thought, wisdom, or thought and reason. And incisive decision making and discernment and wisdom. As they seek to lead well, God would you bless their lives and the lives of their families. We pray this in Jesus' name, Amen.

Mayor Lane: Thank you, Pastor.

MAYOR'S REPORT

[Time: 00:03:16]

Mayor Lane: This month is McDowell Sonoran Preserve month. It's a little late since we're halfway through the month. I want to make sure we do this as we normally do. The proclamation reads whereas the preservation of the McDowell Mountains and the surrounding Sonoran Desert remains one of Scottsdale's highest community priorities and whereas the McDowell Sonoran Preserve consists of more than 30,000 acres of amazing topography, lush desert flora, and diverse wild life. Whereas the citizens of Scottsdale established the McDowell Sonoran Conservancy 27 years ago according to partner with the city and assist in the stewardship of this significant community asset. Whereas the city of Scottsdale values the collaborative and beneficial relationship between the McDowell Sonoran Conservancy, the City Council and staff and the Council appointed McDowell Sonoran Preserve Commission. Whereas it's the desire of the City of Scottsdale and its citizens to celebrate this wonderful resource and the all of the Conservancy's efforts to educate people about the Scottsdale Sonoran Preserve as well as provide wonderful hands on experience. Therefore, I Jim Lane, the Mayor of the city of Scottsdale, Arizona proclaim October 2018 of Scottsdale Sonoran Preserve Month and for the community to join me to sincerely thank the many volunteers who offer their times and talents to champion our premier community treasure.

Let me just say a couple of additional words, we covered a lot of base with that Preserve Proclamation. But, the Conservancy certainly is, has done an outstanding job for just the entire period of time with, I don't know exactly how many stewards are involved right now in protecting the Preserve, but also protecting the people who love to take advantage and hike and wander around and to make sure we're doing it safely in the Preserve. And also to educate our population and our visitors and ecotourists who are very interested in that great, great Preserve. So, an extra thanks certainly to the Preserve Commission. I'd like to call Justin, yeah, Justin Owen, I was going to say Olson, pardon me for that. But in any case, please come forward. The Executive Director of our McDowell Sonoran Conservancy.

[Time: 00:06:11]

Justin Owen: Mayor, Council, thank you for this honor. As the Mayor said 27 years ago, the leadership of this city came together with the conservancy to realize the need and want to preserve our beautiful McDowell Mountains. We are very excited today to have 650 stewards who contribute over 60,000 hours a year to taking care of the Preserve, but also educating people on it and learning from it through all of our science and research activities. Because of that, we're very proud to support the city and everything that we do with the Preserve and we're very honored that the city has chosen to keep us as an amazing partner to take care of this beautiful asset for the city. As well, I would like to thank the leadership of the city for recognizing the need for this preserved land, the fun facts that I love sharing with people that they don't even realize about the majestic treasure. The preserve is the largest urban preserve in North America and the fourth largest in the world. That's so incredibly significant that our city is so far ahead of every other city in our country by prioritizing open space. A lot of folks don't realize that the Preserve takes about 27% of the city. That combined with the city's leadership between natural area open space, conservation, the greenbelt, and the parks, we are very happy that a third of Scottsdale's land mass is open space. And I personally want to congratulate the city and thank them for dedicating that much land to open space because no other city in our country is on the forefront of take charge of land and open space in that way. So with that, thank you Mayor and Council for this Proclamation and we're looking forward to an amazing kickoff to the city and we're excited to welcome the 750,000 people a year that come through the Preserve. Thank you.

[Time: 00:08:07]

Mayor Lane: Thank you very much. You know, I like to also mention another item that we have just Celebrated. And that's the 50th anniversary of this City Hall. Built in 1968, finished in 1968 by a permanent architect, Bennie Gonzales who have taken the time in this celebration to name the street just to the north of our City Hall right here, Bennie Gonzales Way. So we added a celebration for that in recognition of his great work, for not only for City Hall and also for civic library and other buildings in the area. And the landscaping institute. So that's the choice of some 50 years ago. Sometimes it's hard to believe.

I do want to thank you for being the honorary chairs for a great Celebration over the weekend. And frankly my staff led by Rachel Smetana, my Chief of Staff and many others including a great program together in spite of the very, very welcome rain but it did cause for a little bit of difficulties in trying to get scheduled and on time on Saturday. I don't know if you're around for any of this, but nevertheless, it did fit in reasonably well. Nevertheless, it added a little bit of that struggle even though it's welcome rain. We want to thank all of the folks who participated in that. But thank you for anybody who did not

participate to be aware of the great history right here in our City Hall. And what we've been able to accomplish from this spot for the past 60 years.

PRESENTATIONS/INFORMATION UPDATES

[Time: 00:09:50]

Mayor Lane: With that, we move to the next item. We have no presentations, but we do have a request, oh, I'm sorry. I don't know whether this is left off of the program as far as it was given to me. Are the Boy Scouts here to give the pledge tonight? Or what's that? Oh, I see. Well, I tell you what, I'd be happy to have them come up if they would like to and introduce themselves and where they come from. Gentlemen, would you like to come up to the podium and just introduce yourselves? Okay? Right over there. Yeah. Just give us your name and your Social Security number? Your school, your favorite subject if you can think....

[Time: 00:10:03]

Boy Scout Troop 449: I'm Hayden Snow from Troop 449. I go to Copper Ridge and my favorite subject is science. I'm Davis, I go to Copper Ridge, and my favorite subject is ELA. I'm Owen Barker. I go to El Dorado Private School and my favorite subject is language arts. I'm Christian Curry, I go to Pinnacle High School, my favorite subject is physics. I'm Parker Marriott, I go to Saguaro high. My favorite subject is geometry. I'm Ryan. I go to Copper Ridge. I don't have a favorite subject.

Mayor Lane: They're all your favorites, right? Thank you, gentlemen. You can have a seat. If you want to continue to observe, we're glad to have you here. And any time you want to come back, certainly, the pledge is a great start for that too. But thank you for being here. Okay.

PUBLIC COMMENT

[Time: 00:11:58]

Mayor Lane: Now, on to our normal course of business. And we have Public Comment. We do have only one request, but it is, I don't know, I'm sorry. We've got two. Any case, Public Comment is reserved for citizens commenting on non-agendized items for which no action will be taken by the Council. The jurisdiction of this Council. And speakers are limited to three minutes each with a maximum of five speakers. There is no shared time in this particular opportunity. There will be another opportunity at the end of the meeting with the same rules will apply. So, with that, we do have two requests to speak on Public Comment. And start with Dan Richards, I believe it is. Yes. Dan Richards.

[Time: 00:13:07]

Dan Richards: Good evening, Mayor Lane, members of the City Council. My name is Dan Richards. My address is 11972 East Mercer, Scottsdale. I'm a long-time Scottsdale resident. I'm a partner and co-owner of a Scottsdale-based company. Additionally, I serve as Chairman of the board of directors for the nonprofit Scottsdale Aquatic Club where my three teenagers swim throughout the year. Scottsdale Aquatic Club is proud of our 55-year history in the City of Scottsdale. We've grown over the years to a

club of 500 swimmers that represents Scottsdale, the country, and the world over. The vast majority are Scottsdale families or those who attend the Scottsdale Unified School District. We have sent swimmers to the Olympic games and other international swim meets. Earlier this year, the head of the USA Swimming sent you a letter on our behalf testifying to the local, national, and international role we play. Our families can't be better or prouder ambassadors for Scottsdale. All of us are superb relationship with the city over the years would seem to cause for celebration. Unfortunately, that's not why I'm here tonight. Instead, our nonprofit organization is spending precious resources to fend off the city of Scottsdale by a for-profit swim club that is seeking to disrupt all that's good and right with a nonprofit organization using public facilities such as the four swimming pools in the city of Scottsdale. A for-profit club has threatened the city and maybe bullied it to get greater access to the pools. That club is led by a non-Scottsdale resident and its members are predominantly from outside of the city. Late last week we sent a detailed letter to you on why this is wrong on so many levels. And I would ask you here, when does the city of Scottsdale allow itself to get bullied or cower to the press.

I suggest to you that it should not. For what problem does acquiescing to a bully solve, nothing. There's no problem with the current policy. The city sets the rates, we pay them. The work we do for and with the city's facility speaks for itself. Honor Health's current CEO, Todd Laporte, a former director of our board of directors and father to four former SAC swimmers wrote a letter to the Mayor encouraging the city to continue onward with the current relationship with the city. I ask you again to do the same. We want to extend our existing and future relationship with the City not to take a step back. Why would or should the city consider catering to a for profit entity challenged since they lost one of the private pools in Scottsdale and now seeks to harm nonprofits as a result. This is drowning in logic and poor public policy. We have up to three years left on the contract. Any scenario changing the pool use policy should be tabled until our contract and renewal period. Any policy should be tabled until at least 2020. We can't say enough about how good our working relationship is with the city of Scottsdale and her staff has been over the years. We're right to say nothing more than that 55 years from now. Thank you for listening and your consideration.

Mayor Lane: Thank you, Mr. Richards. Next will be Bobbie Patterson.

[Time: 00:16:39]

Bobbie Patterson: I don't like coming down here to speak because I didn't take public speaking at school. But I have to come down here when city government doesn't do its job. I own and live in a condominium, I have for over 20 years. Lately my private property has been a dumping ground for lime bikes or blue bikes or yellow bikes. I count 15 of them in the last six months. Unfortunately, I found out from somebody in Transportation that when these bikes were given permits to operate in Scottsdale, there were no regulations in place to deal with it. So it's like putting the, what, the cart before the horse. Another problem is the number of commercial vehicles that have been coming in to my residential neighborhood. That's my neighborhood, that's my home. I insure it, I pay taxes, I care for it. There's a tow truck that keeps coming every day and driving through my driveway, my private driveway. And when I called the Mayor's Office and spoke to Kelli, she had offered to be my handler on that situation. And he told me it's no big deal. It's just the drivers coming home for lunch. Over there on Scottsdale Road when he comes home for lunch. There's a sign on Scottsdale Road that says no vehicles, no trucks, except for local deliveries. And why do Scottsdale Police Department didn't want to enforce that is beyond me. I don't have much time, so I have to keep going. On June 6, 2018, a semi

with a double decker car transported, pulled on to Wiltshire Drive where I live, unloaded five cars and reloaded the cars and took off down the street. I don't understand that. But the Scottsdale Police Officer that came did not issue a citation. There's no deterrence for these commercial vehicles coming into my neighborhood.

Someone illegally dumps water all the time. At least twice a week. I kind of laugh when I get that little newsletter with my utility bill talking about Scottsdale's won another award for water conservation and clean water. They need to take care of that problem. The last, I talked about the bikes. There's a stop sign at East Virginia on Scottsdale Road and it's my understanding that when I took my driving test 50 years ago that you can't park within 30 feet of a stop sign. The car is parked up at the stop sign all the time which makes it difficult to pull off East Virginia and Scottsdale Road. I don't understand why the Scottsdale Police department doesn't want to do its job? Who else do I call? They come when there's a problem, they come on to my property and argue with me about what my condominium property ownership rights are. So a notice about Arizona Revised statutes, the condominium act and maybe give it to the city attorney? Maybe he'd like a copy of it? Because nobody else...

Mayor Lane: You can leave whatever you like at the Clerk's desk. You can approach the desk.

Bobbie Patterson: Are you the city attorney? Will you please teach your Police officers not to come over and argue with me about my property ownership is. Now, I'm asking the city to do something.....

Mayor Lane: I'm sorry, your time has expired. But thank you very much. If you would like to leave that at the clerk's desk.

Bobbie Patterson: I pay taxes and I want my share of....

Mayor Lane: Thank you. Next item we have on the agenda, Public Comment is complete.

MINUTES

[Time: 00:20:28]

Mayor Lane: Next would be a request to approve the Regular Meeting Minutes of September 25, 2018.
Vice Mayor Phillips: So moved.

Mayor Lane: Motion's made and seconded. Indicate by saying aye. Thank you very much. Accepted unanimously.

ADDED ITEMS

[Time: 00:20:52]

Mayor Lane: We move on to Consent Items 1 through 17B. In reference to, we Have 17A and 17B were added to the agenda October 11, 2018; a request to, a request to vote to accept the agenda as presented or continue it to the added items in the next scheduled Council meeting, November 13, 2018. Do I have a motion to accept as has been presented.

Councilmember Korte: So moved.

Councilman Smith: Second.

Mayor Lane: Motion made to accept. Councilwoman Korte and I believe seconded by Councilman Smith. Ready to vote. All in favor, indicate by saying aye. Items 17A and B will continue on the agenda as indicated.

CONSENT AGENDA

[Time: 00:21:50]

Mayor Lane: Now with the Consent Items 1 through 17B including the last three items we agreed to leave on the agenda, we have no requests, sorry. We have a request just simply to pull Item 8 for presentation. So I would ask as, before we vote on the Consent items if I could have the City Manager or the indicated individual to give us a presentation on Item 8. Just for the record, Don & Charlie's Hotel rezoning infill incentive district, development agreement and abandonment. These are 2-ZN-2018, 1-II-2018, 9-DA-2018, and 7-AB-2018. To adopt Ordinance 4366 approving a zoning district map highway commercial downtown overlay C-3 DO to downtown multiple use type 2. So, please.

[Time: 00:23:05]

Greg Bloemberg, Senior Planner: Thank you, Mayor Lane, Members of the Council. Greg Bloemberg, Senior Planner. Presenting you cases 2-ZN-2018, 1-II-2018, and 7-AB-2018 for Don and Charlie's Hotel. The property in question is located in the southeast corner at 75th Street which is here and Camelback Road.

Mayor Lane: I'm sorry. My mistake. I'm all over the place on this thing. I am sorry. The presentation on 17A and 17B. Pardon me. It's entirely my mistake. So, thank you.

[Time: 00:23:57]

City Engineer Dave Lipinski: Good evening. I'll present on 17A and B then. Before you tonight are two actions, bringing forth funding to repair the Drinkwater Bridge structure and the 68th Bridge structure. I'll take them for reverse order if that's okay. The 68th Street bridge over Pima Road discovered having structural failure on the bottom side of that bridge. Since that time, staff has worked with SRP and the design firm to bring forward a new bridge design for this location. The new bridge will be a replacing kind, able to replace in roughly the same footprint in the existing bridge. And it just so happens to coincide with the SRP canal dry up. When we contacted them, they noticed us in January of 2019, there will be a canal dry up in that area. They're able to extend the footprint of that dry up to allow the construction to occur. We have only 28 days between when the water is shut off and when the water is turned back on again. As we moved forward, Pima Road came through also, the same stretch of canal that will be dried up. That project was already funded. We're looking to move into design with that in early 2019. So to take advantage of the dry up, we're moving them both forward. The CMAR contract, you can see the Pima Road CMAR contract in November to take advantage of this dry up period. The

next dry up is forecasted in 8-10 years, so if we didn't do this now, construction would be virtually impossible. The funding for the 68th Bridge is the option you have before you tonight, the Pima Road is already funded within the CIP. I can answer any questions on the 68th Street individually if you'd like those, or I can go to the Drinkwater and what I have on that information.

Mayor Lane: Thank you very much for the presentation. I do think we had a request to Comment. But I'm not sure from whom? Councilman Smith?

Councilman Smith: Yes, thank you, Mayor. Well, tell me this, are you going to get into the numbers or anything else on the 68th Street Bridge or is that it?

Dave Lipinski: This is the presentation from the quarterly CIP update. I can go into the numbers behind the actual action if you would like to discuss where those funds are coming from. I don't have anything to put on the screen but I can speak to that.

[Time: 00:26:28]

Councilman Smith: I'll have you speak to it. And the reason for pulling this item was only to discuss it. Because this particular bridge as well as the Drinkwater Bridge are of tremendous importance to our citizens and I think they're watching with an interested eye as to when these will reopen and what the costs will be and how we're possibly going to fund them. And if we're, well, I'll let you talk and perhaps I'll have more questions.

Dave Lipinski: Sure. Again, I'll start with the 68th Street. We'll take them one at a time. The 68th Street, funding was identified from 12 different projects within the CIP. Of those two are savings from projects that are already completed. And the remainder is from taking funding from projects that were not completed or just partially started. So, it's, the cancellation or the redemption of project Budgets in the future. There are two named projects that are stand-alone within the CIP and the majority the remainder of those are considered Y projects. Transportation projects that are funded on an annual basis to deal with smaller projects that come throughout the year, smaller sidewalk connections and that sort of stuff. We're taking funding from the current year and projected years to the future. For 68th Street, the total transfer is \$4.65 million taken to fund the construction of that bridge.

Mayor Lane: Okay, thank you. I'm sorry, is there a question?

Councilman Smith: I was going to follow up, if you have a question, go ahead.

Mayor Lane: I don't, Councilman, you indicated you wanted to come back to that?

Councilman Smith: Let me ask you on the \$4.65 since you brought it up, that's your estimate at the moment of total cost of repairing and restoring the 68th Street Bridge?

Dave Lipinski: That is correct.

Councilman Smith: Can you, you talked about some of the money is coming from savings. That's well and good. Always good to save money. But some of the others, how much of this \$4.65 is coming from

the delay or postponement or abandonment of other projects? My point, Dave, I don't want people to think that we had a \$4.65 million need that suddenly it will be just looked around the room and found the money. I, I assume there's going to be some pain associated with this.

Dave Lipinski: Mayor, Councilman Smith, of the \$4.65 just north of \$3.9 million is taken from projects that are being cancelled, or budgets are being reduced just down to what the minor work that's been completed to date.

Councilman Smith: Can you elaborate any? Just suddenly cancelling projects? If I were sitting out there watching, I would say let's cancel another \$100 million. We can do all kinds of good stuff. There's got to be some consequence to what we're doing here.

[Time: 00:29:31]

Dave Lipinski: Mayor Lane, Councilman Smith, the consequences for 68th Street are one of the southbound Loop 101 frontage road connection projects will no longer occur. We're working with ALCP to reprogram that portion of that project somewhere else in the ALCP. There's a Westworld trail connection project being cancelled. The remainder of the projects are the bikeways program which is used to create bicycle connections throughout the city on an annual basis, trail improvement program, trails throughout the city, and then some roadway capacity and street light improvements that are funded on annual basis and use as needs arise throughout the year.

Mayor Lane: If we had this slide, we have in front of us it's on the agenda the entire list of those transfers that are necessary. So it's public information right now that's with us. And I'm really just saying that for future reference for the public to go see that as well. I don't know if you recounted each and every one of the A through L items that just now and if you did, I'm sure not everybody got them and wrote them down if they want to reference them.

Dave Lipinski: Mayor Lane, Councilman Smith. A couple of those are duplicate. Different years of funding from multiple programs? Kelli, could you flip to ELMO real quick? Let's get it straight here. So to give you an idea, A and C are savings for projects. B, the southbound Loop 101 frontage road connection. The D is Westworld trail program. E through L are the annually funded transportation accounts for the smaller projects. That makes up the funding just for 68th Street.

Councilman Smith: I don't guess I have any other questions. Maybe it's just to comment and then I'll yield the floor to others. But I want to make sure that the people know that it's a dramatic budget increase impact that was unplanned and we don't have a bond coverage for, we don't have any coverage for it. And the only way we're paying for it, I guess you make it look too easy. But it's, we've had fortunately some savings on some projects. But more importantly, some projects are simply not going to be done that were otherwise done so that we can deal with this emergency. And it's unfortunate but it's a reality. Thank you.

Mayor Lane: Thank you, Councilman, Councilwoman Korte.

[Time: 00:32:08]

Councilmember Korte: Thank you, Mayor. My comments refer not only to the 68th Street Bridge and Indian School and Pima. But also our bridge in Civic Center that's deteriorating right outside of our door here. I want to make it clear to our citizens that this money has not been tucked away somewhere waiting to be spent. This money is coming from many projects, probably 20 different projects, that will not happen or happen at a later date or never happen because of these emergency repairs. I look at this as a consistent shaves of our quality of life. The decrease of our quality of life in these small little projects that support our quality of life. You know, we have a neighborhood, McDowell Mountain Ranch and we are being requested by many of those neighbors to extend the sidewalk for their pedestrian bicycle use and safety in getting the kids to school. And we don't have the money for that. Now, we don't have the money for Westworld trail connections or bikeways program or trail improvements or roadway capacity additions. And that speaks to our quality of life and so I ask the voters or our citizens to keep this in mind when our City Council comes back with a need for bond measures or additional capital improvement funds that this is a real good example of why we need that. Thank you.

Mayor Lane: Thank you, Councilwoman. So, there's no further Public Comment on these items, the presentation, thank you very much and the comments that have been made. I don't believe there's any desire.....

Councilman Smith: Mayor, I think we're going to talk about the other project out here.

Mayor Lane: Okay. I know you made some reference to it. Is that your intention?

[Time: 00:34:39]

Dave Lipinski: Mayor Lane, if I could go into the Drinkwater structure as well and explain the funding. So shifting to the Drinkwater underpass. This was noticed several years ago. Deterioration underneath the structure from water intrusion in different locations. What we've done is moved forward with the CMAR contract. The funding of which you'll see tonight. This became a change in the delivery of the project. It was a repair project when we prepared an investigation contract. Once we began the investigation, we realized the bridge was in failure. We closed the structure and worked with our contractor to find out how bad it was. We have an interim plan, an ultimate plan with the funding tonight will move forward. I can show you a couple of slides here what we're doing.

The area, the bridge itself from the area is roughly this rectangle you see here. We're working to create pedestrian walkways both north and south of this, we're using existing planters, the south one is complete and the north one will be completed towards the end of the month. We'll be working to fill in the deck as part of this project. This is what it looks like underneath right now. These columns, as they started to chip into them, they got too far into them for the structural engineer and hadn't found some concrete. That's why they closed the structure. They have the shoring in place now to move the project forward into design and construction. They explored the top deck and found it's in good shape. But as we talked earlier, it's an expensive repair. The action tonight is for \$8.5 million transfer. The funding of that, Kelli can you switch to the ELMO? This, again, comes from several sources.

There is two projects cancelled in their entirety. Street Operations north facility, that was to provide a yard for the Street Operations department in the northern part of the city, so they don't have to travel to the North Corp Yard for materials and supplies. And the bottom line is paving the unpaved road

funded several years out in the CIP. The other ones are sidewalk improvements funded by the transportation sales tax. This is one of the Y accounts that Transportation uses on an annual basis. There is some savings from the Mustang transit passenger facility that was completed. And the rest are contingency transfers from the CIP. And that makes up the funding for the action tonight. We are going to rehabilitate this structure from the investigation we've done the top deck is good. We're going to work to fill in that top slab and create a wall underneath and I can show you that a little later in my presentation to support the structure. The difference in funding to completely tear it down and put it back up versus where you have it in place is about \$5 plus million add from what you're seeing tonight.

Mayor Lane: Councilman Smith?

Councilman Smith: So looking at the, leave it up there, the piece of paper. So it has some savings projects, some savings as the other bridge repair did. We're going move the savings into there. You are also going to kick some other projects down the road or off of the cliff or whatever. But in particular talk to me if you will about Item G, the last one, and I don't know whether anybody in the audience or on tv can read that. But that's, you're bringing in \$2.4 million to this bridge project as a transfer from, is that coming from the General Fund? What is coming from the General Fund?

Dave Lipinski: Councilman Smith, G is brought back from the Transportation sales tax to a future year project. It's forecasted in 21-22, currently. It's the transportation sales tax portion of that project that's coming out.

Councilman Smith: I think I misspoke on Item E and perhaps Item D. But Item E is \$3,715,000 that you are bringing in to this project from the General Fund contingency budget, is that correct?

Dave Lipinski: Yes, that is correct.

Councilman Smith: Do you ever intend to pay that back?

[Time: 00:39:07]

City Manager Jim Thompson: Mr. Mayor, Councilman Smith, Council. Our intent is to due to, due from, will be paid back over time. However, a portion that we will not pay back is relative to a General Fund expense which is improvements that would have to occur back on Civic Center Plaza relative to parks. Parks is funded out of the General Fund and Streets obviously is separate as we were speaking this evening. So the portion of it will be relative to the park or the improvements to Civic Center Plaza which will come with this would remain an obligation of the General Fund. At this point, we don't know exactly what these are that would be necessary but as we continue with the construction there will be some. However, it does not do a total rehab to Civic Center Plaza. It would be a minimum repair to bring it back to reasonable standard, we still have the need to find funding to do a complete remodel of Civic Center Plaza as well once this project is complete. Which is not anywhere in the numbers shown this evening.

Councilman Smith: Right. And that's an even bigger challenge further down the road. But this \$3.7 million that you're bringing in from the General Fund contingency Budget, my guess, the small line above it, \$200,000, so call it \$4 million, for the people in the audience who are in the public who don't

understand, this is fund accounting, not f-u-n, but f-u-n-d. And in fund accounting, every fund spends its money in a way. The General Fund does not make these kinds of capital repairs. It pays for fire, police, libraries, and all of the other City services. So if we are borrowing \$4 million from the fire, police, and library fund to repair the bridge, I want some understanding that it's going to be paid back. I mean, this is like borrowing from the Preserve fund or borrowing from any of the other funds that we have. And I understand the point that some of them could have a General Fund expense. Fine, we'll have them pay that. But is there in the Treasurer's mind or anyone's mind an intention to repay this?

[Time: 00:41:34]

City Treasurer Jeff Nichols: Mr. Mayor, Councilman Smith, I don't know about repayments in years past. Whenever we use contingency in one year, we fund that again in the following year. So if there was a \$5 million of contingency within the General Fund and we're using \$3.7 million of that, next year, we will re-fund that contingency. So \$5 million will be available.

Councilman Smith: You will make your best effort to refund it.

Jeff Nichols: Yes, sir.

Councilman Smith: It will be, if it is rebuilt or replenished is perhaps the word, if the General Fund is replenished for this money, it will only take money available for fire and police and General Fund receipts.

Jeff Nichols: That's correct, sir.

Councilman Smith: Well, I think for my two cents, I want some understanding and something in the budget presentation next year that actually defines how the Transportation budget is going to repay the General Fund budget for whatever it is temporarily borrowing.

Jeff Nichols: Mr. Mayor, Councilman Smith, when you're talking about the General Fund contingency, it's actually General Fund Capital contingency budget. So we are using the undesignated, unreserved fund balance currently available in the General Fund Capital fund to.....

Councilman Smith: For General Fund projects.

Jeff Nichols: Yes, sir. And a portion as the City Manager spoke, a portion of the project related to the park is a General Fund item. To the extent that it's, it's a transportation item we would do it from the from the General Fund and transportation fund to pay that money back.

Councilman Smith: I'm going to take a step further, not everybody connects the dots the way I do. The only reason the General Fund Capital contingency has money in it is because of a decision by this Council many years ago to take the food tax, which is the punitive tax we have on the poorest people in our community and put it in the General Fund. Were it not for that action, we wouldn't have the money in the General Fund to transfer. Is that not mathematically correct?

Jeff Nichols: Mr. Mayor, Councilman Smith, mathematically, that's correct.

Councilman Smith: I want to figure out how to repay it. Thank you.

[Time: 00:43:59]

Mayor Lane: Mathematically, that may be correct, but all contingency funds are a factor of our budgeting process. We set aside a certain percentage in different categories for contingencies. Certainly these kinds of projects are unforeseen are, are banking on using the contingency funds. Once we use those contingency funds we are required through the budget process to refund it. If something has to be sacrificed at that point in time, it's up to the City Manager. That comes from some instances we've seen where taken from other funds and other projects. But in this particular case, right outside of our doors here, certain unforeseen and dramatic change to the program, the use of contingency funds makes altogether good sense and it does get refunded through a budget process. And maybe the pain and suffering. But that's what our policy shows. We should have a certain percentage of moneys that are in this contingency fund. And as for where it might have come from? It's easy to say, but the fact is we've been putting money in the contingency funds throughout the history of the city. They come from our sales tax receipts one way or the other. So, I think that what we've got here is a good display of how management here has been able to respond to nearly some emergency situations where they can maintain our structure here and transportation patterns here in downtown. So I'm delighted to see what they've been able to do what they've been able to do. And to do it in a way that has frankly, I think, more efficient and effective than was initially thought that it might be, we might be faced with.

The combination between these two is some \$12 million give or take a little bit. But at the point in time, the projections were twice that. So, thank you to the City Manager, to work that through with Salt River Project and other related parties and how we're able to put that together to the extent that we have. So, without further ado, nothing is lost on what Councilwoman Korte said too, this is a clear indication that we do need in an election in this coming forward, this isn't political maneuver, but we one of the things we've done with Question One is to take advantage of, I shouldn't say take advantage of, but to actually complement and supplement the funding for transportation for a short period of time. Because we're in that type of situation. It doesn't also forego the longer term of having need a bond issue. But with that said, this is a perfect example of a kind of funding mechanisms we normally have, either through bonds and/or sales tax and this was handled this well. So thank you to the City Manager and to all who have participated with that and thank you for the presentation. Councilman Smith. You have something further?

[Time: 00:47:09]

Councilman Smith: I guess I was going to add my thanks to the City Manager and the staff for coming up with a good engineering of the project. And bringing it in at lower dollars than what we had originally been scared it was going to be. With that said, however, it is not done without sacrifice. We are sacrificing projects and moving them out beyond conceivable times, we are moving money between funds with no evidence of going to repay it. So I am not satisfied, and I do want to, these contingency funds, we do not replenish them every year. We only replenish them if we use them. They're normally there for whatever may come up. But we'll have to replenish these funds next year. I don't know how we're going to do it. But these are prime examples of why we will need citizen support for a larger program of reinvestment in the city assets. Thank you, Mayor.

Mayor Lane: Thank you, Councilman. Thank you for your presentation. Right now that concludes the presentation on 17a and 17b, the Consent items I do have will a request to speak on Item 8. Oh, is he here? So the headline of your absence is incorrect.

[Time: 00:48:54]

Clayton Geenen: Correct. I live on 75th and Minnezona, which is the first residential street north of Camelback and will be impacted by the Don & Charlie's proposed project. I didn't have a chance to see the presentation that started a little bit. So perhaps the question that I have will be addressed in that presentation. Not knowing that, my concern is there was a zoning change or a request to decrease the amount of parking for this project. My neighborhood has historically had issues with people in the entertainment district using, parking their vehicles in our neighborhood and walking across Camelback to do whatever they're going to do. That has been addressed in the past. We have permit parking. That clears things up a lot. The permit parking only exists on Friday and Saturday evenings which is appropriate for the entertainment district. My concern is with this hotel being a seven-day-a-week item and having decreased parking or a request for decreased parking. My concern is that there might be a desire for guests at the hotel to park in my neighborhood because there isn't enough parking. Perhaps that's going to be addressed in the presentation? I don't know. I thought I'd get asked to speak after the presentation. That's my concern.

Mayor Lane: Item 8 is on Consent. That's my mistake. So....

Clayton Geenen: Oh, you know what I think.

Mayor Lane: Okay, thank you. So that does complete the Consent items and the requests to speak on those items and presentations. And so the items, sorry, Councilwoman?

Councilwoman Klapp: Mayor, I would like to make a motion to approve Consent Items 1 through 17b.

Councilmember Korte: Second.

Mayor Lane: Thank you. The motion is made by Councilwoman Klapp and seconded by Councilwoman Korte. Would you like to speak? Then I think we're ready to vote. All those in favor please indicate by aye, it's unanimous on the Consent Items 1 through 17-b.

REGULAR AGENDA

18. MONTHLY FINANCIAL UPDATE

[Time: 00:51:14]

Mayor Lane: We will go on to the Regular Agenda item which is 18. And this is a Monthly Financial Update and receive, discuss, and provide possible direction on the City Treasurer's monthly Financial presentation. As of September 2018. It's not a particular action item, but a guidance. Yes? Mr. Treasurer?

[Time: 00:51:51]

City Treasurer Jeff Nichols: Mr. Mayor, members of Council, thank you very much. The first presentation for Council after the quarter ended September 30 of 2018. As you know in the months of July and August, we just e-mail you the financial updates. This is the first one in person. And I would just like to caution even though it's a quarterly update, the month of July, many of the payments made in the month of July are back to the prior fiscal year. It's just the way the accounting works for government. The other thing is many in the budget to the actual variances are related to timing differences in this point in time. It's either the budget spreads or something that we receive payments that we weren't anticipating. And because it's a small dollar amount and it creates a large variance. And I wanted to let you all know that depicted on the General Fund Operating Sources, Fiscal Year, To Date. All but two of the actuals are greater than those budgets. And it's better shown on this slide.

As you can see, several positive variances and again some of the percentages very large. The local dollar amount, the \$700,000 positive variance is due to timing and partly due to better than, the economy is doing better than we forecasted it to do. So the actual pie is getting larger which is good for the City of Scottsdale. Some of the others, the property tax variance of 22%, although it's only 100,000, we spread our budgets for property tax collections based on past history. Obviously, we're not following that. You see a significant difference there in interest in this. Beginning, we're changing our portfolio in the way we're investing, so this first quarter was a period where we had quite a bit of money in the savings with our bank. We're decreasing that to the extent possible. I think over the next several months, you'll see an increase in the interest. We don't expect to end up with the 30% unfavorable variance in that category.

[Time: 00:54:06]

You look at the General Fund operating sources and the sales tax and the different projects automotive construction, hotel, motel, and again, the overall, some up and down between the different categories, but doing \$500,000 better than we anticipated. Being told by staff that in the automotive category, there are, the sales are just higher than anticipated in that area. Construction is related to the sales tax activity related to the development that's going on with the city. Mostly residential development is doing very well. Some of the major department stores, you can see a 10% negative variance, \$200,000. We had one big box store close being kind of offset by other activity within this category of sales tax. You look at the uses by category, fiscal year to date will be, dive deeper to personal services later. But contractual services, \$1.1 Million, almost all of this is due to timing. It simply is different areas, for instance, in the City Attorney's office. There's, there's a variance due to lower than expected legal services, my office has a \$200,000 variance related to investment services and the timing of those payments. So simply we haven't paid the invoices that are due yet. We do not expect for the savings to continue into the following months.

Going deeper to personnel services. Under salaries, the majority of savings and salaries related again to hiring people that are budgeted at a higher wage than the people we are filling them with. So we see significant saves when a long-term employee, 30 plus years retires and we fill that position with someone who just started their career. Within the retirement area, the \$200,000 savings, we had some people drop after we had done the budget. We're not paying those expenses to the retirement. And

we have related to the unspent wages, we're obviously not making those contributions to the Public Safety Personnel Retirement System for wages that we're not paying. So that's where we enjoy those savings. We do think that those savings will continue throughout the fiscal year.

Looking by division. You can see across the board, about \$2.1 million in savings. The drivers I told you before under contracts, commodities professional services, personnel services, driving those savings. But overall, where we think right now at the end of the first quarter, we thought we would have a deficit, if you will, a budget of actual of about \$2.5 million. Instead, we're up about \$1 Million creating a favorable variance at this point in time. And with that, I'll take any questions that you all may have.

Mayor Lane: Thank you, Mr. Nichols. Do you have any questions from the Council? Hearing none, I'll adjourn.

Jeff Nichols: Thank you, I think Mr. Lipinski is going to give you an update on the first quarter for the CIP.

Mayor Lane: Okay, thank you, Mr. Nichols.

[Time: 00:57:31]

City Engineer Dave Lipinski: Mayor, members of Council. This might be a little fast. You've seen it already halfway. We'll walk you through the quarterly update for the CIP. Expenditures by program. The first three slides show the expenditures in three different formats. This is by program. To date, the budget typically tends to lead us in our work as we let construction and design contracts that you let the contract and start spending slowly so we catch up over time. For this, it's a graphical representation of the first chart. And then by funding source in quarter one, there is a negative, you may see, in the IGA line, about six lines down there. That's for future expected reimbursements from some of our project partners. Significant projects for the first quarter. Listed here, 68th and Drinkwater, a little better time frame on those. Run through the Bond 2015 projects. A couple of the smaller projects we wrapped up in the first quarter. 68th Street and Pima Road bridges and canals. We spoke about this earlier. We're getting ready to move into these.

The action tonight provided the funding for and brought in the funding for 68th Street and also the CMAR contract for the construction of the 68th Street, the Pima Road construction will follow up in November. It is the same contractor working both locations. With the canal dry up beginning January 11 and allowing us to get in January 13th. They're going to run almost a 24-hour schedule until they're at a point when they're out of harm's way in the canal. When the water gets turned on February 8, there's no delay. So they're going to get in the Canal. Notify the neighbors we're working with them hand in hand and making sure they understand what's going on. Noisewise to do less noisy things at night versus during the day. They're working currently. The Water Resources department has a project for using one of the JOC contractors, the job contractors to do a water line tieover prior to the bridge work. There's an existing waterline cast through one of the footings of the existing bridge that they're going to abandon and do the waterline work ahead of time. So when the CMAR contractor comes in, they can focus on the bridgework.

It is anticipated that the work on 68th Street will be done in late March. We'll have that intersection back over. The funding for the two projects, this does not reflect the transfers tonight. The completion dates are off on this. The Pima Road is a proper budget funded in the CIP. The December 2020 date depends on our sharing the project IGAs/Salt River Maricopa Indian community. So we have to get those ironed out first. The date is a little aggressive but hopefully we can get there. The Drinkwater pass and Civic Center mall we spoke about earlier. We have the CMAR contract that was approved in June in this year. That was a, supposed to be a repair and investigation contract.

After the investigation into the structure, we found that the columns are failing. We found that, that's when we had to close the underpass. They took the 36-inch wide columns and chipped it six inches and decided it was time to close the structure. From that time, we closed the structure, they worked by hand to actually open up the top deck of that structure and investigate the deck itself. The deck is in good shape. So, they fell back into a redesign for rehabilitation of the structure. Creating the pedestrian walkways now. They're going to work to fill in the opening of the deck as was contemplated in the Civic Center Mall Master Plan. And this project will finish with kind of a flat open space though there will be some minor sidewalk connections across the structure and decomposed granite. There's nothing above grade contemplated with this project.

This was from earlier. This is the area of the bridge as it exists today. The pedestrian walkway, one is complete on the south and one in the north will be probably late October, early November. The other area will be filled in currently, there's, there was an older water fall that ran down the side of the structure. That area will be filled in to make the deck usable space, as part of the Civic Center Mall Master Plan. From underneath, again, this looks like what it is now. They're building a structural wall, kind of filling in the gaps between the columns. There's still some talk that the columns will come out more than likely, they will. They won't serve a structural purpose after the wall goes in. So you may have some view sheds in between. We'll be closing in the top ceiling of the structure. So it will truly be a tunnel. A new lighting package that will come in with this project also. This is the budget prior to tonight. The completion date on this, they're looking at again fall of '19 to get this work completed.

[Time: 01:02:34]

Bond 2015 updates, the payment replacement, one correction on the slide. There are four remaining segments. The first one should be Scottsdale from Cactus to Sweetwater. Not from Scottsdale to Sweetwater. This will take place in the spring once temperatures warm up, they'll come in and finish all of the paving under the current contracts that they have. Fire Stations 603 and 616, both are in plan review. And I'm looking to hopefully bid in late 2018 and early 2019 with completion in early 2020. Fire Station 605 was completed in March. Fire Station 613 was completed in July. They're both occupied and operational. There will be savings coming out of Fire Station 603. This shows a remaining balance prior to final payments being made. We expect that to be in a range of about \$800,000 of bond funding that will be a savings on this project. We'll take that back to the Bond Oversight Committee for any recommendations if funding is needed elsewhere across the bond projects.

A couple of completed projects we've done, a little smaller scale. There is a traffic signal project in Via Linda between Hayden and Pima, five traffic circles. They were constructed in 1980. They were the first traffic circles constructed within the City. The idea was they were pretty beat up. They didn't operate as a modern roundabout did. So we went through and reconstructed those. Using transportation sales

tax. And the Second Street multiuse path project. This took the pathway on the north side of Second Street from 75th all the way to Indian Bend Wash and made it a 10 foot wide multiuse path. Kind of a narrow epicenter lane. Lost that center two-lane left turn lane. We didn't keep the on-street parking both north and south. This is the very east end, towards the very east end of Second Street. We did lose parking on this side, but we did create the wider multiuse path coming from Miller Road. There are a few videos that were posted in the first quarter out of the communications department. And Kelli is going to walk through those real quick? One on Fire Station 613 also. I will take any further questions.

Mayor Lane: Seeing no requests for questions, so thank you very much. Well, that completes Item 18, the Monthly Financial Update. And we have no further requests for Public Comment or petitions, Mayor or Council items.

ADJOURNMENT

[Time: 01:07:58]

Mayor Lane: With that, I'll ask for a motion to adjourn.

Councilmember Korte: so moved.

Mayor Lane: Motion to adjourn. Councilwoman? Seconded by Councilwoman Klapp. All those in favor of adjournment, indicate by aye. Aye. We are adjourned. Thank you very much.