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#### **CALL TO ORDER**

[Time: 00:00:02]

Mayor Lane: Good afternoon, everyone. I would like to call order our regular meeting, our Scottsdale City Council regular meeting. It's approximately 5:25. We can start with a roll call, please.

#### **ROLL CALL**

[Time: 00:00:12]

City Clerk Carolyn Jagger: Mayor Jim Lane.

Mayor Lane: Present.

Carolyn Jagger: Vice Mayor Virginia Korte.

Vice Mayor Korte: Here.

Carolyn Jagger: Councilmembers Suzanne Klapp.

Councilwoman Klapp: Here.

Carolyn Jagger: Bob Littlefield.

Councilman Littlefield: Here.

Carolyn Jagger: Linda Milhaven.

Councilwoman Milhaven: Here.

Carolyn Jagger: Guy Phillips.

Councilmember Phillips: Here.

Carolyn Jagger: Dennis Robbins.

Councilman Robbins: Here.

Carolyn Jagger: City Manager Fritz Behring.

Fritz Behring: Here.

Carolyn Jagger: City Attorney Bruce Washburn.

Bruce Washburn: Here.

Carolyn Jagger: City Treasurer Jeff Nichols.

Jeff Nichols: Here.

Carolyn Jagger: City Auditor Sharron Walker.

Sharron Walker: Here.

Carolyn Jagger: And the Clerk is present.

Mayor Lane: Thank you. A couple items of business. 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 over the clerk's head over here to my right and there are yellow cards you can fill out if you have any written comments for any of the agenda items. We will be looking at them during the course of the meeting. Scottsdale police officers are right here in front of me directly ahead if you have needs for their assistance. The areas behind the dais are reserved for Council and staff. We have facilities and restrooms under that exit sign to my left.

**PLEDGE OF ALLEGIANCE**

[Time: 00:01:24]

Mayor Lane: For your convenience, this afternoon we have, this evening we have, we do not have any Boy Scouts or Girl Scouts. So we're going to ask Councilwoman Klapp to lead us in the pledge. As close as we could get.

Councilwoman Klapp: I was a Brownie.

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: 00:01:53]

Mayor Lane: Instead of an invocation this evening we're going to have a moment of silence for the tornado victims in the Midwest and in the plains states. So if you would, please. Thank you. I would like to just take a quick moment to report on something I think has been a very nice element in our community for many years, and thank and recognize the Scottsdale Aquatic Club. Scottsdale Aquatic Club has been in the city for 50 years and is 50 years old this year, it started in 1964. With the help of the Parks and Rec. department. It's grown to be its own nonprofit organization and this year they have 387 swimmers from novice to Olympic trials. These young athletes represent Scottsdale all over country and in 2013 were the western sections boys, girls and overall champions. Congratulations to their success and Scottsdale Aquatic Club. If you could give them just a little bit of a hand. It's nice to have amenities like that and organizations that provide that kind of activities for us. City Manager, Mr. Behring, no report from you this evening? Okay. No presentations or announcements.

### **PUBLIC COMMENT**

[Time: 00:03:20]

Mayor Lane: Next order of business is Public Comment, and we, it's reserved for citizen comments regarding non-agenda items with no official action, no interaction on these items. Speakers are limited to three minutes each with a max pull of five speakers that will be there another opportunity at the end of the meeting if there is a need. We have a maximum of five and we do have five. We'll start with Patty Badenoch.

[Time: 00:04:02]

Patty Badenoch: Good evening, Mayor and Council. I'm delighted to be here this evening. I want to preface my remarks by thanking the Mayor and Council and our City Manager for taking the Community Design Studio off the agenda for budget concerns, but I want to make

the following comment anyway. Community Design Studio, it is my belief that the citizens of Scottsdale do not want to see this establishment ignored, neglected or abandoned but preserved in perpetuity. Do not even consider selling this site. The intention must be made clear that it will be placed on the historic register which must include a stipulation requiring a public vote to take it off. With the public monies we give to the Cultural Council perhaps they could budget some of their funds for maintenance and upkeep.

This historic site is located on the original land purchased by our founding father the Reverend Winfield Scott and then Charles Miller of which some was donated to build Scottsdale High which is long gone. Following that noted history, Ella May Foley bought less than 10 acres for \$5,000 to lay the foundation for the First Ascension Lutheran Church in 1952. Karen remembers joining her father Andrew helped build the church along with Lutheran missionaries and other members. The wives set up picnic tables to feed workers underneath Winfield's nearby trees. Soon a larger church was built and property was sold to Herbie Simmons and it became Simmons Art Supplies where many local and budding artists frequented to buy art supplies. Next came well-known personality Carol Steele who delighted many with her flair of creating a wonderful restaurant.

[Time: 00:05:57]

Now about the art. To begin, you may say that this is a remarkable site in terms of architecture. If saved, however, it will gain greater significance. It's a solid structure, not like the sticks used to build the apartments you see sprouting all over town today. The courtyard is charming. Space along the west wall is a beautifully executed mural depicting all sorts of Scottsdale history as well as Winfield Scott's Valencia orange trees during the harvest seen and the Parada del Sol. Then inside where the altar once stood is a contemporary rendering of vibrant colors and patterns by well-known artist max Hammond and finally throughout the main interior is a display of three dimensional whimsical art including along the window sills and up on the beams above. Tonight I'm presenting over 600 signatures representing a broad range of citizens, including some of you, and many others that each of you know with the expressed wish not to sell this historic site. In conclusion, I publicly want to say Louise Lamb who collected 300 signatures of her own and to Darlene Peterson for directing the photo op in article with "The Arizona Republic" and arranging the meeting for a number of us held with our City Manager Mr. Fritz Behring. Thank you very much.

Mayor Lane: Thank you and your technician Ms. Peterson.

Darlene Petersen: I want to thank City Manager Fritz Behring for putting up with we ladies and gentlemen to talk to him about the studio and for changing his mind and taking it off the list. Thank you.

Mayor Lane: Next would be Bill Crawford.

[Time: 00:08:14]

Bill Crawford: Greetings, Mayor and Council. My name is Bill Crawford. I live in downtown Scottsdale and my address is on record. I'm here tonight with a simple request for a public safety item. I would like the Council and the city to move forward for a traffic signal and a crosswalk on Camelback Road north and south adjoining the bar district. I've actually met with three of the past City Managers and asked for this same thing. So far we don't have it. I actually was told that there was a traffic study that was done about a year ago, and it must have been determined that it wasn't needed. Unfortunately, as we well know, a young man was killed a couple of weeks ago crossing Camelback Road, and this is not an isolated incident. It's not the only pedestrian that has been hit by cars crossing the bar, crossing Camelback Road. And I would like to remind you that an ounce of prevention is worth a pound of cure. Being proactive rather than reactive saves lives. This is reminiscent to me of the pedi cab issue where we all know we campaigned for a long time to get them regulated. Before they were regulated, there was a terrible accident on Scottsdale Road and one of the injured parties in that accident will most likely spend the rest of his life in a skilled nursing facility. And I would just like to give you an update on how the city and City Attorney's office is handling this case. It's currently almost to litigation, but because of the fact that I am a witness in this case, because I warned the city that this was imminent, the city has hired a private investigator to investigate me, probably to find some flaw in my character that might discredit my deposition. Can you imagine? The city has also hired a law firm, very expensive law firm, to challenge my deposition and to fight any restitution that might be coming to this young man and his family. This is wrong. This is just wrong. It's shameful.

Recently I had an experience that brought me very close to this issue. My daughter was in a serious traffic accident in Flagstaff. She spent several days in the ICU, and for several days we did not know if she was going to live or die. Gave me a lot of empathy for this family. One thing is for certain. If the laws that were on the books now had been in place when this accident occurred, it wouldn't have occurred and it couldn't have occurred. I just plead with you to do the right thing and reexamine your position on this and what your city, how your City Attorney is handling it. Thank you.

Mayor Lane: Thank you, Mr. Crawford. Next would be William Darrah?

[Time: 00:11:46]

William Darrah: Mr. Mayor, City Council, thank you very much. Mr. Crawford, I do echo your comments and the reason why I'm up here is actually in the same circumstance. So I do live on Minnezona Avenue on the other side of the bar district and the, I get to use my mailbox all the time and I completely support business and economic development in Scottsdale. There are expansions for Maya, expansions for vice and virtue, expansions for bottled blond

and I have the plans, I hear about everything going on across the street. So I started a petition, and I'm sure you got a couple emails in your inbox. I have 254 supporters to provide a crosswalk or safety signal between Scottsdale Road and Miller on Camelback Road. It is not well lit. And people have died. Two people in the last five weeks have passed away and one car has rolled down the street. That's happened in the past five weeks. Nothing happened this past weekend, thank God.

[Time: 00:12:44]

So what I'm asking for is I want a reduced car speed. 35 miles an hour on that road. We continue to expand. And I had a nice conversation with Mrs. Littlefield and it's very nice to meet you. These are unintended consequences of our expansion. We need to do something about it. So I'm all about the investments. I think the nightclubs are great, the housing, the businesses, I'm okay with that, but we do need to put in the proper safety precautions. Some of the people couldn't be here tonight I want to make sure everybody was aware of these comments, Loren who works at the Mint nightclub says I work at the Mint where these accidents have occurred. I always felt there was something that needed to be done to create a safer environment.

There are always so many cabs driving around like crazy right there. Just last sad somebody walked in front of my car to grab a cab who pulled over into the center turning lane as it's five lanes of traffic. It's always so chaotic along the street and with the intoxicated patrons and cab drivers I feel it makes for a bad combination. Lindsey says she believes that in this area increased patrolling would cause bar patrons and drivers to be more cautious. Jeremy says it's for the safety of everyone. Jordan, his friend passed away, while I don't have any ties to the people who did pass away, I did start this on their behalf, he says I'm friends with the friend of one of the people who passed recently and when I'm in Old Town and when I'm 21 I want it to be safer. So I would like you to consider it. Thank you.

Mayor Lane: Thank you, Mr. Darrah. Next would be Bob Capell.

[Time: 00:14:44]

Bob Capell: Bob Capell, 33600 N. 79th Way in Scottsdale. Mr. Mayor and members of the Council, I'm here tonight as the president of the Winfield homeowners association. Winfield is gated community of 511 homes on the south side of Westland road between Scottsdale and Hayden. As Scottsdale residents the homeowners of Winfield homes along with homeowners of approximately 500 homes in the Scottsdale south boulders area and the 40 new boulders villas that are about to be built on the northeast corner of Westland and Scottsdale Road, we have a difficult situation. Scottsdale installed our water and sewer lines, and they provide our water, they treat our sewage, and they pick up our trash and our recycling. And they bill us for water, trash and recycling. And they also treat our sewage. But we are forced by the Arizona Corporation Commission to pay the Black Mountain Sewer Corporation for this service.

Each month our homeowners receive a bill from Black Mountain Sewer Corporation for \$65.36, which is soon to go to \$80.36, by far one of the highest in the state.

Because all of these homes have desert plantings and drip irrigation, the average water usage per home is less than 6,000 gallons a month. If we were all build by Scottsdale for, billed by Scottsdale we would pay about \$18 a month for this service. Black Mountain Sewer Corporation does pay Scottsdale \$36 a month for each home to treat our sewage. Double the current Scottsdale residential rate. So Black Mountain Sewer Corporation gets to pocket \$360,000 a year, roughly, soon to be \$540,000 a year, for simply sending out bills to a thousand homes each month and writing a monthly check to Scottsdale for receiving and treating our sewage. What we are asking for is for the Scottsdale city government and the city staff to please work with us, along with the cities of Carefree, Cave Creek, the Boulders Golf Course and the Arizona Corporation Commission as we go through the process of closing the carefree sewage treatment plant to reach the best future solution for all of us concerned. Thank you.

Mayor Lane: Thank you, Mr. Capell. Next is Sam West.

[Time: 00:18:05]

Sam West: Mayor, Councilmembers, my name is Sam West. My address 7847 East Spanish Oaks and thank you for being here and the time that you put in. You heard a presentation from Patty Badenoch a few minutes ago about what I would call the Design Studio and I'm here to speak to it in a little different vein, and the vein is, how did it ever get to the point that it was listed. The amount of information we heard about the historic significance of the building should have been enough to have kept it off to start with. The second question is why has it not already been processed to be put on the historic register? Because it qualifies in all ways. I guess lastly, is the disconnect between our staff and our citizens so great that they did not see this? Or is this not something that's a part of the structure or process that they go through in making determinations of what should be done? And my recommendation, if for what it's worth, was I believe there needs to be a serious look at the process that's used to make determinations and it's not just on a historic significance. It's the things that come here. Over the past nearly 20 years I've been here more times than I can count, and I know specifically that there's an excess of 2,000 people I've talked to over the years about various issues that have their perception of what this town is and what it should be is completely different than what our government is taking us to, and my question, I'll make it a statement, not a question, and the statement is, I don't believe that our government recognizes what the citizens of Scottsdale want this town to be. Thank you.

#### **ADDED ITEMS**

[Time: 00:20:19]

Mayor Lane: Thank you, Mr. West. That completes our public testimony at this point in time. So thank you for your input on that. We have some added materials, supporting materials for Item 24 were added to the agenda less than 10 days prior to the meeting. So I would ask for a motion to either accept the agenda as presented or to continue the added item to the May 6, 2014 Council meeting. Do I have a motion?

Councilman Robbins: Mayor, I'll move we approve the items as, on the agenda.

Vice Mayor Korte: Second.

Mayor Lane: A motion has been made and seconded to accept it on this agenda. I think we're then ready to vote. All those in favor please indicate by aye. And register your vote. It's unanimous. That item remains on the agenda as it is. So we have items 1-24. We do not have any cards to speak on any of those items. Consent items. Are there any questions from, I'm sorry, thank you. How did I miss that? It's not on here. Yeah, it's on the agenda but not on here.

## **MINUTES**

[Time: 00:21:32]

Mayor Lane: So, yeah, we do have to accept the minutes, request to approve the Work Study Session minutes of March 25th, 2014, Strategic Planning Workshop minutes of April 1st 2014, Special Meeting minutes of April 8th, 2014 and Regular Meeting minutes of April 8, 2014 and Executive Session minutes of April 8th, 2014. Do I have a motion to accept those minutes?

Vice Mayor Korte: So moved.

Mayor Lane: Moved.

Councilwoman Klapp: Second.

Mayor Lane: And seconded. All those in favor of approving the minutes as has been stated indicate by aye. Nay if you oppose. The minutes are accepted.

## **CONSENT AGENDA**

[Time: 00:22:12]

Mayor Lane: Now I'll move on to items, Consent items 1-24 and I do not have any indications for anyone to speak on this. Are there any questions of any of the consent items from the Council? Seeing none, I would accept a motion then to accept the consent items 1-24.



Councilman Robbins: Mayor, I move to approve consent items 1-24.

Councilwoman Milhaven: Second.

Mayor Lane: Motion made and seconded. No indicated additional comments. We're ready to vote. All those in favor of consent items 1-24 indicate by aye and register your vote. Aye. It's unanimous acceptance of the consent items. If you are here for consent items you certainly feel free to stay with us, if you'd like, otherwise you can leave quietly.

## **REGULAR AGENDA**

[Time: 00:23:01]

Mayor Lane: We'll move to regular agenda items 25-29. We will be starting with Item 25 and we do have a request by the Vice Mayor Korte to recuse herself from this item. Thank you.

## **ITEM 25 – PUBLIC HEARING ON COMMUNITY DEVELOPMENT BLOCK GRANT AND HOME INVESTMENT PARTNERSHIP PROGRAM FISCAL YEAR 2014/15 ANNUAL ACTION PLAN**

[Time: 00:23:07]

Mayor Lane: Item 25 is a Hearing on the Community Development Block Grant and HOME Investment Partnership for Fiscal Year 2014/15 and Annual Action Plan. We have Michelle Albanese, that is not Michelle. We have Mr. Murphy here to begin the presentation. You might want Michelle up here.

[Time: 00:23:51]

Bill Murphy: Good evening, Mayor, members of the Council. The purpose of tonight's public hearing is to request adoption of Resolution 9689 which approves the 2014/15 HUD annual action plan and funding recommendations from the Human Services Commission for our CDBG and HOME programs. The City of Scottsdale has participated in and administered the CDBG program for the past 39 years. CDBG is a federal program administered by the U.S. Department of Housing and Urban Development that awards funds on a noncompetitive basis to communities with populations of greater than 50,000. Activities funded must meet one of three national objectives: benefits low and moderate income persons, aid in prevention or elimination of slum or blight, and meet a community urgent need.

Eligibility of expenditures are limited to five categories, public services, housing activities, public facilities, economic development and program administration. A minimum of 70% of the CDBG funds must benefit low and, low and moderate income households and all the

activities funded must be consistent with priorities identified in the HUD mandated five-year consolidated plan which was approved by the Council in April of 2010. Scottsdale has also participated in the HOME investment program in the past 20 years. HOME funds are available from HUD through the city's participation in the Maricopa County Maricopa Home Consortium. The other members within this consortium include Tempe, Chandler, Gilbert, Avondale, Glendale and Surprise. HOME funds may be used by participating jurisdictions to support decent housing, to increase homeownership opportunities to low-income residents. As a condition of receiving these funds, the recipients are required to develop a plan every five years to assess the service needs within their community.

[Time: 00:25:58]

The Five-Year Consolidated Plan was completed and approved by Council in April 2010 and annually HUD requires a submittal of an action plan which describes the specific plan uses of the federal funds based on the priorities that are identified in that five-year consolidated plan. The plan is then prepared in accordance with federal regulations and describes the needs, the resources, the priorities and the proposed activities to be undertaken in that year. This plan is due to HUD May 15th this year. Federal regulations also require the grantees to hold at least two public hearings during the development of the Annual Action Plan to obtain citizen comments. The city held five public hearings with the Human Services Commission to allocate funding to agencies through the annual funding process and to develop the annual Plan. As you can see from the slide, we have a published request proposal that was put in the paper in September.

In October we outlined the application process and explained the available funding, the sources and applicable federal requirements. The Human Service Commission was then provided a thorough overview of their role in the funding process and was provided an opportunity to review all the applications processed prior to their February 5th commission meeting, at which time they heard presentations from each of the agencies and were able to ask questions of those agencies. On March 13th the commission deliberated and created their informal funding recommendations. And on March 27th, the agencies had an opportunity to address the commission at the public meeting and the commission's final funding recommendations are outlined in the Annual Action Plan which is presented to you tonight as a Council.

The CDBG funding history has suffered excessive budget reductions over the last five years. In fiscal year '10-11 as you can see on the slide the city received \$1,261,000 in funding. The CDBG allocation for fiscal year 2014-15 is \$895,000, a 29% reduction over the past five years. This significant decrease in funding results in less agencies awarded funding and possible elimination of some critical services in the community. Last year the Human Services Commission provided direction to the city staff to seek alternative funding sources for the food programs and so staff secured resources through the Salt River-Pima Maricopa Indian community to provide funding for fiscal year '14-15 for four agencies that applied for funds.

The four grants proposed from Tempe Community Action Agency, the Foothills Caring Corps and Concerned Citizens for Community Health each proposed to serve the most vulnerable population of our community by providing food as their primary service. One of the grant applications from TCAA was removed from the CDBG activities and moved to this grant, which in turn freed up funding, which was available for other agencies.

The anticipated HOME allocation for '14-15 is \$220,000, an increase of over \$11,000 from the year previous. Overall, though, the HOME program has also experienced a 40% reduction over the last five years. The Human Services Commission is recommending funding programs and services which are shown on Exhibit A and B of the Resolution 9689. The 2014-15 CDBG funding allocation of \$895,000 plus \$389,000 of reprogrammed funds for total funds of \$1,284,000. The recommended award of CDBG funds for public service activities, housing activities, facility improvements and economic development this year is \$1,054,847. And \$179,000 for planning and administration by the Community Assistance Office, for a total of \$1,238,033.

[Time: 00:30:35]

The remaining balance of these unprogrammed funds will be reallocated next year in '15-16 for CDBG eligibility programs. The estimate for 2014-15 HOME allocation of \$220,000 with some reprogram funds of a little over \$3,000 brings that total to \$223,000 total funds available this year. There's \$209,000 awarded for programs and, again, \$13,000 in planning and administrative costs for Community Assistance Office for a total of \$223,000 for total funds available. The commission CDBG and HOME recommendations will provide 12 agencies, 12 agencies will provide 14 different activities to an estimated 630 individuals in our community. This particular slide illustrates the commission's review of 16 proposals from agencies requesting over \$1.2 million in CDBG funds and they were broken out of these 16 by nine public service, four housing rehabilitations, two facility improvements and one economic development proposal.

The commission's recommendation is to fund seven public service activities, four housing rehabilitation activities, one facility improvement and one economic development proposal. As I mentioned earlier one of the public service proposals was removed from the CDBG funding and funded through the Salt River-Pima Maricopa Indian community grant. One proposal was received for the HOME funds and the commission is recommending the HOME proposal for housing opportunities through a community land trust. All recommended activities will benefit Scottsdale employees. Excuse me, Scottsdale residents.

This slide demonstrates for you the distribution of how the CDBG funds are allocated for public services which fall under the category of youth, domestic violence, abuse of seniors and homeless for \$149,000, nonpublic service housing of \$604,000, nonpublic service facility improvements of 100,000 and nonpublic service economic development of 200,000 for a total

of \$1,233,000. The HOME funding of the amount of \$209,000 is recommended for housing acquisition and rehabilitation providing housing opportunities for first-time home buyers. So tonight the Human Services Commission and staff request the Council adopt Resolution 9689 to approve the '14-15 Annual Action Plan to authorize the City Manager to execute the contracts with HUD, to approve the manner in which the 2014-15 HOME funds are allocated, to approve reprogramming of remaining CDBG and HOME funds under the prior year's funding, and approve allocation for the CDBG and HOME funds as recommended by the Human Services Commission, authorize the Mayor to execute the contracts with these agencies. Also to approve the return of program income from repayment of the housing rehabilitation loans to rehab programs to approve the return of all program city line of credit to be expended on all other eligible CDBG activities, and to authorize the Community Assistance Manager to execute the documents related to the city's Housing and Rehabilitation Program, to also have that manager adjust the allocation of CDBG and HOME funds based on the federal funding allocations and finally to execute any documents and take any action necessary to carry out the intent of this Resolution 9689. That concludes my report.

[Time: 00:34:29]

Mayor Lane: Thank you, Mr. Murphy. Just a quick question when we talk about reprogrammed funds, I think it's under the CDBG or is it under HOME that you had, for 2014-15.

Bill Murphy: We have, Mayor, we have those under both CDBG and HOME.

Mayor Lane: So some reprogrammed funds. Just a point of clarity for me, we generally apply for these funds, do we not, CDBG and HOME funds, with specific requests for funds on the basis of programs and/or, well, programs that we would want to enforce or use these funds for, is that not right?

Bill Murphy: Mayor, members of the Council, the commission and staff actually create those criteria in the five-year consolidated plan which we have for meeting the needs of that community, of our community, what those are, and as that information is out there, we give that information to the nonprofit agencies who are going to apply for those funds, and that's how we base our need on, of how those are allocated.

Mayor Lane: So we make a request, though, each year.

Bill Murphy: Correct, and we make a request for exactly, this year, for example, it could be more towards seniors or youth or whatever those areas....

Mayor Lane: My question is this, though, and that is, if we request for specific allocation of funds, and then we find ourselves with excess funds, is it a matter of then reprogramming for

next year and taking it off whatever request we would have for next year or is there an obligation, why would we end up with excess funds? I suppose that would be it. Okay.

Bill Murphy: Mayor, Council, some funds could come back from this previous, this year we're in now '13-14, someone may have been not able to achieve their whole objective of their program. So those funds would come back to the city's line of credit for either CDBG or the HOME program. That's how those are created.

Mayor Lane: I think that answers it, really, very succinctly. It's really something left over from this year. So the requests were made on the basis of real needs and it was allocated, as you just indicated, at a lesser amount than we actually applied for, there was a reduction in available funds?

[Time: 00:36:41]

Bill Murphy: Well, the available funds....

Mayor Lane: For the last five years.

Bill Murphy: ....have really come from the fact we've had sequesters, reductions at the federal level. It's not anything that the city....

Mayor Lane: Oh, no, I'm not suggesting that. But we make an application for funds, and we get whatever they decide they're going to send. For the last five years it's been ever a reduced. So it's just a general overall trend. I guess that's part of a second question, but, so we requested, we get what they submit, it's a pass-through to the projects or programs that we are looking to fund to other agencies and in some instances they don't use them to the extent they anticipated in their application.

Bill Murphy: That would be correct.

Mayor Lane: Those would be the holdover funds. We have no obligation to send them back. We can reprogram them as long as we reuse them within a year.

Bill Murphy: Maybe one example to program, a program income that comes back to the city, the new school that we have that the Paiute Neighborhood Center, Hirsch Academy, they pay us a rent. That's program income and it comes back into the city. During that particular lease that we have with them those monies would become available to add to our reprogram funding.

Mayor Lane: It should be allocated however the same program since it's a product of the CDBG funds in the first place since that property was purchased by CDBG funds.

Bill Murphy: That's correct.

Mayor Lane: That's really all I needed. Thank you. We do, I'm sorry, I probably should have gone to this first. We do have one card, a request to speak on this, and it's Nancy Cantor.

[Time: 00:38:37]

Nancy Cantor: My contact information is on record. I'm here to address the fact that an organization that's been serving Scottsdale seniors in the southern part of Scottsdale for, since 1996, and they had applied for funding this year, has been put at the bottom of the list. It's the same services that they have been performing since 1996 that they're asking funding for. They serve 210 senior citizens with a total of 6,300 volunteer hours. These are trained volunteers to help those who are frail, those who are sick who might need assistance getting to doctor's appointments, doing chores around the house, opening their mail, going to the grocery store, or just having somebody to visit with them. This is Duet. It's been a big part of the aging in place program since I joined it, accidentally, two years ago, and I learned tons, just tons, about how many wonderful organizations and wonderful people there are out there to serve our community. Speaking to you about this because Duet has been helping us on Scottsdale's age-friendly committee to establish a program of outreach and education, to establish communications with our business community, and to improve, in general, the lives of our seniors who are aging in place.

As you all know and I have spoken about this many, many times we are the number one city in the country with a population over 100,000 and the highest percent of that population over the age of 65. And we're not going to see that dwindle. It's going to increase. And we have to be aware of partnerships like Duet and it gave birth to Foothills Caring Corps and so many others that they've been helping get through this aging in place process. I'm aging and not in place and I'm getting tired and it's really nice when we can see younger people step in and so many of the volunteers with Duet are younger people who just want to help give back. So if there's any way we can find the extra funding, it would be nice to be able to give Duet something, maybe not all of what they requested, but they've done an awful lot of work beyond and above what they normally do for communities.

Mayor Lane: Thank you, Miss Cantor. That's the only public testimony. So I will go to any questions or comments that Councilman Robbins may have.

[Time: 00:41:26]

Councilman Robbins: I had a question about the HOME funding for acquisition and rehabilitation of real property and just wanting to make sure we're not going to be in the same position with this that we were on some of the Bellevue properties. Does that subject us to

the same kind of scenario if something happens and the city has to step in and take their place, and what kind of liability do we have with that?

Bill Murphy: Mayor Lane, Council and Councilman Robbins, this request is for New Town and it's a land trust agreement. So the property, once the city allocates the funds to them we would have a deed in trust on that until they find a client to reside in the home. At that point the land grant with New Town runs with the ground for 99 years. So the city's liability at that point is less because New Town is on hold for the mortgage of the tenant, who would be residing in that residence. So this is a little less complicated than what we went through with the HOME program with the various properties that we had.

Councilman Robbins: Okay. Thank you.

Mayor Lane: Thank you, Councilman. Councilman Phillips?

[Time: 00:42:52]

Councilmember Phillips: Thank you, Mayor. Mr. Murphy, I have a couple questions, and this might be after the horse left the barn, but why wasn't Duet included, do you know?

Bill Murphy: Mayor Lane, Councilman Phillips, there are categories we have, as I mentioned, public service, nonpublic service. Duet actually applied in the area we had for our General Fund program. We have \$200,000 in that. That is something that will be coming back to you in June. So our Scottsdale Cares is our endowment and the General Funds, those grants or, that are awarded through the commission would come back to Council for your approval in June. When we prioritized things this year, we made the prioritization for seniors, we had housing and we had meals as the top priority. We didn't have transportation....

Councilmember Phillips: That was my other question.

Bill Murphy: And I think as Nancy Cantor as mentioned, the workgroup with the Area Agency on Aging, that has now, we've had the opportunity over the last several months to do a survey, so we realized now that the percentage for transportation need is very high, 60 percentile. So we need to make the commission aware of that as we move forward. One thing I would say, too, is that the Consolidated Plan we are working out of now we would be embarking on a new one to bring back to the Council in this next year in 2015 which will serve us for the next five years. During the process we will develop what the priorities of the community are and so each of the centers that we have, we would discuss that, we would have opportunity for the public to come to some of the commission meetings and also provide some input. So as we formulate this document obviously we realize that the senior population of all their needs is going to be a very large one for the next five years. So from 2015 through 2020, that would be something that we would do. So where they scored is really, again, the process of how we

did it. We had 13 agencies apply in that section for the \$200,000. So we actually had four, we had seven other agencies in that group that were not funded at all.

Councilmember Phillips: So are you saying there is still a chance they could be, have something funded by June?

Bill Murphy: We are going to look at some of the Salt River-Pima Maricopa Indian community grant funds, which we have. Again, some of those grants, when we create those, as budget, we may not expend the total amount, and so some of those funds, if they deal with the criteria description of seniors or youth or what that might be, we can address that at that point, so we're going to look at that before we come back to the Council in June.

[Time: 00:45:56]

Councilmember Phillips: Okay. I'll have to pay closer attention to that. And then along with Councilman Robbins I had that same question, too, and construction services and rehabilitation of real property, and we had the problem with Bellevue. Could we require that the, like, who did you say it was.....

Bill Murphy: It's called New Town.

Councilmember Phillips: Could they be required to bond their project so if they default we're not ending up to have to pay HUD back or take over the property like we did last time?

Bill Murphy: I'm going to have Michelle answer this for you.

Community Assistance Manager Michelle Albanese: Mayor Lane, members of the Council, when New Town purchases the property, the City of Scottsdale will place a deed on the property until the first-time home buyer purchases the priority. At that point the city is pretty much off of the hook for the funds. So while they could put a bond in place, I assume, we do have that restriction on the property to hold our interest. So if at some point during the process New Town was to go under or not want to commit to this, we would have a deed on that property.

Councilmember Phillips: I think that's what happened last time. HUD came back and said you didn't do the improvements, and now you have to pay us, and we're stuck with the property and we don't have anybody to fix it. So that doesn't really put us in a good position.

Michelle Albanese: Mayor Lane, members of the Council, the period of time that New Town usually holds the property is anywhere from 60 to 90 days, so it's a little bit different of a situation than the other nonprofit that had property for several years. So while there still is risk involved, that's something we could definitely look at is a bond.



Councilmember Phillips: We can hope so, but, yeah, I've done big projects before, and they require you to bond the project so that that kind of thing, if you go out of business or die or whatever happens, they're covered on that. You don't have to worry about what to do with the property now. So I would hope you would consider that. Thank you.

Mayor Lane: Thank you, Councilman. Councilwoman Klapp?

[Time: 00:48:08]

Councilwoman Klapp: Bill, I would better like to understand the funding process. You said Duet requested General Funds. Did they request CDBG funds or how did that process occur?

Bill Murphy: Mayor Lane, members of the Council, Councilwoman Klapp, the funding process is we do the orientation in October, we tell everyone, here is the areas you can apply for CDBG, HOME, and at that point they take the descriptor of what we have, they know how much money will be allocated. Also because of what Duet is looking to do which is to transport seniors to appointments or go grocery shopping, things like that, they would fall under more of a general category than a specific CDBG grant area of public service, for example. Because the CDBG funds, for example, in the public service area, we can only allocate of our \$859,000 15% of that, that amount, to come up with.

So it starts to shrink that allocation down where there's probably a little bit more opportunity where we have a little bit more money in the General Fund area or in Scottsdale Cares, for example. And you recall all of you last year when we went through the meals program and how we lacked the funding for that, we looked at, really, trying to make that a concerted effort. When we applied for those grants, we did that in the summer, and we were awarded those in the fall. With our workgroup on the Area Agency on Aging, we really didn't have that survey completed until earlier this year. So we kind of missed that window. But we do have an opportunity with the grant application, again, through the Salt River Pima to apply.

[Time: 00:50:02]

We've already put our intent out there to tell them what we're looking for and we kind of have more of a general term of senior populations. So we might have some ability there to take a look at that for the following fiscal year. But the answer to your question, Duet actually applied. The other part, we did scoring this year a little differently because we had prioritizations that we worked with the Human Services Commission on during a retreat, and so some agencies scored higher because they met that criteria, where others may not have been a top priority. So the meals, for example, and housing for seniors, were higher than transportation at that time.

Councilwoman Klapp: So that would be why Foothills Caring Corps was funded and Duet was

not, because they provide other services besides transportation?

[Time: 00:50:55]

Bill Murphy: The Foothills Caring Corps application was for meals in that area in north, in the north part of Scottsdale.

Councilwoman Klapp: So they're not asking for money for transportation.....

Bill Murphy: No, just for the meals program as well as the agreement we have with TCAA for the congregate meal at the Granite Reef Senior Center and the Meals-on-Wheels, if we call it that, then also Concerned Citizens has that available as well.

Councilwoman Klapp: Since the survey was taken and shows how important transportation is to the senior population, are you going to change the way you score these agencies in the next year?

Bill Murphy: Mayor Lane, Councilwoman Klapp, members of the Council, I do believe that we are seeing, as Nancy Cantor also mentioned, we know that the senior population is continuing to grow. We're the largest city, as it is right now. So we really do need to work closely with the commission on trying to address that particular group and how do we meet that for both meals, transportation, housing, I mean, we understand that that's a very big need in this community and so we need to try to prioritize that a little harder. So we need to have more discussion with the commission specifically about that and we may even, we've even been kicking around that we might just have a request for proposal that we put out prior to the funding process to begin to tell people that we really are looking for applications this specifically for these areas, and we may just, because of the funding being so condensed, we may look at that as an option.

Councilwoman Klapp: Thank you.

[Time: 00:52:44]

Mayor Lane: Thank you, Councilwoman. Bill, the funding levels we've seen as you demonstrated earlier on have been on the decline, some almost 30% over the last five years. It looks like a trend. Is there pretty clear indication that it is? And if so, what are we anticipating in years to come in that, if there is a judgment to be made in that regard, if we are continuing to see a trend down, and that would be at a 6% a year rate, I realize that probably is not evenly distributed over those five years, what are we to do here with regard to finding either alternative sources, you know, we may haggle around about what, how we prioritize this and how we try to fill the need, but it looks like there's going to be an ever-increasing struggle for more and more limited funds. So I'm wondering if there's been any consideration for what other revenue streams might be sought, whether individual donations or otherwise, and

something like what we've done even with operation fix it as far as home rehabilitation and that. We've been fairly successful with that. That's just one category of things. I don't know that it lends itself to this or not.

But the other is, are we looking at, I don't know whether we have these programs means-tested or not. We talked about our population, our aging population, and I do take personal responsibility for a part of that myself, but nevertheless, there is certainly a socio, well, a socioeconomic level that we're looking at for our general population that might be in some, be some consideration as to somebody qualifying. But I don't know if there are any qualifiers for that, means testing, and if that's a way to try to, I guess reallocate funds that may be going to people that really are not in the need where there is certainly a segment of the population that is in real need for it. I wondered if we had at least entertained that thought. I know it's a little bit off the scheme of this but as we talk about how we're going to deal with lesser and lesser funds this is going to come up on a continuing basis. Who is going to end up on the short end?

[Time: 00:54:59]

Bill Murphy: Mayor Lane and members of the Council, it's a very good question and it's one we continue to debate internally on our end. Again, we looked at the opportunity through our grant process, through the Native American granting process. So that's one option that we can look at. But it's not a set thing that we're guaranteed we would receive those funds each year. To answer your first question on the federal level, I think from all indications that we get with our newsletters and such the number is going to continue to, as there are cuts, it's going to get reduced. So we have so much allocated that we know is going to come in. So if this year it's 859, we're going to be somewhere around 830 to 860 is probably what would come in next year. We do have the program income that's coming from Villa de Marie, the Hirsh academy, other rentals we have, so those monies come back in to help bump that up. But those are short-term things as well. So we need to really delve into it this year as we develop this consolidated plan because this is really a, the demographics of the city have changed substantially since we did it five years ago. And it will change as we develop this plan as we go forward.

So we need to continue to work with our commission, the Human Services Commission, and also make the Council aware as we move forward as each year as we bring these forward to you for approval to let you know where things are at and we really probably will end up shortening what agency allocations we're going to ask for, because simply we're just going to be limited on the dollars. Are there availability through outside sponsorships or donations? We haven't really embarked on that yet but I think that maybe conversation with Michelle and her area, with the Operation Fix It, maybe there are some opportunities for us to kind of partner with some our thoughts and ideas that we have in there and maybe those are some things internally we need to look at in the organization and just to see how to address those.

Mayor Lane: You mentioned a couple things that I think are really, are important elements, and you mentioned the Hirsh academy, and frankly even maybe a greater utilization of some of the facilities at the Paiute Center for paying amenities to that same community and serving it well under that basis. So I think that's an excellent response as to where we might be able to reallocate, particularly since that was purchased with CDBG funds and has to be used in a qualified way. But the one thing that I didn't quite hear from you is whether or not by some of these programs by their own design are means-tested or not. I know there is a changing demographic, but the changing demographic is mostly we are getting older. It's not necessarily we're getting poorer. That might be happening too. I wonder if these other agencies have control over that element so that we are allocating these funds to the most needy and the most vulnerable, as you used the term earlier.

[Time: 00:58:15]

Bill Murphy: Mayor, members of the Council, and I apologize for not addressing that question, but yes, we get information from back of the each of the agencies we have and audit each of the agencies as we go through the process. So we continually are asking the question of, is the descriptor you've asked for this year, whether it's in youth or homelessness or, are you meeting those needs of our community? And what are some of the results that you get back from those? We also are even taking a look at some of the agencies that if we fund you and on a consistent basis you don't utilize all those funds, I think then there's an opportunity for us there at that point to say, just like we do in our own budgets here in the city, those allocations are, we're going to move those to another group. So history of some of those agencies that we have, if they aren't getting expended, would do that. But we do collect all the data and we can certainly provide that data as we discuss more of these in front of the Council as far as the return on that investment of federal dollars that we're allocating.

Mayor Lane: Thank you, Bill. One other thing. I just want to lend a little support to the line of questioning and concern Councilman Robbins and Councilman Phillips mentioned. I'm concerned about that as well. Obviously we did have a situation on Bellevue which is well documented and frankly depending upon how you calculate it, it was a monumental cost to the taxpayers in general, federal or otherwise, for those housing units that are down there. And we don't want to repeat that. I don't even want to get close to it. As we read in the papers about the 280 to \$300,000 per door cost on the public housing development, not including land costs in Phoenix, we want to make sure that we're very, very careful about how we use these funds and make sure that they're being directed to the most efficient and effective use of those when best needed.

Bill Murphy: Mayor, members of the Council, we have been working with the staff in legal department to address that. We are just as concerned as well we don't want to get in a situation like that again. We're very judicious as far as how much of this allocation is going to

go out. We feel confident with New Town, they have shown they have been successful in the other cities they have been working with and as Michelle mentioned their turnover of those homes once they rehabilitate them and remodel them, their return is very good. So right now they're a very strong group and, but, we will put some measures in place so we have a little bit of protection to help us along the way from the time we award those dollars until the actual deal is completed.

[Time: 01:00:56]

Mayor Lane: Bill, not to belabor this, we're not looking to see another crash in the market on any level that we've seen over the five or six years ago, but nevertheless, CSA was also seen as a very strong partner at the time. I remember when we got involved with that, and there was a tremendous amount of investment in that, and unfortunately, they went through the same struggle, in fact, worse. They basically went out and left us with the obligation to the feds of refund. So whatever we can do to make sure we got that base covered as best we possibly can is what we want to do. Thanks. Looks like we don't have any further questions.

Councilman Robbins: Mayor, I'll make a motion.

Mayor Lane: Okay, please.

Councilman Robbins: That the Council adopt Resolution 9689.

Councilwoman Milhaven: Second.

Mayor Lane: Motion made and seconded. I don't believe there are any further questions on that second. Then the complete adopted version of 9689 has been made and seconded. All those in favor please indicate by aye. Those opposed with a nay. Aye. And we have one absent, of course, Vice Mayor Korte having recused herself. It is 6-0 and unanimous. Thank you very much, Mr. Murphy. If Vice Mayor is within voice, within the range of my voice, you can return to the dais. I think I just heard the door close.

#### **ITEM 26 – STATE LOBBYING SERVICES CONTRACT EXTENSION**

[Time: 01:02:34]

Mayor Lane: We'll move to item 26 which is the state lobbying services contract and extension. Mr. Lundahl.

[Time: 01:02:42]

Government Relations Director Brad Lundahl: Good evening, Mayor, members of the Council,

I'm here tonight to bring you before you the state lobbying contract. It's our annual renewal. Just to give you a little bit of reminder of what the contract is, it is our, of course, our state lobbying contract that we entered into several years ago. Our current vendor on this contract is the Aarons Company. This contract, if you recall, was awarded through the RFP process. We had several consultants apply for it, and the Aarons Company was the successful bidder. The Council approved that RFP and that selection back on May 4th in 2010. The contract was a five-year contract, and it is renewable each year. This is the fifth and final year of this contract. So after this, if this is approved tonight, this will be the last year, and if the Council desires to retain this type of service, we will have to go through another RFP process to implement a new contract. So the current annual fee was \$48,000 a year. There were no reimbursable costs associated with this. It was a flat fee. So that's, really, the gist of it. So the request tonight is to adopt Resolution number 9737 authorizing the final year of this contract. With that, Mayor, I would be happy to answer any questions.

Mayor Lane: Thank you, Brad. I appreciate that. I'm presuming that Mr. Aarons is not here this evening.

Brad Lundahl: No, he is not.

Mayor Lane: Very good. We have may have questions or comments from Councilman Phillips, sorry, Councilman Phillips.

[Time: 01:04:43]

Councilmember Phillips: Thank you, Mayor. Mr. Lundahl, excuse my ignorance, but you don't work for Aarons, correct, you work for us?

Brad Lundahl: That's correct.

Councilmember Phillips: Aren't you our state lobbyist?

Brad Lundahl: I do a lot, Councilman, I do a lobbying for the city, but like many other cities, we also hire an additional contract lobbyist to help us out at the legislature.

Councilmember Phillips: So what I'm thinking is, why are we paying two people? Are you saying you can't handle it so we have to hire somebody else? Not trying to be smart aleck about it. Just trying to understand.

Brad Lundahl: That's an excellent question. There are times when we need additional help. I have several good relationships with a lot of our legislators, especially our Scottsdale delegation, but there are many instances where I do not have those relationships, and someone who is a contract lobbyist who has been in the business as long as Mr. Aarons, he has

very well established relationships and can go places and do things that I simply just don't have that.....

Councilmember Phillips: It's not just one guy. It's like, it's a firm?

Brad Lundahl: It is a firm but it's generally just one person. He does hire staff to help him out during the year.

Councilmember Phillips: So does he have contracts with other cities as well then?

Brad Lundahl: Mayor, Councilman, I believe he also has a contract with the City of Phoenix.

Councilmember Phillips: That's a good gig if you can get it, I guess. All right. I'll have, I'll go along with it but I'll have to think about this next time.

Mayor Lane: Thank you, Councilman Phillips. Councilman Robbins.

[Time: 01:06:37]

Councilman Robbins: Thank you, Mayor. I would just like to make a motion that the Council adopt Resolution 9737.

Vice Mayor Korte: Second.

Mayor Lane: Motion has been made to adopt resolution and seconded. Seeing there is no further comment then we're ready to vote. All in favor register your vote. Those opposed. Motion passes unanimously 7-0.

Brad Lundahl: Thank you, Mayor, Council.

## **ITEM 27 – TAX EQUITY AND FISCAL RESPONSIBILITY ACT OF 1982 PUBLIC HEARING**

[Time: 01:07:05]

Mayor Lane: Thank you, Mr. Lundahl. Moving on to Item 27, Tax Equity and Fiscal Responsibility Act of 1982 Public Hearing. Ms. Guillory.

Finance Director Lee Guillory: Mayor Lane, members of Council, in April you authorized the issuance of MPC bonds to fund the Museum of the West project. Because the museum will be run by an outside 501(C)(3), the IRS requires the TEFRA hearing, the tax exempt hearing that we're here tonight for. So the IRS requires that city hold a hearing and open it to public comments regarding the Museum of the West project.

Mayor Lane: I understand. So I do not have any particular comments and there are, looks like there are no cards that have come in. On that hearing. So we're aware of it and this is a request, I should say a requirement of this condition, and since there are no objections or any comments we are just in a position then to, well, there's no request to, just a hearing.

Lee Guillory: Mayor Lane, that is correct. No action is required, just to hold a hearing and request Public Comment. If there are none you just need to adjourn the hearing.

Mayor Lane: Well, if we had opened just this hearing, but as it's part of the entire meeting, we'll then consider it accomplished. Okay. Our next item, then, thank you very much, Ms. Guillory.

### **ITEM 28 – MONTHLY FINANCIAL UPDATE**

[Time: 01:08:48]

Mayor Lane: Next is the monthly financial update. We have our Treasurer Jeff Nichols to give us that.

[Time: 01:09:00]

City Treasurer Jeff Nichols: Mr. Mayor, members of the Council, thank you very much. I would like to walk you through the financial report for the month of March, 2014. It's a good report. My opinion solely. Start off with General Fund operating sources, as you can see in the bottom right-hand corner we're currently, have a positive variance of approximately \$8.7 million. I won't get into the general sales tax at this point in time.

The \$2.1 million, the first line item. That will be in the next slide. What I would like to address is the larger percentages to the right, about mid-point down, you'll see under miscellaneous, 28% variance in miscellaneous revenues. We don't park everything in miscellaneous revenues, however there have been sales of properties, number one, Bellevue, a sale of property along the northern part of Scottsdale Road approximately the 3000 block of north Scottsdale Road. The city sold some surplus property.

One thing I would like to point out is there's also been an increase in the amount of people applying for visas, and since the Business Services Department across the street over at One Civic Center has taken this over, we are now surpassing our revenue goals by approximately \$68,000, and I can tell you working in that building I see the increased business on a daily basis, and sometimes the lobby is full. They've actually added an additional room in the business service areas because we have families coming in to apply for their passports. So a mother, a father, four children and we actually have a room where we can let them sit in and fill out the



applications and get the clutter, if you will, and noise out of the hallway area, business area, and give them a private place to file for their passports.

As you see, building permits, again, we see a steady increase, not increase, but we realize we're going to actually realize this revenue this year. It's going to be above and beyond anything that we could have anticipated, however, we have made an adjustment in our fiscal year '14-15 budget to account for this increased activity that we're seeing, increased building activity. It's approximately \$4.7 million variance this fiscal year. In the, and the last thing, I pointed this out before, but under interest earnings, that's simply because we're not going to book our losses until the end of the fiscal year, our losses on sale of assets. So right now we're buying investments with higher coupon rates, if you will. There's cost for doing that. We don't write off those premiums until the end of the fiscal year. That will balance us out. We expect to come in around budget.

[Time: 01:11:49]

Getting to the 1% sales tax category, and the items that are driving that, I'll take you down about one-third of the way down the page. Miscellaneous goods and services, we're seeing a lot of software wholesale, wholesale software and hardware sales as pushing, is pushing that positive variance of about \$500,000. Auto sales are up. And that includes the two new dealerships that have hoped recently in the City of Scottsdale, are pushing that positive variance of about \$400,000. Then, of course, the construction sales tax activity of about \$600,000 favorable variance. That's being driven by the building permits, being driven by the activity going on in that category of revenue. So as you can see, another stellar month, as a matter of fact, our best month this fiscal year, 13.1% increase over year-to-date compared to March of 2013. We forecast a 4% increase, and we're exceeding that substantially in the month of March.

On our operating uses side, the variance, bottom right-hand corner, of \$3.9 million is being driven by commodities and capital outlay items. I say because we have a positive variance of about \$4.6 million in that category, however, the overtime variance of a negative variance of approximately a million dollars is impacting that to the tune of \$600 thousand under personnel services. So I want to emphasize that under, and I've done this every month now, under contractual commodities and capital outlay some of that variance will be realized. We don't know exactly how much. We have in CPM right now negotiation ongoing for a software contract, about 200, \$250,000. They've chosen it. We need to see. They're in negotiations. Will that close by the end of the year. If it does that variance will go away.

[Time: 02:14:01]

We have some variances in the police department and jail services contract. We're a couple months behind. And we will accrue those expenses when we eventually receive those

invoices from Maricopa County. So we feel that those variances will go away, however, some of these variances that we're seeing related to software or equipment, if they do not happen, if a transaction is not complete by June 30th, we will realize those variances and expenditures. So right now it's difficult at best to tell which ones will be consummated by June 30th of 2014. From a divisional standpoint, every division within the city has a positive variance, is contributing. Under the charter officers, they looked. For the most part it's across the board savings. There's no one big driver of that savings.

As I mentioned, you look down at public safety, police, about two-thirds the way down the page, we're showing no variance in budget, but we know we have a negative variance in salaries, so that is being masked by other commodities and contractual variances that are positive. We don't feel at the end of the year that public safety, police will end up with a positive variance or come in at budget. One thing I would like to report back on the revenue section, if you recall, fees, fines and forfeitures, I reported previously that we had many outstanding photo radar violations that were not processed. We found that out last month. Well, I'd like to say thank you to Chief Rodbell. He put some human resources to that issue, and they have processed all those violations and got them over to the courts, and so hopefully we'll see that negative variance from that revenue source go away toward the end of the fiscal year and we realize all those revenues this year. If not, we feel we will realize the majority of those revenues. It's just this fiscal year or next will be the question at this point in time.

And in conclusion, what I'd like to point out in leading into the City Manager's, the next agenda item, you see a positive variance there of 12.6 million. Again, expenses, some are questionable, whether they will remain. At the end of the fiscal year. But under the sources, the \$8.7 million we truly believe we'll realize that. I would caution you in that the \$7 million, the additional \$7 million that we're adding in to the General Fund CIP, this is the winnings that we're using to fund that additional funding in the CIP in '14-15. So this has been contemplated in these savings, this windfall if you will has been contemplated in the '14-15 budget. With that I would take any questions that you all may at this point in time.

[Time: 01:17:10]

Mayor Lane: Thank you, Jeff. I just had a couple quick questions as relates to the construction sales tax, which is obviously doing pretty well at this point in time. For the next fiscal year's budget, though, we are anticipating the start of the state's mandated reforms on the sales tax returns and collections and that whole process and also the point of sale versus the prime contracting pickup on sales tax. We had estimated a point of time about 2.5 million loss in that process. And if that were to go according to plan and I know I have, we have talked about when this might be put into action, but by the end of the year, 2014, it would be ready for the calendar year 2015. So for our fiscal year purposes, about half of that would be, might be recognized as far as a loss on the construction sales tax under the new methodology.

Jeff Nichols: Mr. Mayor, members of the Council, I believe that the figures that were given to us by our staff in sales tax are in the first year the impact of that will be approximately \$400,000, first fiscal year, but once it's fully implemented, so fiscal year '15-16, the total impact, you're correct is about \$2.5 million in lost revenue for the City of Scottsdale. That's if it gets implemented in accordance with the plan. That's correct.

Mayor Lane: Right now we're running at about a million a month at \$8 million, sorry, maybe a little under that. \$8 million for nine months. A little less than that. We talked today, and I just wonder if in consideration every budget forecasts for construction revenue, and particularly since 25% of it is allocated to CIP, so it's going to be impacted adversely too, there's going to be a delay, a permanent delay, we're anticipating. We would like to have all faith in the state government in moving this money quickly, but likelihood is it will be pretty close to the same experience that most of the programmed cities have faced. So if it were a month, we would have some, potentially \$900,000 that would be somewhat permanently missed once we end up on their collection schedule versus our own. Is that about right?

[Time: 01:19:33]

Jeff Nichols: Mr. Mayor, I'm not sure if the math is exactly correct. For next fiscal year. But you're correct. Starting January 1st, 2015, if everything stays on track, the Arizona Department of Revenue will take over the responsibility of Scottsdale taxpayers, Transaction Privilege taxpayers, will remit their payments to the Arizona Department of Revenue in February for their January sales, and we fully expect a two to four-week delay in us receiving that money once we become one of the program cities and, maybe that term will go away because at that point in time every municipality in the state will have their revenue collected, their Transaction Privilege Tax collected to the Arizona Department of Revenue.

Mayor Lane: With those considerations in the next fiscal year I'm sure they will be part of the forecast as far as revenues are concerned or any amendment or adjustment to them that might have to be put into place.

Jeff Nichols: Mr. Mayor, members of the Council, that is correct.

Mayor Lane: One final thing that might also, to the positive side, if we, if we play this right, one of the elements that we're giving up is the administration to those tax returns and the collection of them, other than from the state, of course. Will that give us any savings on our cost of administration to the way it is right now?

[Time: 01:21:01]

Jeff Nichols: Mr. Mayor, members of the Council, yes, and those savings have already been programmed into the '14-15 budget, and they were made aware to Mr. Behring, the City

Manager, right away. So, yes, that, again, that's the business services area. They've done a very, very good job of being out ahead of this issue and managing it, and when we had reductions in staff, rearranging staff, they're cross-training staff so staff can work in different areas within that department and become much more efficient, but we've already realized those savings, and those savings are programmed into '14-15.

Mayor Lane: Okay.

Jeff Nichols: They amount to approximately \$200,000.

Mayor Lane: Just trying to consider in a broad scope. We obviously are going to have some reductions in revenue on the point of sale reform as the state designated. We're also going to have some savings on the other side. We may also have some loss of a permanent delay that might be in place. May or may not be. But if it is, it could be as much as a month more than what we are dealing with right now. As long as all those things are considered, any forecasted revenue and any guesstimate about our expenditures.

Jeff Nichols: The hope will be from an accounting standpoint, from a budgeting standpoint, I believe we've got things correct, and from an accounting standpoint, as long as we receive the revenue or an estimate of the revenue from ADOR in a timely manner we can accrue that revenue back to the fiscal year '14-15. So that lag will not have an impact on that fiscal year as long as it's a timely payment within the 30 to maybe 45 day window.

Mayor Lane: Okay. Thank you very much. Vice Mayor?

[Time: 01:22:49]

Vice Mayor Korte: Thank you, Mayor. To auto sales, we have a \$400,000 surplus or above our budget. We also know that Earnhardt Lexus will be moving out of Scottsdale. Do we know the impact of that, and has that been put into next year's budget?

Jeff Nichols: Mr. Mayor, Vice Mayor Korte, we do know the impact. I'll let Mr. Behring speak whether it's in the budget.

City Manager Fritz Behring: They are not expected to leave the city until after the conclusion of the next fiscal year. So it will impact the following fiscal year.

Vice Mayor Korte: Thanks.

Mayor Lane: Thank you, Vice Mayor. Mr. Nichols, I don't see that we have any other questions. I know this is for our information and update so thank you very much for the presentation.

Jeff Nichols: Thank you.

**ITEM 29 – REVIEW PROPOSED FISCAL YEAR 2014/15 BUDGET**

[Time: 01:23:43]

Mayor Lane: Next item is Item 29, Review of the Proposed Fiscal Year 2014-15 Budget and we have Mr. Behring, who will be making his way to the podium.

[Time: 01:23:54]

City Manager Fritz Behring: Mayor and Council, as we continue our work towards finalizing a spending plan for the next fiscal year, I wanted to provide a brief overview, again, tonight of where we're at in the process. I'm going to ask Judy to provide a little of the summary on our CIP figures. There was question about trying to provide that information in a clearer, easier context. Rather than me try to reiterate the thing I'll rely on Judy to hopefully explain it more clearly. But where we're at in the process tonight is we have, staff has over the last several months taken into account the policy directives, the wishes of the elected officials in trying to put a spending plan together for the next fiscal year that meets your goals. The budget that we proposed to you is a balanced budget. It incorporates Council priorities and policy directions. It does provide money for salary increases for the workforce, which is something that the employees have not experienced for about the last five years consistently. Provides enough money for 3% of spending in personnel costs per department. That pool of money would be awarded on a performance basis. It's not an across the board pay raise. It provides over \$2.7 million in General Fund cuts. The question is, why would we cut general Fund spending and then raise General Fund spending for pay raises? It's a way to finance the pay raises.

That's what we've done. We have eliminated 25 full-time positions, 22 of which are in General Fund. We are taking advantage of the fact that we've had a better than usual revenue stream this year by increasing our contribution to our capital improvement program, which is part of our strategy to deal with the fact that the voters did not support the bond issue. So we're able to divert those additional dollars into the capital improvement program.

A little bit of overview on the General Fund. The General Fund is the main fund that contributes to and reflects the cost of the day-to-day operations of the city. It's the fund that's supported by sales tax revenues and property tax revenues. We expect revenues to be up \$8.7 million next year. A 3.7% increase over our forecast for the current fiscal year. We expect sales taxes to go up 2.5% next year. We expect auto sales tax revenues to go up 7%, see a 7% increase. The Council has asked for no property tax increase on our property owners for operating expenses. We have provided for a property tax adjustment for litigation

expenses. And our revenue streams projections for next year include \$3.5 million for the potential sale of excessive, excess city buildings. To be clear, not including the church, historic church, across the street. One thing I do try to do is be receptive to the mood of the community and public input and so we are confident that we will find the resources and the excess buildings to sell and redirect those funds into our capital program.

At the same time, we're cutting expenses in some areas. Some of our expenses are going up. Once again talking about the General Fund. The 3% pot of money for salary adjustments will cost the General Fund \$4.5 million. Maintenance operation or replacement of vehicles will be an additional \$2.1 million of additional costs next year. Rate increases that we have to pay to the state retirement program for our workforce is going to go up \$1.4 million over costs of this year. And our employer contribution towards our employee healthcare insurance benefits will go up another \$600,000. All of that has been factored into the proposed budget. I'm going to let Judy go through the CIP changes for next year and then I'll open up the floor to additional direction from the Council.

[Time: 01:28:17]

Budget Director Judy McIlroy: Good evening, Mayor and members of the Council. Whoops, I apologize. See, he set it up for me. Pressure is on. On our last budget discussion on April 8th you had asked for some additional information related to the deferred maintenance for the parks and recreation and facilities. We included that in your packet for this evening. We also included some additional material, some statistics related to the public library, comparing to our Valley cities. The '14-15 proposed CIP is a total of \$40.2 million, is what we have included for the General Fund.

I was just going to walk through the breakdown of that \$40.2 million. \$28.4 million are related to carry-forwards or rebudgets, remaining balances from the current fiscal year. I will note that that amount will be reduced in the tentative budget by \$12.2 million as a result of five crossroad east projects that we will be moving out to future years just to better align with the timing of when we anticipate those projects to be implemented. So we will see that amount reduced in our tentative budget. The planned project, those were projects that were essentially on our radar at the time that we adopted the '13-14 budget, and they were slated to begin in '14-15. Those are primarily our maintenance-type projects, the police radio replacement, the facilities maintenance, that kind of thing. The amended projects, \$400,000, that's really trueing up our estimates for those planned projects, those amended maintenance type projects. Some of those adjustments increased the budget, others decreased, but the net change was \$400,000.

Then we do have a total of \$7 million in new projects that were not on our radar when we began the budget process. This slide is essentially showing the same information, but it's categorizing by program, which is how we organize our CIP budget document. So, again,

you'll see those rebudgets, which, again is that remaining balance carried forward of \$28.4 million, those planned and amended projects, 4.8, and then that 7 million in new for the total of \$40.2. Again, that \$40.2 million will be reduced by those five crossroad projects, \$12.2 million, so effectively we will be budgeting \$28 million for the tentative budget.

This slide, I'm sure, looks familiar. We've included it in a couple of our budget discussions. It's really the summary of the General Fund CIP for '14-15. Now, the General Fund is a small percentage as you know of our total capital program. The majority of our capital project budget set preservation, water resources and transportation. I will note that the fire department radios project of, whoops, I don't know that I dare touch it. It's noted as \$2 million there in '14-15. I will just note over the last few days we've had an opportunity present itself to achieve some savings as it relates to the replacement of our fire radios. We can get some discount pricing, almost 25% per radio, if we purchase before May 31st of the current fiscal year. So staff is planning on coming forward to Council on May 13th to request the approval to accelerate that and program it in the '13-14 budget. So effectively we will be eliminating this from the '14-15 because it will be included in the '13-14 current budget. And I will turn it over to Mr. Behring, unless I can answer any questions.

[Time: 01:33:08]

Mayor Lane: Just one quick question. It's a small one really even in magnitude of numbers. I noticed that the crossroads east stormwater, I'm, it has a double asterisk. It's indicated at 12.9. Is there some carryover amount that needs to be continue to be expended?

Judy McIlroy: That is correct.

Mayor Lane: I have some cards that want to speak on this one now. Mr. Behring, you're going to go on with the capital, on the operational side?

Fritz Behring: Right. The next step in the process for this evening is obviously some of the things we have included in the proposed budget have not gone over with unanimous agreement. When you propose a budget, just like this budget, there's things in here that people want, there's things in here that people don't want to see. This budget does not reflect everybody's wish list. A lot of my staff and my departments wanted to have additional monies for additional projects. They just weren't available. So now the time for the Council is to fine tune this process and to give me some additional feedback and direction so we can finalize the proposed budget. Last meeting I asked if there were specific areas of concern to be ready on tonight and I've included those in tonight's presentation. We'll also have the opportunity for you to come up with new directions, new questions and new policy information that you can give to me and my staff that we can fine tune the budget to reflect truly what you're looking for.

Obviously the first question that I would ask the Council tonight, the proposed budget does include the elimination of the IGA between the city and the school district for the Palomino library. There's been a lot of questions, been a lot of public input about that, and so that's one of questions I would ask for some clarification on this evening. If the vote is up or the vote is down, regardless of what it is, it's a policy decision of the Council, but I just need to have that as soon as possible so I can fine tune and finalize the budget. The second item I hope is a little bit easier, and that's just a clarification from the Council whether you do support the concept of the sale of excess city property with the proceeds being directed towards a capital improvement program. No buildings will be sold until the Council takes affirmative action to authorize the sale of those properties, and I'll be bringing those exact lists to you at a later date.

The other concern is that we are, we have programmed in a \$13 million transfer, total transfer from the General Fund to the Capital Improvement Program for next year and that's made up of three sources. That's made up of 25% of our sales tax revenue for the construction sales tax, \$3.5 million from the sale of the buildings, and the \$7 million of excess cash we experienced this year in the revenue side being directly transferred over to the capital improvement program. And then lastly, any other topics, areas of the budget that you as a Council want to see changes in, modified, that's what I'm hoping to get from you tonight.

Mayor Lane: Thank you, Mr. Behring. If you would stand by on that and we'll hear from the public testimony, the public comment on this. We'll start with Mr. Jim Hill.

[Time: 01:37:14]

POSA President Jim Hill: Good evening, Mayor and members of Council. My name is Jim Hill, Police Officers Scottsdale Association President and I'm here on behalf of my membership to bring to you for consideration for the next budget the inclusion of the 5% merit raise system we have asked about before. Some of you have asked about the total costs and how the numbers play out. As you can see what we've done on this chart is you have the 3% that's proposed broken down for the police department and that's based on actual salaries wave' done through public records requests within the police department. What we're including is every position in the police department. This is a proposal that would look to fix not only sworn officers but the dispatchers, the detention officers, our criminal scientists, the whole gamut.

A 5% yearly merit raise would put us in a competitive market with the rest of the Valley agencies. 3% proposal will put us 2% behind every year that it's in place, which compounds every year. If 3% were carried out in place it will take 15 years for an officer to reach top-out whereas the average in the Valley is 7 to 8 years about that in our current salary ranges it's 9 years within the City of Scottsdale which is a viable career option. As you move forward through the years, for the 3% switching over to 5%, it does cost less the additional money as



you go out. The reason for that is that we have hard ceilings. We've pulled the records and some people were outside their pay range.

Currently we've lost nine veteran officers this year. 11 if you count command staff. If we continue to lose that rate, it will be 24 officers by the end of the year. To hire, equip, train and get an officer solo it's at least \$100,000 if not more. Carry that out by the end of the year we will have spent \$2.4 million retraining officers and have lost 36 years of productivity because it takes a year and a half to get somebody up to speed. Our last lateral test only drew four applicants from other departments around the state. We don't have an attractive system here. There is no certainty, no movement through the range. It's put in place, it's a crap shoot. People aren't going to come here. One of the questions we always hear is why should we treat you differently? We already treat other people in the city differently. It's based on circumstances. We do pay specialty and certification pay to other people within the city. We have pulled those records on that and have seen that.

Apparently there's a creative way during the pay freeze we should have done, I guess, in the police department shall we should have created officer 1-9 and done promotions because I guess it's called Y stepping where you create new job classification, call it a promotion to get around the pay freeze. We play by the rules. We would like to see this 5% merit raise put in the budget. Thank you.

Mayor Lane: Thank you, Mr. Hill. Next is Kathy Littlefield.

[Time: 01:40:39]

Kathy Littlefield: Good evening, Mayor, Council. My name is Kathy Littlefield. I live at 8926 East Sheena Drive in Scottsdale. I'm here to request that you consider keeping the Palomino library open. I believe it would be a huge mistake to close it. At the very small cost of \$400,000 a year this library serves over 162,400 of our residents every year. It is the only public library we have located in the northeastern part of our city. Yet we have lots of money for other things. You are willing to consider spending money, approximately a million dollars, on two berms on McDowell Road. We were going to buy them. We were going to take off the surface, resurface it and make them look pretty. But that is not usable by any of our citizens. They don't use those berms. Scottsdale citizens have to forego a library, but you have the money for berms. You can also afford \$1.1 million for SMOCA this coming year. I like art and have nothing against it whatsoever but \$46,900 people go to SMOCA. 162,400 residents attend this library. That's a big difference. Your priorities seem to be a little off base. They do not reflect the desires of your constituents. During the last work study session you pawn pondered why citizens don't trust the Council. Here is another part of the answer. There is little concern on your part on what the desires of these people are. For once do the right thing here. Represent the citizens that you are supposed to do and keep the Palomino library open for use of the Scottsdale residents who live nearby it and who use it.

Thank you.

Mayor Lane: Thank you, Ms. Littlefield. Next is Mike Aloisi.

[Time: 01:43:16]

Mike Aloisi: Mr. Mayor, City Councilmembers, I'm wearing green tonight because I want to talk about money. So I went out and bought some special clothing to reflect that position. I would like to give you a couple quotes before I go to my request about how to pay the public safety people in the city and also the state. There's an old Indian proverb that says: the truth takes few words. Also, Leonardo da Vinci said, earlier tonight Michelangelo was quoted: simplicity is genius. We have spent \$15 million. We authorized it in December of 2012 to refurbish the Tournament Players Club. To quote the lady that just preceded me, that's an ill-afforded expense. It's directed poorly. A couple of meetings ago I suggested and asked, is there anything more important than public safety, stand up. No one stood up. For three years with a 10% increase across the board for all police, all fire is \$12 million, approximately. Now, for those of you who don't know, this past Monday I filed to be the next governor of Arizona. I will win that position. And the reason I'll win that position is because I'm going to tell the truth.

The Tournament Players Club has plenty of money. They get sponsorships. They have wealthy people who get in there. They're a rich company. I talked to the City Manager tonight. I guesstimated 40% of our citizens are 62% older. He said, Mike, I think it might be 50%. They don't play golf. But they need to be safely taken care of. Chief Rodbell is losing police. We train them. The gentleman tonight who preceded me said the same. We can't afford to train them and then lose them to another city. We have the money. Let's use it. Tell the Tournament Players Club, raise your own funding, we'll give you a million dollars, but not \$15 million. My case rests.

Mayor Lane: Thank you. Next is Esther O'Brien.

[Time: 01:46:51]

Esther O'Brien: My name is Esther O'Brien, resident of Scottsdale and I support Palomino library remaining open to the public. City Council is being asked to close Palomino library and one of the main reasons repeatedly provided in support of Palomino closure is high student usage, usually between 70 to 80%. The library has conducted 24 surveys since 2009 to count the students versus public usage. So I requested the library to explain to me what constitutes a student. So for purposes of conducting a periodic sample count for an operational day, anyone who appears to be in kindergarten through 12th grade is counted as a student. Since 2009, 24 surveys later 70% of the library usage is by kindergarten through 12th grade. Really are too many students using the libraries in Scottsdale? Is this a problem?

Our community that supports Palomino library remaining open has received emails in the past from our Mayor and recently from our Vice Mayor stating high student usage as a reason for closing Palomino library. Mr. Mayor, members of the Council, please understand, the 24 surveys are counting kindergarten through 12th grades as students, and implying that they are high school students only. The 70 to 80% usage is by kindergarten through 12th grade at Palomino library. Many among the community in favor of keeping Palomino library open have noted a pattern of misinformation, usage data has been repeatedly manipulated, and incorrect information has been disseminated to the media, City Council and Library Board. The future of Palomino library must be met based on accurate and relevant survey data. I hope you will join me in an effort to hold library and city administration to the high standards Scottsdale taxpayers deserve. Thank you for your time.

Mayor Lane: Thank you, Miss O'Brien. Next would be Melinda Schechner.

[Time: 01:49:45]

Melinda Schechner: Your Honor, Councilmembers, my name is Melinda Schechner, a long-time resident of Scottsdale for 38-plus years. I am here in support of keeping Palomino library open. We speak for the many, many people that come to us, our contingency in that northeast quadrant completely, who email us, who call us, so we are here on behalf of the citizens every Scottsdale for you. Budgeting isn't about how much money we spend. It's about how we choose to spend it. The City of Scottsdale gives the Scottsdale cultural center \$4.5 million in taxpayer money every year. Last year their budget was not cut but an increase given over some Councilmembers objections. The majority of Council colleagues directed the City Manager to propose no cuts in the Scottsdale cultural budget this year. Despite pressing needs for budget considerations. The Scottsdale Cultural Council includes one million annually to run SMOCA, which last year had 46,872 attendees.

The Palomino library, in contrast, costs the city approximately \$400,000 annually and served until cuts were made in time approximately 250,000 patrons in Scottsdale in that northeast quadrant. To close Palomino while fully funding SMOCA shows a definite out of whack priority. Other items in the city budget that showed such out of whack consideration are that the city spends approximately \$600,000 annually on outside consultants that could be cut before closing our valuable resource of Palomino. Palomino is the most cost-effective library in the system. It has the highest number of patrons per square footage of any of our Scottsdale libraries. It services 5,000 children of all ages enrolled in schools within a half mile radius of Palomino. Historically Palomino served 250,000 patrons per year before the cut in hours came to that library. As of 4/1/14 Mr. Littlefield alone has received over 700 emails from our constituents in that area that service Palomino library asking that it be kept open. Please, reconsider allocations so this very valuable resource, a star in Scottsdale's bonnet, can continue serving our northeast quadrant. We, the people, your constituents, need a City

Council that puts residents before special interests, commits and listens to those of us who have put you in the office to begin with. Thank you very kindly.

Mayor Lane: Thank you, Miss Schechner. That completes public testimony. Mr. Behring, if you would like to come back for questions to be answered or considered. Councilman Robbins.

[Time: 02:53:20]

Councilman Robbins: Thank you, Mayor. I would like to offer a motion for consideration that the City Council not eliminate the Palomino library agreement and that we direct the City Manager to find the \$400,000 savings elsewhere in the budget.

Councilman Littlefield: Second.

Mayor Lane: A motion has been made and seconded to eliminate the, to not eliminate the Palomino library agreement. It has been second by Councilman Littlefield. Do you have a comment?

Councilman Littlefield: You know, it's funny, when we started this budget process after the bonds failed we heard a lot of talk about cutting this and cutting that, but it was all about what we, it was about our priorities. I mean, one night up here somebody was talking about cutting Solid Waste pickup. Then we had, things that were important to the citizens. This is important to the citizens and yet has one of the, or several, actually, of the, of people who testified pointed out we gave the Cultural Council a raise last year. You know, if we just took back the 3% raise that would pay for half of Palomino. So this is a question of about priorities, and I don't know why in a city that has such pride in its library system. It seems like closing this library comes up every couple years. I don't understand that. There must be something going on I'm not privy to. But of all the things we could do, closing the library would be one of the worst ways to save money. So I wholeheartedly support Councilman Robbins' motion.

Mayor Lane: Councilman Phillips?

Councilmember Phillips: I'll be voting to keep the Palomino library, too. The reason is, funny thing happened on the way to this library, is it became a community. And the emails I've got reflected that. We built this Appaloosa Library, I don't know whether it was \$10 million, or some ungodly amount and I think the idea was everybody would go there and we wouldn't need this, but it didn't happen. This is a community library. Families have been going there for 30 years, some of them. So you don't get rid of a community and get rid of a place where a community gathers. So there's no way I'm going to be able to vote to get rid of the library.

Mayor Lane: Thank you, Councilman. Mr. Behring, I wonder, certainly there is a concern as to the accuracy of information that's been presented to this Council and maybe to the community over the last several years as has been contended here by some of the testimony. The information that I've received, and I think most of the Council has received, has either been from our finance department and accounting, from your office, or from the library staff and their leadership. Is there anything that demonstrates, well, number one, I suppose, something I just saw recently is the extent of libraries we have in the City of Scottsdale versus other communities and their costs.

That may be here nor there. We make those comparisons with other communities and sometimes we stand with them, sometimes we do not. But that was an interesting one. But for the number of years that I've been sitting on this Council, this was sort of an, it was established as an exception, and what I guess my question would be of you is, are there going to be other requests by other schools to have their libraries assumed or brought into the city system of the libraries as well? And if those requests were made, what would we, how we would possibly respond to that? This is an exceptional case where we share this library with the school system.

[Time: 01:57:37]

Fritz Behring: Well, obviously this has been an issue that the City of Scottsdale has addressed before, and in the times before that the Council has chosen not to close the library. Staff brought this forward as a recommendation for a potential cut as part of our effort to balance the budget. As to the accuracy of information, I think there's some question as to what's interpreted as a student using the facility versus a member of the public using the facility. If the definition of a student is K-12, that's certainly not the same as a high school student or a student who resides at that school. I do not speak, and I don't try to answer the validity of those data. I've heard countering arguments on both sides of the surveys and those checks on how many people are using the facility.

What I can count on and what I can verify as being completely accurate are the financial figures of what the cost is and what the city's contribution is for library systems. We have a very robust library system in Scottsdale. It costs the city a great deal of money. That's not good. That's not bad. That's just a fact is that it is the only library that we have at a high school, and so one could argue that it's kind of the oddball library system. Certainly is used by the neighborhood in that area, but we have not had any discussion with the school system that if the other high schools in the city came forward would we be willing to enter boo agreements with them and open those libraries as well to the public. They have not approached us about that. If they did I would bring it to the Council for consideration.

Mayor Lane: The reason this continues to come up, irrespective of anything, where we are

right now, it always has been, or at least is always the understanding from the get-go when I've heard about this is when appaloosa was built it was meant to replace that need. Now, as Councilman Phillips just mentioned, it's become a community unto itself. There's a certain sense of continuum of an asset as I see it. So it becomes certainly a tough thing to contract from once it's done, and I know we have a separate IGA on this, intergovernmental agreement on this, which we would either continue and/or cease, whichever the case may be on this, but I was wondering about that because we probably won't have an identical set of circumstances where we're planning on building a library in the future and so we're looking for something in the interim.

Fritz Behring: That's highly.....

Mayor Lane: Thank you very much. Vice Mayor Korte?

[Time: 02:00:26]

Vice Mayor Korte: Thank you, Mayor. We received a note from the chair of the Library Board regarding their unanimous recommendation to close Palomino library, and not to put you on the spot, director, of our library, could you come up and reiterate some of the reasonings of our, of that unanimous decision and some of the comments made by our Library Board that looks at our library system in a totality and would come to a unanimous recommendation to close the Palomino library?

Library Director Carol Damaso: Good evening, Mayor, Council. Carol Damaso, Library Director. We do have the chair of our Library Board present in the audience also. But we had some discussion, obviously the Library Board was presented with the budget figures, the statistics in the case, how many used the library, how many are students, and all of the facts. They received the same facts that you did. Their conclusion was to support the City Manager's initial budget recommendation, which included discontinuing the IGA with the school district. It certainly was never, ever a wanting to close a library. Certainly your Library Director would never, ever want to close a library for the services it provides to our community.

The thought process, rather, was really dealing with the budget aspect that it and to our Library Board that the dollars, the majority of dollars being spent on the high school students, they felt, really belonged with the school district, and because we were looking for dollars in the city that the spending should not come from the city for that portion of service. And so we were spending, in their estimation, out of proportion for that particular locale. The other item that had been discussed also is that other high school libraries do not have the advantage of what Palomino has, and it wasn't seeming equitable to have city funds spent only on one locale where it's very heavily, almost 2500 high school students using that locale. So it was

really based more on budget. Certainly never on philosophical service of library service.

Vice Mayor Korte: Thank you. A couple follow-up questions. Some of the statistics that have been given us, and one of them is that Palomino has the lowest number of borrowers per year, has the lowest check-out rates, has the lowest circulation rates. Now, put aside this 70 to 80% student use. Put that aside. Given those three statistics, though statistical points, what can you, what can you deduce, what can you say about the use of that building or library given those rates? Is it being used as a library or is it being used as something else?

[Time: 02:04:32]

Carol Damaso: My conclusion on that is that the high school students themselves are not checking out large numbers of items, and because, for example, if you use 30% of the general public, others checking out items, that number of check-outs will always be much smaller. The high school students do use some materials on the premises because some of the teachers want items pulled and they use them in classes, in a classroom right off of the library there. But those are never, those are not checked out. But the high school students, these days, are not checking out books as they did in the past anywhere as much anymore.

Vice Mayor Korte: So given that point do you know of any intention of the school district for the use of that facility? Say Council decides to discontinue the IGA. Are there any planned uses by the school district to retain it as a resource for students? Do you know of any? Or does any staff, have there been it in conversations with the school district?

Carol Damaso: I think the City Manager, who has been in contact with the superintendent, may be able to speak to that one. What I do know, having been in a meeting with the superintendent, is there a three-year plan by the school district to take all of their school libraries and to use them as online learning centers, and they're going to roll those out one high school at a time, and the space they intend to use is the school library space. I am not quite sure if they'll still retain a part of that for library space. They may. But the rest of the square footage they do intend to use for online learning because the superintendent believes the high schools have to be in line with our universities, which are starting to require online learning, and so high school students right now, I think he quoted 3,000 of our Scottsdale high school students are doing online learning through Scottsdale Unified School District and they need more space to teach it and have students come and do it there. There may be more to that but that's part that I know.

Vice Mayor Korte: The City Manager confirms those conversations? Okay. Thank you, I hope I didn't put you on.....

Carol Damaso: Okay. Any time.

Mayor Lane: Thank you, Vice Mayor. Councilman Littlefield?

Time: 02:07:34]

Councilman Littlefield: Well, there are two things that are interesting about this. I actually asked the superintendent over at SUSD, he was talking to me about, I asked him, did you ask us to close this? He said, no. You know, they do have a plan but, you know, 10 years from now we may not have libraries. We may all just be doing iPads but the school district didn't ask us to do this. Here's the important point. I looked at both sets of numbers as to how many people use it, and I would also just point out that students happen to be residents, too. But either way this thing is still a good deal compared to the other libraries in terms of the amount of money spent per person, young, old, whatever, but there's another statistic that's interesting. I counted it up before I came in here. I got emails, and I assume my colleagues did, too, from 676 distinct people, Scottsdale residents, who asked us to keep the library open who said they use it. That's 10 times as many as I got on any other issue this year, including the Preserve. Clearly there's a bunch of Scottsdale residents who use the library, who care about it, and who want to keep it open. And it's important to their community. So I guess the question I would ask is, in our entire budget of 200-plus million dollars, why are we singling out this item, which is important to so many citizens when we have so much else, I could pick on the Cultural Council, but there's other things, too, that we could cut. So why this item? And that, I guess I still don't have an answer to that, but the answer for me is that this is a case of poor priorities run amok. We shouldn't be closing it.

Mayor Lane: Thank you, Councilman. Councilman Phillips?

[Time: 02:09:42]

Councilmember Phillips: Well, Mayor, you know, I haven't seen this anywhere but I had this in the back of my mind that you know to raise the traffic to the Appaloosa one would have to close another library. So I think that might be in back of somebody's mind and it might be a reason why this keeps coming up. Like I said, it's a community library. It just shouldn't be, I mean, to try to get rid of something that a community is so involved in, it's just a travesty. Another point to bring up in coming up City Council is going to be voting on a double lane round about at the Mustang library right at the library. If that gets approved I think you're going to see lot more traffic at this library. So something to keep in mind, those people are going to go somewhere else.

Mayor Lane: Thank you, Councilman. It doesn't look like we have any further comments at this point. We're then ready to vote on the motion on Item 1, and that is to answer that question no, not to eliminate the Palomino library agreement. That's the motion that's been seconded. We are ready to vote. All in favor of that motion indicate by aye or opposed with a nay. Aye. So, that motion passes 4-3. And so we will have to, Mr. Behring, I'm not sure whether or not at this point in time we should be trying to provide for you an avenue for where



we would get this money from.

Fritz Behring: If the members of the Council have additional input on areas they would like to see me cut, I'm more than happy, I know Bob always has ideas. But if there's any general consensus, please share with me before we leave otherwise I will do my best to find those dollars elsewhere before we present a tentative budget.

Mayor Lane: If Bob wants to make a motion.....

Councilman Littlefield: I've made my feelings evident.

Mayor Lane: You raised your hand. If you want to make a motion, that would be fine too.

Councilman Littlefield: I was just being.....

Mayor Lane: Being Bob.

[Time: 02:12:15]

Councilwoman Milhaven: Can I clarify what we just did. What the motion was, don't close the library. Right?

Mayor Lane: Yes.

Councilwoman Milhaven: The vote yes meant not to close it. And a no vote meant to close it.

Mayor Lane: To the motion. The motion was not to eliminate the Palomino library agreement. That's the motion that Councilman Robbins.....

Councilwoman Milhaven: So I voted no, which meant close the library, but I meant to vote yes. It's a double negative. I meant to say vote.....

Mayor Lane: We can correct your vote.

Councilwoman Milhaven: So I change my vote. Can I do that?

Mayor Lane: Let's go ahead, we will, for the convenience of the Councilwoman Milhaven's confusion on the double negative we will take a revote. To make it perfectly clear, Councilman Robbins would you like to restate your motion.

Councilman Robbins: My motion was not to eliminate the Palomino library or in the positive

to keep Palomino library open.

Mayor Lane: Pick one or the other.

Councilman Robbins: It's the same thing. My vote was to not eliminate the Palomino library agreement. That was my original motion.

Mayor Lane: Okay. So that's the motion.

[Time: 02:02:46]

City Clerk Carolyn Jagger: Just to clarify we have as part of that motion to direct the City Manager to find the money somewhere else.

Mayor Lane: Right. Okay. Who seconded that?

Councilwoman Milhaven: Bob did.

Mayor Lane: That's the motion. We're then ready to revote that. In this case a yes would mean to keep it open. So the motion passes. The double negative passes. So the tally then is 5-2, as indicated.

Fritz Behring: Is it possible to get some clarification of the Council's intent on Item number 2?

Mayor Lane: I don't know if Councilman Littlefield wants to speak on that. Otherwise, on what, on the second item? Okay. We're done with the vote on the other one. So we're moving onto the second one. Okay. Then let me concede to that, then if.....

Councilman Littlefield: You're right. I should have said where to get the money. I make a motion that we take the money for the, to keep Palomino library open out of the Cultural Council allocation.

Councilmember Phillips: I'll second it.

Mayor Lane: Would you like to speak to the second on that? Councilman Phillips?

Councilmember Phillips: Well, I had some problems with the Cultural Council about help funding the nonprofit organizations and I wasn't very happy about that. So I thought that was a discussion for another time. For right now I'll just second the motion.

Mayor Lane: Okay. Councilman Robbins? All right. The motion on the floor is take those funds that are necessary to keep Palomino library agreement in place, that they be taken,

those monies to be allocated to the Cultural Council and their participation agreement.

Councilman Littlefield: Yes, you were right. It was the responsible thing to do, for me to make a motion as to where the money was going to come from.

Mayor Lane: Bob, I didn't suggest anything where you would go through. We're ready to vote. Those in favor indicate by aye. Motion fails. We can move to the next item then.

Fritz Behring: Does the Council have additional direction or any problem with the plan that we're going to sell three excess buildings? I'll bring you the list at a later date.

Mayor Lane: I think we're talking about conceptually since we don't have the list.

Fritz Behring: That's right.

Mayor Lane: It's the idea of moving to the sale of three or four other buildings. Councilman Phillips?

[Time: 02:16:59]

Councilmember Phillips: Thank you, Mayor. I would move that we direct staff to continue with the sale of the three to four excess buildings.

Mayor Lane: All right.

Vice Mayor Korte: Second.

Mayor Lane: Okay. Seconded. Then Councilman Phillips, are you still up or did you come up again? I've got you on my screen. No, I don't. In any case the motion is made to accept Item 2 and continue with the idea of the sale of three or four other buildings that would come to us before the process. That motion has been made and seconded.

Councilman Robbins: Can I just clarify also that it doesn't consider the sale of the Design Studio.

Mayor Lane: Yeah, I think we'd made that....

Councilman Robbins: Just making sure.

Fritz Behring: I think that's been made painfully clear.

Mayor Lane: I think that's been made clear but if you want to seal it up, yes, we'll add that to it. The motion with that as well has been made and seconded. All those in favor of that

motion indicate by aye. Those opposed nay. That passes unanimously.

[Time: 02:18:14]

Mayor Lane: The next item is Item 3 the \$13 million transfer from General Funds to CIP. Do I have a motion or any question or conversation that we want to have with that? Councilman Phillips?

Councilmember Phillips: Thank you, Mayor. Esteemed City Manager, I'm thinking we probably should do number 4 because number 4 is going to affect number 3, and that kind of goes to Mr. Hill's comments, we see on the 5% yearly merit raise system. Could I have your opinion of that?

Fritz Behring: Well, I think the reality is that the most of the Valley agencies in law enforcement do give a 5% pay raise for law enforcement personnel. Most of the cities handle their pay raises differently than the City of Scottsdale does. Every time we move forward with a lower pay raise for our employees versus what other jurisdictions are doing, we create disparity in the market. The City of Phoenix is in an interesting situation right now trying to balance their budget. They're looking at potentially no pay raises. The last I heard. And pay cuts across the board if they can get them from the unions. Not to say they will get them. There is certainly pressure if we do not compete with what other jurisdictions have done. Other jurisdictions in the Valley are in a better financial position on cash flow than the City of Scottsdale is because they're in their growth modes. And these are all things you have to take into account.

[Time: 02:19:49]

The Council, my impression from the Council has been that the Council supports the idea of pay for performance and merit-based salary adjustments as opposed to automatic step increases. Automatic step increases are kind of the old school in government thinking. They're found typically in the public sector. The trend has been recently to get away from those things towards more of a merit-based system. But the reality is that the, really the big holdouts of that system have been law enforcement and fire. So.....

Councilmember Phillips: Is that holdout through other cities as well?

Fritz Behring: Yeah, it's kind of like public unions. Unions have been dying out in this country except in government and it's just kind of one of the holdouts out there still. But the trend is to go away from those things. But certainly it has an impact on how we pay and how we compare to other jurisdictions. My concern is that if you go forward with a step plan you should probably consider a step plan for your entire workforce because it creates disparity, problems amongst the various parts of the employees groups. If you are going to go to a step

that plan, my recommendation would be that you would embrace it for the entire workforce. The problem with that is that that's contradictory to what the Council has given me as direction so far.

Councilmember Phillips: So if we go to the merit system for public safety, is there a formula we can use that will equal about that 5% increase?

Fritz Behring: Well, I would assume that what you would want to do is increase the allocation of funds that you would earmark for pay raises, you could say only for law enforcement, only for fire, or for the entire workforce. The problem is you have certain budget realities you have to live with. So every decision you make to spend money in one area, it's all about priorities. If you're going to spend more money in this area you're going to have to spend less someplace else or you have to raise taxes. Those are pretty simple concepts. And it really comes down to priorities.

[Time: 02:22:12]

Councilmember Phillips: Okay. I think public safety is priority, unfortunately, so what I would like to do is try to implement that 5% increase, although if you can do it through a merit system that would probably be the better way to do it, but we don't have time for that at this moment to figure that one out.

Mayor Lane: Pardon me, Councilman, are we on item 3?

Councilmember Phillips: We're kind of on 4 because the modification, I was thinking that money would come from the \$13 million.....

Mayor Lane: I got you. All right.

Councilmember Phillips: So that would be the thing there. He cut me to the chase. So I guess I would like to move that we implement this five-year, yearly merit raise system and use the money from the \$13 million transfer from the General Fund so it would be whatever that comes out to, a million plus for a year or so.

Fritz Behring: To be clear a 5% increase pot of money this year and moving..... the plan moving forward that that would be the allocation for pay raises.

Councilmember Phillips: Correct.

Fritz Behring: For the entire city workforce or.....

Councilmember Phillips: Public safety. So police.

Fritz Behring: Okay. Not fire.

Councilmember Phillips: I don't think fire is in here. Fire has a different way of paying their employees, too, correct?

Fritz Behring: I can assure you, sir, the next people to show up at the next, the next person at the podium will be the fire department. And then the next group may be the other city employees.

Councilmember Phillips: Well, you know, not to disparage the city employees, but public safety is more important, so let's include fire in that 5% increase.

Mayor Lane: Motion has been made. And it dies for lack of a second. Mr. Treasurer?

[Time: 02:24:19]

City Treasurer Jeff Nichols: Thank you, Mr. Mayor. I wanted to point out the difference, the \$13 million being transferred to the General Fund is one-time monies. Primarily. And what you're suggesting is something that would be ongoing in nature, but with lack of second, I.....

Mayor Lane: All right. So we're still on number 3, then as far as a motion or any conversation with regard to the \$13 million transfer from General Fund to CIP. Councilman Robbins?

Councilman Robbins: Then I'll make a motion to direct staff that we transfer \$13 million from our General Fund into the CIP.

Councilwoman Klapp: Second.

Mayor Lane: Motion has been made and seconded. Any comment further? I think we're then ready for a vote. All in favor of that transfer please indicate by aye. Opposed with a nay. Aye. It's unanimous and the tally is 7-0 for that transfer.

Fritz Behring: If I can make one clarification in my discussions with staff and Council I have tried to make clear we have based our budget projections on the assumption we would have a minimum of 3% money available for all salary increases. If we find ourselves in a position next year as we go through the fiscal year that we can increase that the following fiscal year, that's certainly my intent, is to increase those allocations to make us more competitive with other Valley cities. The 3% is a starting point, is a base going forward. It is not necessarily the limit. We have to be competitive with our fellow jurisdictions but we also have to be financially realistic about the financial situation the city finds itself in.

Mayor Lane: If I might, Mr. Behring, whether you're talking about this, you're talking about through still a merit bay increase on the basis of management's decision how to use that.

Fritz Behring: Right. I have been asked by some of the law enforcement employees to sit down with them, by one of the bargaining, one of the employee groups and I'm happy to look at that or happy to look at some options going forward, but the assumption being that it would be allocations of dollars, whether it's 3%, 4% or 5%, that would be distributed on a merit base system to those employees.

Mayor Lane: Very good. Councilman Littlefield?

[Time: 02:26:46]

Councilman Littlefield: Well, I think that we have to look at the question of the police pay in a different light. We have talked about how we would like to give employees a raise because they haven't had a raise for a while, and that would be nice. The question of the police pay, though, doesn't have to do even so much with morale. It has to do with being penny-wise in the short run and pound foolish in the long run. The bottom line sit costs more to replace a cop than it does a secretary or an accountant. It takes longer to replace a cop than it does to replace a secretary or an accountant. That's why the police pay thing is important. That's why we have to do something about this. I didn't support what Councilman Phillips was talking about because, as you pointed out, Esteemed Treasurer, this is an ongoing issue, not a one-time issue. It has to be fixed ongoing. But if we don't fix our police pay system starting soon, you saw the numbers about how many police are leaving, every time, we've been over this again and again.

Every time a cop leaves, to replace that policeman we have to spend \$100,000 in a year. The fact that other police are not applying for lateral moves into Scottsdale, but Scottsdale police are leaving Scottsdale, lateral moves to other places, tells you all you need to know. Now, it would be nice if we didn't have other cities paying more, and we didn't have to do that, regardless of whether you like the police or not, but it has to do with the fact that if we don't do something about this now on an ongoing basis, we're going to be facing a shortage of trained police officers at some point. And that's why we have to do something about this, but it has to be ongoing, and we have to fix it soon.

Mayor Lane: Thank you. Vice Mayor?

Vice Mayor Korte: Thank you, Mayor. Mr. Behring, don't know if you can answer these or possibly our police chief. I see Chief Rodbell sitting back there. We're being told that we have an attrition problem in the police department. I'd like to verify that. So nine veteran officers this year. Is this a calendar year? Is this a fiscal year? What was the reason for

these officers to leave? And some other questions perhaps of Chief Rodbell's expertise. If he can get out of jail.

[Time: 02:30:21]

Police Chief Alan Rodbell: I had a tough time getting out of there. I don't know if I can get this to work for myself. This shows you a little bit about the, a graphic on our attrition in terms of police officers. We have taken retirements out, and these are just simply officers who have left the police department with what I'll call shelf life. The average is about five years in service, upwards of 10, as low as three, but with five as the average. This year thus far we've lost 14 officers. Since the beginning of the year, seven of which have gone to some other local agency or state agency to police. Gives you a little idea of what we're looking at.

Vice Mayor Korte: How does this attrition rate compare with other municipalities?

Chief Rodbell: Mayor, Vice Mayor, members of the Council, I haven't done a comparison of attrition between City of Scottsdale and other police departments at this point.

Vice Mayor Korte: Then how does it compare with attrition rates within other departments at the city?

[Time: 02:31:32]

Chief Rodbell: I certainly couldn't answer, I haven't looked at attrition rates throughout the city. Our attrition rates have fluctuated as you can see during times of the economy. Overall our attrition rate at a high was a little under five a month, but in those days we counted all attrition. So I would have to pull out the attrition from normal retirements and others to get at a comparison. This is the best comparison I could give you in terms of the City of Scottsdale officers leaving that were unexpected. I don't have any other comparisons to go with at this point.

Vice Mayor Korte: Then my follow-up question, with the proposed 3% salary increase, I assume you've done some thinking about how you would possibly use that. How do you intend to use that 3%?

Chief Rodbell: Well, I believe the plan was to give the general managers the opportunity to use up to 3% of payroll for their personnel. We've always had a system where officers earned between 0 and, at the time, 5% or a 0 and 2% in the most recent pay raise last year. We base it upon a 0 to 5 rating system we currently have. So last year, if people had acceptable ratings, they received the full 2% pay raise. I had some individuals who were on work performance plans that received a 0% pay raise last year. I had some folks that were also disciplinary issues during the course of the year and they received a 0%. So we have always,



even if it were 5% increment, people still had to earn the 5% or they got some part of that 5% and some got nothing.

[Time: 02:33:30]

Vice Mayor Korte: And that was also back in maybe 2006 or '07 when the step program was fully operating?

Chief Rodbell: Yes, ma'am, in those days, it was a 0 to 5%.

Vice Mayor Korte: So it wasn't 5% across the board. It was based on performance?

Chief Rodbell: The vast majority of officers and police employees earn a 5% pay raise. We have a really great workforce. I've got lots of variables that demonstrate that. The vast majority of employees receive between 4 and 5% but some received 3. They were on work performance plans. And if officers, employees had 2's, they basically had one foot out the door and had a short period of time to correct themselves.

Vice Mayor Korte: Thank you.

Mayor Lane: Thank you, Vice Mayor. I think then we have the remaining item, of course, which we may be in the midst of conversation on. If you could bring that back up. It's the final item of other items.

Fritz Behring: The question is an open one if there is additional input the Council wants to have incorporated into the budget plan, it makes my job easier to bring you a document that represents the interests of this.....

[Time: 02:23:18]

Mayor Lane: I have an interest but it's a relatively small one but I'm wondering whether this is the right time to mention it and that's an adjustment to the agreement with the Cultural Council and moving some funds into a grant program for not for profits that provide a service in culture and the arts, and I was only thinking about a modest amount of about \$100,000 into an existing from their existing funds into a fund. Would provide \$100,000 of additional monies to be considered for assisting not for profits that are providing cultural services to the city, and most specifically one that has not been included in the list that I think has created a tremendous amount of service for the city, and that is the Scottsdale Philharmonic, who provides free classical arrangements and classical music to the city. So that was, that's my one thought. I would make a motion to make that change to the participation agreement.

Councilmember Phillips: What is the motion?

Mayor Lane: Motion is to transfer in the participation agreement, probably good to make it clear, too, \$100,000 into, I don't know the technical name for the grant funds that they provide to independent not for profits that provide artistic and cultural events for the city.

Councilman Robbins: Second. You're increasing the grant budget by 100 or bringing it up to \$100,000?

Mayor Lane: I'm not sure exactly what's in the account right now but the thought was to increase by \$100,000.

Councilman Robbins: To add 100,000.

Mayor Lane: Yes.

Councilman Robbins: I'll second that.

[Time: 02:36:34]

Councilwoman Milhaven: Mayor, clarification, you're not increasing the funding, not suggesting increasing funding to the Cultural Council, you are saying pay them the total amount but earmark an additional \$100,000 so it moves from their discretion to grants.

Mayor Lane: Right.

Councilwoman Milhaven: Do we know what the Cultural Council thinks about that.

Mayor Lane: I were to answer that, I have talked with them about it, at this point they have felt their budget is tight, and they didn't feel they had room anywhere else, whether it was SMOCA or Public Art or anything else.

Councilwoman Milhaven: Thank you.

Mayor Lane: Vice Mayor?

Vice Mayor Korte: So Scottsdale Philharmonic, who are they? What is their budget? Has anyone done any due diligence? Do they have a 501(C)(3)? There is so much unknown I'm having a hard time.

Mayor Lane: I'm not even designating that's where it has to go.....

Vice Mayor Korte: That's what your motion said.

Mayor Lane: No, I'm saying that's part of the reason I'm looking to do this, but they would have to make their own analysis of whether or not they qualify for it. So to the best of my knowledge they do qualify under those criteria that you just mentioned but that would be for the Cultural Council would to determine. I would just like to make the money available. Councilman Phillips?

Councilmember Phillips: I think that's a unique idea and I think I would probably go along with that. My only question again is do we have the authority to modify the contract to do that or not? So I would be willing to go along with it on the idea that we can do that.

[Time: 02:38:16]

Mayor Lane: Well, if there's any misunderstanding, I'm not designating a recipient of these funds necessarily. I'm saying my preference and my thought is, particularly with the Scottsdale Philharmonic, but I just wanted to make sure some monies were available if they qualify for them.

Fritz Behring: Councilman, I think, if you're writing the check you can pretty much dictate some of the terms of the money.

Councilmember Phillips: I didn't know if the contract.....

Fritz Behring: It would have to be reflected in a modification of the language.

Councilmember Phillips: Is that correct, Mr. Attorney?

City Attorney Bruce Washburn: Yes, it would have to be reflected in the modification of the language.

Fritz Behring: We could save some money if you let go of him.... Just kidding.

Councilmember Phillips: Is that part of the other topic?

Fritz Behring: No, it was a joke.

Mayor Lane: Thank you. Councilwoman Klapp?

Councilwoman Klapp: I'm trying to get clear, you are saying you would earmark \$100,000 to be used for not for profits.

Mayor Lane: That's right.

Councilwoman Klapp: And the Cultural Council would determine who that non-for profit would be, are you suggesting a specific.....

Mayor Lane: I have mentioned fact the Scottsdale Philharmonic is a worthy recipient but I'm not dictating it through the participation agreement. I'm not saying that. Something that would have to still go through their process.

Councilwoman Klapp: I don't think I can support the motion because I see this as dictating to the Cultural Council, I know we have the prerogative to do that as the owner of the buildings, but still, they know best how they should allocate not for profit money and I don't think that we're qualified to be sitting up here determining that we're just going to set aside \$100,000 to go to some unnamed, not for profit when that might not be the best use of the funds. So I really can't support this. It's way too nebulous for me.

[Time: 02:40:26]

Mayor Lane: Thank you, Councilwoman. There's no further comments on this. Then I think we're prepared to vote. If you agree with the motion indicate by aye. If opposed, nay. Aye. Motion passes 4-3.

Fritz Behring: So my last question to the Council would be, taking into account the direction from tonight that you're asking me to find the savings for the library someplace else, assuming I can do that without a politically sensitive issue, do you still want to have a continuation of this discussion on May 6th? Or are you generally of the opinion that that's the budget that you're comfortable with for public hearing on May 13th.

Mayor Lane: If we're just looking for a nods of head or whatever on this, I certainly think, I'm comfortable with it as it is. It's probably the only subject is where the funds would come from as far as that's concerned.

Fritz Behring: So we will schedule the first public hearing in accordance with state statute on Tuesday, May 13th.

Mayor Lane: All right. Councilman Littlefield?

Councilman Littlefield: I'm sure we will have more of these discussions anyway but I don't want to let this police pay thing die. We either have a problem or we don't. Vice Mayor Korte asked a cogent question and it was like, do we really have a problem? And I believe the numbers indicate that we do, but I don't want to just, I want some kind of commitment for you that you're going to look into this and come to some kind of conclusion. If you can come back and say, oh, no, we don't have a problem, you know, that's one thing. But if in fact we do

have a problem, we need to do something about it now. So do we have your commitment that you're going to look into that?

Fritz Behring: I already said yes, sir, I would.

Councilman Littlefield: I just want to make sure you're on it. This budget cycle?

Mayor Lane: To that, if I might, because there's not a singular request and direction to you. Obviously you have indicated you're going to look at that situation in the normal course of things. Right now we're looking at whether there is a consensus that what we've discussed tonight, the budget that you've presented tonight, absent the \$400,000 on the Palomino library, that we're good to go, and I'm just going to ask by a nod of the head or otherwise, I just don't.....

Councilman Littlefield: I just don't want it to slip away.

[Time: 02:42:55]

Mayor Lane: I understand. I think the commitment has been made. But there's not a singular, there's not a singular directive on that. It's a consensus of all, so, okay.

Fritz Behring: If you're happy.....

Mayor Lane: No, he's not actually happy. We'll count that as a half vote. Or a half nod. In any case I think Mr. Behring, I think we are in good stead.

Fritz Behring: Thank you.

Mayor Lane: Thank you. We don't have any additional public comment, no petitions reported. Any other Mayor and Council items?

Councilman Littlefield: I do have one. I notice when Crawford was talking about the crosswalk earlier and the other fellow who I didn't recognize, he didn't put in a petition but I think we should look at that issue, the crosswalk issue. So I would appreciate it if the esteemed City Manager, or whoever, would at least look into that issue of the Camelback crosswalk. It's a Mayor and Council item.

Mayor Lane: Is that something we want to bring back.....

Councilman Littlefield: I would be happy, I see esteemed City Manager talking to the Esteemed Treasurer. Rather than agendizing it I would be happy if you would look into it.

Mayor Lane: I think they're in the process of.....

Councilman Littlefield: No reason to make you crazy.

Mayor Lane: With that last comment, sorry? Certainly. Councilman Robbins.

Councilman Robbins: I'm just waiting for Bruce. Now that the legislative session is over and the Governor signed the sign walker ordinance, are we going to take any action, okay. I just wanted to ask if we have that in the works.

Bruce Washburn: During the course of the evening I have been multi-tasking reviewing the draft of the complaint which I anticipate will be later this week or early next week at the latest.

Councilman Robbins: Thank you.

## **ADJOURNMENT**

[Time: 02:45:03]

Mayor Lane: With that final comment, then, I'll, accept a motion, motion to adjourn. Seconded. All those in favor of adjournment indicate by aye. Aye. We are adjourned. Thank you all very much.