
This document was created from the closed caption transcript of the April 15, 2019 City Council Regular Meeting and has not been checked for completeness or accuracy of content.

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

<https://www.scottsdaleaz.gov/Assets/ScottsdaleAZ/Council/current-agendas-minutes/2019-agendas/04-15-19-regular-agenda.pdf>

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

<http://www.Scottsdaleaz.gov/Scottsdale-video-network/Council-video-archives/2019-archives>

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

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

CALL TO ORDER

[Time: 00:00:04]

Mayor Lane: Good afternoon, everybody. I would like to call to order our April 15th, 2019, City Council meeting. It's approximately 5:00, we'll start with a roll call, please.

ROLL CALL

[Time: 00:00:09]

City Clerk Carolyn Jagger: Mayor Jim Lane.

Mayor Lane: Present.

Carolyn Jagger: Vice Mayor Linda Milhaven.

Vice Mayor Milhaven: Here.

Carolyn Jagger: Councilmembers Suzanne Klapp.

Councilwoman Klapp: Here.

Carolyn Jagger: Virginia Korte.

Councilmember Korte: Here.

Carolyn Jagger: Kathy Littlefield.

Councilwoman Littlefield: Here.

Carolyn Jagger: Guy Phillips.

Councilmember Phillips: Here.

Carolyn Jagger: Solange Whitehead.

Councilwoman Whitehead: Here.

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: 00:00:33]

Mayor Lane: Thank you. A couple of items of business to start off with. We do have cards if you would like to speak on any of the items on the agenda or for Public Comment. Those are the white cards the city clerk is hoping up over her head over here and we yellow cards for written comments for requests to speak, I'm sorry for written comments on any of the agenda items. So we have Scottsdale police officers Nate Mullins and Tony Wells right here directly in front of me, as well as Scottsdale Fire engineer, Ross Diede and they are all here to assist you if you have any need. Thank you for being here.

The area behind the Council dais are reserved for Council and staff access only. There's a restroom over this to my left under the exit sign. And if you are having difficulty hearing any of the proceedings, please see the clerk's desk over here. They are ready to assist you with some headsets as available. So just check with the city clerk or her staff to receive one.

PLEDGE OF ALLEGIANCE

[Time: 00:01:38]

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

Councilman Phillips: I pledge allegiance to the flag of the United States of America, and to the Republic for which it stands: One nation under God, indivisible, with liberty and justice for all.

INVOCATION

[Time: 00:02:20]

Mayor Lane: In the area of invocation, I would ask that we all consider with a moment of thought, potentially prayer, with one thing that we'll be looking at is, and not looking at but presenting is our petition for our proclamation that we are a Golden Rule City. So maybe we can just give a few thoughts about what that means in our everyday life and hopefully we can consider how we treat others as we would like to be treated. So we'll just take a moment on that, if you would, please. Thank you very much.

MAYOR'S REPORT

[Time: 00:03:01]

Mayor Lane: I have a couple of items on the Mayor's Report. I will start with that proclamation I just mentioned. It's the proclamation for the Golden Rule City.

And to that end, which may have been the subject of some of your thoughts and reflections, the proclamation reads: Whereas in April 2017, Scottsdale was included a Golden Rule City, stating that we should treat others the way we would like to be treated and in furtherance to increase kindness, respect, civility and compassion, being today we reaffirm our commitment to the Golden Rule; and whereas, living the Golden Rule we have a powerfully positive effect on individuals we meet and the society in which we live; and whereas, practicing and teaching through example will help us to achieve the goals associated with the Golden Rule City, and express our values kindness, generosity, openness and courtesy; whereas, be it further resolved that as individuals, and as a community, we aspire to reduce or eliminate prejudice or hate to make our city a place where everyone is welcome and accepted. I, therefore, Jim Lane, the Mayor of the city of Scottsdale, do reaffirm that the city of

Scottsdale is a Golden Rule City.

I would like to make a presentation to our Human Relations director or, I'm sorry, the Diversity Director. Sharon, if you would like to come up, please. And is it the Human Relations Commission as well? Yes, please. Thank you all for what you do to live up to the Golden Rule proclamation. So thank you for that.

Next, I would like to congratulate Operation Fix-It for receiving outstanding achievement in local government innovation award from the Alliance for Innovation. They look for the local governments that have shown their dedication to stretching, and improving the boundaries of today, the day-to-day government operation and practice and improving the civic health of the community. Operation Fix-It is a neighborhood helping neighbor program which provides assistance to people who need exterior improvements to their property, but are unable due to financial or physical limitations. This program relies on volunteer labor and donations. So I would like to congratulate this time, Michelle Holmes, for Operation Fix-It, program manager and the entire city of Scottsdale team and all the folks and businesses who have contributed to this great program through the years.

PRESENTATIONS/INFORMATION UPDATES

[Time: 00:07:01]

Mayor Lane: For a presentation, informational presentation from the Parada Del Sol and their update, we have Wendy Springborn. I did see her. She's right here in front of me, Parada committee, the Parada committee. Welcome, Wendy. Nice to have you here.

[Time: 00:07:20]

Wendy Springborn, Parada Committee: Thank you very much and thank you for allowing to give us a quick little synopsis. I want to highlight about this past year. We had over 120 entries. We spent \$20,000 on marketing but ended up with \$110,000 of value out of that \$20,000. So we felt we got a good bang for our buck on that one. Estimated between 30 and 35,000 attendance. We had great synergy with the Arizona Indian Festival. Having the two events at the same time really built upon each other and it was great. And it's getting better and better all the time.

And as always, we are always looking for volunteers. So anybody interested in helping us out every year, that would be great. But also we are looking for the continued and increased participation by the Scottsdale unified school district. We feel like that synergy is getting stronger and stronger every year. We are here tonight.

We wanted to, we have three traveling trophies that we have put to go. This is our second year. And I have already heard that there's a challenge from two of them that they are bound and determined to keep it for the second year because they want to make sure that they get to keep that trophy for the next time. But for the first one, the best school representation, and that goes to Laguna Elementary School. So if I could have the representatives up. Mayor, if you would like to

help out, you are more than welcome. Get those steps in, up and down. Up and down. Super. Don't go anywhere, Mayor. Our, thank you so much, Laguna. And good luck next year. Okay.

We had for the first time this year, we did best multicultural entry, and that was Cuadra Espinoza. Do we have a representative here tonight? We will make sure they get it. But they have award-winning dancing horses that were part of the entry and a crowd favorite.

And last but not least, the Best City of Scottsdale Program and ironically Operation Fix-It won this year as well. Come on up, Michelle. Double dipping tonight. And just for informational purposes, best overall entry this year was the Hell on Wheels Miniature Horses. So if you saw them, they were just very cute! So thank you so much, Mayor. Thank you so much.

So just in closing, we want to say that we appreciate all the support that we get from the city of Scottsdale, both staff and Council: We great appreciate the continued support, from all of you, as well as the downtown tourism commission, and Experience Scottsdale. So thank you all and we look forward to continuing this heritage event for years to come. Next year will be 67. So it's hard to believe. 67 years. But thank you very much.

Mayor Lane: Thank you very much. Great Parada. Okay.

PUBLIC COMMENT

[Time: 00:11:42]

Mayor Lane: This moment, we generally have time for Public Comment which is reserved for citizen comments with non-agendized items with no official Council action taken. It's limited to within the city's jurisdiction. There's no requests for Public Comment but there another chance at the end of this session if it's needed.

ADDED ITEMS

[Time: 00:12:04]

Mayor Lane: We have some added items, the materials for consent item number 8a and regular item 10 were added to the agenda less than 10 days prior meeting and require a separate vote to remain on the agenda. At this time, I would accept a vote to accept, a motion, I should say, to accept the agenda as presented or continue the item to the April 30th, 2019. Now that's an either or situation. So vote to accept or continue.

Councilmember Korte: Mayor, I move to accept the agenda as presented.

Councilwoman Whitehead: Second.

Mayor Lane: The motion has been made to accept 8a and regular item 10. On the agenda as

presented and it has been seconded. Motion made by Councilwoman Korte and seconded by Councilwoman Solange Whitehead. All those in favor, aye opposed with a nay. It is unanimous. That's the only added items.

MINUTES

[Time: 00:13:12]

Mayor Lane: The next item is to approve the Retreat minutes of March 14th, 2019, Special Meeting minutes of March 19, 2019, Regular Meeting minutes of March 19, 2019, Work Study Session minutes of March 26th, 2019, and Executive Session minutes of March 19th, 2019. Those have been provided to us before, unless there's any comments to add or later adjust. I would accept that motion to approve.

Councilman Phillips: So moved.

Councilwoman Littlefield: Second.

Mayor Lane: The motion has been made by Councilman Phillips and seconded by Councilwoman Littlefield. We are then ready to vote. All those in favor, please indicate by aye. It's approved.

CONSENT AGENDA

[Time: 00:14:01]

Mayor Lane: Moving on to the Consent Agenda items, 1 through 8a. We have a request to speak on Item 5 on the Consent Agenda and that's Betty Janik.

[Time: 00:14:27]

Betty Janik: Good evening. My name is Betty Janik. I live at 18490 North 79th Way. Now, perhaps it's an oversight on your part or an error on my part, but under both Preserve meaningful open space and seeks to sustainability, there's no mention of continuing to buy land for the Preserve with the remaining Preserve funds, with about \$100 million left, there is money to buy more land and nothing is more effective to Preserve open space than using this money to buy more Preserve land.

Additionally, I wanted to bring up the fact that I was at, recently at a Planning Commission meeting and we did a cursory review of how many requests there had been for up zoning and we came up with the number 200. 200 requests for up zoning. Now, all the density increases you have been granting are what is driving the city to the negative financial position we are now in. And it's crucial that this should be analyzed, recognized and the practice of granting all requests should be reviewed. You need to look at things like, yes, this is a good project. Yes, we can afford it. But can you afford to maintain it over five years, ten years, 20 years. Do the streets need to be enhanced? Do there need to be more stop lights? Can the sewer handle the increased density and population? Is there

enough water for this?

I would say this impact analysis that you have been doing is very much lacking, and it's responsible for allowing density increases that are dramatically increasing the city costs above income and it's the main reason we are about \$800 million in the red now. If you want us to support the bond issue, which we definitely want to do, I think that you need to be more judicious when you review these requests. Look at the upside, as well as the downside. Not approve everything. And thereby, gain, regain the trust of the citizens so that we can support you in your requests to approve the bond issue. You need to ask yourself, can the city afford this? If you show trust, I think we will have no problem passing the bond issue. Thank you.

Mayor Lane: Thank you, Ms. Janik. That is the only item on the Consent Agenda for request. Okay, Council woman Whitehead.

[Time: 00:17:07]

Councilwoman Whitehead: Sorry. I would like to request pulling number 5 off Consent and put it in the Regular Agenda.

Mayor Lane: Motion has been made, oh, I'm sorry. That's just a request. So we will pull. That, but it's been spoken to already. So we will pull that and get a presentation on that. Thank you very much. So that Item 5 then is then taken from our consent and added to our Regular Agenda for a separate discussion and vote. So we have the remaining items on consent, which were the items 1 through 8a, I believe it was.

Councilmember Korte: Mayor?

Mayor Lane: Yes.

Councilmember Korte: I would like to move to accept Consent Agenda items with 1 through 8a with the exception of number 5.

Mayor Lane: Thank you very much for that motion.

Councilwoman Littlefield: Second.

Mayor Lane: The motion was made by Councilwoman Korte, and seconded by Councilwoman Littlefield. Please register your vote. Aye. It's unanimous on those consent items. If you are here for any of the consent items you are certainly welcome to stay. Otherwise if you would, please, leave quietly.

REGULAR AGENDA

[Time: 00:18:51]

ITEM 5 - ORGANIZATION STRATEGIC PLAN

Mayor Lane: And we will move on to our Regular Agenda items. Items 9 through 12, and we will start with Item 5 and I will ask Brent. It looks like you are all ready to go.

[Time: 00:19:55]

Assistant City Manager Brent Stockwell: I'm Brent Stockwell, assistant city manager. Nothing thrills me more to talk about the organization's strategic plan. So I'm happy to talk about that tonight. So the last time you acted on this was back in September of 2016, and you adopted this one-page overview of the organization's strategic plan and then what we would do on a regular basis, we would give you updates on our progress on that and post that to the website and the dashboard, and following the start of this calendar year, we set up a Council retreat to talk to you in detail about some items that you might want to include in the organization's strategic plan and this sets out the plan for the next year to 18 months.

And what we did, we looked at the survey results and the items we discussed with you at the Council retreat and looked at items that staff had submitted as part of the budget process for this year, and kind of pulled that all together and wrote a number of really brief one-line summaries of each. And we also grouped this under the six strategic goals of city. So you see the six strategic goals here. They have a long history of in Scottsdale.

You can go back to 1995, when the City Shape 2020 group, the citizen advisory group got together and made the recommendation that these should be the six guiding principles of the city, all the way up to 2020, which interestingly is next year. I think it's a wonderful thing that a citizen-based group made some recommendations, almost 50 years ago and we're still working on implementing them today. These are also the chapter headings in the voter approved General Plan and they are basically, everything we do as a city, we put under one of these six headings. So what we did is we took each of these six headings and put forward six key items under each. I will need to be clear on this, that these are high-level items that we thought that Council would want staff to work on and keep the Council updated on a regular basis. In no way should they be viewed as all the priorities of the city.

In other words city employees will keep fighting crime and saving lives and keep the water flowing, even though they are not on this list, but we do recognize that today there were a number of emails from this community saying we think additional items should be added to that, and so I'm only going to focus on the area, the primary area where we received that. That's the Preserve, meaningful open space area. These were the four items included in that. The asterisk item was included in the retreat in March. We wanted to make sure you saw that.

And then to address the concerns that were raised, we put forward two different possible language items for you to think about. I will also mention that the Preserve acquisition item was not included in here, because at the time this was developed, staff did not anticipate any state land coming available in the next year and if it did, staff would act and bring forward that to the Council in a timely

manner. So that was the only reason it wasn't on there. It had been the organization's strategic planning list in the past when we knew there were acquisitions coming out. So basically, we put together a couple of options for your consideration and I'm going to back out of the way and answer any questions you have.

Mayor Lane: Thank you. Councilwoman Whitehead.

[Time: 00:22:42]

Councilwoman Whitehead: Thank you very much. I would like the second choice. We set about the Preserve, we took an active role. We set up a boundary and a plan on how we were going to acquire the acres. So I really appreciate what you have done and I would like to recommend that we take an, that we put in the strategic plan an active statement and I like prioritize remaining acres within Preserve boundary and develop acquisition plan based on projected funds. I think that sums up what the citizens of this community want. So thank you.

Mayor Lane: Is that a motion?

Councilwoman Whitehead: I would like to accept the "prioritize remaining acres in the Preserve boundary and develop acquisition plan based on projected funds" to the strategic plan. Thank you.

Councilmember: Phillips: Second.

Mayor Lane: The motion has been made and seconded. Councilman Phillips would you like to speak to it?

Councilman Phillips: No, that was my second.

Mayor Lane: Very good. Then seeing that there's no further comments on this particular item, I think as it's stated right there in the second element, I believe that's exactly what was indicated in the motion. Okay? So that is on the table. So I think, and the city attorney, Mr.....

City Attorney Bruce Washburn: Yes, I just want to make sure that I'm clear on this. So the motion would be to add this item and then to accept the strategic plan with this item added, is basically the....

Mayor Lane: Yes.

City Atty. Washburn: Okay. Thank you.

Mayor Lane: Very good. I think we are ready to vote. All those in favor, aye. Those opposed with a nay. The motion passed 6-1. Vice Mayor Milhaven negative.

Mayor Lane: We move on to the Regular Agenda items Lot V on the Green Final Plat 10-Pp-2015 and we have Jesus Murillo here. Welcome Jesus.

ITEM 9 - LOT V ON THE GREEN FINAL PLAT (10-PP-2015)

[Time: 00:25:15]

Senior Planner Jesus Murillo: Good evening to you. And the rest of the Council. As per the request of the Council, staff is here tonight presenting in front of you 10- PP-2015, for another update and a vote. We spoke with the applicant and the attorney that you heard from at the last hearing and they have both stated it is staff's understanding that they are very close to an agreement. I believe there was one small item left to be discussed. As per the attorney's comments they didn't feel they needed to show up tonight again for this item. So the applicant is here to answer any questions and staff is also here to answer any questions as well.

Mayor Lane: Thank you, Jesus. Do we have any questions or comments on this? Councilwoman Littlefield?

[Time: 00:26:08]

Councilwoman Littlefield: Thank you, Mayor. I'm the one that caused this to come back because of my concern with White Feather Lane. That street is not owned by the city, and we have no rights over it. It is owned by the H.O.A. Legally, it's in contention, but we do not own it. So we can't say who can use it or who cannot. So this is, I just want to make it very clear. This is not a decision on the rights for that road. This is a decision on the development project, that the developer wants to build on that acreage. The city is not taking a side in this, in this dispute and I would ask if our esteemed city attorney would verify that with me, because I think that it's very clear to be on the record that this is not about the street, white feather.

Bruce Washburn: Yes, that's correct, Councilwoman. The fact that the city is approving the final plat has nothing to do with the usage of the street. That's a dispute between two private parties which I'm glad to hear from Mr. Murillo, they are apparently working out, and the fact that the city has approved this plat doesn't mean that the city is saying that they have access to the street.

Councilwoman Littlefield: Thank you.

Mayor Lane: All right. With that, and Councilman Phillips?

[Time: 00:27:37]

Councilman Phillips: Yes, so with that, I will move to approve Lot V on the Green Final Plat.

Mayor Lane: The motion was made by Councilman second and seconded by Councilwoman Littlefield. All right. I think then we are ready to vote. All those in favor, please indicate by aye. Register your vote. It's unanimous. So we move on to item 10.

ITEM 10 - NOVEMBER 5, 2019 SPECIAL MAIL BALLOT ELECTION FOR THE ISSUANCE AND SALE OF GENERAL OBLIGATION BONDS

Mayor Lane: We do have several requests to speak on this, but we do have a presentation on 10 from David Lipinski. City Engineer. And this is the November 5th, 2019, special mail ballot election for the issuance and the sale of General Obligation Bonds. Mr. Lipinski, welcome.

[Time: 00:28:30]

City Engineer Dave Lipinski: Good evening. Tonight, I'm going to bring forward the results of the Work Study Session for the consideration of a possible election in 2019 for General Obligation Bonds. I will walk through tonight changed that occurred from the bond program from Work Study Session until now.

Mayor Lane: I'm sorry. You were probably reading the way I normally go with this. Since we do have some requests to speak on this before we get engaged in our discussion here and deliberations, we will take the input from those requests to speak on it, and it looks like I have about six requests to speak. I will start with Tom Witt.

[Time: 00:29:21]

Tom Witt: Mayor Lane, Council. Thank you for the time. Very weighty subject here. Sand volleyball courts. It is, I have collected about 150 signatures. I have scanned an email into Rachel. It's not an official petition but I just wanted to let you know that there is quite an interest and a growth in volleyball. I have been playing volleyball in Scottsdale starting in the mid-'80s with my mom and sister and co-ed rec leagues and I coach volleyball. I recently requested to coach for Grand Canyon University. I love coaching kids this sport.

Recently, there have been over 30 high schools, meaning in the last six years that have started. The girls sand volleyball programs. There's no boys because this is a gender equity. It's a Title IX benefactor and so it's all girls. There would be boy sports. There are some boy's high school beach volleyball around the country but just not in Arizona. All seven universities have, in Arizona have started sand volleyball programs that are scholarshiped. Nationally, in 2016, volleyball passed basketball in high school and college.

There's about 560 girls playing basketball, I'm sorry, and there's about 550 girls playing basketball. The growth, that there are more girls playing volleyball is because of all the new sand programs. There's about 200 high schools that have started sand programs, about 100 colleges. So it's wonderful growth, and it is a sport that the girls can play in conjunction with playing indoor. So they can be duals and they can play indoor and outdoor in the same school year. So it was specifically for the line item that had four new volleyball courts going into Mountainview Park, but I have heard that it may not be the best fit. As I was collecting these 150 signatures, most people said if you put volleyball courts in Scottsdale, we'll find them. It doesn't matter where you put them. If it's another court, you know, or another one of your parks, one of your major parks, that's fine. So that's

it. Thank you very much.

Mayor Lane: Thank you, Mr. Witt. Next is Steven Werkowitz. Okay. Next would be Jason Alexander. I'm sorry? Okay. Jason, I will give you an extra minute for that.

[Time: 00:32:13]

Jason Alexander: Thank you, Mr. Lane. I won't need it. I will be very brief. I'm largely going to echo some of the things that Betty Janik commented on. I have been very encouraged by the progress of the bond discussions, the citizen feedback, the process around, and the outstanding conversations with staff. Really, it's been a really terrific exercise and thank you all and thank staff for everything that you have done to incorporate citizen feedback into the bond process. I think we all are in agreement that we need Council and citizens behind this, if it's going to pass and the city desperately needs it. We all as a community need to be excited about re-investing in our city.

But the reality as I'm seeing from conversations through my network, is the very best proposal Council could muster, and it could be absolutely wonderful, no matter how good it is, there's going to be support and hesitation to support it. People will not view this bond as a standalone topic. No matter how many times we say it's for the good of the city and I know over time some of you have used phrases like let's look at this outside of a political context. Let's look at this as an investment in infrastructure and not politicize it. I personally want to agree with all of that.

However, the reality is this bond proposal will be a reflection of confidence and support of the direction the Council is taking the city. And right up to election day, the campaign to pass the bond will also essentially be a campaign about support for City Council's decision making and direction. That is the reality I'm hearing on all of my channels. So as you are discussing topics like zoning variances like 200 up zonings, like electronic signs, like the Preserve funds of \$100 to \$200 million not being spent and that being decided on the Consent Agenda, like open Planning Commissioner spaces, and whether or not some of the representatives of the Planning Commission should be from the population at large rather than the development community.

Each one of these decisions will have an effect on the bond proposal. And so I hope you all take that very seriously. I encourage any of you obviously come on the No DDC or any of our channels and share your comments there because our community is eager to hear it. I think we all desperately do want to get behind this bond but we have to feel good about the direction that the city is going. Thank you so much for your consideration.

Mayor Lane: Thank you, Mr. Alexander. Next is Walter Cuculic.

[Time: 00:35:04]

Walter Cuculic: Yeah, hi, my name is Walter Cuculic, I live at 22155 North 95th Street Scottsdale, Arizona, 85255. I just wanted to talk. I work in the renewable energy industry. I work in finance sector. So we finance large renewable commercial utility scale renewable energy projects. Most of

it is solar but we also do bio, gas, wind and things of that sort. There were four that I noticed. I think this might have been a couple of others, projects. We also do energy efficiency, but on this topic, I focused on the solar. I wanted to look at it, and I saw some minutes from one of the other City Council meetings in which you guys were looking at payback, return on investment, some of those terms. Tried to break it down very simple.

The first kind of proposal that is out there was item 41, around solar heating for the El Dorado pool. And I just broke up some basic economics, right? These are numbers that came from the City Council on the website. These were numbered that were presented there. According to the first bond issue around solar 41, which would be installing a solar thermal system or solar hot water seating system for the pool, the city estimates this will be around a \$70,000 annual savings. The upfront costs would be \$560,000 right? So it's a payback of eight years is the payback. The city's bond rating is AAA, right? So if you look at Moody's or any of the rating agencies, the cost of borrowing on a bond issue is 3.75.

If you take into account the principal, so roughly 4%. So the cost for that equipment would be roughly \$22,000 a year, to pay back that loan, right? So to pay back the cost of that bond. So if the city were to invest in the solar thermal project, based on the numbers that I'm seeing is the city would invest, or save \$70,000 for an annual cost of \$22,000. So by investing in the solar hot water, or solar thermal system, at the El Dorado pool, you would be saving the city almost \$50,000 a year. Based on my simple math. I did the same or similar analysis on a solar electric system that the city had, which was item 57 on the bond issue. I can tell you from all of my experience and just in the last two years, I financed over \$150 million in.....

Mayor Lane: Your time is up.

Walter Cuculic: I apologize. You guys have copies. The last two things I will say is this is only one way of financing solar. There's a much more cost effective way of doing it as well, which is a solar services agreement, which doesn't cost any out-of-pocket but the city should be able to save money in doing that.

Mayor Lane: Thank you very much, Mr. Cuculic. Next is Sonnie Kirtley.

[Time: 00:38:41]

Sonnie Kirtley: Good evening, Mayor Lane and Councilmembers. My name is Sonnie Kirtley, I'm the chairman of C.O.G.S., the Coalition of Greater Scottsdale and our address is on file. We want this bond to pass, but we are concerned about one item that is on the project list, because there's growing opposition for it, and that's the Reata Pass Wash. So we are getting very concerned about that. We would encourage you to consider separating it from the bond lump of items, and give the voters an opportunity to, bond lump of item and give the voters an opportunity to vote on it separately. That would give us an idea of what the support of that would be.

Mayor Lane: Thank you, Ms. Kirtley. Alex McLaren.

[Time: 00:39:41]

Alex McLaren: Good evening, Mayor, members of the Council. Alex McLaren, 7624 East Osborn. I'm here tonight to as well to support the bond election. This is a result of over two years of work by the city staff, and also two CIP capital subcommittees from the Council, and also including the recent outreach to the citizens, which I echo what Jason said, that has been a great exercise. After tonight's deliberations, it is my hope that we have a unanimous City Council that will, that will put this bond election to the voters. The projects include a number of really critically needed Public Safety projects, as well as marks, senior center improvements, infrastructure, and technology enhancements.

Some of the parks or the technology improvements or the recreation improvements include the Indian Bend Wash, as well as the improvements to the civic center mall or whatever else it's going to be called. One the other issues is whether it should be one question or three questions. I think those are the options that staff has presented to you. My recommendation is for one question, which would indicate a unified city. If the majority of the Council feels that three questions are better, then I would support that as well. I think, I know that the Reata Wash project has been removed from the list. So it is my understanding it's been removed. I'm disappointed with that. But I understand it could have been a wedge issue, as Sonnie mentioned.

So I think for the good of the cause, it's probably a good idea, but I hope the city does not give up on the project and looks to alternative financing mechanisms because we do the Maricopa County flood control district will ink this in the project if the city has the money. I would also suggest adding the project that Councilwoman Korte mentioned last, at the study session of the undergrounding of the power line from Chaparral to Indian Bend. When the city did that, with we improved the road, when we improved the road as part of the bond 2000, we undergrounded the power lines from Indian Bend up to Gold Dust. This is what it looks like south of Indian Bend. This is what it looks like north of Indian Bend, where, where it could be, where it was undergrounded, when we widened the road. Thank you.

Mayor Lane: Thank you, Mr. McLaren. That completes the public testimony on this item. I would invite David to come back.

[Time: 00:43:14]

Dave Lipinski: Good evening again. I'm going to walk you through the 2019 special election for the issuance and the sale of General Obligation Bonds. We will we can through program changes that we heard from Council and made between the Study Session and tonight. The same list of questions from that will be presented in both a one and three question format. We had the list of projects and potential ballot language along with that, and then the potential action that comes out of that, we will go from there. As far as changes to the program, as presented on March 26th, at the Work Study, there were 59 projects totaling \$349 million.

From that, we added project 21, which is voted on to bring forward the expansion of the Via Linda

Senior Center. This was a removal of the convert Mountain View Park tennis courts to sand volleyball courts. Community Services has gotten a lot of feedback on both sides of this question and what they are doing is their intent is to retain the tennis courts as they are and look for opportunities both at this location and other locations to bring additional sand volleyball in.

It's a very up and coming topic and Mr. Murphy is very aware of it and they are pursuing other opportunities for sand volleyball courts. The, also removed was the build flood control structures to protect homes and structures in the Reata Wash floodplain. The staff is continuing to work on this project. We have a contract to bring us to a 30% design and make a conditional letter of map revision submittal to FEMA for their review and approval. That work will take approximately a year from now to complete with hopefully FEMA's concurrence. In the meantime, we will be looking for alternative funding options as we move forward. We think pushing the design along will give us a much better idea and feeling for what this project could ultimately be.

Also there was a reduction in the build in the multiuse sports field in the area of Bell Road. This project will focus on the two larger soccer complexes one on the western half of the 80 acres west of 94th Street and the other one on the east side of the WestWorld report, bringing approximately 13 full sized soccer fields and other sports that can use the venues. There's no other part of this project before looking at converting existing fields. That has been removed from this project for consideration. So the lists we are bringing forward tonight includes 58 projects for a total of \$319 million, you notice on the questions and the totals everything is rounded and the bonds are issued and we are trying to drop some of the pennies off.

The first option would be one question, bringing all 58 projects forward. And, again, we just have a list of projects that are listed by project number. This is not a prioritization order. This is purely for staff to track these projects with the changes that occurred from the development of this program. Ballot language would be a single question, encompassing all the different types of projects. And then the other option, brought forward tonight is a three question option, breaks them down into the categories you can see here. Fairly balanced questions and, again, with the lists for each, brought forward and subtotals.

And then ballot language for each of those questions also. Again, total amount and then description of the types of projects under each question. And from that, I can take any questions or motions. This will be a mail-in ballot only. That's the county's mandate. So it will be mail only. So just a little bit of change from other elections that we held in the past.

Mayor Lane: Any comments from the Council? Councilman Phillips?

[Time: 00:47:19]

Councilman Phillips: So Mr. Lipinski or whoever, that was a little bit of a shock. So we don't get mail-in ballots, will that have to force people to get mail-in ballots if they want to vote?

City Clerk Carolyn Jagger: Your Honor, members of the City Council, when we have off elections and

this is a non-regular general election year, the county has the right to say how the elections will be conducted, and they have said in 2019 any elections that are held must be conducted by mail. There's some good news to this. What this means is that every registered voter will get their ballot in the mail, roughly 27 days before the election. Now, there will be at least one voting center where they can go and get a replacement ballot or get assistance voting. We hope maybe even two. But that option will be available to them, but they will all, everybody will get a ballot and everybody will be able to return their ballot at no cost, because the postage will be paid by the city.

Councilman Phillips: And this is not putting people on a permanent early voting list?

Carolyn Jagger: That's correct. It does not change their voting status for any other election, just for this election, they get their ballot in the mail.

Councilman Phillips: Okay. Thank you for the clarification.

Mayor Lane: Thank you, Ms. Jagger. And thank you, Councilman Phillips. Councilwoman Whitehead.

[Time: 00:48:50]

Councilwoman Whitehead: Yes, I have a question, Mr. Lipinski. You mentioned that the courts, you specifically just said soccer or other sports. I'm wondering if this is an opportunity to include sand volleyball in this, you know, I don't think it has to be defined. It sounds like it's some kind of ball sports. Is there an opportunity to include sand volleyball in this bond?

Dave Lipinski: Mayor Lane, Councilwoman Whitehead, as a part of the two large complexes we are speaking of, I think we're open to just about anything that would need the space to use it. If it was approved and we moved forward, we would start the planning process and work with Community Services and meet the needs we could and the space we have.

Mayor Lane: Do you have another.....

Councilwoman Whitehead: I don't think that we need to change the wording. I think it's okay. When he gave his presentation, he said, soccer fields or other sports.

Mayor Lane: I don't think so. If you are directing that toward me, with the presentation we received, it was for all flat land types of sports which would include Rugby and.....

Councilwoman Whitehead: Okay.

Mayor Lane: And other sports as well. It's meant to be a bit more of a universal playing field.

Councilwoman Whitehead: I'm not an expert on, perhaps we should add to the list could also include sand volleyball courts. That's an option. I would like to make a motion adding that to the language

in the bond. No, no, I don't want to change the dollar amount.

Dave Lipinski: Mayor Lane, Councilwoman, Whitehead, we can add that language to give us the variability to look at the fields when we get there.

Councilwoman Whitehead: Okay. Thank you.

Mayor Lane: Councilwoman Korte.

[Time: 00:51:16]

Councilmember Korte: Thank you, Mayor. Mr. Lipinski, can you go through the one project of the street improvements from Indian Bend to Chaparral? The one that's not included in the, in this current project list? Yet not only has Mr. McLaren expressed interest, but others have contacted me regarding the importance of an entry into our downtown and perhaps some discussion around that can shed some light for us. Thank you.

Dave Lipinski: Mayor Lane being I believe you are referring to the Scottsdale streetscape from Indian Bend to Chaparral. The main thing is to underground the high voltage power lines and when it's undergrounded to look for opportunities in the landscaping to continue that undergrounding from south to north.

Councilmember Korte: I brought this up from the Work Study Session a couple of weeks ago and there wasn't much support for it. And it doesn't seem like there's a lot of support for it today, so I'm going to not pursue this. But thank you.

Mayor Lane: Thank you, Councilwoman Korte. Councilwoman Klapp.

[Time: 00:52:48]

Councilwoman Klapp: Well, there doesn't seem to be a lot of discussion. So I would like to make a motion. To adopt Resolution 11434, for option 2, to order and call a special mail ballot election for Tuesday, November 5th to submit to the qualified electors the city of Scottsdale three questions authorizing the issuance and sale of \$319 million principal amount of General Obligation Bonds and authorizing a bond oversight committee.

Councilmember Korte: Second.

Mayor Lane: The motion has been made to accept option two from Councilwoman Klapp and seconded, I believe, by Councilwoman Korte. So with that, I would just, we do have some further potential comments. So we have the motion and the second on the table. With Councilwoman Littlefield. Did you want to speak? Takes me about a year.

Councilwoman Littlefield: Thank you, Mayor. I just would like to say thank you to the staff who put

together all the open houses and were there for every single one of them, even the one that was in the snow. And I thought they did a very, very good job, a very superb job of presenting the material and answering questions and I would like to thank the citizens who came and participated in the open houses for the bond, and also who went online and answered the questions and put in their comments. I want you to know those comments were read. And they were listened to. And so I think it was very, very important. I think it was good. And the list of projects that we have here tonight before us, is based on your input. So I think that you should know that, and be aware of it. Thank you.

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

[Time: 00:54:52]

Vice Mayor Milhaven: Thank you, Mayor. I'm excited for tonight. It looks like we may all agree on something that's for the greater good of our community. But of the comments that were made by folks tonight remind me of an old expression my grandmother used to use, which is don't cut off your nose to spite your face. And so while there may be people in this community who vigorously disagree with me on issues, someone mentioned zoning tonight, I think it does our community an amazing disservice if we make investment in parks and Public Safety and senior centers, I think holding a bond and investing in our infrastructure to a single issue, or a handful of issues does our community an injustice. I think we have an obligation to the greater good of our community.

Anybody who watched the Work Study knows that there are projects in this package that I don't think should be there. But I do think that there's something for everybody. And we really need to come together and so I hope that folks will not make their decision to support or not support this based on whether they agree or disagree on an entirely unrelated issue. It's certainly their prerogative but I hope you choose not or you make your decision on this bond, based on whether or not there's an individual project that you like or don't like, because I think the greater good of our community is at stake here. And I certainly plan to vigorously support this and I hope that everyone else will. Thank you.

Mayor Lane: Thank you, Vice Mayor. You know, I would share a bit of those same comments. I would hope that on the basis of now new issues that might be picked up as to whether or not some, a group is going to decide to somehow actively work against the greater good. I think everybody has pretty much acknowledged that this' a very lot that is needed and good for us here. I would, one just say one thing and I'm certainly going to go with this motion and vote with this motion.

But I am very concerned about one of the most important things that's in this package, when we live in the desert, where runoff is a major issue and we have drainage areas that alluvial fans and we are ending up with leaving ourselves at risk. 17 years plus in a drought. Anybody who has been here less than that time really has not seen anything of what the rains could bring to us. I think it's short sighted. Think about New Orleans, not maintaining their dikes or pumps and believed for years that it would just be fine. I hope it never happens but I would rather we as a community were.

For the greater good of everything, particularly since it's been indicated to us that this would be active determination to defeat the entire bond, or the question that it rested on, then I think that's, it just adds to the dilemma and how we are seeing this. I think it's important that we consider what physically, it's not even a matter of what's in it for me, or what's in it for you. It's a matter of what's in it for the city and how we have to protect ourselves. It's a safety issue. It's a value issue. And all of those things. Somehow or other, we are going to need to get that done. So I don't know exactly how that's going to happen, but we will have to get that done. And there are funds that have been set aside for years and funds that have been collected from all of you and certainly the insurance programs at 4600 homes are paying into. To pay for just this kind of remedy and to eliminate that. So that's my only concern on this.

I will be voting with the majority, I'm hoping on. This I think it's a vitally important that we get this done and I hope we can be together. I truly hope we can be together, in spite of some of the indications that it's now set on some other level of concern or some other criteria that has to be med before they will support it. So I think as a community, let's stick to go and move forward with this. So with that, I see no further comments or questions on this, and I think we are then ready to vote. And all those in favor of the motion on the table, please indicate by aye. Those opposed with a nay. Aye. It's unanimous on that and thank you very much to Council and everyone who has spoken.

You know, just, but, again, I think the process we employed, Mr. City Manager, the process we employed not only with the subcommittee but also with the outreach is something I think we need to put into hour formal policies on the issue, because I think they worked very well for us all the way around. Of course, time will tell ultimately, but I think we are in a good spot. So, again, thank you all for that, and all the work that the subcommittee and the community did in that regard.

ITEM 11 - PROPOSED FISCAL YEAR 2019/20 OPERATING BUDGET AND CAPITAL IMPROVEMENT PLAN

Mayor Lane: Yes, Judy, please. Item 11 is a proposal for proposed fiscal year 2019-20 operating budget and capital improvement plan. I have Judy Doyle budget director ready to present.

[Time: 01:00:07]

Budget Director Judy Doyle: Thank you Mayor and Councilmembers. Tonight we would like to give you a high-level summary of the balanced proposed '19/20 operating budget and capital improvement that we released last week, and you could give us any direction on the budget-related item to be incorporated into the tentative budget. Tonight's presentation will be a joint effort between myself and our city engineer, Dave Lipinski. I will give an overview of the operating budget and Dave will give an overview of the capital budget. It continues the city's efforts towards our mission to provide simply better service for a world-class community. Proposed budget also continues to focus on the six strategic goals included in the city's General Plan.

The total proposed budget is approximately \$1.5 billion, which breaks out into about \$599 million in our operating budget and our grants and special districts at \$12.6 million, that capital budget, a little over \$621 million and the contingency and reserves at almost \$250 million. So beginning with that

operating budget overview, the focus tonight will be on the General Fund, which is the largest operating fund and because it is an unrestricted fund, it does tend to be the fund with the most interest and significance to our city's stakeholders. So beginning with the sources in the General Fund, \$326 million, I have highlighted here our three largest revenue sources, just to give you some perspective, that's sales tax at almost \$137 million, or 42% of our sources. State shared revenues at almost \$71 million, and property tax at \$32.6 million.

When we compare our estimated General Fund sources over the current fiscal year '18/19 adopted budget, they are projected to increase \$23.6 million. This slide highlights the significant items attributable to this change and I will touch on just a few. The sales tax we're forecasting an increase of \$10.7 million, from our current adopted budget and I will touch on that on the next slide a little more.

[Time: 01:02:42]

The League of Arizona Cities and Towns is forecasting an increase in our state shared revenues of \$5.1 million. Public Safety fire intergovernmental agreements, there's a \$1.9 million add. This is due to a change that occurred in fiscal year '18/19, after the budget was adopted. In the way that the fire insurance premium tax credit is recorded. The fire insurance premium tax is a tax of roughly 2% that ensures pay to the state insurance department on fire insurance premium income. This 2% tax is then allocated to all fire districts and incorporated towns that do have a fire department.

The city's allocated portion used to go to a Public Safety retirement account and then the credit to the city's accounts so our employer contribution was a net lower amount. However, there's been a change in that accounting reporting from the governmental accounting standards board to recognize that tax credit now is a revenue and an expense. So we're adding this \$1.9 million in revenue. You will later see an offsetting \$1.9 million expense with a net zero impact to the General Fund.

Our city's investment advisor is projecting an increased earnings of \$1.4 million, and in '19/20 this will be transferred to the capital budget per our financial policy. During the rate and fee discussion in March, there was support to increase that stormwater fee by \$1 paid by utility customers which 9 cents 5 cents will be dedicated to drainage and flood control projects in our capital budget and 5 cents will be dedicated to cleaning stormwaters. And property tax, I will touch on that in a future slide as well.

As I mentioned, we are forecasting an increase of \$10.7 million in our 1.1% sales tax from the adopted budget. This chart details out by category the local sales tax. Originally when we adopted the '18/19 budget we forecasted \$126.1 million. We revised that forecast up over \$5 million, or 4% based on trends that our city treasurer has been sharing with you on a monthly basis. We are forecasting '19/20 at \$136.8 million which is a \$5.4 million over that revised forecast. You will see in years two and three, which show a slight decrease in the sales tax revenue and then slowly working its way back up, but year five is still below that '19/20 proposed estimated amount. Well, the current economic performance in Arizona does remain strong, we are being cautious in years two to through five, with speculation from economists about a possible downturn in the economy.

So with sales tax, how do we compare to our neighbors. The previous slide, I summarized that 1.1% in the General Fund. We also have a .2% dedicated to transportation for a total 1.3% permanent sales tax rate here in Scottsdale, which is the lowest amongst our neighbors. We also have a .35% tax that is dedicated to the Preserve, and a new .1% tax that's dedicated to transportation.

[Time: 01:06:22]

Scottsdale property taxes. This graphic is to help illustrate the city's share of property taxes. 90 cents of every dollar goes to other entities. 10 cents stays here with the city. 5 cents to the primary property tax and 5 cents to the secondary. So what's the difference? That primary property tax goes to General Fund activities. We may also include a repayment to a risk management fund for tort liability claims made during the calendar year. And that primary property tax is limited to a 2% annual increase plus an allowance then for new construction. That secondary levy is restricted to pay debt service on voter approved General Obligation Bonds. Overall, property values in Scottsdale went up over the prior year, about 5.4% or \$326 million.

So that secondary property tax, which again, can only be used to repay debt service on General Obligation Bonds that are outstanding, in '19/20, we plan to levy \$33 million which is a \$1.2 million decrease from '18/19, which then reduces that rate from 57 cents to 52 cents per \$100 of assessed valuation. This does not assume the bond package that you approve this evening. The bond package will not be included in the levy or the rate until fiscal year '20/21, which will stay at or below this rate. It will increase \$1.1 million to \$32.6 million for that 2% statutory adjustment and new construction.

The primary levy also includes approximately \$300,000 for those liability tort settlements and judgments that you have approved during the calendar year, which, is again is booked to our risk management fund. Because our property values went up, we can decrease that primary property tax rate from 53 cents to 52 cents, and still achieve our allowed levy amount. Our total rate will go from \$1.10 to \$1.04 in '19/20 per assessed valuation, \$100 of assessed valuation. I have also included a property tax comparison of those same valley cities that we compared the sales tax to. Unfortunately, I do not have the proposed '19/20 rates of the other cities. I'm comparing to the '18/19 adopted rate, however, we rarely see significant swings. So I do feel like this is still a good depiction of how we compare to our neighbors.

Gilbert, you will see is the latest, and they do not have a primary property tax. They are at \$1.03 per \$100 of assessed valuation. We ranked second at \$1.04, and third is Mesa who also does not have a primary property tax at \$1.10 per \$100 of assessed valuation. For '19/20 division budgets are at \$270.4 million. One thing to note, there are several organizational changes, which do not carry any fiscal impact. We are changing. For example, Transportation has moved from Community and Economic Development to Public Works. So that those who design, build and maintain the roads are all in the same division. And WestWorld will join Community Services to hopefully activate that facility in additional ways.

Summary of some of the significant General Fund budget requests were added. \$400,000 for custodial services just based on increasing contracts. \$200,000 was added to the facilities maintenance budget, to cover annual operating costs for three projects that did come online, two fire stations and the airport terminal area redevelopment project. \$200,000 was added of one-time funding to replace outdated audio/visual equipment in our libraries, senior centers, rec centers, et cetera. An additional one-time funding was added to purchase pension funding software.

And I apologize, I just noticed I'm on a slide way ahead of myself. All right. I wanted to touch on two for just a couple of moments. Benefit adjustments. We included a 2.5% market for all employees and adjustment for a market catch up for those employees that had fallen below market comparisons. If you recall, in '18/19, we began a three-phase plan to address your priorities in re-investing in a high performance organization and work culture to address the salaries that had fallen below mark comparisons or in '19/20, or phase two, there were roughly 400 employees.

[Time: 01:11:57]

Phase Two will catch up all but 35 employees who will be included in next year phase three. It includes with a pay for performance program. \$400,000 was added to increase vacation days for sworn fire personnel from five to six days. \$700,000 for increased employer contributions for Arizona State retirement. \$2.7 million increase for Public Safety retirement of which \$1.9 million is related to the fire insurance premium tax that I had mentioned, the offsetting expense here for a net zero impact to the General Fund and then the remaining \$800,000 of the increases related to increased Public Safety, employee contribution rates. \$700,000 is also included for a one-time Public Safety retirement refund, plus interest to those sworn personnel who contributed to retirement unnecessarily while participating in the deferred retirement option plan or draw. Public Safety retirement reversed 2011 changes to state law that impacted dropped participants. Public Safety retirement chose to impose refunds to avoid litigation.

And then finally, an additional \$1 million to cover the healthcare which you all discussed back in March. We did add a total of 20 new FTEs in the new budget funded with General Fund dollar. About half are in the police department, with two detention officers to support phase one of the jail dormitory capital project that assessed coming online and converting a part-time control checker position to a full time which is a revenue generating position. I will also mention that there are FTEs moving from one division to another, as part of the reorganization that I mentioned, for example, Community Services. You see a minus one FTE for the Community Services Director. This position was reclassified to an Assistant City Manager. And moved then to the City Manager's division. This position will continue as the director of Community Services, as well as take on additional responsibilities. I just wanted to point that out because I didn't want you to think that we were adding an assistant city manager position.

This slide is a high-level summary of proposed '19/20 budget compared to the current '18/19 and the future years, highlighting the beginning balance, the total services and the ending uses and the ending fund balance. One thing I will mention that I did not already cover, the debt service line within the uses, we do pay off the police and the fire radio system financing debt in '19/20. We no longer have

that debt service payment of \$2.5 million, beginning in '20/21. This is just a graphic of the previous slides and then I will buzz through, this slide is the same information as on this next one, which also includes the out years through '23/24, the green at the bottom of the column is our General Fund reserve, speaking to the ending fund balance.

The General Fund reserve, which by financial policy will be maintained at 10% of you are operating budget. The middle of the column, the gray color is our contingency, which is used for unforeseen items through the fiscal year, and as you know, requires counsel approval. That blue is the Public Safety pension liabilities designation to begin addressing the unfunded liability in this area and to shore up the city's portion of the pension program for Public Safety personnel. And that top column, the orange is that undesignated, unreserved fund balance, which was the winnings from our prior years and with, that if there are no questions, I can turn it over to our city engineer who can cover our capital side of the budget.

Mayor Lane: Thank you, Judy. No questions. Oh, I'm sorry. Just got one maybe for you.
Councilman Phillips.

[Time: 01:16:28]

Councilman Phillips: Ms. Doyle, I just want to say that was a great presentation.

Judy Doyle: Thank you.

Councilman Phillips: And especially this last slide really nice, if our pension liability can get down to 41.1, we are going in the right direction and I think we all appreciate that.

Judy Doyle: Absolutely. Thank you.

[Time: 01:16:52]

City Engineer Dave Lipinski: Mayor, members of Council, good evening again. Bringing forward the CIP budget overview presentation tonight. This is the same presentation you saw March 19th. There were no changes to any of the funding projects to that presentation. Just a recap on the steps that we have gone through to get to this point, starting in August with budget submissions, through staff reviews, through CIP subcommittee recommendations and ultimately back to you last month. I will run through today.

The General Fund transportation sales tax and stormwater fees in detail. I have the other funding sources rolled up. I have the detail with me, and the other sources being the enterprise funds. For the General Fund this year, there were 103 projects submitted, totaling \$489.6 million. We started the year with the adoption of the '18/19, CIP, we had an available cash balance of \$13.9 million.

Through changes over the year, as Ms. Doyle spoke to earlier, a couple of project changes and the emergency for the Drinkwater Bridge. We start with a \$22.9 million available cash balance, when we

add in fiscal year '23/24, as the fifth year in this proposed CIP, it comes up to 34.8 merchandise. The \$11.9 million for year five is broken down about food tax, interest income, construction sales tax and interest earnings.

The available balance was brought forward against a list of projects we had, and what you see here is you see groups of projects that above line is keep the lights on projects, keep the buildings operating and the police and fire radios equipment and park equipment and pool equipment up and operational so the facilities can still serve both the will employees and the citizens of city. Below the line are the three additional projects. They were the next ranked projects and suggested for funding. Are there any questions on the General Fund recommendations?

[Time: 01:19:02]

For the transportation sales tax, this is the .2% sales tax that's been in existence for a while. We started with the adoption of last year's CIP, with a \$1 million cash balance from higher collected revenues from a couple of projects savings that we were able to put to the new .1% sales tax. We start with the \$7.3 million cash balance going into the CIP process. Adding the additional funding sources for FY '23/24, we have a total cash balance of \$19.1 million to fund \$211.2 million worth of projects. Year five's funding is from the transportation sales tax and there is a little bit of interest earnings, you just don't see the numbers when you round to millions.

Projects for the transportation sales tax break into three categories. The top two projects are existing projects. They are actually designed currently. We realize some budget shortfalls on those projects. So they are being corrected so we can deliver those projects in the next year. The projects in between the two lines, again, are the transportation's version of both keeping the lights on and also being able to react quickly to smaller projects. They tend to be, excuse me, filling in gaps and bike lanes and filling in, and resident inquiries and different projects and smaller requests. These tend to be smaller projects, but much faster paced.

The three below the line are standalone capital projects that were brought forward. These would be delivered on their own through the program. The next funding source is the .1% sales funding tax. This was approved by the voters in November of 2018. The sales tax went into effect in February of this year, and from February through June 30th, we estimate about a \$4 million earnings off that sales tax and then the remainder the five years CIP, just over \$60 million. So a total of \$64.1 million from the new sales tax. That funding will be used to leverage the Maricopa County association of governments ALCP funding match that's required by the city.

This \$60 million in projects gets us about 198 merchandise in total project costs on a 70/30 split and we have the 30% share. So that's what this funding source is dedicated to this currently and we are working with MAG to bring forward as many of these projects as we can in short order. We just got the first response from them on where they see the projected cash flow and we will start tying those together and deliver as much as we can in the next four years in moving forward.

The last piece I will discuss is the stormwater fee. This was submitted.....

Mayor Lane: Mr. Lipinski, one real quick question. On those items you were talking about as far as the matching prop 400 monies from MAG is there any talk on the increased construction costs on these items as we made some major adjustments on one that's in process right now, on the 101, but nevertheless, I saw a smile. So there must have been some additional resources that were tapped.

Dave Lipinski: Mayor Lane, members of Council. We are starting to see that. We are starting to see prices climb very rapidly. These estimates were done in September. So they were the best knowledge we had at the time. Right now we are not reacting to that. These will move forward and kind of see what the market does moving forward. It's been a very sharp increase, and we'll see that in some of the other, my next presentation tonight. These are timing. We will deliver these projects in the next to five, seven, eight, nine, years, depending on when we can get the money to go forward. Hopefully the market will create and we get stronger labor pool and material prices will come down because the demand slows a little bit.

Mayor Lane: Thank you.

[Time: 01:23:02]

Dave Lipinski: Under the stormwater fee, these were originally 27 projects submitted for \$58.6 million and '18/19, the \$2 fee had a balance of \$2.2 million. With the increase in the stormwater fee, we see the five-year forecast, at \$16 million. So 18.2 over the five-year CIP. The number one project which we have started moving forward on is the crossroads east phase 1, this provides flood control around the water campus. It takes waters coming from the north, west of Pima Road, down by the water campus and brings them south under the freeway, ultimately to the basins of the TBC. After, that what staff will do is prioritize the remaining stormwater projects and utilize this fund to start completing those projects over time.

Mayor Lane: On the Pima Road update, I know that's a few slides back but nevertheless, from some street through to Chaparral. We typically have had a sharing agreement with the tribe on that. Is that included in this figure or is this our share or is that still in effect?

Dave Lipinski: Mayor Lane, all the above. It is our portion for Pima Road from Krail to Chaparral and it's 70% MAG and the split on the 30% is I believe 60% SRPMIC and 30% to the city. And so that's reflective in our numbers. For other funding sources, these were all the other funding sources I brought up last time. I do have project, all the project information behind these, if you would like to see it. If there are no questions, we can move forward.

Mayor Lane: Thank you. It looks like we have a late comer to the screen in any case. Councilman Phillips.

Councilman Phillips: Didn't know where I could throw it in. Just talking about the 1% sales tax, I'm glad the voters realized how important it is to get those matching funds. Could you explain what the process is for receiving the matching funds? Does it come per project or does it sit in a pool and we

wait for the project?

Dave Lipinski: Mayor Lane, Councilman Phillips, our CIP reflects the MAG CIP. So every one of our projects is a standalone project in the program. We are trying to identify where they have funding available that they can move those projects forward by fiscal year, so we can match up with that. A lot of our projects because we weren't showing the matching funds started to get pushed out to years, six, seven, and eight. They are receptive and they are looking for the projects to come forward. If they have a project listed here, this he will have it on the books matching as well. We are just trying to get the cash to line up.

Councilman Phillips: Do you submit all the projects at once or as we get to them?

Dave Lipinski: The Transportation Department submitted all the projects, and with our cash flow to respond to see what they are able to move forward with us.

Councilman Phillips: That's fantastic. Thank you.

[Time: 01:26:17]

Dave Lipinski: Moving forward, you will have the tentative budget adoption on Tuesday, May 14th. The final budget adoption, June 11th and then the final public hearing for the adoption of taxes and levy on June 25th. Any other questions?

Mayor Lane: I see none at this time. So I thank you very much for that. Now, we do have a, it is an action item, I believe. No? Okay. Presentation discussion. Okay. Thank you very much, Mr. Lipinski. Thank you for the presentation and it doesn't look like we have any further questions. Thank you.

ITEM 12 - MONTHLY FINANCIAL UPDATE

Mayor Lane: Moving on to the next item, item 12 then. Yes, Mr. Nichols, please.

[Time: 01:27:33]

City Treasurer Jeff Nichols: Mr. Mayor.

Mayor Lane: Welcome.

City Treasurer Jeff Nichols: Members of Council, thank you very much. Here to give you the Monthly Financial Update as of March 31st, 2019. As depicted in this first slide, you will note that every source of revenues has a positive variance, except one, and that's fees, fines and forfeitures and that may not be such a bad thing. But when you look at the numbers, I would like to start with the top, the biggest impact the tax is local. It's much higher than anticipated quarterly payments again from APS, and also our cable franchise fees are remaining elevated in spite of the fact that they are

raising their rates. They are getting subscribers buying bigger packages and therefore paying more taxes. When you look at the charges for services other, about midpoint in the slide, \$2.3 million favorable variance, or 34%. Quite a large one.

As Ms. Doyle mentioned earlier, 60% of that variance is related to approximately \$1.4 million to date of that fire insurance premium, that we have captured now as a revenue. And there's an offsetting expense to that. So that's the big increase there. When I look down the chart, one thing I would like to point out is under license, permits and fees, although it's rather small at \$400,000 or 7%, that favorable variances, although most of it is related to the fire ambulance contract in fiscal '18/19, or '17/18 fees being collected this fiscal year.

What I would like to also point out, one of the impacts was from the Holiday Lights at the McCormick Stillman Railroad Park. It was voted the number one park in the United States of America. So pretty cool thing to have happen, right? That's why I wanted to bring that one up. As I mentioned, the fees, fines and forfeitures, I think a good story is some of the impacts that they are having in the courts area. One justice for all program. It's resulting in the court issuing less defaults and reducing the number of bonds being posted and forfeited, I'm sure those people appreciate that. And it's having a positive impact on the community.

[Time: 01:29:47]

As depicted in this slide, you will see seven out of ten of the sales tax categories have a positive variance. I know it's hard to differentiate with all the different bar graphs. When you look here, you will see that more easily and what I still want to have the Council under is the favorable variance due in part to the unpredictability that we have and basically spreading the budget for the collections of ADOR and it will probably be several years before we have good data to do budget to actual collections. That being said, automotive category, \$1.1 million increase you are seeing there, as a reported previously, it's due partly to a car dealership that's now reporting sales tax resulted to services that they weren't reporting previously. And it's also just due to an overall increase in automotive sales that we are seeing. So very positive impact that's having.

You look at the food stores category, \$900,000 or 19%, the majority of that is due to a grocery store, which opened that was not included in our forecast. So, again, not a timing issue. This is going to be revenue that hopefully we're going to see a favorable variance last to the end of the fiscal year. Under other activity, you see \$1.2 million or 13% increase, and that is due mostly to a one-time audit payment and another miscellaneous manufacturer in town, increasing their business. So something we did not expect at the time. Looking at this slide, three of the expense categories with positive variance at General Fund operating uses by category.

We'll tackle the categories. You see three of the areas of expense have absolutely no variance from budget. Personnel services, I will explain on the following slide, but in the contractual services, the \$3.1 million, some of that is timing issues. It's, staff has budgeted for things they haven't accomplished yet. So that variance probably won't remain, not all of it. Some of it will. For instance, in my, in my division, we are seeing a half a million dollars positive variance in banking fees

and armored car fees and we just renegotiated contracts. So we feel that you will have those savings at the end of the year.

And Public Safety police, there was a favorable variance of approximately \$1.1 million, or 35% of that \$3.1 million related to the photo radar program. And we had turned it off for a little while, had some constructive talks with the vendor and started it back up, but some of those fees were not paid and I don't expect them to be paid by the end of the fiscal year. And so we should have some positive savings from that.

And commodities, I can tell you is pretty much across the board in the divisions, and most of it related to timing. Different product. And in this slide, you will notice that, let me see four of the six expense categories with positive variances, again, salaries at \$1.2 million, mostly in the police department, and I have said this again and again, you know, to you all, but it's for the benefit of the audience, when people retire, we fill those positions and they are filled with people that make less for doing the same thing. It's just a natural progression through their careers. So the people that left were probably at the top of their rank and pay.

[Time: 01:33:25]

The overtime, the unfavorable variance, we had some higher than anticipated police and fire staffing needs at the Waste Management Phoenix Open. We also had the fire department respond out of state to both wildfires and one natural disaster. So those were unexpected overtime expenses, but we will get reimbursed for those expenses. We will apply it to the state for reimbursement through FEMA. Again, you look at retirement, the \$7,900,000 negative variance, 4% is really masking the change in the structural accounting the way we report the expenses and the retirement, it's masking and actual savings in that area. Because the decreased amount of salaries, we are having savings in retirement and more people enter the drop program, the deferred retirement program, and Public Safety, than we anticipated and that will lead to savings in that area. It's being masked by a \$1.4 million negative variance related to the accounting change. So I don't want that to be lost.

Slide 10, on division expenditures, six of seven divisions have positive variances, very good information. Most of them are embedded in the category expenses we had earlier. You see Public Safety fire is the only one that doesn't, and, again, that's driven by an accounting change. That's almost the exact amount of the accounting change that we have looked at budget to actual to date. Total for the year is going to be about \$1.9 million, through March 31st is \$1.4 million.

Mayor Lane: Mr. Nichols, this is a one-time variance that will occur because this is once recorded just as an expense without an offsetting revenue or credit received?

Jeff Nichols: Mr. Mayor, it is a one time, as Ms. Doyle noted. We used to get it as a credit in the Public Safety. Now we are required by GASB to bring it through. This year we hadn't budgeted either one of those. It's a zero in that sum game.

Mayor Lane: Thank you.

Jeff Nichols: You're welcome, sir. And at this point in time, we thought we would see sources over uses of approximately \$16.2 million, when in, fact, what we are seeing is \$30.5 million or a positive variance between sources over uses of \$14.3 million. And with, that I would take any questions you have.

Mayor Lane: Thank you very much, Mr. Nichols.

Jeff Nichols: The second part of this presentation is the quarterly presentation by Mr. Lipinski on the CIP and hopefully he doesn't have any of those slides that flip around and make my side look real boring.

Mayor Lane: It's a real competition, isn't it, sir?

Jeff Nichols: It's become one.

[Time: 01:36:30]

City Engineer Dave Lipinski: Good evening, again. As Mr. Nichols said, this is the FY '18/19 quarterly update and we start out with the same sort of slides just expenditures by program. So the difference between q2 and q3 is our inception to date actuals. The gray bars are starting to catch the inception to date budgets. They do span multiple years in most cases and it sometimes takes a while to spend everything that we have available to us. This is the same data just in a little different format and we are getting cut off on the bottom. Just by program for expenditures. And then also by funding source for q3. So you can see by funding source where we are in our actuals, the budgets and the remaining budget balances in each of the funding sources.

A couple of significant projects that we'll hit on, in quarter three. I have been tracking several of these. I'm sure you will have gotten several questions about them. We jump into 68th Street and Pima Road bridges. The 68th Street bridge will open at the end of the April, this was originally scheduled to open at the end of the March. When we started in the construction, water resources requested that we do some additional water and sewer work through this intersection while it's closed. It helps both of their networks in that area. So we did have a four-week, it wasn't truly a delay but an extended construction time frame in order to get these utilities done.

Pima Road reopened Friday the 29th. The new bridge will not carry traffic until the next Pima Road project is completed to build the additional two lanes to utilize the new bridge. We took advantage of the dry up to get this done when we could. This is 68th Street bridge on the left and the one on the right. It's a capital illusion. Just the water elevation had changed in the pictures. And Pima Road from the left, to the right being the new bridge. You can see the new bridge over on the left, or in the right, the left-hand side of the right picture. This is barricaded off and it will remain in that state until it's part of the ALCP program in the future. 68th Street budget, we are within budget range of where we should be. I don't know where the line fell off to, but there's no change orders within in that contract. Everything has been in value. Fortunately there hasn't been any unexpected

concerns on either of these projects.

The Drinkwater underpass, we just have a series of aerials. Sorry, Jeff. Over time. The contractor did get permission to fly drone footage through this project. You can see in December and March and the abutment wall next to the lift that's been constructed and they started constructing the walls that will form the median walls underneath. The view from straight up. And then this is what it looks like down underneath, about two weeks ago. So you can see the median walls come up and then you will have pretty much a solid surface on the outside where we will repaint it to a lighter color and make sure it's lit because you have no natural daylight anymore and it acts like a true tunnel. Still on schedule. Looking to finish the support walls in May and place the slabs in June and hopefully open in late October, early November. The underpass, GNP2 will hit in October.

[Time: 01:39:59]

And there will be one additional, sorry, we have GNP-2, there's one additional one for the waterproofing and up on top of the structure once it's completed and that will be coming forward in May or June of this year. This is from Scottsdale to Hayden, looking start construction we have received a CMAR. They were billion above where we thought they were going to be. We are going back with the contractor to figure out where those causes are, if there's portions that we can get done now or if we are best kind of letting the market play itself out? So my staff is still in analysis with the contractor, trying to identify what the differences were, if it's market, materials driven currently with what we are seeing out there and or what the causes may be once we get the resolve and we hopefully move forward in short order.

The Thomas groundwater construction project. This is a two-year build. The first one tonight for first GNP is long lead items. There's a lot of manufacturing of the pits and pieces inside the plants with all the technology. You will see in June the second GNP and that creates the entire budget project. It's about a two-year construction duration for that facility.

Scottsdale Stadium phase one, they have started phase one is mostly focused on south side. It's the new club house and the multiuse space, the parking lot will be redone. The front entry on the corner will be reconstructed and opened up, and will act as a true main entry to the stadium and then the charros area and the right field concourse will be part of phase one. And phase two will be in subsequent years and they will handle the third base line and the left field berm areas. Current budget in June, I believe it's, or sorry, June 11th, you will see a second GNP for the stadium come forward. That will be the entirety of the phase one work. So right now, they are under contract for a portion of phase one. The plans are still in process.

So then you will see another GNP come back for all the fit and finish of the phase one and that comes in June. Oh, sorry. Jumped on me. Bond 2015 updates for the paving, they are just ramping back up. They expect to finish this program in mid-June. They will spend every penny of the bond funds and you can see the remaining segments to be completed. Fire station 603 and 616 are listed here. Fair station 605 and 613 are already completed and moved into and functioning for a while. The 603 the bid award is scheduled for May 15th and for 616, they are due on the 4th. We are seeing a little

bit of influx due to inflation on these. And we will bring that forward for your considerations at that time. With that, I will take any questions.

Mayor Lane: Thank you, again Mr. Lipinski. I don't have any questions. But thank you for the presentation. That completes item 11. Jeff, did you, you completed the update as well, did you not? Yeah. Okay. There's no additional Public Comment. There's no citizen petitions. Mayor or Council items?

MAYOR AND COUNCIL

Mayor Lane: So having none, and no further questions or comments, I will, then we will move on to Mayor and Council item 14, which is the boards and commissions and task force nominations and for this purpose, I will, and for this purpose, I will turn it over to Vice Mayor Milhaven.

[Time: 01:44:16]

Vice Mayor Milhaven: Thank you, Mayor. This evening, the City Council will be nominating Scottsdale residents interested in serving on citizen advisory boards and commissions. The seven boards and commissions with current vacancies include Building Advisory Board of Appeals, Industrial Development Authority, Library Board, McDowell Sonoran Preserve Commission, Parks and Recreation Commission, Planning Commission and the Tourism Development Commission.

The Scottsdale City Council is responsible for establishing City policies and enacting laws in support of those policies. The Council relies on volunteer, citizen-based boards and commissions to research issues and make recommendations in support of the Council's mission and goals. The information and recommendations provided by Council-appointed advisory boards is a valuable tool in helping Councilmembers in their deliberations. Individuals nominated will be interviewed at a Special City Council meeting on Tuesday, May 21st, with appointments following each set of interviews. So let's get started.

BUILDING ADVISORY BOARD OF APPEALS

[Time: 01:45:14]

Vice Mayor Milhaven: The first is the Building Advisory Board of Appeals, there's one opening. The Building Advisory Board of Appeals has the jurisdiction to recommend that minor variances in the electrical, plumbing and mechanical application of the Building Code be granted and that alternative construction methods or materials be allowed. There's one vacancy and one applicant. We'll start with Councilwoman Littlefield.

Councilwoman Littlefield: Thank you, I will nominate Ben Freese.

Vice Mayor Milhaven: Thank you.

INDUSTRIAL DEVELOPMENT AUTHORITY

[Time: 01:45:42]

Vice Mayor Milhaven: We will move on to the Industrial Development Authority, there's one opening. The Industrial Development Authority's main function is to issue tax-exempt bonds for certain types of private developments for the purpose of attracting new economic activity to the community. There are no formal requirements but given the nature of the work that the IDA conducts, it is suggested members be comfortable working with detailed financial pro forma, feasibility studies and financial projections. There is one vacancy and three applicants. I will begin with Councilmember Phillips.

Councilman Phillips: None at this time.

Councilmember Korte: Evelyn Racette, please.

Mayor Lane: Terri Allen.

Councilwoman Klapp: So now I have to pronounce this name. Eloy Yndigoyen.

Vice Mayor Milhaven: Okay. All three applicants have been nominated.

LIBRARY BOARD

[Time: 01:46:42]

Vice Mayor Milhaven: And we will move on to the Library Board. There's one opening. The Library Board advises the City Council on general policy relating to the programs, services and future development of the Scottsdale Public Libraries. The board oversees the Library special revenue fund, which is made up of donations and funds generated through the sale of used books and magazines. There is one vacancy and four applicants. We begin with Councilmember Korte.

Councilmember Korte: Nicole Huser.

Mayor Lane: Marna McLendon.

Councilwoman Klapp: Monica Levens.

Vice Mayor Milhaven: I have no additional.

Councilwoman Whitehead: I have no additional.

Councilwoman Littlefield: No additional.

Councilman Phillips: No additional.

Vice Mayor Milhaven: All right.

MCDOWELL SONORAN PRESERVE COMMISSION

[Time: 01:47:26]

Vice Mayor Milhaven: Next is the McDowell Sonoran Preserve Commission. There's one opening. The McDowell Sonoran Preserve Commission provides citizen oversight for acquisition, preservation, management and stewardship of the McDowell Mountain and related Sonoran Desert for the benefit of this and future generations. There's one vacancy and six applicants. We begin with Mayor Lane.

Mayor Lane: I nominate Cynthia Wenstrom.

Councilwoman Klapp: No additional.

Vice Mayor Milhaven: Robert Alpert.

Councilwoman Whitehead: No additional.

Councilwoman Littlefield: No additional.

Councilman Phillips: No additional.

Councilmember Korte: No additional.

Vice Mayor Milhaven: All right.

PARKS AND RECREATION COMMISSION

[Time: 01:48:09]

Vice Mayor Milhaven: Parks and Rec. There is one opening. The Parks and Recreation Commission advises the City Council on the acquisitions of lands and facilities for use as parks or recreation centers; and on the operation, use, care and maintenance of these parks and recreation areas. There's one vacancy and four applicants. We begin with Councilwoman Klapp.

Councilwoman Klapp: Maryann McAllen.

Mayor Lane: I will nominate John Doering.

Councilwoman Whitehead: No additional.

Councilwoman Littlefield: No additional.

Councilmember Korte: No additional.

Councilman Phillips: No additional.

Mayor Lane: No additional.

PLANNING COMMISSION

[Time: 01:48:44]

Vice Mayor Milhaven: Next is Planning Commission. We have one opening. The Planning Commission holds public meetings and makes recommendations to the City Council on all matters relating to the creation of zoning districts, the enforcement of zoning regulations, amendments to all zoning ordinances and any other planning and zoning issue. There is one vacancy and 13 applicants. I think I go first this time. I nominate Bill Scarbrough.

Councilwoman Whitehead: A.J. Germek.

Councilwoman Littlefield: James Bloch.

Councilman Phillips: No additional.

Councilmember Korte: Dana Close.

Mayor Lane: Joe Cusack.

Councilwoman Klapp: Renee Higgs.

Vice Mayor Milhaven: I started with me.

TOURISM DEVELOPMENT COMMISSION

[Time: 01:49:47]

Vice Mayor Milhaven: The next one is and the last one is the Tourism Development Commission. The Tourism Development Commission advises the City Council on matters concerning the expenditure of revenues from the Transaction Privilege Tax on Transient lodging, also known as bed tax, designated for tourism development. As specified in the Scottsdale City Code, the Tourism Development Commission shall consist of representatives of the tourism industry in Scottsdale, including a minimum of four Scottsdale hoteliers, one member of the Scottsdale Convention and Visitors Bureau, and a balance from elements of the tourism industry. There is one vacancy for the industry position. There are four applicants. Again with Councilwoman Whitehead.

Councilwoman Whitehead: Monica Nicodemus.

Councilwoman Littlefield: David Woods.

Councilman Phillips: No additional.

Councilmember Korte: Jeanne Alspaugh.

Mayor Lane: No additional.

Councilwoman Klapp: Thomas Prombo.

Vice Mayor Milhaven: I think that's everybody. This concludes our nomination process this evening. City staff will contact those who were nominated and provide them with additional information about the interview process. I would like to take this opportunity to sincerely thank all who applied to serve on a citizen advisory board or commission. Even if you were not nominated, your application will remain on file for one year for consideration at a future date, if there are additional vacancies. I turn the meeting back to the Mayor.

Mayor Lane: Thank you, Vice Mayor. That does complete our business for this evening. Want to thank everyone for your participation, and for the candidates for submitting their names.

ADJOURNMENT

[Time: 01:51:06]

Mayor Lane: With that, I would accept a motion to adjourn.

Councilwoman Klapp: Move to adjourn.

Councilmember Korte: Second.

Mayor Lane: The motion has been made and seconded. All those in favor of adjournment, please indicate by aye. We are adjourned. Thank you.