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#### **CALL TO ORDER**

[Time: 00:00:05]

Mayor Lane: Good to have you here. I would like to start by a call to order of the February 1<sup>st</sup>, 2016, city council work study session. I will begin with a roll call, please.

#### **ROLL CALL**

[Time: 00:00:14]

City Clerk City Clerk Carolyn Jagger: Mayor Jim Lane.

Mayor Lane: Present.

City Clerk Carolyn Jagger: Vice Mayor David Smith.

Vice Mayor Smith: Present.

City Clerk Carolyn Jagger: Councilmembers Suzanne Klapp.

Councilwoman Klapp: Here.

City Clerk Carolyn Jagger: Virginia Korte.

Councilmember Korte: Here.

City Clerk Carolyn Jagger: Kathy Littlefield.

Councilwoman Littlefield: Here.

City Clerk Carolyn Jagger: Linda Milhaven.

Councilwoman Milhaven: Here.

City Clerk Carolyn Jagger: Guy Phillips.

Councilman Phillips: Here.

City Clerk Carolyn Jagger: Acting City Manager Brian Biesemeyer.

Acting City Manager Brian Biesemeyer: Here.

City Clerk Carolyn Jagger: City Attorney Bruce Washburn.

City Attorney Bruce Washburn: Here.

City Clerk Carolyn Jagger: City Treasurer Jeff Nichols.

City Treasurer Jeff Nichols: Here.

City Clerk Carolyn Jagger: City Auditor Sharron Walker.

City Auditor Sharron Walker: Here.

City Clerk Carolyn Jagger: And the Clerk is present.

Mayor Lane: Thank you. This is a work study session and it is to provide council an opportunity to direct their conversation and their requests to the city staff with regard to the issues that will be addressing tonight. It is different from a regular meeting in that there is no official action on anything taken here. If there's any kind of vote to be taken, it's to be recognized that it's a vote to determine consensus of direction to be given to staff on a topic at hand.

**PUBLIC COMMENT**

[Time: 00:01:44]

Mayor Lane: We do have available for public comment at the beginning of the session. We confine it to 15 minutes. It's three minutes each for five individuals. We do that at the beginning of it, and it is an accommodation in a work study session. We are not taking action, but we do take some input on the topics before we start our discussion with the staff, with regard to the nature of the item being studied and the direction to be given. So with that, we do have some time for public comment.

We do have two requests to speak on this item. And to that point, we do actually have two items, and we do have a legislative update that is not normally in the same course of things but it will be part of a work study since we do give direction to our intergovernment relations people as to the direction that we will take on the item. So we do have three separate items. And we do have two requests to speak on item two, which for the record is the northeast downtown parking deficiency and the solutions that have been derived by staff through the study mechanism that we have had presented to us.

We'll start with Jon Rosenberg. Yes, if you would, please. Oh, no, I'm sorry, you will go to the podium. That's reserved, actually, for staff.

Jon Rosenberg: All right.

Mayor Lane: Would you have elevated yourself.

Jon Rosenberg: Presumptive. My name is Jon Rosenberg. I'm the owner of Levrose Commercial Real Estate. I have been in the area since 1989. I have met with you multiple times about what's going on in the area. We currently own, manage, lease, probably -- we have about nine or ten buildings that we own or manage. We have about 25 total that we manage and lease. So probably close to 100 tenants that we are dealing with.

In 1985, I want to quickly reference something. There was an article in the Arizona Republic that referenced the development in old town. This is an article from April of 1985 which talked about the 106 parcels postage stamp lots and many of you may remember flip Weber, but flip had put a -- something together with the city to try to use those lots and at the time, because of the way the parking was set up, the city and Neil Pasco, who was the parking manager, said they knew it was not a working solution. They said the zoning allows for 60% of development of the lots instead 20% as allowed under the previous parking restrictions.

So all of that worked until now. So last few years, it's been taken away, as all of you have met with me multiple times and you see Aaron and Paul and Walt over there. I know they have been there several times. But anyway, we are in a good place. Obviously the Galleria is a success. The development in the area is a success.

But you know, a little over a year ago, there was a parking lot that there was an RFP on that you guys rejected at the time and I specifically remember Virginia stating we're at the tipping point. So we're past -- we're a year and a half beyond the tipping point. I think it's tipped. We have to get something done ASAP. The bars, the Galleria, the new apartments that are opening, we have no

parking. My employees can't park. They are moving their cars every two to three hours to avoid a ticket and then when they get a ticket, it's not productive. It affects our business. My employees are the very people bringing tenants to Scottsdale. So they are not real happy when they are getting their ticket.

Anyway, it's obviously disruptive, but rather than focus and really point the blame, because I think we know where a lot of blame comes up with, I do know that Paul is presenting a fix, which includes two-hour parking permits, and a few other things. I just want to voice our need and desperation, really, at this point, that we have this parking fixed, permits for the employees or we are going to start losing a lot of employees. Almost 50% of the tenants in that area, the leases turn over in the next two years. So I would strongly, strongly suggest that we do something ASAP or we will lose these tenants and they will move to other parts of the valley. That wouldn't be good. I want to voice my support for what we are doing and happy to have any comments after.

So --

[Time: 00:06:42]

Mayor Lane: Thank you, Mr. Rosenberg. Next, we'll hear from Tom Frenkel, please.

Tom Frenkel: Mayor, council, Tom Frenkel, 7340 East Main in Scottsdale. I also have been in the area close to 30 years. I don't want to belabor how we got here, but an awful lot of decisions were made the whole way through that put us into this situation and it is not a question of the Galleria's success or small business versus big business. It is a question that when that area was planned and what I'm talking is Indian School to Camelback, Miller to 68<sup>th</sup> street, it was planned very, very well. Your transportation department did a tremendous job. I don't know how many years ago you put out a bond and put out three beautiful lots which have made a big difference, okay? There is not a problem with the parking supply in downtown Scottsdale. It was adequately planned.

The problem is you have one corporate user that is using the parking supply of your entire city, and it was not built for that. It's probably the only situation I know of in Maricopa County where a city would let one corporate user destroy a parking supply of a city. It worked really, really well for 35, 40 years and through some -- through some -- you know, the Galleria changed use, but in essence, the small business owners, the tenants and what you created there works. It doesn't work with two to three or 4 or 5,000 people that find it their -- that the city gives the right to and -- and is able to monopolize and destroy. And it is destroying. If one of your sisters or parents or -- had bought a building in that area and depended on somewhere to park and there was absolutely nowhere to park, I really, frankly, it's wonderful, but if you took the state farm building in Tempe, or any of the developments in this entire county, it's unheard of that they would be allowed to park in any city facilities and it was created really, really well. And the idea that we are bussing the Galleria tenants to other areas of the city to accommodate a tenant. I don't get it.

I guess whatever action is taken that's proactive to address the problem, I think you have a tremendous transportation director, who gets it, who has been here a long, long time and I don't know

if he's swayed by political pressure or whatever, but he can tell you exactly what the problem is, what exactly the solutions are. It probably isn't too -- more parking, yes, but I think whatever you do today, your prime directive should be, Mr. Paul Basha, you find a way to offer relief to the people that's affected and very frankly, of 200, 300 yelp employees aren't able to park in areas where it prevents -- or where it provides survival for the people that the parking was intended, I don't think that's a lot to ask. And I think your prime directive should be to figure out a way, first, how do we help the people that the parking was intended for in the first place. Thank you.

**ITEM 1 – FIRE DEPARTMENT COMPENSATION STUDY**

[Time: 00:10:36]

Mayor Lane: Thank you, Mr. Frenkel. That completes the public comment period of time, and the number of requests. So we will then move on our first order of business which is the fire department compensation study. This is a presentation, a discussion regarding the firefighter and fire engineer and fire captain compensation study and possible direction to staff regarding items to be included in the proposal 2016/17 operating budgets.

We have Donna Brown here in front of us, and it looks like we also have Chief Shannon here as well. Not noted on my script, but you are welcome. Anyway, Donna, please.

Human Resources Director Donna Brown: Good evening, mayor, city council, my name is Donna Brown.

Mayor Lane: Turn your mic on.

Human Resources Director Donna Brown: Hello? Yeah. Okay. My name is Donna Brown, I'm the human resources director for the city of Scottsdale. Tonight we would like to provide you with the results and the proposed options for the fire department's compensation study for your consideration. We'll provide you with an overview, background and methodology that was used in our research. We'll provide you with the comparisons of salary ranges and pay programs from the other cities that were surveyed. We will go over the recommendations for your consideration, to include fiscal impacts, and hopefully to achieve your direction.

After the police officer compensation study that was presented last year, we received direction to review the fire department's compensation as well. In August 2015, a cross departmental team was formed from the city manager's office, the city treasurer's office, and our offices, the research and the recommendations. The goal of the study was to ensure that the city's compensation for the fire department was fair and equitable, compared to the other valley fire departments. Three specific job classifications were chosen to focus for the study, due to the -- being the first responders on the fire trucks and that being the firefighters, the fire engineer and the fire captain. The nine valley cities that were included include Chandler, Gilbert, Goodyear, Glendale Mesa, Phoenix, Peoria, Surprise, and Tempe. Historically we have been using these particular cities in our past job studies.

As a result of this survey, and the research, that we reviewed with those cities of memorandum of understanding it was found that some are comparative. In comparing the salary ranges for the city of Scottsdale's minimum ranges they are consistent with the valley average as well, but the maximum salary ranges for fire engineer and fire captain are higher than the valley averages by about 19% and 11% respectively. And we will let you know why that is within the next slides.

The minimum salary ranges comparison in this particular chart, the blue, is the city of Scottsdale and the green are the comparators. For the city of Scottsdale firefighters you can see it's about 5.3% higher and for the fire engineer, it's about 6.14% lower and for the fire captain, it's about 4.5% lower which is still considered competitive. The minimum salary ranges, we believe are competitive.

Let's talk about the maximum salary ranges. This chart illustrates that, again, the city of Scottsdale is the blue bar and the valley competitors average is the green bar and the firefighters are only about 2.4% higher than the valley average which is still competitive. But for fire engineering and fire captain, it's slightly higher, 19% higher, as well as 11% higher. Now, we believe that this supports because of pay programs that we are currently using and the supplemental pay programs that are being used in other jurisdictions and I will go more into detail about that.

The difference between supplemental pay, versus specialty pay. In reviewing the memorandum of understanding from the valley competitors, it revealed that the jurisdiction support supplemental pay programs and specialty pay programs. Now supplemental pay programs are employer paid programs such as employer-paid deferred compensation, longevity pay, et cetera. The city of Scottsdale does not have this type of program. We do, however, have the specialty pay programs as other jurisdiction. Now specialty pay are assignment driven pays such as paramedic pay, Haz-Mat pay, technical rescue and airport rescue. Research revealed that the city of Scottsdale is behind in the valley cities for specialty pay programs. If we go back to the maximum salary range, when we talk about the fire engineer and the fire captain being slightly higher. Since we don't have a supplemental pay program, we feel this can offset the fact that we do have higher ranges.

Now, looking at the specialty pay comparisons. Again, the city of Scottsdale, the blue bar and the valley average is the green bar. You can see that we are considerably lower than the valley averages. The paramedic pay is 27% lower compared to the valley average for the city of Scottsdale, for Haz-Mat pay it is 22% lower, for technical rescue, it's 25.5% lower, and for airport rescue, it's 26.8% lower.

In an effort to stay competitive, with the comparator and reduce the pay decision in these specialty pay programs we offer the following options for council consideration and direction. We propose up to a 5% within the current salary ranges for firefighter, fire engineer and fire captain for the -- in the pay for performance program. We also are proposing an increase to the specialty pay for paramedics, annual increase of 5,400 to \$6,800 to be more in line with the local market average. We propose to increase the singular specialty pay of Haz-Mat, technical rescue and airport rescue from \$2,520 to 3,200 to be more in line with the local market average.

Now, I'm wondering -- I'm sure you are wondering how much is this going to cost. In this particular slide, it tells you the fiscal impacts. We projected over a five-year period of time, and actually this

was the budget office that provided this information, that under the 5% pay for performance in the first year of '16/17, it would cost about \$300,000 over a five-year period of time, that 5% increase would cost about 3 million -- over \$3 million. You can see the difference in the paramedic way, as well as the special take pay programs, which totals a little under \$5 million.

Now, for your consideration, and decision and approval, we are proposing for firefighters and fire captains and fire engineers, again, proposing up to the 5% within the current salary ranges for -- within the pay for performance program to increase the specialty pay for paramedic, annual increase from \$5,400 to \$6,800 and increase singular specialty pay for Haz-Mat, technical rescue and airport rescue from \$2,520 to \$3,200. I almost couldn't see that, to be more in line with the local market average. That is my last slide.

[00:18:54]

Mayor Lane: Well, thank you very much, Donna. I appreciate the presentation. But the -- maybe a little bit of a misnomer of council decisions. No decision will be made here at this work study. But it does open us up for some conversation about these issues and what supports the recommendations, I suppose, or the considerations that you have on this slide. I guess I would ask, do the councilmembers have any specific questions that they would want to begin with or otherwise? Otherwise, I would ask Chief Shannon if you've got some specific comments would you like to make about any of what has been portrayed.

Fire Chief Tom Shannon: Mayor, members the council no, I really don't. We are here to answer any questions for you. I think the work that was done was very thoughtful. Diana Becker did an outstanding job. Donna's staff did an outstanding job and certainly Captain Weller did a great job of bringing together those M.O.U.s. So I think you have some really solid data, but we are here to answer any questions you might have.

[Time: 00:20:00]

Mayor Lane: Any questions? Yes, go ahead, Councilwoman Milhaven.

Councilwoman Milhaven: Thank you, Mayor. So you said the maximum of the salary ranges were over the market and you were okay because of the differences in the specialty pay but yet you are recommending that we increase the specialty pay. Can you explain why if we increase specialty pay, you are still okay with maximums over market?

Human Resources Director Donna Brown: Actually, that has more to do with the difference between supplemental pay and specialty pay. Supplemental pay is what the other jurisdictions are using and that's why their ranges are a little bit lower, because they are increasing the deferred compensation employee paid, as well as longevity, et cetera. We don't have that type of program here in the city of Scottsdale. The specialty pay, you can talk about it Chief Shannon, is more in line with the market average. Would you like to say more about it?

Fire Chief Tom Shannon: Mayor, members of the council, yes, ma'am. The supplemental pays that are -- I think you are referencing, really are other pay enhancements that the city of Scottsdale doesn't participate in. I think it was thoughtfully discussed, as you recall back when the conversation about a 35% spread or 45% spread was occurring, we -- we were the first to say that a 45% spread between Mines and max and the fire service is not appropriate. It's way outside of market. 35% still gave the top end of all of the ranks, a very high -- it was high compared to valley averages. But when you consider the fact that longevity pay, there's -- in the chief officer ranks, there's called emergency service pay, the 401(k) contributions and the additional pays added in the other communities is why I think it's very appropriate to leave our maxes in those two ranks in particular where they are.

Councilwoman Milhaven: Thank you. And then on this chart with the costs, what you are saying -- so what you are doing -- you are recommending all three, right? It's not either or. You are not recommending either or. You are recommending all three. And then your chart says it's five years. So for the coming budget year, we're looking at something in the neighborhood of \$1 million? Is that my -- am I reading that right?

Human Resources Director Donna Brown: Yes, ma'am.

Councilwoman Milhaven: Okay. And so where police talk about a 5% step, that's essentially what we are saying the market supports for fire. To stay competitive with fire, should we look at a 5% increase?

Human Resources Director Donna Brown: Excuse me, that's up to a 5% increase based on a pay for performance program, yes ma'am.

Councilwoman Milhaven: I'm definitely supportive. Six years ago before I got elected, I stood in the back of the Kiva and when the Kiva was full of employees and electeds were talking from their own opinion --

Acting City Manager Brian Biesemeyer: Oh. I didn't want to interrupt.

Councilwoman Milhaven: He wanted to interrupt.

Acting City Manager Brian Biesemeyer: I did want to correct it. It's not -- it's \$580,000. That's .584 to the next fiscal year. So I have just wanted to correct that, there was a misconception that next year we are talking about -- if included in the next year's budget it would be \$580,000 for the entire package of the 5% plus the specialty pays.

Councilwoman Milhaven: So isn't that chart saying that's \$5 million over five years?

Acting City Manager Brian Biesemeyer: Over five years but I thought I heard \$1 million for next year and maybe I misheard.

Councilwoman Milhaven: So you are saying 580 compounds year over year to get you to \$5 million in



five years?

Acting City Manager Brian Biesemeyer: It does. You can see on the total on the right as you add it up, the

[Time: 00:23:47]

Councilwoman Milhaven: I was going all the way down to the bottom. Okay. Even better. Even better. All right. Thank you.

I was taking we had elected talking about their personal opinion and their intuition and I'm so happy to see -- and their disciplinary group representing lots of different interests in the city come together and do market research to say what do we need to do to make sure that we are doing the right thing by our firefighters, that we are doing the right thing by the citizens, the citizens are getting value for their tax dollars and the firefighters are being paid fairly for putting themselves at risk and keeping us out of harm's way.

So thank you for everybody who contributed to this. And I feel like we are at the end -- coming to the end of a really long road to say that we worked through a lot of issues and this feels like the last piece in a puzzle. I want to thank everybody who worked hard.

And I also want to in particular recognize the fire department, the chief and his hen tire team because through the last five years of working through the compensation issues, I think they have been particularly responsible to manage within their budgets and make adjustments that were appropriate. I know in some years, some group of employees did without so that other groups of employees could be benefited and so I want to recognize the chief and the entire parent for them being good stewards of the taxpayers' dollars and create compensation equities within their existing budget. And so thank you for hard work and I'm certainly supportive of all of this. Thank you.

[Time: 00:25:17]

Mayor Lane: Thank you, Councilwoman Milhaven. Yeah, I just have a little -- I have a question about the supplemental component. You mentioned several elements that -- and I'm also -- the question is the number of elements within the supplemental pay that -- that is out there, and how many communities incorporate all of them, and if they all have supplemental pay.

Fire Chief Tom Shannon: I'm going to defer perhaps to Diana. Would you have that type of information? There are a variety of supplemental pays. Do you want to address it?

Human Services Director Donna Brown: Sure. When we looked at the different memorandum of understandings, it seemed like there was a wide variety in the jurisdictions that did have some sort of supplemental pay. They ranged from having nine years of longevity pay, up to a maximum of 10% for those hired prior to July 1<sup>st</sup>, 1988. It was just across the board but they all had some form of supplemental pay, which, again, is not attached to any type of assignment. It's just giving them

additional income.

Mayor Lane: So when we talk about matching that in the base salaries in, raising salaries we are basically endorsing the amount of money but not necessarily to the same end? In other words, to motivate for either maintaining folks on board with the longevity element of this, or frankly, you had mentioned the 401(k), which is something we had gotten away from in the transition, but suddenly now we are going to be building in those costs or those motivations.

Human Resources Director Donna Brown: No, actually, we are not supporting a supplemental pay program.

Mayor Lane: No, no, I know that. We are justifying the increase, even when we are at a -- at the rate that would make up the difference between the combination of supplemental pay and base pay. That's how I hear it.

Fire Chief Tom Shannon: I think the translation is best described as it rationalizes why having a higher ceiling than the valley averages by rank. It allows through progression, as people -- through merit increases achieve raises year-over-year, they have an opportunity to achieve higher earning, which would be comparable to those supplemental pays that had already -- think of it this way, these comparative cities have -- have career-long earnings embedded in their pay. What this proposal suggests is to -- by keeping the ceiling the same, is to allow those folks to achieve that through merit and ultimately have a similar impact over time, and particularly at the end of their career should they stay that long.

Mayor Lane: Chief, I would ask this. With the summation, of the supplemental pay, they were invoked or put forward to motivate either for longevity or to -- maybe to award for longevity and other elements that they were trying to initiate some incentive to the workforce, where we incorporated in the base pay. It doesn't have the same impact, but if that's -- I just don't see that it's doing the same thing. If I -- if I wanted to encourage people to stay on board, and I wanted to -- by virtue of that, I would say, hey, we will give seniority. If you get to a certain level of tenure with it, the fire department, then you are going to get this amount of money. If that -- if I just give it to the base pay, I don't have that same -- I'm not directing it towards that same level of motivation.

I don't know what the other piece of that supplemental pay is, but it sounds like they were individual attempts by municipalities, I presume in this case, to motivate some course of action rather than just from base pay. That's the reason. I'm wondering whether it's the same component when we make these comparisons. There may be jurisdictions that really need to motivate their people to stay longer and not go somewhere else, even though they may be making less without the supplemental pay. So it sort of bridges that gap for us.

Fire Chief Tom Shannon: That's entirely possible. It would be speculation on my part.

[Time: 00:29:33]

Mayor Lane: The other thing and I'm a bit concerned as we move through the ranks of sort of following something and I -- when I say move through the ranks, there's always been a concern of mine -- and I know it's up to 5%, and frankly, we don't know how that will ever work out. I'm wondering how the numbers were derived if they were derived at a full 5%, you know, I'm talking about through the five-year period of time, or whether there was some decision that somebody might not receive the 5%. So if it's motivational and for performance, there generally has to be some type of criteria or standard in order to allocate that money. I'm concerned about that. I'm all about performance pay and motivation on that side of things and, frankly, to give people the incentive to stay or to work harder or to obtain those necessary specialties or items of just work ethic, that we're looking for.

So I'm concerned about what the -- what the assumptions were here in coming up with the cost per year and the five-year program. Is it at a full 5% or is it at something less?

Fire Chief Tom Shannon: Actually I was going to defer that to Judy Doyle our budget director.

Mayor Lane: Okay.

Budget Director Judy Doyle: Good evening, mayor and members of the council. It was assumed an up to 5%. So if somebody was at or near the maximum of the range, we did not include that amount for them.

Mayor Lane: And the range within their grade are we talking about now?

Budget Director Judy Doyle: Correct.

Mayor Lane: But on a performance basis, each year I presume you are talking about not just whether they are topping out in their grade, but what their performance indicated as up to 5%.

Budget Director Judy Doyle: Yes, we did assume that as far as their performance.

Mayor Lane: What do we assume as far as the percentage of those who received the full 5% on performance?

Budget Director Judy Doyle: We assumed that 100% could be eligible.

Mayor Lane: Could be eligible. So it would reflect 5% for everybody?

Budget Director Judy Doyle: Up to 5%.

Mayor Lane: Okay. So that's a maximum number.

Budget Director Judy Doyle: That is the maximum, exactly. That doesn't indicate that that is what will actually occur.

Mayor Lane: Okay. Well, the history is that -- and frankly, it generally works out that way. Maybe it's supposed to work out that way, but at the same time, if you are really performance based, you are generally figuring that there will be a certain percentage that will not meet the grade and some that are, a percentage that will meet the grade and so on and so forth and pick an average somewhere in between, as far as the budget. But for safety sake, given sort of our track record in that regard, which is, you know, not necessarily a bad thing, we are assuming 5% across the board.

Budget Director Judy Doyle: Correct.

Mayor Lane: And -- sorry. No, you've got -- I've got Virginia first here. But in any case. Thank you for that answer in any case. So the budgeted amount is at the full 5%.

Budget Director Judy Doyle: Correct.

Mayor Lane: I will go back to any original item, and that was simply the idea that the supplemental is a motivational tool used by certain municipalities certainly at different levels and different elements, some which we incorporated in our program, you mentioned the 401(k) decision to. We are not on that program. We haven't ever been. So I just -- I'm a little concerned about calculating and using that to move and advance the numbers forward on the basis of probably a variable that's out there. Because there was a different program out.

With that, I will ask Councilwoman Korte.

[Time: 00:33:21]

Councilmember Korte: Thank you, Mayor. A couple of questions. Can you describe the process -- I know council directed staff to move forward in a process around salaries for public safety fire department. That process, who -- who was involved? Who were the decision makers? How did you come up with this?

Human Resources Director Donna Brown: Well, we did have the cross-departmental team, but the human resources department, specifically, Diana Becker and Lisa Angelini had looked through all the memorandum of understandings and called the other comparators to get their salary data for the three job classifications and we have lots of charts and comparison charts to really show the difference between those valley jurisdictions. So after we compiled all that data, we took it back to the committee for them to review, to answer any questions that they may have, any questions that you all may have, and make a recommendation based on data that we have.

Councilmember Korte: And that oversight committee consisted of --

Human Resources Director Donna Brown: Specifically Brian Biesemeyer, Jeff Nichols, Judy Doyle, myself, Chief Shannon, fire Captain Weller, Lisa Angelini and I'm leaving someone out.

Fire Chief Tom Shannon: Chief Freeburg, Diana Becker and then Judy's office also had some support staff in there. It was quite a significant group.

Human Resources Director Donna Brown: There were about 10 of us all together.

Councilmember Korte: So all in all, a great example of collaboration.

Fire Chief Tom Shannon: Oh, yes.

Councilmember Korte: Congratulations.

Fire Chief Tom Shannon: Thank you.

Councilmember Korte: It's really nice to see. Second question, on this supplemental versus just building it into salary. Is supplemental pay an old model? Is that an old model that some jurisdictions still hold on to?

Human Resources Director Donna Brown: I will let you take that?

Fire Chief Tom Shannon: Well, there's a cultural answer and there's probably an H.R. answer. So from a cultural perspective, I think Mr. Mayor, your intuition is correct in that some of these originates because there were some cities, particularly the smaller ones that were losing personnel. Some cities used it as an internal incentive where perhaps you were in a rank and there were not many other motivating factors once -- if you chose to stay in that rank, that they would reward you in other ways.

So I would say it's a legacy program, that could suggest that it is old, but it's well entrenched in many of those comparative cities. I would say that it's a little bit hard to distinguish where I think the motivation is since most of those other comparator cities are under collective bargaining and agreements. So there's some nuances there.

Human Resources Director Donna Brown: It's a negotiation piece usually.

Councilmember Korte: So it's more embedded in that whole collective bargaining aspect of it.

Human Resources Director Donna Brown: It seems to be.

Fire Chief Tom Shannon: That would be a good guess. I think there are some legitimate reasons to -- my previous life, I received longevity pay at my former employer and it was a -- something to steer employees to remain loyal because there was -- particularly in the '90s, there were a lot of folks jumping ship. These days that's not very common. We have a very loyal workforce and you are not likely to see them heave to any other community, unless it's an entire lifestyle change. They are either leaving the state or some other fashion. But they had their -- they have their purpose and they have had their place, but I do think that there's a lot that's legacy within the collective bargaining world.

Councilmember Korte: Thank you. Well, I too am in complete support of this program, and I -- I believe that rewarding individuals based on performance is better than certainly some supplemental programs that are arbitrary at best and the desire to reward someone for doing 110, 120% of their job is what Scottsdale is all about, is rewarding that performance. So I will be supporting this.

Mayor Lane: Thank you, Councilwoman. Just so the audience understands, we are not voting on this and accepting this tonight. So the support is direction, in these cases that have voiced it, direction to proceed with the terms and the conditions that you have outlined but only direction that were offered to us.

Yes, Councilwoman Klapp?

[Time: 00:38:31]

Councilwoman Klapp: Well, it seems what you came up with, addresses the problems that you have identified and I just had a couple of clarification questions, I guess, related to you found that at the top of the range there's not a problem because we are paying well compared to other cities. How many people in your department would you estimate are at the top of the range?

Fire Chief Tom Shannon: The -- I might ask for some help from Chief Freeburg here, but I believe our firefighters, we have a number of them that are about to top out. We have room within the engineer ranks and captain ranks. The previous council actions went a long way to truing that up, and then as you mentioned, our own internal approach to making sure that folks were slotted appropriately based on their tenure in service by rank did a lot to get folks closer. Freeburg, what would you say in terms of folks topping out?

Chief Ryan Freeburg: There are no captains topped out. Maybe three years they would top out.

Fire Chief Tom Shannon: So within three years, Chief Freeburg is saying, would you probably see engineers and captains topping out.

Councilwoman Klapp: And firefighters, there are some that are already topped out?

Fire Chief Tom Shannon: That is correct. About half will top out next year, based on their slotting within rank. I should also add that it is within the fire service, it is completely and culturally accepted that in other communities, in particular, that you may someday top out, and that once that occurs, there should be no expectation of additional dollars unless there's a market adjustment, cost of living adjustment. That would be a new experience for this workforce, because they have never experienced that before topping out. I've had many, many conversations with Captain Weller, where he's already, you know, helping his membership understand that that could be a new reality, but the rest of the valley services already live with that reality. So it's just a new experience for us.

Councilwoman Klapp: So the understanding in this proposal is even though we would be looking at

up to a 5% increase in pay, it isn't going to happen for anybody that is at the top of the range. This is true, as I understand for anybody else that works in the city too, that I think that some lose track when we grant a 5% or 3%, those people don't move at all. The only way that they would ever get more money is if we change the ranges or do something different with the pay ranges.

So in this instance, I can see where this addresses a problem because those people are at the top of the range who are already being paid better than the other valley cities aren't going to receive any money anyways. So it takes care of the other problems that you identified. So the plan that you put together seems to me to be the best solution for the problems with were identified.

Fire Chief Tom Shannon: Yes, ma'am.

Councilwoman Klapp: In my estimation. Thank you.

[Time: 00:42:03]

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

Councilwoman Littlefield: Thank you, Mayor. I would like to voice my support to this plan. I have think you have done a fantastic job on analyzing and making a very good program for everyone concerned. I have often said that I think public safety is the number one job of this council and if we are not doing that right, we are not doing our jobs. I do support this for all the reasons that have been spoken of before and I think it's a good thing, and I hope you continue on with this. Thank you.

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

[Time: 00:42:37]

Vice Mayor Smith: Thank you, Mayor. Can I ask a clarifying question? Go back to the financial implications chart, whatever that was, the last one or something. At the very top, it say above the 3% pay increase. We are not talking about a potential 8% increase, are we?

Human Resources Director Donna Brown: No. No, start in '16/17 up to 5% for those three classifications.

Vice Mayor Smith: So what does the super note mean then?

Human Resources Director Donna Brown: I think it was including the fact that the 3% was approved for the rest of the city. Judy, did you have anything else?

City Treasurer Jeff Nichols: Mr. Mayor, Councilman Smith, it's pointing out that that table is talking about the differential between an up to 3% pay program, which is currently in the five-year plan, and a pay program of up to 5%. It's the differential you are seeing between the 3 and 5% programs.

Vice Mayor Smith: So all this -- well, and was 3% built into each of these years in here? So what we are really seeing is a 2% delta?

City Treasurer Jeff Nichols: Yes.

Vice Mayor Smith: Okay. So I want to comment, and commend the group for doing a good cross-organizational study and also to you, chief, for using some of the meager resources that we had in the past, and a very, I think, thoughtful approach to trying to fix some of the salary issues that you had. And there is no but on that. I mean, it's commendation on both things. I'm looking at minimums and maximums. I'm not sure where I end up after implementation. If I say go for this, I'm not sure whether I end up collectively higher than the valley, lower than the valley, equal to the valley. I'm not sure what the objective was in terms of where we would be versus other valley cities, the nine that you looked at. Maybe Donna you can talk about what the objective was and where this puts us.

Human Resources Director Donna Brown: I just wanted to illustrate that the salary ranges are competitive. We do, as you saw in the chart, that we are a little bit higher for fire engineer and fire captain as far as the maximums are concerned but the salary ranges in itself are not changing, until we do another classification study and it shows that the market needs to change and then we would address it at that time. But currently, we feel the salary ranges are going to stay put.

Vice Mayor Smith: But I think you -- maybe you answered the question I had. The salary ranges that we are looking at, sometimes were higher, sometimes were lower, minimum, maximum, whatever, but none of this really addresses the salary range.

Human Resources Director Donna Brown: It's not changing the salary range.

Vice Mayor Smith: It does not change the salary range.

Human Resources Director Donna Brown: No, sir.

Vice Mayor Smith: I was a little confused with what this had to do with anything. It seems -- what I'm looking for is whether we will be as a fire department unit, above the other cities, below the other cities, the same as the other cities and what the objective was. Obviously it doesn't have to anything this do with salary ranges but where everybody is in the pay range.

Does anybody have a sense of where we will be, where we are now, where we will be after five years of 2% augmentation on increases and all this other stuff?

Fire Chief Tom Shannon: I'm not sure that that analysis has been completely done. Ms. Becker did -- and I believe Judy's staff did a great job of forecasting making some assumptions on a 5% max, where we would find ourselves but Diana was there much data available as to how valley -- I guess, are you asking for midpoints or what are the valley averages by rank, would lay out.



Do you understand --

[ Off microphone comment ]

Mayor Lane: Mr. Nichols.

City Treasurer Jeff Nichols: As regards to specialty pay, if the direction you give to staff this evening is to take the actions that we're recommending, or include them in the budget process, within the paramedic range, we would be at the average. I would say we would be competitive. The average of paramedic pay is \$5400. We would raise it to the \$6,800, which would put us at the average with the other valley cities that we are comparing to and the same with the other additional specialty pay.

If you look at how we get through the ranges --

Vice Mayor Smith: That a good answer to the paramedic and specialty. I was sort of asking about the base pay and what does this 5% a year for five continuous years do? Does it -- are we equal to the valley average on the base pay? And will this move us collectively ahead of valley or behind or what?

City Treasurer Jeff Nichols: Mr. Mayor, Vice Mayor Smith, I would say that, yes, it would make us on par, average with the other valley cities. And it would also allow us to move through our firefighters, engineers and captains to move through the range through the cities that we are comparing to. So we wouldn't get through the ranges any faster, any slower. Our people, if they perform would progress through the ranges as they do in the other valley cities that we compare to.

Vice Mayor Smith: So if I can repeat what I think you are saying to me, is that, maybe you are saying we are at about average now, and all the other cities move over time at about 5%, and we'll move at 5%, so we are average now and we will be average then. Is that a true statement?

City Treasurer Jeff Nichols: I think we are a little below average by moving through the ranges at up to 3%. I think if it's up to 5%, we will be in the average of where the other municipalities are now. So right now, I think it takes a firefighter in Scottsdale, up fortunately, the slide that we have here shows it was if we had a 5% step program. It takes them a few more years to move through the municipal fire department employees and this would put them on par with the other municipalities as far as moving through the ranges.

Human Resources Director Donna Brown: I can also offer that we have a progression through ranges spreadsheet that illustrates how long it takes for the firefighter, fire engineer, fire captain to go through the ranges based on the different jurisdictions and that's when we were saying that it looks like we are on par with the other cities concerning the salary ranges. As far as having a progression, we had it maxed out to ten years, and the fire captain.

[Time: 00:50:28]

Vice Mayor Smith: Okay. I guess -- I guess I understand the answer. I'm -- I will say I don't necessarily subscribe to the idea that the city should be paying or striving to pay a premium over valley cities in part because I realize how this -- all the cities look at the same database that we look at, and if we set an objective to be ahead of everybody else, next year they look at us and they add us into the average and then they'll have to scoot and hurry up and then it's -- it's a cat chasing its tail kind of thing. So I hope this keeps you competitive. Competitive is not the right word because we are not competing for people, except at the competitive. People don't leave after they have been here for 10 or 15 years. It's more of a fairness issue than it is to address a turnover issue. And I want to be fair but I'm cognizant of whose money I'm spending when I'm trying to be fair. I'm trying to be sensitive to that.

I do agree with some of the questions that the mayor was posing on this 5% and whether it is truly going to be a performance kind of number. I think we now understand the numbers that are shown here, there's not any performance. It's everybody who is entitled to it gets it. That's what generates these numbers.

In a normal performance program, you have a target of 5% which would generate these kinds of numbers, but the underlying program is one that says it's going to be anywhere from 3%, if you don't do well, to 7% if you do do well. And it is by paying people within that range that you create motivation and performance. Too often I think we call something a performance program here and -- and only three people out of 100 don't get the money.

So it's -- I would urge you -- I think that's what we are giving here is advice. I would urge you to try to structure a performance program that is truly defensible as a performance program. One that has a range of what you will get if you don't do well. Well, I guess -- I suppose you could go all the way to zero if you don't do well at all, but it's something that has a minimum and a maximum, and you have a bell curve of employee over time. That's the type of program that promotes employee motivation and sends a good strong signal to the under performers that they need to work harder next year.

I don't have any -- I don't have any problem with what you are doing with the paramedic and the specialty pay to put them on a level that is comparable to what other cities are paying. It's certainly pay for comparable skills is appropriate, I think.

All of my questions are focused on the 5%, and I'm very sensitive to the fact that -- I mean, I don't disagree with anybody who says public safety is our number one objective, but it's -- it's also our -- we have several number one objectives and among them is to run the rest of the city in a way that the citizens expect, whether it's libraries or parks or whatever, and I don't want to create this dual citizenship where some people get 5% and some people get 3%. Unless you can demonstration that it's what it takes to be in the same compensation program as other cities. I think I heard that answer but I'm not entirely sure. Thank you.

[Time: 00:55:08]

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

Councilman Phillips: Thank you, Mayor. So I guess a few questions too. This 3% that we agreed to a long time ago, is that considered like a cost of living increase? Is that why it's been decided at 3%?

Human Resources Director Donna Brown: No, sir. The 3% is up to 3% for the pay for performance program. We don't have a COLA.

Councilman Phillips: I'm just wondering where we come up with 3% because I know, you know, the average citizen who goes to work doesn't get a 3% pay for performance. You know, I talked to Fritz Behring probably a year ago, before the police compensation, and he said fire is fine and fire is happy. We have to take care of the police. The police came and got the 5% step program or 3% increase, 5% step. And it seemed like a week after the council agreed to that, if not a day after that, or the next council meeting, suddenly the fire wanted the same deal and that's what it seems like what's going on here. It's just finally now coming to us for the next budget cycle.

This five-year additional, how do you come up with that number if not everybody is getting a raise, and it's pay for performance. Is it just guesswork? How could you come up with a number? Is that everybody got a raise number? Is that maybe you figured half the people got a raise number?

Human Resources Director Donna Brown: I'm sure the treasury department can answer this as well. I know that there's a certain number that's going to hit the maximum and they did that calculation to figure out who is going to hit the maximum and those hitting the maximum were not going to be included in this program. So I'm sure that was part of the parameters of coming up with the 4.92 figure. Jeff, did you have anything?

City Treasurer Jeff Nichols: Yes, Mr. Mayor, Councilman Phillips, that's exactly correct. If someone has the ability to receive a 5% raise, i.e., they have the ability within the range, with would budget for that. That doesn't mean that that person will receive 5%, but we would want to ensure that we had the budget available if they do. So we take the whole population of the fire department. We have a program and we do that up to 5% until each individual would reach the stop of the range and that's how we calculate those for budget purposes.

Councilman Phillips: For the budget purpose, the 4.92, that would be the max if everybody got a raise and worked out. That would be the max.

City Treasurer Jeff Nichols: Yes, sir.

Councilman Phillips: So in reality, it probably would be maybe half that, just depending on how wonderful everybody is? Correct?

Fire Chief Tom Shannon: You are correct. We have an outstanding workforce and I think it's safe to assume that all of our employees are going to meet the minimum standards which would make them eligible for whatever the movement in the range was and I think that gets to the treasurer's point that

if there's capacity to move and it's 5% that they would achieve that 5%.

Councilman Phillips: But it could be 3%. It doesn't have to be 5%. It could be 1%, 2%.

Human Resources Director Donna Brown: That was the option, just in case. They have to be eligible. Eligible means that they have to have the performance.

Councilman Phillips: But this would allow them to go to five, two points over the three, that's point behind this?

Human Resources Director Donna Brown: Yes, sir.

Councilman Phillips: The city's comparable --

Mayor Lane: I'm sorry, councilman, it sounds like we may have at least part of what you just asked. Mr. City manager, please.

Acting City Manager Brian Biesemeyer: Mayor and Councilman Phillips, I just would like to clarify the chief's statements and no doubt we have a great workforce, but that doesn't mean we don't apply standards to them, and that undoubtedly as much as the chief is for his workforce, you will see folks that do not make it and will not get the total pay for performance package because it won't stop our standards. I have just wanted to clarify that.

Councilman Phillips: I understand that. Forgive me for not turning around but it's like breaking my neck to do that. It's a weird way that we have this set up. So the next question was the city's comparable, those are all union fees?

Human Resources Director Donna Brown: They all have the M.O.U.s, yes, sir.

Councilman Phillips: Do you know what the union cities what their dues are monthly?

Human Resources Director Donna Brown: I don't have that information.

Fire Chief Tom Shannon: I do not.

Human Resources Director Donna Brown: We can find that information out for you, sir.

Councilman Phillips: That's kind of why they make more. They have to make those union dues. I'm wondering if that's another \$100 a month or what.

And then the other thing, going back to, let's see -- where is the paramedics slide? Oops. Not there. Can you come up with the paramedics slide?

Human Resources Director Donna Brown: I will try.

Councilman Phillips: I didn't mean you. I thought Brian was doing it. It's somewhere around here.

Vice Mayor Smith: Specialty pay. I meant the specialty pay.

Councilman Phillips: Yeah.

Human Resources Director Donna Brown: Did you want to see the chart?

Councilman Phillips: Mm-hmm. Yeah. Where were the numbers on that? How much they were making? Yes, \$5,400 to \$6,800 and then 2520 to \$3,200. That's their monthly pay?

Fire Chief Tom Shannon: That is their monthly specialty -- excuse me, their annual specialty pay. So it's divided, of course, amongst pay periods.

Councilman Phillips: I'm sorry. So 5400 is --

Fire Chief Tom Shannon: Annual.

Councilman Phillips: It's \$54,000 a year?

Fire Chief Tom Shannon: No, no, \$5,400 additional annually.

Councilman Phillips: This is additional.

Fire Chief Tom Shannon: Against their base.

Councilman Phillips: Against their base. So what is their base.

Human Resources Director Donna Brown: It depends on what their classification is, and what their actual pay is.

Councilman Phillips: Well, I think that's important to know, I mean, really what their base is. If you are getting \$100,000 a month, they don't need any more, obviously. So --

Fire Chief Tom Shannon: Well, obviously -- so we can go back to the firefighter ranges and you can apply any one of these specialty, no more than two being allowed, against any given base. So you could foresee that currently we could see a \$7,900 additional stipend annually on top of someone's base that they held two of these specialties. So it is a -- it's additional pay for additional assignments that they do beyond their normal job as a firefighter, the normal job as an engineer or their normal job as a captain.

Councilman Phillips: And just because I can't do it, \$1,600 divided by 12 would be what?

Fire Chief Tom Shannon: 1600 --

Councilman Phillips: \$6,800. That was the max.

Fire Chief Tom Shannon: What is that \$500 a month.

Councilman Phillips: \$79 a month? \$790 a month?

[ Off microphone comment ]

Fire Chief Tom Shannon: \$566 as we heard from the gallery.

Councilman Phillips: \$566 a month?

Fire Chief Tom Shannon: \$566 additionally.

Councilman Phillips: I mean in the scheme of things that's not very much, let's be honest. That's another \$500 a month is not going to make or break anybody. It might break somebody. It seems like the reason I'm bringing all of this up is it seems like the paramedic and the Haz-Mat are pretty far behind. So I can see where we need that type of adjustment.

I'm not sold on the fire department going up to 5%. I feel like -- and excuse me, it just seems like they want that because the police got it. I would really have to look at their pay and see if it's -- you know, what they are getting paid monthly, I think to know if that increase is really necessary, or if 3% is plenty. I don't know. Like I said, we don't have the union pay. But it looks like the paramedic and the specialty pay, I think that actually needed to be adjusted. So I can see going along with that part, but I'm not sold on the rest.

Human Resources Director Donna Brown: We can provide that additional information for you, sir.

Councilman Phillips: Thank you.

[Time: 01:04:10]

Mayor Lane: Thank you, Councilman. You know, I think we will talk about what the goal is here. Of course, it was Donna, you mentioned it right at the outset and this is certainly a worthy goal and that's compare fair and equitable compensation, fair and equitable in comparison to the test group that we have in front of us which we have used through the years and understand that as a -- as a worthy goal.

My concern is, and I hate to keep going back to this supplemental thing, but I don't see any quantification of the average supplemental pay that's out there. So there's a target we are shooting for which is our -- is base pay, plus what would be the missing supplemental that other municipalities may have. I don't know what that is.

And you may have that, but to the next point, and it really is -- it goes hand in hand, is that what are we shooting for? If we don't have that number, the 5%, again, based upon performance, which I think is -- by using your words, if they meet the minimum standards they are entitled to it. Well, the minimum standards I don't think is what we are looking for as far as performance is concerned, but nevertheless, if it is performance, it's hard to say whether we would get to the average of other municipalities in group, with their base pay, plus the supplemental, since I don't know what that supplemental is.

Fire Chief Tom Shannon: Mr. Mayor, if I can clarify. I think it's best to focus on the word "specialty pay" because really, I think all that's being proposed here is a consideration of the specialty pay because --

Mayor Lane: Right.

Fire Chief Tom Shannon: Because the supplemental pay is simply not a factor in this conversation.

Mayor Lane: Well, you are saying specialty pay, I'm talking about supplemental pay.

Fire Chief Tom Shannon: I understand, but I guess it's important to clarify that those other cities have supplemental pay, and that has not been part of this conversation. The only correlation is to rationalize a higher ceiling in ranks. That's it.

Mayor Lane: Higher ceiling in the grades then?

Fire Chief Tom Shannon: That is correct.

Mayor Lane: Or the ranges?

Fire Chief Tom Shannon: That is correct.

Mayor Lane: So there's no consideration on this 5% performance or otherwise to get to other municipalities' base pay or whatever, whether it's supplemental or whether it's specialty, to get us -- we are already looking at this specialty, and I don't --

Fire Chief Tom Shannon: Yes, sir.

Mayor Lane: I really don't have any difficulty with that at all. The concern I have is where are we going with the 5% and how do we decide we are going to get there and I'm hearing in the conversation that we are considering the fact that we do not have these supplemental pays, and we don't -- the 401(k)s, the longevity, whatever makes that up, but there is a component for that, that the other municipalities have, that they were considering when we consider our competitive position in the rank. Is that not right?

Human Resources Director Donna Brown: That's correct.

Mayor Lane: We are considering those in that competitive rank but we haven't quantified what that was. And the question asked by the Vice Mayor, where is the 5% performance or otherwise, where is that taking us? I know it's taking us through the range, but how is it getting us to above the field, the middle of the field, below the field ultimately, if we consider the supplemental that we are throwing in for the average that we are trying to shoot for. So that's a bit of a concern of mine, and I just wanted to express that thought and the other is how many other municipalities have a similar or identical program to what is being proposed here with regard to the annual pay increase?

Fire Chief Tom Shannon: I would say none, because we -- I think it has been identified that we are below the market. We are -- we are behind by, in some cases, 27%. So some important distinctions are, I think, as the treasurer pointed out, our progression through the base, through the range, is -- would remain on par if what is proposed is passed at a later session. The issue of supplemental pay, even in those other cities' progressions through their pay, is an add-on. It's no factor in their -- so let's use a Phoenix firefighter. They would progress through their range and then receive supplemental pay.

What I think the treasurer, if I can repeat his interpretation was suggesting is that what's being proposed keeps us on track with progression through the range, with no consideration of supplemental pay in any form in Scottsdale. Is that not correct?

City Treasurer Jeff Nichols: Fire chief, I think what you are getting at, Mr. Mayor and I don't know that we have quantified it in total, is what is the total supplemental pay that a Phoenix firefighter can achieve and that's subject to their M.O. U. and that's subject to negotiations. And what we discussed in our group was that we never wanted to go down that road. We don't want to start talking about an M.O.U. We don't want to start discussions about supplemental pay. When we noticed that the ranges for the engineer and the captain position were not -- they didn't look to be driven by the market, we accepted that because we didn't want to chase the market on the supplemental pay issues. They are very, very dicey, depending on what community you are looking at. So the comparators in the specialty pays, that's fairly --

Mayor Lane: Stop right there. I'm not talking about the specialty pays at all. I guess what I'm trying to get a handle on is whether the supplemental pay as agreed by Ms. Brown that the supplemental pay was included with the base averages that we're looking at in order to find our place in the field.

Now you are saying it's not considered at all. They may all be above us if we include the supplemental pays?

Human Resources Director Donna Brown: You are surmising that the supplemental pay is the reason why it's agreeable that our ranges are a little bit larger for fire engineer and fire captains because the other jurisdictions have the supplemental pay and that's why ours are a little longer and theirs is a little shorter. That's our surmise based on the information that we have.



Mayor Lane: So we are saying we may be a little bit higher in those categories that you just mentioned because they are not representing in that base pay the supplemental component?

Fire Chief Tom Shannon: That is correct.

Mayor Lane: So what you are really saying, we are on the same track.

Fire Chief Tom Shannon: That is correct.

Mayor Lane: So we are not trying to get beyond the average. The 5% will only keep us at the average?

Human Resources Director Donna Brown: We are trying to stay competitive, that is all.

Fire Chief Tom Shannon: That is correct.

Mayor Lane: Well, I guess -- I'm not trying to be difficult in this. I just want to get as clear of picture as possible. There's an assertion that this kind of plan, as it is with the police officers, that 5% is meant to keep us competitive as well. What I guess I'm trying to find out here, and I think the question was asked, is whether we have calculated that 5% a year on -- for our averages, whether that will take us to keep us at the average competitive, yes, at the average or whether it will take us above the field. I didn't see that we really calculated that.

Human Resources Director Donna Brown: We can review the M.O.U.s again to see if that data is available. We don't know if they will be able to give us that forecast because some of those M.O.U.s may be two years or three years or they will might be recent. We can review the M.O.U.s again to see if we can find that information.

Mayor Lane: And that's a good answer to it in the sense -- I mean, truly in the sense that there is a projection here. We are working on a projection of 5% a year. We don't know what they are going to do. That goes back to my question how many other municipalities have set it as a projected 5% for the next five years or however long this goes.

And incidentally, is this a -- this is a sunsetted issue or if it were agreed, is it a permanent change in policy.

Fire Chief Tom Shannon: Within the M.O. U.s or within this proposal to you?

Mayor Lane: Proposal to us right now.

Fire Chief Tom Shannon: I would say that that's a city manager's response given the evaluation cycle for market value.

Acting City Manager Brian Biesemeyer: Mayor Lane, this is -- this is part of the -- this would be a budget thing brought up every year, and would be in front of you this would be the way we would proceed pending any crisis in the budget, any issues in the budget that we could not make it. We would proceed on the 5%, unless significant events occurred that would not allow us to do that.

Mayor Lane: And I appreciate that answer, Mr. Biesemeyer. One of the problems, I wouldn't say is really a problem but one of the assertions that was made the other night, with we talk about the 5% police department, that come hell or high water, the 5% is, there no matter what we have to do to change the rest of the employees or other services or a tax increase. So I just wonder whether we are working within our bonds, not just only from -- to be competitive, but also to be realistic about what our resources are and what the -- what the temperament may be. And I'm just throwing that is one avenue that would be denigrated to 3% in favor of making sure that we have 5%. And at a time when we have 2.33 C.P. I., you know, these are important factors because we will be moving through the ranks pretty rapidly at twice that rate if this is the new normal and from all indications that looks like where we are.

So those are -- those are just concerns as of maybe some of the information that I would like to see with regard to where this takes us. I realize it's subject to some conjecture on your part, as far as what other municipalities will do in their increases. They may have a track record but we know here right now, in answer to the question, as to whether they are on a 5% deal, the answer was an emphatic no. So we are going into new ground as far as setting a 5% increase essentially across the board. So it's an important step for us.

One final thing and then we will be going to Councilwoman Milhaven just first. Nevertheless, one important thing, when we talk about the cat chasing its tail, we used to call this the spiral staircase because we are all playing a role in changing the equation each year, particularly however aggressive we get with it. You remember just a few years ago and I think it was on the police department side, Tempe absolutely said they had to be number one each and every year. And that really had an emphatic pull forward for everybody who was trying to remain competitive. So we want to be fair, and equitable, but it's sometimes -- we can create our own dilemma with some of these programs but anyhow, Councilwoman Milhaven.

[Time: 01:15:53]

Councilwoman Milhaven: Thank you, Mayor. If there's one thing we have learned in my service. We can and do rethink everything all the time. Sometimes several times in the same meeting, certainly from budget year to budget year. So I know we are not obligating ourselves to anything in the future, we just do one year at a time.

I do want to correct a couple of statements I think Councilman Phillips said whether they were earning \$100,000 and whether they needed an increase in their pay and looking at the maximum of these salary ranges. There's no way that we have firefighter, fire engineer or fire captain, earning anything near there. We don't have anybody in those categories making that much money. I would also like to remind the councilman that we are in a right to work state that union membership is not obligatory,

and if someone chooses to do so, that's their prerogative and should not be a factor in our considering what we pay folks.

I have also -- the -- in terms of justifying 3% for all of our employees, the W.P. Carey School at A.S.U. does an annual survey of some of the most respected economic forecasts for the region, and for 2016, the consensus ever 12 very well respected economists is that salary and wages will increase at 3%. So if we failed as a city to pay our employees at least up to a 3%, it means all of our employees would be falling behind the market and that's not something we want to do. I think we want to stay with the market.

I wanted to come back to -- sorry, I'm going to hit this supplemental pay thing one more time. So we may not have -- well, here's the way I'm looking at it. We have looked at all the cities in the valley, and we said our starting pay is on par or a little bit less than where other firefighters are starting. Is that about what you are suggesting here, with the -- so if everybody starts on par, we are at the average? Right?

Human Resources Director Donna Brown: When we are looking at the minimum salary ranges.

Councilwoman Milhaven: So if everybody comes in and they start and they are at the minimum, we are at average and then my understanding is what you are sharing with us, based on what have learned from the other cities, they have historically given 5% and our every expectation is that they would continue to give folks in these job classifications 5% increases?

Human Resources Director Donna Brown: They have given a variety of different increases, not just 5%. There was a range that we found in the M.O.U.s.

Councilwoman Milhaven: But up to 5% represents an average?

Human Resources Director Donna Brown: I don't think I can absolutely say that.

Fire Chief Tom Shannon: I would say five would be on the high end. That would be on the high end. So I know during the downturn, some of the M.O.U. cities could not -- could not commit to that high of an increase but some actually did, you know. So it really is dependent on what that M.O.U. says.

Councilwoman Milhaven: Okay. So then maybe historically we have been in a unique time and it's not fair to look backwards. Looking at the M. O. U., would you say that's the average of what their intentions are?

[ off microphone comment ]

Fire Chief Tom Shannon: Since I don't know the labor contracts, I looked at the labor guy and he thinks that's a fair guess or higher.

Councilwoman Milhaven: So the 5% is average or higher than the average?

Fire Chief Tom Shannon: That's what he indicated.

[ off microphone comment ]

Mayor Lane: I'm sorry, Sasha, we would have to call upon you to make comments officially for the record, but if that's the case, we would like to see those numbers and I think that's a very important number for us.

Councilwoman Milhaven: The average of the market is at least 5% and possibly higher? That is the question. And so then to say 5% keeps us in the market, not above market would be a fair statement? That's what we believe? Okay. And then the -- these ranges as the mayor was just saying, these ranges do not include supplemental pay, supplemental pay is on top of this.

Human Resources Director Donna Brown: Yes, ma'am.

Councilwoman Milhaven: So when we look at total compensation, the other cities are paying more than this. And frankly, I think supplemental pay lacks transparency and fairness. You know, I think --

Mayor Lane: You are looking at me on that last one and I'm just going to have to say, it's been a variety of answers we have gotten on the supplemental pay. I think the final one is that it was used to make up the difference for where we are already higher, that they are -- they move into a position -- of course we don't show those numbers. We don't know exactly what that is but we justified the fact that we are higher in certain categories because some of these municipalities have supplemental pay. How much is that and does it actually fill in that gap. But that was the justification to say that we are pretty much at average because they throw in the supplemental pay on top of it.

Councilwoman Milhaven: Right. I was trying to reinforce it. We don't know. We don't know how much. That would be an interesting question. We just want to be clear. This he looked at the ranges and said we are over the market in terms of the range but we are comfortable with that because we tonight pay supplemental and if we look at total compensation. I think that's justifying where we go over market. So -- and then we don't get if, in fact, the mayor is concerned, we don't -- we would be then, if we -- everybody starts in the same place and we give everybody the same average increase, everybody is going to be in the market until they get at the end, which is where the mayor would like to have some sense of what the supplemental. Is it's still feeling to me like we are in the market.

[Time: 01:21:46]

Mayor Lane: Yes, Mr. Biesemeyer.

Acting City Manager Brian Biesemeyer: Mayor Lane, and Councilmember Milhaven. We didn't do a

slide, but there is an attachment, I believe it's attachment -- I was on it and then I just moved off of it. There is an attachment 5 which tells -- that gives some idea of what supplemental pay is. We have not included 401(k) and other contributions in there, but for other specialty programs, it's in there and as you can see, it can be up to 10% of their pay. So you can do the math on that, if you look at -- you know, if you look at the captains and they are making \$80,000, you do 10%, that's \$8,000. You give some of the actual amounts in there for the Mesa one that was up to \$8,237. There was a Tempe one that \$8,448. So there's an assessment of those there.

They are difficult to truly put together in a compilation of it, because how many make it and such, but we were able to extract some of the numbers to give you a magnitude of what those supplemental pays can add up to.

Mayor Lane: Well, if I might just add, and I will still stand on the request for the information, in a similar chart that we have here or real numbers, as far as what is that -- what is that amount on the average? So does it actually fill in the gap or are we still ahead in some of those categories we have just talked about? Because we need to know a starting point. If we are talking about the goal is for fair and equitable compensation, and we certainly want that. But we want to make sure we are working within our budgets, obviously and our commitment there, but also whether or not we are going above and beyond on it, just because we picked a number.

And, you know, I don't mean to be sort of skeptical about the 5%, but it does sound as Councilman Phillips mentioned, it does sound strangely familiar to us as a number that we want to use.

Fire Chief Tom Shannon: If I can respond. I can assure you that -- that no such thing occurred. This has been an issue that the fire department has realized is going to take some time. We knew that in many ways if we took the steps to internally fix our problem, we could then later come back for the fine tuning. I view what we are talking about is the fine tuning of firefighter compensation to essentially put this issue to bed for good within the valley and as the treasurer pointed out, we are within the average.

There's nothing excessive here, I can assure you, and well before our law enforcement brothers and sisters came forward with the request, I can tell you that the interest was to achieve market parity within tenure or within the organization but it was within the context of our economy and where we were all at and we took a very thoughtful approach to it. So, no, this wasn't a wake-up and bring this issue forward. I can assure you.

Mayor Lane: Well, in fact, I've had similar conversations, Councilman Phillips talked about with Fritz when he was actively engaged in city management and, you know, it did sound like a little bit of a different situation than than it does now. And so I'm interested because we -- obviously we went through a comprehensive compensation study, if you will in this area and I appreciate that, but we have gotten used to it. It's a careful area for us. It's an important area for us. I mean, there are communities across the country that have let certain things get out of hand in certain areas.

And underlying the whole thing and this is maybe a little bit of an obstacle for me too. I'm very

concerned about us tiering or casting our employees into different areas of things and different levels of compensation, particularly since we have a real driver here to -- as I said, roll up the circular staircase on this type of thing, depending upon what action we take. If we take too aggressive action, we are the ones pushing it. I don't mind being in the mix, and I think we ought to be.

As I cited with Tempe and their proposal, they took a very aggressive position and drove an awful lot very rapidly. Obviously, it's my nature and sort of my classification, I'm a bit more conservative about that kind approach, and I want to be careful. So I still would like to see the numbers with regard to what the supplemental is and how if it's add odd to that bar, the I can't graph that we looked at. I know it's different in a lot of communities.

We are talking about the averages of this community. But what is the average of that component? And then how this proposal will move us either through the ranks or above the ranks as far as our comparisons. It's important component.

I think -- I will go with the Vice Mayor. I think that's who is next.

[Time: 01:27:11]

Vice Mayor Smith: Some of what I will say is repetitive, but it's nevertheless the direction I want to give you in terms of what I would like to see when you come back to us. I'm hearing you say we want to stay competitive. I'm hearing you say that we want to move at the same rate that we want to be in the market, whatever. I'm just not seeing data presented to us here tonight that talks about where we are or where we'll be. I see marked salary ranges but the salary range is the possible minimum and maximum. It doesn't tell me where we are. So what I would like to see you come back with as a supplement -- I shouldn't use that word, as a special attach to your study, is something that tells us where the compensation is for these various categories of employees versus the marketplace. That's first.

The second thing is I would like to see a real definition of a performance plan. The words I'm hearing are not giving me comfort. Chief, when you say, you know, I think we are going to have most of the people that will hit the minimum standards, that's not my definition of a performance plan. A performance plan is something that says I'm going to evaluate employees on a scale of 1 to 10 for these following criteria. And some of them will be on the low end. Some will be on the high end, and many of them will be in the middle. And the range for this performance will be an award of anywhere from 2 to 5 or 6%, or whatever the number. Is that doesn't sound like what have you designed here.

My encouragement and I said the same thing when we were talking about the 3% for all the other employees in the city. I would love to see the city get to a true, honest to goodness performance pay plan and we'll know when we get there because you will be able to come back to us and say, here's what everybody got last year and it turns out to be a bell curve. Some got very little. Some got a lot and most got the average. So I'm saying I don't hear that. I would love to hear that. I would love to see an honest to goodness performance plan that tells me on what criteria will people be evaluated.

How will we reward the winners and penalize those who have not met our expectations.

Third point is I want to understand better the effect that your analytic approach of using these averages for the valley, how that has affected your results. What I mean by that is, did you take nine cities, their reported number and add them all up and divide by nine? Was that the methodology?

Fire Chief Tom Shannon: I will defer.

Human Resources Director Donna Brown: Well, we did take the average. The city of Scottsdale is not included in those averages. So we just looked at every city --

Vice Mayor Smith: Okay. I understand that Scottsdale would not be in the average. I want to point out to the listening audience for whatever that the elephant in the room, of course, is Phoenix. I mean, what Phoenix pays since they have, I don't know, 1600, 1700 firefighters basically determines what a valley firefighter is going to make. Some of the other communities chosen, Goodyear has 91 firefighters or 91 employees in the fire department, and when you do, that you end one an arithmetic average that is an odd ball kind of number.

I'm looking at the captains, for example and on the screen you have the maximum pay for the three categories of employees, the maximum pay for the captain and whatever in the green line that I can't read. Looking at the detail sheet that was a backup not available to the public here, we have it on the screen but it says the maximum is 83,446 for a captain. That was the average, nine cities divided by nine or eight divided by eight or whatever it was. Phoenix pays \$4,000 less than that. And some of the other cities pay several thousand dollars more than that. Phoenix is the real driver here. Phoenix pays \$20,000 less than the minimum for a fire captain.

So if you look at the average up there and you say, what does the average fire captain make in the valley, the average city pays this number. But the average fire captain makes \$20,000 less because the average fire captain, by definition works in Phoenix.

I don't know how you wrestle this one to the ground. I'm saying, I want to be fair. I want to pay our employees comparably to other employees. I don't want to pay our city comparable to other cities. I want to pay our employees comparable to other employees and there has to be some recognition that there is wide variation around this average. I think I'm done. Thank you, mayor.

Mayor Lane: Thank you, Vice Mayor.

Human Resources Director Donna Brown: I was going to add that we did reach out to the cities to see if we could get an actual number, as far as the salaries work for each of the classifications and that was very difficult to come by. We can try again to request the actual salaries for those job classifications.

[Time: 01:33:14]

Mayor Lane: Thank you. Councilman Phillips?

Councilman Phillips: Thank you, mayor and I think Councilman Smith or Vice Mayor Smith had good points and good questions. So I'm kind of looking for that too. You know, my feeling is that the public safety should somehow be separate from the rest of the city. They should have their own budget or something, because it just doesn't make sense in my mind, you know, that everybody gets the same rate of increase depending.

It doesn't matter what their job title is, to Councilwoman Milhaven's comment that 3% is a cost of living. That might be for government employees. That's not for the private sector and I would say the private sector is probably zero. I think they are under paid and over taxed and the tax goes to the city and the city goes to the city employees. So we really have to pay attention to how much we are paying compared to how much the people are making that are putting money into this city tax fund to pay these employees.

You commented that something about putting this to bed, that's what I thought. I thought this was put to bed. I think that's what Mr. Behring told me, that it was put to bed. So I'm a little surprised that we are coming back and talking about this.

You know, when you talk about the spiral staircase, it's true. I guess we will be back here in a year or two years or three years asking for more because it will always go up and the unions are always going to look at the bus strike. They will always ask for more money and if Phoenix satellite driver, we're in trouble. So we have to find other ways to compensate and I think we do.

I think we had Leeds certify fire stations with the public property tax that the public generously offered to do. I have think we take care of our employees. Like I said, I would like to see the public safety separate somehow, but it isn't. So we have no look at this overall picture and find a way that's fair and comparable for everybody.

While I'm not totally sold on this, I understand that, you know, we just need to go up. We just have to make sure that the public understands that they are getting a fair value for their money. We're not overpaying them. We are paying them what they are due. And we are showing them that tonight. So I would like to see what those pays are also.

I know it's hard for you. I don't know why the city won't give them to you. I would think it would be public record.

Human Resources Director Donna Brown: You would think that.

Councilman Phillips: In the interim, I will try to find out myself too, so our next discussion we will have a better idea. So thank you very much for your time.

Human Resources Director Donna Brown: Thank you, sir.



[Time: 01:36:02]

Mayor Lane: Thank you, Councilman. Councilwoman Milhaven.

Councilwoman Milhaven: I think we are all trying to drive to the same thing, which is a good value for our citizens and fair compensation for our firefighters and listening to the comments, I think we have at least a majority who agree, and so I would like to make a motion to direct staff to copy all councilmembers on the answers to the questions from Vice Mayor Smith and from Mayor Lane and I would direct staff to include planning for 2016 assuming adoption of the recommendation here, and the money included in budget planning, and if, in fact, information in answer to these questions suggests that more members want to reopen the compensation that we could agendize that at a future time.

Councilwoman Littlefield: I would support that motion.

Mayor Lane: Okay, of course, it was worded as direction, but Councilwoman Klapp, you were next.

[Time: 01:37:00]

Councilwoman Klapp: Just to digress from the motion, I just wanted to comment on something that Vice Mayor Smith said, when he was looking at the pay range comparisons for, I think in the sense fire captain. Would this not illustrate what you have been trying to tell us, that even though we are looking at a pay range for Phoenix, for example, that in those numbers is not included a significant amount of supplemental pay, it's not on the chart?

Fire Chief Tom Shannon: It's my understanding of Diana's work is that she gave salary ranges and then supplemental pay is a separate issue. So think total comp as Councilmember Milhaven pointed out. In those cities where supplemental pay is provided, that's additional compensation on top of base.

Councilwoman Klapp: And so my point is, even though it looks like we are paid or our fire captains are paid significantly more on the chart than Phoenix, it's because we don't have supplemental pay in Scottsdale and they do, is that part of the difference in the pay ranges that we are seeing here?

Fire Chief Tom Shannon: Well, if you will allow me to kind of bring you into the work study group that took place. A conversation took place about whether or not it would be appropriate to lower the top end of captain and engineer, in particular, and it was decided, and I will say based on a consensus conversation, that -- that our -- first of all, if you will remember, we were -- we were originally talking about a 45% spreads between Mines and max and the fire department said that's completely inappropriate. 35% is an appropriate range spread for Scottsdale.

The conversation must include, because within the total comp conversation, you know, we will never compare to those other cities that include either higher specialty pays, higher supplementals, all of those other things. And so I don't want to tie those things too closely together, but it absolutely is a

justification to leave that top end alone in those areas. It's a matter of if those folks achieve through merit a raise each year, and they stay long enough, they could achieve those higher ends of their salary.

That's -- I think that's all I was trying to do was to clarify that. I hope that answers the question.

Councilwoman Klapp: And my point is, as was mentioned, there was not a lot of transparency about how much the range is for Phoenix because there's other pay that's included that we're not considering, if at all, and that's I didn't thought that the approach you took when I originally spoke, was the best one, is that you looked at pay with dis -- disregarding the supplemental pay.

Fire Chief Tom Shannon: That is correct.

Councilwoman Klapp: Or the supplemental pay, yes, and that included any kind of specialty pay, because there was -- you can kind of compare apples to apples in specialty pay, and so I think the approach you took on this -- on this pay plan is the best approach, is to look at how you progress through the range compared to other cities and we have been told by the treasurer that based on the information he has at the end of the day -- at the end of the one-year or five-year period that we would be competitive.

We certainly wouldn't be better than any other city but we would be competitive and that's all the information I need to tell me that this works. I'm fine with getting additional information, but I have new information to tell me that your plan had some merit and thought put into it and you are trying to find a way to be on par with other cities without trying to develop a program that doesn't work in Scottsdale and only works in those cities, particularly those cities that have union contracts.

[Time: 01:41:04]

Mayor Lane: Thank you, Councilwoman. Councilman Phillips.

Councilman Phillips: This goes towards your motion. I thought we wouldn't make motions during study sessions. I know when we did it in the past, it was private conversations between people and it totally changed the direction it looks like we are trying to hide from the public and I would not be supporting something like this. It has to come back to the public. It doesn't have to go back to us and talk about it during certain private phone conversations.

Mayor Lane: Thank you, Councilman. Councilwoman. All right.

Councilwoman Milhaven: I'm going to take exception with that. It's absolutely appropriate for us to give the motion to direct staff to make sure that there's clarity on what we agreed to, and this entire conversation is being broadcast on television and is available on the web. We are not hiding anything and I take great exception to that accusation.

Mayor Lane: As long as we are clear here and we will go over that before we end this, even on the

motion that's on the table.

Councilman Phillips: Well, if council agrees to do that, then what happens is staff presents to us. A few people talk behind the public's back, basically, and we make a decision that may not even come back to council.

Mayor Lane: We will be coming back. We have to come back. It has to come back. There's no other way but through a special -- through our regular meeting and through the budget. So it will come back but we will be coming back with the additional information, which we'll outline specifically and if you have a concern at that point in time.

Councilman Phillips: I have a concern now and I'm not going to be approving this. I don't think we should be making any kind of a vote. It's a study session.

Mayor Lane: And the motion here is for direction to staff, to get the additional information and to bring it back. And that could be at the next meeting, the budget meeting or otherwise but nevertheless, that's the nature of the motion. It's for direction, not for action.

Councilman Phillips: Direction to bring back for a future council meeting. That doesn't sound like what you said.

Councilwoman Milhaven: It will be included in the budget based on direction to staff. If there are four councilmembers that would like to reconsider that, we can agendaize it. The staff will take it up during the budget.

Councilman Phillips: And it will be during a city council meeting?

Councilwoman Milhaven: Yes.

Councilman Phillips: Okay. Thank you.

Councilwoman Milhaven: I resent the insinuation that we do anything that is not in the public forum.

Mayor Lane: Councilmembers, I think we have enough on that. Councilwoman Korte.

Councilmember Korte: Given the motion and the second to give direction to staff, direction only, I call for the question.

[Time: 01:43:48]

Mayor Lane: I think we have got, that but I'm going to take a prerogative here to say that I want to make sure that there's clarity on some of the information we are looking for. Irrespective of some being dependent upon it or not, I would like to see that graph that shows the maximum salary range, include an average of what that supplemental income is through the same population, to the best that

we can obtain.

The other one was I still would love to have -- and I have said this before, but I just want to reiterate, I would like to see the path that we are going to be following, if, in fact, it's 5% across the board through to the point of being top of range, where this takes us, and if we have any ability to get -- now, I mean some of it was expressed apparently with some authority, that there are M.O.U.s out there, as far as the forecast is concerned. How do we compare with that? Our 5% which nobody is doing right now, as a matter of policy but they do have some forecasts.

Vice Mayor, just for clarity for -- I think did you ask for some specific additional information, if you would want to reiterate that so we make sure that we have that on deck.

Vice Mayor Smith: I will reiterate if, and it's -- that's why I won't be able to support the motion just going forward without enough information to make a decision. I want to see, as I said, a performance-based plan, call it 5%, call it whatever you want but I want to see how it will actually be a performance-based plan, what the evaluation criteria will be and how you would determine would gets what, what the range of that is.

And second, I wanted to see where this would put us in terms of salary competitiveness in the marketplace. I don't -- I can't decipher that from the ranges. I can't decipher it from any of the information that I was given, and so I want to see whether a 5% program is going to make us competitive, put us ahead, put us behind, where it's going to be.

Fire Chief Tom Shannon: Can I ask one clarifying question?

Mayor Lane: Sure.

Fire Chief Tom Shannon: Is your request for the application of merit increases to the fire department or citywide? It's a huge distinction.

Vice Mayor Smith: Well, there is. All we're talking about here is --

Mayor Lane: Mic, please.

Vice Mayor Smith: I will say that again. It is a big distinction and all I'm really asking for, because all we are talking about here is the fire department. I want to see the --

Fire Chief Tom Shannon: Easily done.

[Time: 01:46:32]

Mayor Lane: Very good. Okay. The question has been called. There's a motion on the table. I will just say that I will be supporting the motion contingent upon getting this information and bringing brought forward in open session for consideration -- for further consideration on this topic. So

I'm -- yes, go ahead. I'm sorry.

Vice Mayor Smith: Is the motion maker willing to amend her motion to say with all of the stipulations that have been stated?

Mayor Lane: She did say that.

Councilwoman Milhaven: I said if the answers to the questions caused members of this -- four members of this body to rethink the direction then we could agendize that at a future meeting but otherwise it would be included in the budget.

Mayor Lane: Well --

Vice Mayor Smith: So it sounds like it is with the stipulation --

Mayor Lane: If that's the case, then I'm not with the motion either, because I'm looking for this information to come back to us. I don't care if it comes back to us in a regular meeting or beforehand that we can review, it but for us to make a final determination on it. It could be at the time of the budget. I know you had indicated included in the budget which is fine, but if, in fact, some other direction is given at that time, we'll amend it.

Councilwoman Milhaven: Here's my concern. We just spent two hours --

Mayor Lane: If it's a matter of time.

Councilwoman Milhaven: I am comfortable that the information we have -- I don't know that we need another two hours, if four of us already think we are okay to include this in the budget. What I'm saying is let's get the information you requested. If there are four members who think that they want to take a different direction than we are giving tonight, we can agendize. I don't want to amend my motion that we will automatically agendize it for another meeting.

Mayor Lane: Okay. The question is called. All right. Then I think we are ready to vote. This is specifically to direction, not action and to get that information that we were talking about, and make sure it's disseminated to all the members and it's still subject to the question when the budget comes up, when it comes to the budget et cetera. All those in favor please indicate by aye.

Councilmembers Klapp, Korte, Littlefield, and Milhaven: Aye

Councilman Phillips: Nay.

Mayor Lane: Nay.

Vice Mayor Smith: Nay

Mayor Lane: So motion does pass, and it will be handled as the motion maker has indicated. We will move forward. Thank you very much, Donna and thank you very much, chief.

**ITEM 2 – NORTHEAST DOWNTOWN PARKING DEFICIENCY SOLUTIONS**

[Time: 01:36:00]

Mayor Lane: Okay. The next item is the northeast downtown parking deficiency solutions and this is a presentation, discussion and possible direction to staff regarding short term and long term solutions to daytime parking deficiencies in downtown Scottsdale, east of Scottsdale Road and north of Third Avenue. We have Mr. Basha at the table ready to present and I guess we also have Dan Worth standing by on this. So Mr. Basha, please.

Transportation Director Paul Basha: Mr. Mayor, members of the council, I'm Paul Basha transportation director for the city of Scottsdale. This is a collaborative effort. Also with me is Walt Brodzinski. The right-of-way person in the transportation department. It includes public works, police department, economic development, planning and development, city treasurer's office, and city manager's office they also been included.

What I would like to do is provide many information for you and then seek direction from you regarding short-term recommendations and midterm recommendations. We have been involved trying to resolve downtown parking since the city of Scottsdale is nine years old. It's been an ongoing issue, and I don't want to discuss these details, if you would like, Randy Grant --

Mayor Lane: Can't you go a little further back?

Transportation Director Paul Basha: Elementary school is as far back as I can go, sir. It's been approximately 10 years, however, since we have definitively discussed this topic and tried to resolve it. Earlier this evening, you heard Mr. Jon Rosenberg, the owner and manager of several properties in downtown discuss this. We have approximately 1600 parking space credits to privately owned businesses in this portion of downtown, east of Scottsdale Road, north of Third Avenue. As Mr. Rosenberg explained so well, in the late '70s, these properties were having a very difficult time redeveloping, revitalizing, and starting over. What the city council does in the early 1980s is essentially allow these businesses to use on-street and public parking lots as their requested parking for operating businesses. So we owe -- we the city of Scottsdale owe these businesses outlined in transparent green in the screen 1600 spaces in this area.

Another issue that we're well aware of is the changing office use throughout the country, and Danielle Casey, your economic development director can elaborate on this issue if you would like. But dominating our business environment throughout the United States is smaller offices inside buildings. We have more office workers in buildings. Obviously we compete with other cities, both within the valley and within the nation. What we have discovered is that other competing cities for offices and businesses have lower parking requirements than does the city of Scottsdale. Other cities subsidize the parking areas in their communities for private businesses and other cities have more transit

options than does the city of Scottsdale. So we have to respond to this changing environment.

As the council is aware, last spring, we hired a parking consultant to help us resolve this issue. I want to quickly remind the council that this was a data collection effort. This was not an effort to develop recommendations. It was dominantly a data issue, helping us understand if we have a problem the extent of that problem, and the location of those problems. We did discover that there is a parking deficiency in the northeast quadrant of downtown Scottsdale.

[Time: 01:53:50]

Mayor Lane: Mr. Basha, in that the firm was paid to do the study, and I'm understanding you to say now that it was only to collect data, not to make any recommendations, and the reason I ask that question is because I believe this body specifically asked for a study that would bring to the table various options that we would have, given whatever the results or the determination of the study would give us. Now, also just from looking at the report, they do make some best practices. They make some actual overt recommendations. It's not expanded upon and I think that's what we are maybe here to discuss, some of those items, but I guess my first question, since you mentioned that, is did the scope not indicate that they were supposed to give us some kind of recommendations from the basis of the results or was it just the data collection contract?

Transportation Director Paul Basha: Mayor Lane, the reason we are here this evening is to present to you recommendations based on our review and analysis of that data collection, and you referenced my next slide. The -- the consultant report did provide us 22 nationwide best practices for resolving downtown parking problems. It also devoted nine pages discussing potential solutions and we have carefully reviewed that discussion and, again, that's the genesis of the recommendations we have this evening. In addition to the recommendations we have for you, we also have some other ideas that were included in the report that can also be discussed and elaborated upon.

Mayor Lane: But based upon the data that was assembled?

Transportation Director Paul Basha: Absolutely, Mr. Mayor. This is the entire downtown Scottsdale. The report inventory, we have approximately 20,000 parking spaces in this area. Approximately half of them are privately owned and half are publicly owned. We focused on the northeast part of the downtown. The consultant --

Mayor Lane: Excuse me, Mr. Basha. Mr. Vice Mayor.

Vice Mayor Smith: You said the consultant quote/unquote, found a parking deficiency downtown. That was your statement. To what extent? Are you going to say later to what extent it is? How many are we short?

[Time: 01:56:18]

Transportation Director Paul Basha: Mr. Mayor and Vice Mayor Smith, yes, we have that information

and it's later in the slides.

The consultant counted the number of occupied parking spaces by specific parking area throughout the northeast downtown as well as the northwest downtown, and they counted this occupancy every two hours from 6:00 in the morning until 6:00 in the evening. What they discovered is we have 703 on street parking spaces in this quadrant of the downtown, and we have one parking area outlined in red on the slide that has 114 surface parking lots.

So the deficiency that exists is we promised businesses in the area approximately 1600 parking spaces, and we have, in fact, provided 817 parking spaces. So there's a deficiency of almost 800 parking spaces. The consultant occupancy data collection confirms that this deficiency exists.

We also discovered through the consultant's study that our Fifth Avenue garage which is on the west side of Scottsdale Road extending from approximately Fifth Avenue to Third Avenue has approximately 400 parking spaces, a little over 400, a little over half of those parking spaces are restricted to three hours. That was a relatively new addition and the little -- a little less than half of those parking spaces are unrestricted. During the typical business day, those 179 spaces are over 90% occupied the entire day and as the council is well aware, a number of businesses west of Scottsdale Road, north of Indian School Road have come to the council and items from the floor discussions as well as provide emails to the council and the transportation department deeply concerned about the high occupancy of this parking structure.

This particular slide details the downtown parking structures that currently exist, and the number of parking spaces that are dedicated to public availability. There's a fairly large number of those parking areas and a large number of parking spaces.

This particular slide details the parking citations that our police department issues. It's since July of 2011 through December of last year and it shows the number of citations that have increased pretty dramatically. We have one police officer who writes these citations. He works very, very hard and is kind of interesting. You will notice in May of this year that the number of citations was quite low. He was gone for two weeks. That's what happened.

Also notice that in the fall of last year, more citations were issued. We instructed the police officer to issue more citations to be less lenient in his interpretation if a vehicle was violating the three-hour parking. But also note to the mayor and the council that in order for this officer to patrol the entire downtown, he has to stick to a very strict route. Most everybody in the area knows exactly what time of day this officer is going to come by a particular parking space. And they organize their -- well, it appears they organize their day based on when they need to move their car to avoid receiving a three-hour parking citation.

[Time: 02:00:24]

Mayor Lane: Mr. Basha, have we always limited to one police officer, one sworn officer in -- now I realize it's become a much bigger issue in recent years, but have we always used sworn officers for



ticket citations?

Transportation Director Paul Basha: Mayor Lane, I will let Commander Aaron Minor answer that question when the time is appropriate and if you would like -- the time is appropriate, and if you would like him to answer it now, I'm sure he will be available to answer that question. We haven't used always one officer. I know in the 1980s we had at least two or three officers. I don't believe they need to be sworn officers. Mr. Mayor, would you like Commander Minor to speak?

Mayor Lane: Well, if it's -- if there's expansion on that, yes, certainly, I would.

Commander Aaron Minor: Good evening. Just one clarifier, the current person who is our parking controller, parking enforcement officer is not sworn. It's a civilian position, and at the current time, that's the only civilian position referenced in the data that you see. It's true we have had in the past we've had two parking control positions before, and then to answer your question, Mr. Mayor, about who can write tickets, Paul was probably going to talk about this a little later but it's probably appropriate to talk about it now. With the three-hour restrictions, it's very difficult, if not impossible, for police aide or a police officer or even some of our other transportation folks who can write tickets to follow that route in chalk and see where the cars are before they move. That's a challenge that the particular office faces with parking enforcement. When an officer or civilian employee can write a ticket for a parking lane, and handicap, there's no need to go back and see how long it's been this. So that's a discrepancy. That's the difference that we are looking at when it comes to writing citations.

Mayor Lane: Thank you, Commander. I guess one thing, one caveat to all of this, and I think it's important that we probably have maybe some additional coverage, otherwise, we have to have some kind of surprise team coming in and, you know, off schedule to -- but really, we also know that citing the violators on this is really not the answer for our problem but in the meantime, it's an issue that we probably need to stay on to, as best we possibly, can particularly since, you know, there's been an identified group that generally are the offenders and frankly, the folks that are looking to move their cars and that kind of thing because they are not really in the immediate area for those businesses. They are in -- for their own personal parking needs to get to work.

Again, no crime on that, but that's one of those things that we have been trying to work through pretty hard. I had understood that we had a sworn officer but that's not a sworn officer and it's not a requirement, or one officer position?

Commander Aaron Minor: That's correct, sir. It's not required to be sworn. However, again, sworn officers, civilian officers can all write tickets but the nature of the downtown parking, much of it being three-hour, there is that timing where you have to see the car in the position when it starts and then see it past the three hour mark. So for an officer or police aide doing their normal course of business and operations and calls for service, the chances of that officer seeing that car he is tame time and being able to come back is very infrequent.

Mayor Lane: Thank you, Commander. I appreciate the answer.

[Time: 02:04:01]

Transportation Director Paul Basha: Mr. Mayor, thanks for mentioning what you had said about parking citations. Our goal is not to write tickets. Our goal is to provide adequate parking and the parking citations is the last resort in our -- in our providing of parking spaces for our businesses. And their employees and customers. So that's why historically we have had relatively few parking officers.

Allow me to continue. We believe there are multiple solutions that are necessary. We need to change parking behaviors. We don't want to enforce parking by citations and fines. We want to provide adequate parking spaces. We believe we need to increase transit in this part of the downtown. We also need to encourage businesses to encourage transit use among their employees, in particular, as well as their customers.

Currently, parking structures cannot occupy an entire property, and, again, Randy Grant, our planning and development director can elaborate on this, this particular issue. But if we would like to construct a public parking facility of any sort, we would need to change our ordinances to allow such a structure and only that structure on property and I will elaborate on that a bit more.

We have three short-term solutions we would like to suggest to you. Our downtown trolley begins service at 11:00 in the morning. We believe it would be very helpful for businesses, particularly their employees, if the trolley began at 5:00 in the morning. As the mayor and council may recall, we changed the frequency of the downtown trolley, late October of last year. Used to operate every 15 minutes. Now it operates every ten minutes. The first three months of operation ridership has increased 40%. Very successful.

The current three-hour parking limit, we believe, is unsuccessful. We believe that should be changed to two hour parking restrictions, in this part of the downtown. We started using three hours in the northeast quadrant, and the in the quadrant of the downtown, because it was so effective in the 1980s in the southwest and the southeast quadrants. As you are all keenly aware, the type of businesses south of Indian School Road are very different from the type of businesses north of Indian School Road. South of Indian School Road, they are mostly retail and restaurants. North of Indian School Road, they are mostly businesses, either personal services or offices or something of that sort. The three-hour parking limit is simply not effective for businesses.

We also suggest that we acknowledge our city commitment to provide 1600 parking spaces and allow permit parking for those properties in the transparent green a few slides ago. They are designated as P-3 zoning district. We suggest that we allow permit parking for these businesses and, again, I will provide more detail to you on these in a moment.

Mayor Lane: Mr. Basha, if I might. Along with your short-term solutions, I'm not sure what's exactly included in changing parking behaviors, some kind of therapy or something. But that -- that comes, actually under multiple solutions. Encouraging businesses to -- yeah, encourage businesses to

encourage transit, used by their employees is there anything behind that, even on a short-term basis, or is that something else you would like to address?

Transportation Director Paul Basha: I can respond to some of that, and then Danielle Casey, our economic development director can elaborate on that.

Mayor Lane: I think that may be part of a short-term solution and maybe something we can act upon immediately, but, yeah. Well, if there's -- that's coming out of stage of things.

[Time: 02:08:28]

Transportation Director Paul Basha: I can assure you Ms. Casey has been deeply involved in encouraging businesses to encourage transit use.

My next slide shows the transit availability, unfortunately you will never see it. Oh, Brian, could you help me out, please. Just trying to advance the slide. Next slide. Next slide. Thank you, Brian. Thank you, Brian.

This slide depicts some of the parking throughout downtown not in the northeast quadrant and most importantly, it shows the transit and the bus routes in the vicinity. The downtown trolley is in bright red and that serves the northeast quadrant quite well as a destination, and as you can see, connects to several of the parking areas depicted in gold rectangles essentially.

I would also like to note the blue line which is our Scottsdale bus route 72. Last year the council directed us or authorized us to increase the service on Scottsdale route 72. Currently it's at 20 minute service. Come April, it will be a 10 minute service. Pardon me. That's what the big boys do. A 10-minute frequency is the minimum service for a real bus service in a real city. 10 minute service is very -- is very good. It's what we should have.

Mayor Lane: The inverse of that would be we're an unreal city?

Transportation Director Paul Basha: Mayor Lane, I didn't quite say that.

Mayor Lane: We will be real. Anyway, pardon me, I digress.

Transportation Director Paul Basha: That's fine. That's fine. We are very pleased to be offering 10-minute service on a bus route along Scottsdale Road. This particular route will connect to two different height rail stations, the Tempe transit center in downtown Tempe. We believe that this will encourage transit use. People will be able to use light rail and then one transfer to the Scottsdale bus route 72 and they are in downtown Scottsdale with only that one transfer and 10-minute frequency, it's worth waiting for ten minutes when you are riding a bus.

Mayor Lane: If I might say too, I mean, you are sort of directing your attention south, but 72 is a long route and I'm resuming it's 10 minutes on the entire length of the route 72 that does enter into some

areas for some folks who may be working downtown.

Transportation Director Paul Basha: We only wish we had enough money to make that true. The 10 minute frequency --

Mayor Lane: Make what true, that they have housing or that they are ten minutes -- they are ten minutes on the full route, right? It's ten minute frequency?

Transportation Director Paul Basha: No, the 10-minute frequency only extends to Scottsdale Fashion Square. In our transportation master plan, we have another recommendation for bus service, but that's in the future. Come April of this year, the ten minute frequency for route 72 is only from Scottsdale Fashion Square to the Tempe transit center. It is the highest ridership part of that route, which is one of the very highest ridership routes in the valley.

And let me reiterate, in changing the downtown trolley from 15 minute to 10 minute service, increased ridership by 40%, we see -- we foresee a similar increase in the ridership on the Scottsdale Road route from 20 minute frequency to 10 minute frequency. This slide also shows the Camelback trolley at Indian School Road bus routes at 15-minute frequency and the Miller Road trolley at 30-minute frequency.

Mayor Lane: I'm sorry, yes, Councilwoman Littlefield.

Councilwoman Littlefield: On the 10-minute trolley down Scottsdale Road from Tempe, what are the hours that that will be?

Transportation Director Paul Basha: Mr. Mayor, Councilwoman Littlefield, the ten minute bus service on route 72, it is throughout the day. It's from, I will say approximately 5:00 in the morning until approximately 10:00 at night.

[Time: 02:13:00]

Mayor Lane: Thank you, Councilwoman. Mr. Basha, go ahead.

Transportation Director Paul Basha: This particular slide shows a little more detail about the other two recommendations we are suggesting to you. The primary purpose of the two-hour parking maximum is to stop that three-hour vehicle rotation that I mentioned earlier.

And as Commander Minor and I both suggested, the two-hour parking would require additional enforcement. There are several mechanisms for that. We could use another parking control person, like we currently have. We could also use code enforcement people or transportation department people. Our suggestion to you is that our budget request to you, when we present it to you, to include a person and a vehicle in our police department. We believe that's the most appropriate location for enforcement. And we have discussed this at length with Commander Minor as well as Assistant Chief Walther and they have requested a budget request for that additional person

and vehicle. As Commander Minor mentioned, we needed a designated person for this sort of enforcement. A sworn officer cannot be expected to travel around occupied parking spaces and chalk tires and then come back three hours later to that same location and see if the vehicle has moved or not. They simply have more important activities in their position. Enough said on that.

I mentioned permits for the P-3 zoning areas. The businesses who are in those light green areas are very, very supportive of this concept. This permit would be for specific vehicles and a sticker would be affixed to the vehicle so that the parking control officer would immediately identify a vehicle parked in a two-hour parking space as having permission to park in that space all day long. Our current ordinances would allow this permit to be issued without charge. It is our suggestion that we offer a -- offer -- wow! We offer a fee for people to pay us for the privilege of having the permit.

Mayor Lane: Well put.

Transportation Director Paul Basha: Um, the fee would be to recover the administrative costs to have people to issue the permits. It would also limit the number of these parking permits that would be issued. Most critical, we would need to revise our ordinances to allow a fee to be charged.

[Time: 02:16:06]

Mayor Lane: Yes, Vice Mayor.

Vice Mayor Smith: Two questions, Paul, and maybe you will answer this later. It seems to always be the case. One, do you or does the police department have any sense of how much we actually collect on the citations that you issue? We saw how many citations we're putting out, but I don't know whether we collect on them. I don't know what the revenue is from that.

Transportation Director Paul Basha: Mr. Mayor, Vice Mayor Smith, neither Commander Minor or I know the answer to that question. That would be a city court answer.

Vice Mayor Smith: That might help in determining whether, you know, you have enough budget money to cover a second meter maid or whatever we call them. The second question is, help me understand what your intent is on the permits. Would anybody be able to come in and pay the fee and get the permit for all-day parking?

Transportation Director Paul Basha: Mr. Mayor, Vice Mayor Smith thank you for allowing me the opportunity to elaborate. I should have mentioned that. This would be on a business-by-business basis. It is envisioned that a business would come in to the transportation department, request a certain number of parking permits and we would require them to justify the number of parking permits that they would like and, again, it's on a per vehicle basis. It would only be available to properties with the P-3 zoning category. So it is highly limited.

We envision a monthly fee paid on an annual basis and obviously, it would need to be paid in advance. Our hope is that we could begin this system in the fall of this year. So the first year, it would be a

three or four month permit and that would give us an opportunity and give businesses an tune to understand the operation before committing to an annual 12-month fee in 2017.

Vice Mayor Smith, did I answer your question?

Vice Mayor Smith: Yes, thank you.

Transportation Director Paul Basha: On to some midterm solutions.

[Time: 02:18:27]

Mayor Lane: If I might at this point in time, maybe it's appropriate if you have some other plan, let me know what it is. But I'm very interested as to what Ms. Casey might think about these short-term solutions and its impact on some of the situations we have that have been developing for sometime with our businesses.

Economic Development Director Danielle Casey: Mr. Mayor, I'm excited because this chair is much more comfortable. In general, I think as Mr. Basha gets through this presentation, these are very good solutions in the short term that we believe are going to alleviate some of the tension. I believe they only work and help if we look at what he's about to launch into in terms of midterm solutions and then looking forward, a really long-term comprehensive parking management solution for downtown overall. So I think -- I think Mr. Basha and the rest of the team that's all worked on this and collaborated on it and we are -- we are at a great consensus internally that these are good. They don't solve the problem long term, but they can definitely help in the meantime while we address some long-term solutions.

Mayor Lane: And certainly, we understand that this may be an interim kind of play, but we do note that we have some businesses that are maybe at risk right now as far as they are continuing to occupy our downtown area. So would they see this, obviously with some longer term solution in your estimation? They see this as an interim solution?

Economic Director Danielle Casey: Mr. Mayor, absolutely! We certainly hope so. We are continuing to reach out to get very clear feedback because we want to hear that from the businesses definitively before we would -- you know, this is a good conversation to see where council is at tonight, in terms of these proposals and then we would also want to bring back definitive comments from those businesses as well. No need to put something big in place if they are not going to participate. But so far, the response has been very positive, that they would appreciate these and hopefully engage and take advantage of it.

Mayor Lane: If I might, Mr. Basha and with Ms. Casey here, one of the solutions on the short-term bases is an enhancement of mass transit with frequency that could also at least lead to a longer term solution to mitigate the overall issue, some of the parking and permits and that may be -- maybe it will provide some relief, but -- and this is another thing I guess I would want to, as it relates to mass transit, have we given any test or review or anything in the report that would indicate how much relief

this -- the solution of mass transit and frequency might lend to this?

Transportation Director Paul Basha: Mr. Mayor, as you noticed and remarked, multiple solutions are necessary. And it's one of those situations where the whole is greater than the sum of the parts. It's the two-hour parking is a disincentive. The increased transit is an incentive. The permit parking provides solutions relative immediately to people who have been, as you heard from Mr. Rosenberg and Mr. Frankel, struggling for the last three or four years with this parking deficiency. It's very well documented.

Mayor Lane: Just getting down to the brass tacks, I suppose, we do know that there is one particular difficulty, a Galleria executive center and the employees flooding into some of the other areas. We understand that. There's been a lot of conversation and discussion with that facility, the owner, the tenants. I guess I'm not trying to hold us out of some panacea on this, but if we were to develop a program, and it's consistent with what you are suggesting here, on increasing frequency and availability through trolley service, maybe from some of the places right downtown, I don't know who is driving -- who lives right downtown, but they may be.

I'm more concerned about people coming from the north and people coming from the south with any connection they might have with light rail or other ways of being able to come into downtown and leave their car at home. We have certainly been clear that a lot of this group is not that interested in driving. Not that interested in struggling with this running out every break they have to change their parking space and those kinds of things.

So do we have -- and I guess this is the essence of the question. Do we have some statistics some information that was assembled not just open the availability of parking or the deficiency of parking from the study that indicates some quantification of this particular short-term, long-term solution? And what it would take to get it implemented, incentives, advertising, you know, we are looking at that in order to make it successful.

Transportation Director Paul Basha: Mr. Mayor, no, sir. We don't have data.

Mayor Lane: You can stop there. So it does not provide that answer. Do we have resources to quantify what we might be able to extract -- the extraction of people out of their cars from mass transit.

Transportation Director Paul Basha: No, sir.

Mayor Lane: We don't have the capacity to do either? So it's a shot in the dark.

Transportation Director Paul Basha: We are trying to change personal behavior, and --

Mayor Lane: We will talk about those sessions later.

Transportation Director Paul Basha: And I think Danielle has a few things she would like to say as

well.

Economic Director Danielle Casey: Well, thank you Mr. Basha. Mr. Mayor, I think if we -- if we hear positive responses from council that exploring these ideas all sound like, in general good ideas. If they are going to be successful, I think what we can quantify is very direct outreach to the businesses. Ask staff to ask them if they can commit to or tell us if they believe there's a certain percentage of their employees that would take advantage of that with the increased frequency. It's hard to go to all of these businesses and say, maybe and if, but with a little bit more comfort that this is a strong possibility if the businesses can give us that information and say, yes, you know, we will have an -- we anticipate that x number of employees have said that they will take advantage of that or utilize it.

One in particular we can refer to without direct referrals necessary are some of the major employers in the downtown Galleria area have tried to transport employees around downtown. The challenge is walkable distance is a little challenging and we showed them where different public parking lots. They remain unutilized because it's too far to walk. We are hoping and this is where we would like to reach out to them with some clarification that the expansion of downtown trolley to earlier morning hours could be a significant game changer in their ability to change behaviors and park farther away because then they are also being disincented with a shorter two-hour time window as opposed to a three-hour window.

Mayor Lane: Yeah. So there's a negative to demotivate them from the -- the parking spaces on street and whatever is limited to two hours. In answer to my question, do we have the ability where we have the resources to find out? I think you answered that definitively, yes. Certainly there will be a decision here to move forward this or not, this proposal as it is, but once that decision is made, going in with direct contact with the businesses and then I don't know whether there's resources. I don't know if there are programs. I don't know if there are things that we might suggest to their employers about productivity that may -- they may be able to gain by not having their employees run out every two or three hours, change their parking space. But how they may be motivated and thus incentivize their staffs to do it.

So I guess what I -- I hold a lot more with that answer -- I hold an awful lot more stock -- or put a lot more stock in that particular proposal than maybe is on the table right now but it be nice to quantify. It would be nice to get an idea of what it's worth. As you said before, it will cost us money to do it. And there are some other plans as far as 72 is concerned going north and otherwise that you have in the master plan that may be something that would be incorporated in this overall plan.

So anyhow, I think that -- thank you Ms. Casey. I think that does answer the question, as far as the direction we could take if we choose to go this route. That might hold some promise. Yes, Vice Mayor?

[Time: 02:27:26]

Vice Mayor Smith: First a question. The slide currently up there, what is a P-3 property? What does that mean?



Transportation Director Paul Basha: Mayor Lane, Vice Mayor Smith, only Randy Grant knows the answer to those questions.

Vice Mayor Smith: And if by magic he appears at the podium.

Planning and Development Director Randy Grant: Mayor Lane, Vice Mayor, it's -- P-3 is a parking designation and it's an overlay over the properties that were in this area and at the time, it was as Mr. Basha indicated, a reflection of the amount of surface and on street parking that was available at the time that the overlay was created. It was a way for the businesses to revitalize without having to provide parking on their own lot.

Vice Mayor Smith: So how will I know if I'm a P-3 property or not?

Planning and Development Director Randy Grant: It's a zoning designation. And the P-3 is fairly limited to the northeast quadrant and then some a little west of Drinkwater but it's a formal designation on the property.

Vice Mayor Smith: So if I'm a property -- well, if I'm leasing a property, then I have to go to the owner and find out whether I'm a P-3. Will that indicate then the number of spots that are allowed for my business?

Planning and Development Director Randy Grant: It will. You take the amount of area on the lot that's zoned P-3 and divide by 300. It's one space per 300 square feet.

Vice Mayor Smith: Okay. So the -- I would guess the Galleria, as a property is not a P-3 property or it is a P-3 property?

Planning and Development Director Randy Grant: It is not.

Vice Mayor Smith: Okay. So primarily this would be something that is available to businesses other than the Galleria?

Planning and Development Director Randy Grant: It was intended for small properties. It was initially applied to small properties.

Transportation Director Paul Basha: Vice Mayor Smith, if I may interject, I return to a slide earlier that shows the P-3 properties, all of those in the light green. And rest assured these property owners know if they are P-3.

Mr. Mayor, shall I continue with the midterm solutions?

Mayor Lane: Yes.

[Time: 02:29:51]

Transportation Director Paul Basha: Thanks, Randy. Brian, I'm sorry, once again, slide 18 please. Don't look ahead. Thanks for your patience. I apologize. The midterm solution that we're suggesting would be a 770-space parking structure. It is on publicly owned property. Our suggestion is that it would be privately designed, privately constructed, privately operated, privately funded. There would be no city expense for this proposed parking structure.

Mr. Mayor, earlier you asked me about facts and figures and things. As we said earlier, we need 1600 spaces based on our commitments to these businesses. We have 703 available. 770 new spaces would essentially return us back to five years ago. We would have approximately 1500 spaces for those businesses, and we believe that this would provide sufficient parking to accommodate and honor our commitment to these businesses. And Dan worth can discuss this parking structure in a little more detail. I would also like to remind the council this would require a zoning ordinance change to allow only a parking facility on a specific piece of property.

The property in question is the existing 114-space parking area, it's east of Drinkwater Boulevard, and south of Stetson and it includes Sixth Avenue. This is an enlargement of that area. It is only the parking area that is city owned. This parking is not city owned. It would not include the businesses east and west. It would include closing 6<sup>th</sup> Avenue and allowing those to be the driveways to enter the parking structure.

Other potential solutions that we have -- we have discussed that were included in the parking report, we could return to parking meters. We banished parking meters in downtown Scottsdale in the early 1980s. We could certainly return to parking meters. Our police department is very supportive of parking meters because any officer can write a parking citation at a parking meter. They do not need to tip to revisit the parking space -- continue to revisit the parking space to determine the duration. The technology with parking meters has improved dramatically in the last few years. Our thinking is if -- if the council would like to install parking meters, we could allow the first one or two hours to be free. A person would park and. Their debit card or credit card into the parking meter. The card would not be charged for the first one or two hours, which ever we decided and then after that, the card would be automatically charged. The money would be deposited into our accounts automatically. This -- as I say there's a variety of technologies. Some of these are being used in the city of Tempe, and some the city of Phoenix also.

Another two thoughts, something that we strongly oppose, but we wanted to mention them to you, currently our required parking for offices is six parking spaces. I didn't say that right. Is three parking spaces per thousand square feet. Recognizing the changing office use, we could require six parking spaces per 1,000 square feet. I hope Danielle is still alive behind me. She adamantly opposes this idea. It's a very strong competitive disadvantage with other communities throughout the valley and the country. Specifically in downtown Tempe, their parking requirement is two parking spaces per 1,000 square feet. Even less than what we currently have.

We do not believe it would be wise for us to double our parking requirement on offices. It would be

a disincentive to existing businesses to expand. It would be a disincenting businesses to completely redevelop their property. It would be a complete disincentive for attracting new businesses into existing -- into existing properties.

Likewise, we strongly recommend against rescinding the P-3 parking credits. We as a city made a commitment to these businesses some 35 years ago. We believe it should be honored. We do not believe we should rescind that agreement.

[Time: 02:35:09]

Mayor Lane: Mr. Basha, I wonder and Mr. Washburn, I might ask if we were to change zoning from 3 per thousand to 6 per thousand, if we were just to do that, would that -- I have to believe that would materially change the valuation of a property and I wonder if that would constitute by zoning some takings.

City Attorney Bruce Washburn: Without having a chance to look specifically at the effect of any particular change, it's impossible to answer that question, but, again, with respect to any particular changes but just in general, whenever you make a zoning change that affects a particular property, changes the zoning of that property, and has a negative impact on its value, you have the potential for a prop 207 claim, yes, sir.

Mayor Lane: So not only is it maybe a change we probably would not like to invoke and probably is one that just adds more risk for us on the overall, other than just losing business which is a big risk in and of itself.

Just one second, I'm sorry, Vice Mayor. If it's on the same subject, I will give you an opportunity in a second. But I was going to ask you about the meters. And the meters, when you make a suggestion like that, you can drive people -- maybe in walking distance to an area that's unmetered. So is the suggestion to meter the entire downtown? You know, I realize with the caveats that you mentioned as well.

Transportation Director Paul Basha: Mayor Lane, we have not explored this option in depth. We have some documents that the council has adopted that Brent Stockwell could provide more information, but currently the city of Scottsdale policy is to not allow parking meters anywhere.

Mayor Lane: Yeah.

Transportation Director Paul Basha: So we have not explored it. If the council directs us to explore the possibility, we would then carefully select locations that might be appropriate for parking meters and then come back to you.

Mayor Lane: It did seem to me that one of the best practices indicated in the -- in a report that we commissioned came back with the data and some of the best practices did indicate meters. So I'm sure there are other communities that have gone to meters one way or the other. So it might be a

place to look at, even if we are even to consider it, to get the idea of what the impact might be, positively and negatively and what -- what kind of parking behaviors it will change. So, I mean, it would drive some of that.

Transportation Director Paul Basha: Mr. Mayor --

Mayor Lane: Go ahead.

Transportation Director Paul Basha: It is very common throughout the country and, you know, United States and Canada to charge for parking at the most desirable parking spaces. If I may -- if I may, Mr. Mayor, we are different. Scottsdale is not a typical community as we all know. We thrive on tourists. We thrive on our business community that serves tourists.

One of the assets of Scottsdale downtown businesses is that there is free parking. We often hear comments, either directly from tourists to us, or indirectly through our convention and visitors bureau that free parking in downtown Scottsdale attracts tourists and is beneficial for our retail businesses. I would agree with you completely, there are positives and negatives to parking meters, and we would explore all of those, should the council direct us to explore those options.

[Time: 02:38:56]

Mayor Lane: And I don't want to be left on record as an advocate of this, and I'm not, but the fact remains we are faced with a pretty critical situation. So we don't find other solutions, who knows where we are going to have to look and, again, without the qualifying language at each breath to say hey, I'm not for this and I think we have a great history and frankly, it's a major asset for us, it most assuredly is. But as I say, we are going to have to investigate. One of the reasons we are sitting here is we do have to look for some answers that will alleviate some of the problems that have developed in an evolution and success of downtown. So that's how we move forward.

The only other thing that I wanted to mention, and it may be something that I would ask Mr. Worth, and that is on any proposal of a privately owned and operated -- if you want to the come to the table for a moment, owned and operated parking garage, obviously there's a lot of ways to fund that and one of them is to presell space to particular permit or cardholders. I don't know if we just left it from the standpoint of paid -- of course, it could probably do both, but is there some sort of structure that we may have considered in this overall idea?

Public Works Director Dan Worth: Certainly, Mayor. There's many options. One that we have taken a close look at is one that has recently been done in Phoenix, and it was very similar to what you described, was the parking structure at the Phoenix biomedical campus. Private developer built it, as a result of an RFP process with the city of Phoenix. The arrangement was the city of Phoenix made land available, public land, similar to the location that we have, that you have seen in the diagram up here. They made it available to the developer under a long-term lease, a 50-year lease with an option to extend.

There was a development agreement that committed the developer to design and build the parking structure at their cost, finance it at their cost and then there was a license agreement from the city of Phoenix where they licensed back a specified number of spaces, about a third of the overall spaces in the structure. The developer was allowed to enter into long-term license agreements with other entities, with private entities in the area, to do the same thing. And they essentially had the structure subscribed with committed lease agreements to back their financing for the project.

Mayor Lane: Given that it's privately funded and privately financed and paid for itself by subscription or otherwise, it's something that could actually be moved upon a lot quicker than it might be if it were city built.

Public Works Director Dan Worth: Obviously the challenge, if it was a city-built is the public funding structure is arranging the funding.

Mayor Lane: Yes. Councilwoman.

[Time: 02:42:06]

Councilmember Korte: Just one quick question. The Galleria parking garage is being expanded. Are these numbers -- do these numbers reflect that expansion?

Transportation Director Paul Basha: Councilmember Korte, no.

Councilmember Korte: Okay. Then can you help me with the number of spaces that are being expanded? I assume those are all subscribed spaces, but would that -- is that going to supplant the vehicles utilizing public spaces?

Transportation Director Paul Basha: Mayor Lane, Councilmember Korte, I will struggle through an answer for a while until Randy can get up here. Randy is probably better able to answer that question than either Dan or me. Was that enough of a stall?

Mayor Lane: Thank you, Mr. Worth.

Planning and Development Director Randy Grant: Mayor Lane, Councilwoman Korte, they are providing some additional parking to provide for the needs of their existing floor space. The proposal -- I'm not sure if you are talking about adding the additional floor on the Galleria parking structure or the proposal that they have for Shoeman Lane for the new building.

Councilmember Korte: Either and all.

Planning and Development Director Randy Grant: Okay. The addition to the parking structure is intended to supplement their own parking requirements. So those are not public spaces, and they are intended to meet the needs of their internal floor area. The proposal that they are bringing forward to council in about six weeks is to provide parking at a rate of arrange 4 and a half per

thousand. So it's more than the ordinance requirement. It's probably less than the national standard for -- for new high-tech type of office space. So we are anticipating that they are using all the parking that they are providing in the new building for their own use.

Councilmember Korte: So are they expecting an increase in the number of employees in those businesses located at the Galleria? Or is this accommodating employee parking that is going to free up public spaces?

Planning and Development Director Randy Grant: I would be speculating on, that but I think they are anticipating that a part of their ability to lease space is parking for those employees and, in fact, sometimes part of the lease is having available defined spaces for their employees. So I would anticipate that they are not going to be necessarily freeing up any parking spaces. I think they are going to be utilizing everything in that they are building. The spaces within the Galleria parking structure are still designated as public spaces but we are not going to see any more.

Councilmember Korte: But if they are not going to see an increased number of employees those employees today are parking elsewhere, such as the Fifth Avenue garage. We know that. That's a quick walk over to the Galleria. So are those employees still going to be parking in the public spaces? Or are they going to be shifting and those public spaces opening up.

Planning and Development Director Randy Grant: I'm sorry. I misunderstood. I appreciate the clarification. I think some of the people that are using off-site spaces are going to have available parking space within the enlargement of the parking structure and the new offices are going to be providing parking at a higher rate so we wouldn't anticipate that there would be as much demand to use off-site spaces. There will probably still be some but not as much as we have seen.

Councilmember Korte: And so we have no way of calculating that impact on these numbers and -- and as we go through the short term and midterm and long-term solutions, don't you think that's going to impact some of these decisions?

Planning and Development Director Randy Grant: Councilwoman Korte, it could. It's difficult to anticipate just based on a gross floor area how they are going to divide that space and how it will be used and that's part of the dilemma that we have had in the past, is historically office space at 3 per thousand has been sufficient. So if -- if the office space in the new office building is divided in the same way that we have seen in the Galleria, then their actual demand is probably in the area of six spaces per thousand.

Councilmember Korte: Thank you.

[Time: 02:47:04]

Mayor Lane: Thank you, Councilwoman. Vice Mayor.

Vice Mayor Smith: Thank you, Mayor. First of all, picking up on a question that you asked the city

attorney about the zoning change that would lead to this six and maybe it's good that Randy Grant is here. Is this actually a zoning change or is this in a C.U.P. or how does the person now get this three spaces requirement per thousand?

Planning and Development Director Randy Grant: Mayor Lane, Vice Mayor Smith, that is a code requirement. It's not a zoning requirement so we could -- we could probably change the code requirement for parking, and not encroach in there. But has a 207 written all over it.

Vice Mayor Smith: I don't want to let loose of this just based on the fact that it's a zoning change or a 207 problem or whatever, because the reality is, if a business comes in here as the Galleria has and they are populating a building with an office configuration that leads to six parking spaces per thousand, then one of two people has to pay for that. Either the tenant or the property owner, one and the same or the public. And I'm not sure I'm ever going to vote that the public should suck it up and build parking lots because somebody comes in and decides to reconfigure their office space and do smaller cubicles than what was traditionally the case. I don't care if it's a marketing issue, or a competitive issue in another community or what it is.

It's -- it clearly comes down to a question in my mind of whether the property owner, leaser pays for their parking requirements or whether the citizens do. Am I missing something?

Economic Director Danielle Casey: Mr. Mayor, um, councilmember, I would like to add some -- I think some anecdotal comments that might help understand that a little bit. What's interesting about some of our major employers in the downtown area, they have expressed to us and, again, they are anecdotal, they express us to us. They realize they have additional parking requirements above what's in the built-in environment. Hugely popular interest in the area. They have indicated an interest and an absolute desire and willingness to pay for parking but it's not available. That's why we are looking at the parking structure and the ability to facilitate and provide for additional parking that businesses could pay for on a lease basis, to solve that delta. So I -- I think it's just important to clarify that it's not necessarily an issue of they are coming in and not willing to handle that. It really doesn't exist in the business environment. So that's one option there.

And then in terms of -- I think one of the big challenges that we chewed through internally is you could -- could you change that or you could look at different uses. Could you say that call centers have to, you know, provide higher parking but now you have got a built environment, a bill building and really your best way of policing that is doing it at tenant improvement changes. So every time a tenant changes in a building. So it's built and their lease expires and somebody else comes in. Really the oversight and management level of that -- that level of involvement and then kicking businesses out if it looks like they are using it in a new way. It would be unbelievably taxing from a city management perspective because who knows what tenant they are going to rotate through.

But providing avenues for, you know, the purchase or the lease of additional spaces to satisfy their requirement could be a very good solution and that's why we look at that coupled with at the same time how do you, you know, incentive them to park further away or do you use transit? How do you incent them from parking on street, while they are doing all of these things. So it's almost all of these

things, you can't just have one or the other, they really do fit together.

I wanted to add that, that this was a willingness and an interest and one of the things we want to go back to these companies if council seems interested in a garage structure is to be able to go back to them and say, great, we may have some avenues but it will require your participation as well. Thank you for letting me --

Vice Mayor Smith: I appreciate your statement that they are willing but I'm aware that for how many ever years, we have not seen this willingness to translate into a solution to the problem, and the problem has impacted small business owners in the downtown area. It's impacted citizens. And now we are talking about solutions of, you know, putting in credit cards on parking meters and all manner of other things. I guess I'm -- I haven't seen that willingness and now I'm hearing that we are going to come through with another building which is going to propose four and a half parking spaces per thousand square feet, and, you know, it's -- I will I believe that they are interested in participating when I see them interested in participating, but right now, the impact is being borne by the public and small business owners. Thank you.

[Time: 02:52:31]

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

Councilwoman Littlefield: Thank you, Mayor. Yeah, I had the same notes as Councilwoman Korte regarding the Galleria. Don't go away. And we had -- we voted last June, I believe it was to allow the building elevations for the existing above ground parking garage to move up for three additional parking levels at that Galleria parking level. I would like to know an estimate of how many parking spaces that is going to have because I feel much like Councilwoman Korte that that is going to free up parking spaces at other locations as the Galleria employees use the Galleria parking lot.

Councilwoman Milhaven: Can I ask a clarifying question? If I may, thank you. I want to ask a clarifying question that I think helps. What I heard you guys say that is in P-3 those property owners have been promised 1600 spots and those property owners only have 817 spots, and on top of that, we have Galleria people spilling over. So even if we solve the problem with the Galleria not having enough spots, we still owe those P-3 property owners another 800 spaces; is that right?

Councilwoman Littlefield: Well said. That's correct.

Councilwoman Milhaven: Thank you.

Councilwoman Littlefield: Yes. However, if we can clear up some of these spaces that are being used by Galleria employees, into -- by the P-3 spaces that we currently have, then if we do build another parking garage or facility, then those parking spaces become available to the P-3 property owners. So that's what my question is, is how many spaces are they going to be building there because I don't know what are we talking about? And if it's a couple of hundred or 300, then that brings us up, if we add another 700 spaces, that brings us up to our 1500, 1600 spaces that we need



and so that's kind of where my goal was. I think that's what Councilwoman Korte was looking at also. Are we freeing up enough spaces at this point that that would help take care of this problem?

Planning and Development Director Randy Grant: Mayor Lane, Councilwoman Littlefield, my recollection is it's about 210 additional spaces is what they are adding.

[Time: 02:55:13]

Mayor Lane: Thank you Councilwoman Littlefield. Councilwoman Milhaven.

Councilwoman Milhaven: It's such a great comprehensive presentation. I often wish we would take one thing at a time when we start the discussion. I will comment on what has already been said. Let me start since it's a conversation for another day, but let me weigh in on this idea of six parking spaces, because I chaired the DRB when that redevelopment project came through and saw that they were over parking. I did do a little bit of homework and talked to two other office developers who said the market now is six or seven spaces per thousand, confirming what you are saying. And that their tenants are looking for that. In fact, they are saying that they have difficulty leasing the space if they could not promise that.

Now, on the one hand, I would say, well, that's their problem if they build a product that they can't sell. Except in this part of our city, it creates a problem for the existing property owners and we will be exacerbating and exaggerating a problem that we already have. While I respect that downtown Tempe may have two paces per thousand square feet, they have an amazing connection to the transit system that allows them to under park it in that way and for us, with our existing connections to consider anything remotely close to that, I think would be irresponsible and so I definitely -- while it's not for today, I completely agree with the Vice Mayor, we need to revisit what our parking requirements are, particularly in this part of our downtown, and I think six or seven is absolutely appropriate and necessary that they park their building and that they replace any parking spaces they take out. Thank you for that.

I wanted to talk a little bit about the parking garage. So if, in fact, this garage is helping us meet our commitment to the P-3 property owners to fulfill the 1600, whose going to pay to park there, because I feel like if we are asking the employees or tenants or customers of the P-3 property owners to pay for parking, we have asked them to pay for the same thing twice. Who with be paying to park if this were a private garage.

Transportation Director Paul Basha: Mayor Lane, Councilwoman Milhaven, we would explore those questions if the council directs us to continue to investigate this idea. There are several possibilities. We could issue permits to the P-3 properties allowing them to park in this paid parking facility. We could do that for perpetuity, or we could do it for one or two or three years. I guess those are the -- those are the quick answers to that question.

Councilwoman Milhaven: We owe those property owners 800 spaces at our expense, right? They bought those spaces.

Transportation Director Paul Basha: Correct.

Councilwoman Milhaven: We owe them those spaces. Our policies allowed businesses to expand that -- deprived them of what was already theirs and so we are going to feel -- it feels if we are going to do a paid parking garage, it would have to be 800 free spaces plus how many spaces would make it economically feasible for a private property owner or a private entity to make that garage worthwhile.

I don't see -- and then the other -- it sort of relates to it too. Charging a fee to administer a permit process, I'm all -- I'm certainly supportive of the permit process, especially hearing that there are property owners who think the permit process is worthwhile, but I take exception to charging them a fee to give them access to what they already own. That we created the property and the shortage for. So I would not be -- I would certainly be supportive of the permit. I would not be supportive of the fee. I would like to have a better sense of what the administrative costs of that.

Is in terms of adding to police, the budget for police to support this, I know we are working on -- it's coming through the staff now, a staffing analysis. I think police could probably find the resources without additional adds to budget to make that happen.

And so that's sort of based on what everybody else says. I don't know how you want to proceed Mayor. Do we want to go back and take them one at a time or what do you suggest?

[Time: 02:59:35]

Mayor Lane: They have actually got -- they are seeking direction as far as some of this is concerned and -- but, you know, I think that we have certainly talked about a lot of things that I think are favored and some that are out of favor. If you want to go back through it, you can do it individually, but I'm just going to -- for my money and from my point of view, as far as direction is concerned, and this may be a collective so this may be a much bigger than just emotion to accept with some idea, but let's see how this goes.

I think the idea of the two-hour limit, I think is something that probably does play into the overall solution and that does mean we may need some staffing. And we may need to be handling it differently than the way it's been handled. A lot of cities could have -- I guess for lack of a gender neutral term, meter maids but somebody running around in a small vehicle to chalk tires and keeping track of that, but it's not a solution. But it may provide some relief and some motivation, I think as Ms. Casey said to move in other directions.

Changing parking behaviors. I'm really getting into this Mr. Basha, I've got to tell you that on this behavior thing.

Transportation Director Paul Basha: It's Danielle's idea. I take no credit.

Mayor Lane: Oh, okay. There's some real truth to it. But one thing I still feel and I'm not sure

whether it is in the budget as you were saying, come a certain date and I was just looking for that deal as far as the route 71, '72, rather. Whether it's already to increase the budget frequency or not.

Transportation Director Paul Basha: Mayor Lane, it's already in the budget.

Mayor Lane: Okay. And I think if we do some proactive kind of promotion for that, I think that -- and I'm a big believer, this is one avenue we really have got to pursue is to see if we can't motivate that and if there is a trolley route adjustment that we can amend at certain times as you are indicating that will be received and used. The last thing that anybody here wants to use is a trolley running around empty. We hear about it all the time. That's a real problem. So if somehow we can get commitments from the businesses that would be best served with their employees to be able to function under this, but that's the kind of follow-up that we are talking about. So my direction is to follow that item.

Transportation Director Paul Basha: Mayor Lane, if I could interject for a moment. While route 72 is in there, the downtown trolley operating six hours is not. That would cost approximately \$200,000.

Mayor Lane: And I understand that. And that may be something we have to reckon with, if, in fact, we see a promise in this, and there is some actual return in on this. The benefit of parking and getting people into downtown as they need to. You know, our call for mass transit right now is here. And so using available resources to address that.

Something else I guess I will throw into the mix and it's something I have been sort of been squawking about for a while and that is the prospect -- our 2016 starting in 2016, our allocation of the prop 400 monies and having the matching dollars which is something we are also addressing through our budget on C.I.P. and that. I absolutely believe that we have to go after that money and if it goes directly to our mass transit corridor, Scottsdale Road, there's an application that will solve some very immediate problems in downtown and on Shea boulevard and the airpark. So I think that has to work into that overall plan. I know it's part of the transportation master plan but I think we have got to bring this together and make sure we really start to facilitate some answers for alleviating not only parking, but also traffic issues. I was just -- well, if we want to -- if you want to figure out the first one, if there's an agreement on that approach -- I mean, otherwise we can go through it -- well.

Let's just -- if we take that as number one item or that area of things, go ahead.

[Time: 03:04:05]

Councilmember Korte: Mayor, quite honestly, I don't follow what you were trying to put to go. Okay you presented short, mid and long-term solutions and perhaps we just go through on an individual basis and say, okay. I agree that we should direct staff to look into this.

Mayor Lane: Okay.

Councilmember Korte: And perhaps that's the easiest way to do it and you can notch it off as we go.

Mayor Lane: And honestly, councilwoman, that is -- and I hope Mr. Basha did understand what I was talking about with regard to not only the downtown parking mass transit and the alleviation.

[ off microphone comment ]

Transportation Director Paul Basha: Mayor and Councilwoman, that's correct. It's actually four and please understand that if you direct us to use two-hour parking, we are going to need enforcement funds. If you direct us to continue to explore privately funded 707-space parking structure that would not be city design and construction expense. That would be a private developer's expense.

Mayor Lane: All right. So now for my own clarity, the only thing you are seeking is the downtown trolley and the two-hour parking den the 770-space parking structure.

Councilmember Korte: And other solutions.

Transportation Director Paul Basha: Pardon me. The two-hour and the permit parking are actually separate, could be considered separate.

Mayor Lane: Okay.

Transportation Director Paul Basha: We believe they should be and as Councilwoman Littlefield just mentioned, certainly we would be happy to explore other solutions that you may have.

Mayor Lane: Then we will as Councilwoman Korte mentioned. We will go down this list. I will take number one from the beginning. I still believe this involves route 71 and some of the things I mentioned before. 72, thank you very much. But in any case, I think it involves that and I think we definitely need to find a way to elicit -- solicit the cooperation with our businesses downtown to motivate their employees to use it. And if the trolley plays into that positively, then I'm for that too. But I -- I want a critical analysis, personally. I would look for a very critical analysis to make sure that we are spending this money wisely and we have the proper reaction from the business community to alleviate the parking issue downtown.

Well, a question on this item?

[Time: 03:06:49]

Councilwoman Klapp: A simple question. Why 5:00 for the trolley? How many people would want to ride a trolley at 5:00?

Transportation Director Paul Basha: Excuse me Mayor Lane, Councilwoman Klapp. There are several -- please.

Economic Development Director Danielle Casey: Since Mr. Basha is losing his voice. We have many employers downtown on shift work and part of the challenges that we are seeing is they are early arrivers in mass quantities. So several hundred folks arriving very early in the morning and some of our local merchants are saying that's what's happening, those spots are taken up starting at 5, 5:30 in the morning and then they come to work at 9:00 and that's a crunch point.

I think in short-term pieces I would go -- I would commit to helping this team make sure that we don't bring anything back to council for final approval without extensive research and outreach to the business community to ensure that, you know, city monies would be spent on something that they are not at least indicating strongly they would take advantage of.

Mayor Lane: Danielle, on that question just there, though, is that -- are they early arrivers because that's the way they get a parking space or they are scheduled in?

Economic Development Director Danielle Casey: That's shift work and it's very much like clockwork in that it's a big way, and critical to their operation and the way they do business which is why, you know, being able to park and get in quickly, we believe that this would be -- make a significant difference to them.

Mayor Lane: Councilwoman.

Economic Development Director Danielle Casey: And then trickle downhill to the other businesses.

[Time: 03:08:28]

Mayor Lane: Councilman Phillips.

Councilman Phillips: I didn't realize that we were seeking directions. I have a number of questions. I have them numbered here. The Galleria everyone was talking about, they will be expanding. Do you know when that will occur? Do you know when they are going to start building, expanding?

Economic Development Director Danielle Casey: Mr. Mayor, Councilmember, if you are referring to the additional decks, they are under construction.

Councilman Phillips: They are right now. Do you know when it will be completed then?

Economic Development Director Danielle Casey: I do not off the top of my head but we can get that to you.

Councilman Phillips: Okay. And just a point of clarification, I think when we are talking about the P-3 parking and we have, you know, 800 available spaces, whether or not people are parking there or not, it's still 800 available spaces. So isn't that correct that if they build more and it opens up spaces, it's still 800 spaces we are still short. It didn't change the space amount. You just opened some up, but it's not adding to it.

Economic Development Director Danielle Casey: I'm not quite sure I understand your question.

Councilman Phillips: Of the P-3 parking we have 800 available spaces and we are supposed to have 1600.

Economic Development Director Danielle Casey: Correct.

Councilman Phillips: Okay. So the fact that they are building more here doesn't really change that, even though people are parking in there now because it doesn't change the spaces. They are still there whether there are cars there or not.

Economic Development Director Danielle Casey: Councilman Phillips, correct.

Councilman Phillips: Yeah, okay. So --

Economic Development Director Danielle Casey: Mr. Mayor, council, I was looking at Paul to clarify, the 1600 spaces --

Councilman Phillips: That are supposed to be there.

Transportation Director Paul Basha: They never existed. So --

Councilman Phillips: Right.

Transportation Director Paul Basha: There's some history, definitely.

Councilman Phillips: So I'm agreeing. I'm agreeing with that and them building this doesn't really change that fact. This new parking garage that you are talking about, would they be charging for that, or is that going to be public spaces? Isn't it public spaces now?

Transportation Director Paul Basha: Mr. Mayor, Councilman Phillips, those 114 spaces that currently exist are public and they are free. The concept of this privately funded 707 space parking structure is that those spaces would be paid and then the payment for the use of the parking space reimburses the developer for constructing the structure.

Economic Development Director Danielle Casey: And if I can add, the best practices we have looked at from other cities and even the example in downtown Phoenix, there are a myriad of ways to structure that in between there. You could allow a portion to be privately permitted and leased. You could say you can permit those and lease those during business hours, free nights and weekends and you can allow the whole garage to be free for the first 90 minutes. Where it really gets down to. They have to be able to make enough revenue to build the facility.

There's also what Phoenix did and, again, just as an example, as, I believe, Dan worth mentioned,

there's a portion of the garage that the city does pay for, to ensure that a section of those spaces remain fully open to the public and undedicated and because of the nature of parking and how it works they actually even over sell some of the restricted spaces by 15% because not everybody is always ever there. So that helps them with the revenue models. So I found it fascinating. I actually learned quite a bit. I hope that helps.

That would be one of the things if we were to explore this would be to look at all of those different possibilities along that scale.

Councilman Phillips: Okay. So let me just say as far as that goes, I think we need a lot more detail because of that. I think this came up before and a certain developer wanted to build off a space and have parking spaces there. It sounds like the same thing and we had that public 114 spaces. I think we owe that to the public that they have to stay there, whether it's there or not.

Transportation Director Paul Basha: It would be exclusively a garage, at least that's the concept.

Councilman Phillips: We have to see what that comes out to be first. Number three, the trolley at 5 a.m., the cost to the city Paul said. Could that be seasonal instead of all the time? Or, no, you are saying it's because these -- it's mostly for the people. So I guess that wouldn't work. So it would have to be all the time. If that's the case, where do they park to get on the trolley to go to work?

Transportation Director Paul Basha: Mr. Mayor, Councilman Phillips, there are a number of parking structures throughout the downtown that are not in the northeast quadrant. I can't quickly find it but they would park in other public parking spaces that are free.

Councilman Phillips: Okay. So we would have to make sure that those are still available for those other places later so we don't have merchants saying, well, now they are parking in our places! So, you know, that could just cause us another problem down the road, actually.

Transportation Director Paul Basha: Councilman Phillips, conceivably that's correct, but at the -- on this diagram, there are 2200 parking spaces in the Nordstrom's garage. It's our understanding that some of the Galleria employees are parking in the Nordstrom's garage now and using the downtown trolley to access it in the evening, not in the morning. The Loloma area has approximately 350 parking spaces that are mostly vacant all day long. Yes, so we believe those parking spaces exist, certainly not 800 parking spaces, but a large number of parking spaces exist that would be accessible with the downtown trolley.

Councilman Phillips: I'm glad you brought up Loloma. I thought that was going to be part of this. It's the parking there and something about building a parking structure that that area, I thought we talked about that before and that would come back to council.

Transportation Director Paul Basha: That's correct but that's not part of this process. This process is focused on the existing deficiency in the northeast quadrant.

Councilman Phillips: So we are mostly northeast tonight but not really respective of the other areas? That's a problem for another time?

Transportation Director Paul Basha: Correct.

Councilman Phillips: Okay. Number four, two-hour parking max. Was that received by the local businesses? Do they approve that? Do they want to see that happen?

Transportation Director Paul Basha: Councilman Phillips, yes.

Councilman Phillips: Okay. Parking meters, we talked about how only in specific areas because that's such a touchy subject and we would have to make sure that it's an area not affecting the public so much. So that's something coming up.

And then just for my two cents worth, I really think we need way finding and a way to do that would to be have city apps for parking and parking garages. I know a lot of people who tell me they look up the restaurant downtown, and then they go to a park and there's nowhere to park. If it would say where to park, it would certainly help them in finding a place to park. So whether the city can do that or separate businesses have to include the downtown parking in their own apps, you know, might be a way to go.

I really think we need a lot of way finding and even then with signs parking available this way or something, because just walking downtown, I have had people come up to me and say I can't find a place to park. A parking garage is over there. You have to drive around there and go here. I think way finding is a huge part of it.

And then for, I guess, my council action suggestion is to go for these and begin the downtown trolley 5 a.m. change and three-hour parking to two hours and do the permit parking in the short term and then we'll come back and look at the mid and long-term issues. Thank you.

[Time: 03:17:01]

Mayor Lane: Thank you, Councilman. Councilwoman Korte.

Councilmember Korte: Thank you, Mayor. Downtown trolley, yes, please explore. Two-hour and permit parking, yes, please explore. And privately funded 770-space structure, please explore, but also I think if we are exploring this, is that enough? And could it be bigger because bigger would obviously be better. We know that the growth of businesses downtown will just continue to grow which leads me to other potential solutions.

I don't think we should slough off parking meters. I think we should explore them and see what -- what impact would be, also what the revenue impact would be. Cities across the country have parking meters. I don't think it is a hardship, particularly, I think the idea of a one or two-hour free period is -- would be a nice touch.



But I think what -- you know, we can talk all day long and our short and mid and long-term solutions and with all of these solutions I would like to emphasize that we must make the P-3 parking whole. We've got to provide solutions for these small businesses, and whether it's the 1585 parking spaces or a combination of things, we need to do a better job of taking care of these small businesses.

Councilwoman Milhaven: Second.

Councilmember Korte: But, you know, we can talk all day long about short, mid, and long-term solutions. I don't have a crystal ball. I don't know what the businesses growth will be but given the success rate of our downtown the last five plus years, it's a place to have and be in business. And so these solutions are all just short term.

And we really have to start talking about a longer term solution and I don't see that long term even mentioned in here, and that's that whole robust multimodal transportation plan, and how do we connect with light rail, whether it's in Tempe or whether it's at priest and Washington to be able to bring in the 75% of the employees into downtown because they don't live in Scottsdale. They come from other parts of the valley, and those other parts are primarily east valley and Phoenix. We have seen those numbers. So let's start talking long term too in meeting the needs of 75% of the employees that come into downtown to give them the options that they need and that's what we are talking about, is transportation options and I think that's your term, Mr. Basha. Thank you.

Mayor Lane: Vice Mayor, if you want to weigh in on the seeking direction.

[Time: 03:20:42]

Vice Mayor Smith: Yes, but I want to back up and ask some questions. We kind of passed over the question asking part. You showed a slide that said we had 1585 parking space credits. I forget what slide number that was, in the defined area that you showed on the screen. A little bit west of Scottsdale Road and down to Third Avenue and so on.

Two questions on this, number one and I will wait until you get your voice back, if you like. The first question is, I don't want the public to think that because we have given 1585 parking space credits that's really what we expect at any point in time. Isn't there an assumption that the credits -- I mean, the actual spaces you have to provide to satisfy 1585 credits is something less, given the fact that businesses are from time to time going to be going through leasing their down, employees may be on vacation, I don't know what the answer may be. Is the fact that you need 1585 asphalt-covered spots if that's how many credits you have?

Transportation Director Paul Basha: Mayor Lane, Vice Mayor Smith, no. As Danielle mentioned those spaces never existed.

Vice Mayor Smith: No, I know the spaces didn't exist, but I'm -- what I'm asking is more fundamental question, isn't it inherent in the policy that a certain percent of these will never have to exist? Said

differently, if you told me I was 700 spaces short, I don't have to really go out and build 700 spaces to handle the parking needs do I? What is the number? Is there some assumption that some of these will every day, every hour, whatever, not be filled?

Planning and Development Director Randy Grant: Mayor Lane, Vice Mayor Smith, at one point in the 1980s, there was on-street parking and then there were some parking lots, surface parking lots. And the presumption was that we would -- we would reflect the number of parking credits that were being allowed with the amount of parking that was available.

I'm not sure that we can directly say that 1585 parking spaces reflects a 1585 space parking deficiency. We still have on-street parking. We still have some surface parking and the 1585 credits reflects a development potential. So, yes, I think your point is well taken. I'm not sure how easily we can quantify that, but the development potential is that those property owners could develop projects that had a demand of 1585 parking spaces without having to provide any parking spaces. It doesn't necessarily mean that at any one point in time, we're 1585 parking spaces short.

Vice Mayor Smith: Let me ask the question in what may be a simpler way. Was it roughly 1585 parking space credits that existed, pick a time, five years ago, roughly the same number?

Planning and Development Director Randy Grant: Yes.

Vice Mayor Smith: Did we have a parking problem five years ago?

Planning and Development Director Randy Grant: No.

Vice Mayor Smith: So then I wonder what happened.

Planning and Development Director Randy Grant: I think Vice Mayor, you are correct in saying that we had a high daytime use demand for parking that we hadn't experienced before. And that is the Galleria. Certainly their use the property is well over and above what we ever could have anticipated when that was a shopping center or a standard office development.

Vice Mayor Smith: I just want to make it clearer. You will get a chance. I just want to make it clearer to anybody that's watching here that this is not -- it's not 1585 parking space credits that we issued and suddenly find ourselves with only 817 spaces and so it's a problem that has already existed. The problem has not always existed. It exists because of what the Galleria is doing and spilling over parking into what was otherwise this quadrant that you have displayed on the screen.

Transportation Director Paul Basha: Vice Mayor Smith, if I could make a couple of comments. The Galleria satisfies our parking requirements. That's a fact.

Vice Mayor Smith: In what effect? You mean their legal parking requirements.

Transportation Director Paul Basha: Correct.

Vice Mayor Smith: That's the whole point, the ratio of parking requirements to square footage is all out of whack for the kind of business that we allowed to go into the Galleria, is that not true?

Transportation Director Paul Basha: Yes. That is true. But the change isn't just at that one building. The change is nationwide. We are simply, as a country --

Vice Mayor Smith: I can't even solve our problem, let alone the whole nation's problem. Let me take you to a different question. The picture that you show here on the quadrant that you have outlined, 1585 parking space credits and then later you identify a half dozen slides later, you have 817 spaces available. How did you -- how did you draw this parameter? How did you decide to go two blocks west of Scottsdale Road in drawing your picture but you didn't go any further because it would have captured some parking lots that we have built. It seems to me. I'm not exactly sure where the parking lots are that we have built over on -- underneath the canal or down on -- are those all the parking structures? So the slide that shows all the parking structures, did it -- in your analysis, did you seek then whatever the one is for 407 space -- for 407 spaces somewhere a third of the way down the page. I don't know where that is.

Transportation Director Paul Basha: That's what we call the Fifth Avenue garage. It's west of Scottsdale Road, between Fifth Avenue and Third Avenue.

Vice Mayor Smith: So back to my point, are we -- are we being just a little bit cute in the way we drew the picture here? I mean, did you purposefully stop your quadrant picture two blocks west of Scottsdale but not three blocks west so it doesn't include this garage or does it include that garage?

Transportation Director Paul Basha: Vice Mayor Smith, the 407 spaces are not included in the northeast quadrant but those parking spaces are impacted by the deficiency in the northeast quadrant. We are -- we are responding to the needs we are hearing from our business community, and those needs are in the northeast quadrant of downtown.

Vice Mayor Smith: I have no question with that, Paul. I'm just saying that your definition of the northeast quadrant for some strange reason includes two or three blocks west of Scottsdale Road and I was just wondering why.

Transportation Director Paul Basha: The -- the parking spaces that are just west of Scottsdale are not included in our count, that's not in the P-3 parking need.

Vice Mayor Smith: They are not part of parking space credits, the 1585 parking space credits that you showed on three slides earlier.

Transportation Director Paul Basha: The P-3 is in a northeast quadrant in a small area between Drinkwater and Scottsdale Road. It doesn't extend west of Scottsdale Road. And that was applied in the -- in the early 1980s when those were zoned or in the '70s when they were zoned.

Vice Mayor Smith: Let me ask a different question. Can you tell me what the parking space credits are, in all of downtown? Something that matches the previous slide that you have, that's not just the northeast quadrant. Do we have excess parking availability in other parts of the city, other parts of the downtown area and a shortage in this area that you have outlined.

Transportation Director Paul Basha: Vice Mayor Smith, that's correct. The only P-3 zones in the city of Scottsdale are the ones you see on the screen before you. There are no other P-3 zones in any other part of downtown. Other parts of downtown just by the evolution of development have parking spaces that are not available in this part of downtown, and as I mentioned earlier, five years ago, there was not a parking difficulty here, and 20 years ago, the parking situation was different in the downtown. We are simply responding to the development that has occurred over the past ten years in particular, with our discussions this evening.

[Time: 03:30:46]

Vice Mayor Smith: On the contrary, I think we have been more than respond to the development. I have think we have promoted the development. Part of what I observe we are seeing here in the downtown area is the end result of a whole strategy of densification, whether it's apartment buildings or employers in cubicles or what it might be. And it is dramatically changed the character of downtown, and now we are seeing the consequences of that, and the -- and the public is seeing the consequences of it. They will pay for more trolleys. They are pay for more meter maids. They will pay for more parking garages probably and they will have to pay to park downtown if we put in parking meters. And I just -- I think if we -- if we -- if we know what's causing the problem we should fix the problem but we don't -- we are, instead, talking today, I think, about solutions of how to -- of how to solve a problem that we created.

I mean, I think downtown trolley is a fine idea if we are seeking direction. The downtown trolley increasing the frequency if somebody is going to ride, it that's great. My only problem, of course, is that it's going to cost the taxpayers and not the businesses that are causing the problem.

Two-hour parking is also fine, again, that's going to impact the -- the shoppers and the tourists who come to downtown. So we are going to inconvenience yet another class of people for the convenience of the Galleria.

And I don't have -- I can't opine on whether you can do a 770-space structure. I would -- I would tell you my -- my hunch is that the only way you are going to get somebody to build a parking structure in the middle of this quadrant, where people pay to park, is if you somehow eliminate the opportunity for them to park for free on the street. Otherwise, you know, they are bright young people. We don't recruit dummies here. They are bright people. They know how to find free parking spaces and they will continue to do so. So I suspect whoever wants to build this parking structure is going to require at a minimum that it have a perimeter of paid parking meters or something to drive the traffic in, but I don't know. I don't build parking structures.

The other potential solutions that I would recommend is one that we discussed earlier, and that is

change the requirement for parking to match the reality of where we are as a city and what we are trying to do and the reality for these businesses, is that they should have parking of 6 per thousand square feet or whatever the right number is. Thank you, Mayor.

[Time: 03:33:54]

Mayor Lane: Thank you, Vice Mayor. Mr. Basha, I don't know how you may be retaining this or whether you will review the tape on this, or the -- of course, with can't use that term anymore. The video or the audio to decipher those things that we have a consensus on and those that we may not. So I will only ask you that, since we are going this one by one, as far as seeking the direction that we are -- or rather giving you direction on, this I will only ask you to make sure that we quantify where you have a majority consensus and direction on something, as far as direction from the council as a whole. I think I have my count right, left side of the table, as far as I'm concerned you have their information. I will go ahead and ask Councilwoman Littlefield so give us her assessment on the response.

Councilwoman Littlefield: Well, thank you. I kind of agree with Vice Mayor Smith, and many of his comments. To me, using city money to build a parking garage is a nonstarter. The general fund doesn't have the money. The C.I.P. doesn't have the money and the voters have made it very clear that they won't vote to give us the money. So that pretty much ends that. I think that many of the voters see this parking garage structure in this quarter is for the bar district and they don't want to have any part of it.

As far as some of your short-term solutions, I would go with the trolley, starting it at 5 a.m. and seeing if that can make a difference in the parking. I would put that in conjunction with talking to the businesses and making sure that the businesses tell their employees this is where they need to park, and these parking garages where the trolley will hit, so that they know this is their assigned garage and so we can try and get some understanding on the part of the employee that this is where they need to go and how they need to do it. Maybe it would make it work a little better.

Changing the three-hour to two-hour parking, as long as you have the support of the stores, I guess that's all right. I would be a little bit concerned that that's going to hurt shopping in downtown and areas like that, but I will go along with it for the moment.

I would go with the bus 72, going down Scottsdale Road and changing the times to ten minutes changes to go to the light rail in Tempe. I'm not sure that will make a big difference. I think most persons who have cars are going to want to drive and they are going to want to drive to work and they are going to want to drive home and they are going to want to take their homes and find parking spaces. I'm not sure that that is going to help, but worth a shot to see if it makes any kind of change.

I would be in favor of looking at private businesses to look to build the parking garage and see if we can find a business that can do that profitably. I have the same concerns that Vice Mayor Smith has, if you are going to have to pay for parking and there's free parking down the street, who is going to pay for the parking? So that may be something that may be private and supported possibly by the businesses that would be wanting to use that, and they may pay permitted parking for their

employees. That might be something that would work, but that would be something that I would like to hear more on, and I would not be in favor of the city paying for something like that. Thank you.

Transportation Director Paul Basha: Mr. Mayor, if I may, I would like to respond to a couple of comments. Councilwoman Littlefield, we are not suggesting any public funds for parking structure, only privately funded. Also route 72, the 10-minute frequency that was already approved by the council and that starts in April of this year. I would also like to mention the two-hour parking, we are suggesting only in the northeast quadrant which is dominated by offices and businesses, not retail shops. In the other part of the downtown, where we have retail shops, that would stay at three-hour parking, which is what currently exists there.

Councilwoman Littlefield: I just know that that parking lot that is sitting there currently is used by a lot of downtown people.

Economic Director Danielle Casey: I was going to clarify some of the models and examples, cities are involved in a portion of the garage cost, but if we got council consensus that priority exploration would be to see if there's any model where we could have no cash in ourselves then we can certainly look at it from that perspective first. At least the team that had researched some of this, there's always the possibility that there could be a small portion of city involvement but that would have been obviously up to council. So we are hearing everybody.

Mayor Lane: Thank you, Councilwoman Littlefield, and Mr. Basha and Ms. Casey. Councilwoman Milhaven.

[Time: 03:39:36]

Councilwoman Milhaven: Please work on the detail around the downtown trolley, two-hour parking and a privately funded garage in addition to parking meters. I would also like to see us revisit the parking requirements for office space and whether or not we need to modify the code to meet those demands.

I would also just briefly comment to say that five and ten years ago, we had a lot more vacant buildings in this part of the downtown and so when you have vacant buildings, you need a lot fewer parking spaces and so while we -- I the Galleria certainly puts a strain on it -- having full vacancy does, as well. And then the other I would point out is that the -- the redevelopment that we have done in this area increases the assessed value, the improvements to the property, increases assessed value which means that property taxes paid on these properties have gone up, the increased employees are buying lunch and paying sales tax. While there may be additional demands on the city, I would suggest that it increases the revenue to the city as a result and some of that would be offset.

To the Vice Mayor's question, Mr. Basha, if there was a way for us to quantify the actual demand versus our in lieu. So if we were to look at the Galleria and say, if -- if the parking need is 6 per thousand square feet, how many spaces should they have? And how many spaces do they have? And then if we would be able to quantify to say, given the current uses for the P-3 properties, how

many spaces would they need? And I think that's where the Vice Mayor was trying to get was to say, all this in lieu, but do we on the current uses of the current P-3 properties have a sense of what the actual needs would be. If you could quantify that, would be very helpful. Thank you.

[Time: 03:41:36]

Mayor Lane: Thank you, Councilwoman. Councilwoman Klapp.

Councilwoman Klapp: Well, very briefly, I would support the concept of having early trolley starting at 5 a.m., but I would think if that trolley begins at 5 a.m., it might be wise to watch the habits of people and see where they are parking so that we don't create a parking problem somewhere else, maybe on the other side of Scottsdale Road. So that would be my only caveat, but I think making an early makes some sense.

And the three-hour parking limit moved to two, I think that's a smart move. I don't think people need three-hour parking for the most part, particularly in that area. You know, if you are -- as was noted, this is not a retail area. This is not where tourists go. This is not where shoppers go. This is where people work. And limiting it to two hours forces people who work there to find other places to park.

The permits for the P-3 properties I think is a good possible solution and then with the privately funded structure, again privately funded emphasized but I could see where there might be a city contribution if there was public parking provided in that structure. I'm not putting any caveats. I'm just saying bring us back a plan that would provide additional spaces up to, say, 770, maybe more but you may include some public parking in that facility as well, and we will take a look at that. I think these are good short-term solutions to the problems that have been identified in that particular area.

I'm personally not wanting to go to metered parking, unless it's absolutely necessary. So what I would like to see is the short-term solutions first, and reassess this concept of parking meters because as you noted, we are a city known for not having parking meters, tourists like the fact that we don't have parking meters. It sounds like an easy, quick solution, but it can create other perception problems with the city that I would rather not have if we can avoid it. So to me, that would be kind of a solution only if absolutely necessary.

[Time: 03:44:07]

Mayor Lane: Thank you, Councilwoman. On the seeking correction, I am not thrilled with the trolley issue unless we really are able to verify that we are going to have participation in it. And I think that's going to be a critical component for both that and route 72 as far as its utilization. It's already a route, even as our best ridership of any route we have in the city, it's still heavily subsidized right now. It would be great to build up traffic on it, since we are undoubtedly going to be paying more for it with the increased frequency. It's a huge component for us. So I think that an actively engaging with our business community with regard to how we motivate their employees and for them to actually encourage their employees to use the bus, however they might do it.

I don't know if there's free passes or that's been a technique that's been used in a lot of other areas. I don't know mean from the city but that they may do the very same thing to solve a problem that they may be contributing to and they may be aware of that. I'm sure they are, in some part.

Certainly in the case that's been cited so much today and that is the Galleria. So I -- I do -- so I think that's a -- that's a huge element of potential solution. Short term and maybe even midterm and longer term but we need to do something now. I mean, thinking about longer term than that, I think gets us outside the realm of what we are trying to seek to solve right now.

A two-hour time limit on parking in this area, I think is important to do a couple of things. One is to encourage people to take mass transit and use the trolleys and those outlying parking garages, as has been brought up by several people, including myself. If you don't have that kind of demotivating factor to use that free parking, you are going to be invariably motivating them to pick it up whenever this is available and thus fill it up before they use any of the alternatives. So I think that's critical.

The permit parking, I would like to see what the response is to the business community on that. I like that idea. It gives a direct assignment to some of that parking.

You know, we used to call it in lieu parking and then when it became the fact that we in lieu parking that was beyond what we actually had real parking we had phantom parking. And so those terms have been lost in the course of time, but we still have obviously some phantom parking out there. So I think that that's another direction I think that has -- could bear some fruit as far as solving the problem for some.

And then the private funding of the 770 space structure. I'm a go on that. I think it's a matter of how you scope out the RFP on this and for one of those things open the outreach to the same business community, is to find out immediately the participation. They are willing to pay for parking, as has been illustrated and indicated, to me personally but also through other sources. So then let's get them engaged in that as we possibly can. That would give us the framework on how to get the RFP out that will make some sense. Not necessarily pre-commitments but certainly the conversation as to how it may be able to function that way. I would like to keep it out of the city's requirements to pay out of any fund or the citizens, as far as that is concerned. This is a product, problem or not -- it's a product of success in downtown, and so we have got -- we have to continue to look at that.

As far as changing and I know had is one of the other potential solutions out there, changing the -- the equation or the calculation of how many parking spaces per a thousand square feet is potentially problematic in a couple of areas. If you apply it to existing, right now -- and I was going to ask this question too. Right now, we have a situation where some of our commercial buildings, in order to protect parking for their tenants, their employees, the employees and the tenants, I'm talking about this is all throughout town, I think even on the waterfront, I am was scrambling for a space as I'm sure most everybody else has experienced around the noon hour, at the waterfront and couldn't find -- and people were cruising along with me. It becomes a very futile effort when you have three cars in front of you doing the same thing. You are fourth in line in whatever pops up and that's a long shot



anyway. I ended up at the parking garage underneath the towers, just under the fiesta bowl museum and that, and there were literally hundreds of spaces that were parked reserved between 7 and 6 p.m.

7 a.m. and 6 p.m. and they were getting left unused in large part, and I think it's something that we at least need to look at.

I don't know what the development agreement held out there for that kind of parking and their desire to protect and certainly I understand that desire to protect, but right now, it's a bit of an overkill on that. And then -- but a couple of years ago, we talked about the number of open spaces that are in the basement of the Galleria, because the allocation has been given, given to folks who didn't necessarily use them. They were out of town or transient or whatever, there was a different category of folks using them. I don't know whether that condition continues to exist and I'm not sure if there's an answer for that as far as what we can do to work with them on opening up some of those spaces.

But when we talk about the actual number of spaces that we need, we -- we have got to be real careful and frankly even for an RFP, nobody is going to build a parking garage if ultimately there is not really the demand. Frankly, I'm sure if they do, it will be at their own loss because that's the only way they will do it. Frankly, I don't see them sinking money into something that will not have a return for them one way or another, whether it's by subscription or by validation or whether it's by issued cards. Or paid to park situation, just straight out.

So I -- those are the ways I feel about those items that you are seeking direction on. I have think we have got some real answers here. And certainly, we are here to talk about and I think we -- some have said it, and sometimes it needs to be said again, we want to solve this problem. It's taken us a long time, but we need to move as quickly as we possibly can, but make sure we are working with the best of everything. That's why we commissioned the study, to quantify the issue and I think what we have here to the best that we were able to gather from that consultant's report is how much of a problem we have, and so -- and with some ideas of how we can address it. So I would just say I think we have given a lot of information, some of it very valuable and some of it peripheral but nevertheless, I think if you can weed through it, it may take you another session of about the same duration that we have been here, but to weigh out what the consensus is in moving forward. So I hope that between the team, the three behind you, that we are looking at the best possible way to address our possible interests and the citizens.

Transportation Director Paul Basha: Mr. Mayor, I think you have given us excellent direction. I didn't see anything on the periphery. Everything is valuable.

Mayor Lane: We need to talk about the airpark and -- just so maybe I'm guilty of some of it.

Transportation Director Paul Basha: Could I ask if Dan or Danielle or Randy or Aaron or Jeff or Brian have any questions?

Mayor Lane: Y'all have -- they are not saying.

Transportation Director Paul Basha: Thank you, mayor.

Mayor Lane: They will listen to the tape. Or the video. So any case, I think that concludes the direction that err going to give you. Thank you for the presentation and the conversation. A lot of good conversation.

**ITEM 3 – LEGISLATIVE UPDATE**

[Time: 03:52:25]

Mayor Lane: That moves us on to the third item. We are getting to this maybe a little later than most of us thought, but -- but in any case, Mr. Lundahl is going give us an update and receive possible direction regarding current and pending state legislative issues and policies.

Government Relations Director Brad Lundahl: Good evening mayor, members of council.

Mayor Lane: Is your mic on?

Government Relations Director Brad Lundahl: Somebody turned my button off. Good evening mayor, members of the council. Due to the lateness of the hour, if it's okay with everybody, I will just limit my presentation to just a few of the slides. I do need direction on a couple of items and there is one bill I did want to provide an update to, so I'm just going to -- if that's okay, I will just start moving through these.

The first bill that I wanted to bring to your attention is House Bill 2115. This bill provides that any public officer, employee of a public agency, so that would be cities and towns, is found to have misappropriated public monies that that person is not eligible to receive any severance pay, annuity payments, pension benefits or any other benefit that would be provided by that agency. That would also include agencies such as MAG, valley metro or any other public agency.

As you probably know, there has been some newsworthy happenings at some of these public agencies and I think this bill is in response to that. At the legislature, it did get a hearing last week. The league of cities and towns testified that they are neutral on the bill, but that they had some concerns with some of the language in the bill. More specifically, the bill did not provide any due process for anybody that is accused of these misappropriations, and there was also some concerns about taking away some constitutionally protected items such as a public presentation. So the bill sponsor did say that he would be willing to work with folks to take care of these concerns, and with that, the bill will probably continue to move through the process.

Mayor Lane: Very good. Any questions on that? Okay.

Government Relations Director Brad Lundahl: Yeah, feel free to stop me along the way if you have questions. Just want to let you know real quick this was our city bill. We have decided not to move

forward with it this session. We had some concerns relayed to us by the counties. They requested that we meet with them after session to -- excuse me to work out those concerns, and we did agree to that, because that's a better way of doing it.

Mayor Lane: You will might mention, Brad this was an effort to clarify some of the language. We feel there is -- already we are in a position to be able to work with the current language but this was to clarify it to avoid misunderstanding.

Government Relations Director Brad Lundahl: Yes, you are correct. It was a clarification bill but the language was not quite there yet. Okay.

First bill that I'm going to need some direction on is House Bill 2200, mobile home park legislation. This makes various changes to the landlord tenant sections of statutes in relation to mobile home parks.

Mayor Lane: Well, do you want to go ahead and finish at least your synopsis of it.

Government Relations Director Brad Lundahl: It's pretty lengthy. I will go through the bullets pretty quickly. Feel free to stop me along the way if folks have questions. First, it would require if there is a change in use for mobile home park, that is the result of something a governing body such as a city council does, it extends the timeline to the point of where that city council took that action. Currently there's 180-day period. It essentially just moves it to when the council took action. So that would be new. It increases the maximum payment that tenant may collect from the mobile home relocation fund that is a statewide fund. It increases that by \$2,500 in instances of a single unit and a double unit.

[Time: 03:56:46]

Mayor Lane: Yes, Councilwoman Korte.

Councilmember Korte: I don't mean to interrupt you, Brad, but I do.

Mayor Lane: But you will.

Councilmember Korte: Was this particular bill included in our legislative strategy that we voted on the first or in December?

Government Relations Director Brad Lundahl: Mayor Lane, Councilwoman Korte, no, it was not part of our legislative agenda this year. It was a separate item.

Councilmember Korte: So why are we looking at it now?

Government Relations Director Brad Lundahl: Mayor, Councilman Korte, I had a request from a councilmember to include this a legislative update.

Councilmember Korte: So is that appropriate to change our agenda from -- from the request of a single councilmember?

Mayor Lane: If I might, just to say this, that we do, through the course of this session, the legislative session, when bills are dropped and this was dropped -- who was this dropped by.

Government Relations Director Brad Lundahl: Representative Jay Lawrence was the sponsor of this bill.

Mayor Lane: We sometimes do look at new legislation when it comes through and certainly we pass judgment on it. If it doesn't fit within our general overall scope of areas of interest, we still may weigh in on it, if it's decided and I suppose it's not a matter of single council person, but I think that we have looked at bills that have been dropped and it's changed -- well, it really hasn't changed. It's sort of added to items of interest for us. There's probably going to be another item that we are going to be looking at of another bill that's been dropped that has been a suggestion to review our support or otherwise.

Councilmember Korte: So what you are saying is there's -- there's no specific protocol for councilmembers to add a piece of legislation to the agenda?

Mayor Lane: Well, all we are doing here is -- you mean as far as adding it to the agenda? Frankly, that is a determination between the I.G.R. and someone who offers it up as something that might be of interest to the city.

Councilmember Korte: Is that what we are doing here tonight to look at this, whether to continue to spend some staff time on it or not? Is that what we are doing?

Mayor Lane: Well, whether we will support the bill -- I'm talking about through our intergovernment relations person, Brad right here and our lobbyists, whether we would attend to it at all, whether we would consider working for it or against it or neutral.

Councilmember Korte: Or not even look at it or not even place a --

Mayor Lane: Can he could say that if we agreed as a council here -- Yeah. I'm sorry, Vice Mayor.

Vice Mayor Smith: I was just going to say, we don't really have control whether somebody drops a bill halfway through a session. But if they do drop a bill that's important to our community, I think we have an obligation to pick it up and look at it and like you say, support it, oppose it or take a neutral position. And that's apparently what happened here.

[Time: 04:00:10]

Government Relations Director Brad Lundahl: If I may continue.

Mayor Lane: Yes, please.

Government Relations Director Brad Lundahl: The bill would also reduce the radius in which you can seek reimbursement from the fund. Currently it's a 50-mile radius. So if you move your location within that radius, you are eligible. This reduces it down to a 25-mile radius. It would also prohibit landlords from increasing the rent during that 180-day period that I mentioned earlier. And it also expands the list of items for which you can seek reimbursement. I think it adds appliances and provisions for disabilities somewhere in there.

Next, it increases the amount that the landlord is required to pay into the fund, and this is when the change in use happens and essentially the tenants are told they need to move. The landlord is required to pay into the fund a certain amount per each tenant, and that goes from \$500 to \$1,000 for the single units and then 800 to 1200 for the multiple section or double wides. It also prohibits the landlords from accepting new contracts during this 180-day period, when essentially everybody has been told that they will be asked to leave the premises. And in addition, it will require landlords to maintain the grounds and services while this transition is occurring. And it provides that the landlord cannot use intimidation to knowingly cause the tenants to move out quicker and that's the main provisions of the bill. I would be happy to answer any questions but like I said, I'm trying to condense it down.

[Time: 04:02:02]

Mayor Lane: Yeah, and you did on that last bullet point, for sure. Prohibits landlords from accepting or soliciting any new contracts for mobile homes or recreational vehicles on the proposed change of use beginning with the initiation of the change of use proceedings with the municipality. How does that actually operate? Is that an intimidation issue or --

Government Relations Director Brad Lundahl: Mayor, I think it's designed to prohibit like a double dipping, like they know people are moving out or being asked to move out. So they don't want the landlord to accept new people into the system knowing very well that he will be asked to leave in the very near future. That would be my understanding about how that provision works.

Mayor Lane: And to whose detriment is this? Other than the fund, if in fact the fund this they turn around and ask for protection under it.

Government Relations Director Brad Lundahl: I would have to read the provisions a little more closely to understand that.

[Time: 04:03:05]

Mayor Lane: Councilman Phillips.

Councilman Phillips: If I may, it goes to the council process, they get the 180 days. People are

moving out, somebody comes in and says I want to put my mobile home trailer here, saying okay.

Knowing full well that as soon as they set up, they will have to get out. They do allow this right now. It just says you can't accept new mobile home tenants when you are, in fact, kicking out the other ones.

Mayor Lane: That might affect the fund but I'm not sure -- it sounds like sort of maybe a silly thing to do, but I'm not sure whether we even have a right to -- to demand any and not do it. You could demand that they not allow for -- maybe notice -- notice anybody, but I don't know that that's -- anyhow, that's the only provision --

Councilman Phillips: Mayor, if I may. Can I just continue on this? We are meeting with the mobile home manufacturer's association who is opposing this bill on Friday to go over it. So like any bill, it's not set in stone. We will go over it and we will see what they don't like about it, and what we can do and then it will come back. So like tonight's -- it's basically to see if we have council exceptions to continue this because I would like Brad to be part of that discussion.

Mayor Lane: Well, if we are continuing it, basically we would be neutral on it for now. Any other thoughts on that, yes? Councilman Littlefield.

[Time: 04:04:41]

Councilwoman Littlefield: Some of you may know, I have been very active in a mobile home park here in Scottsdale, trying to help people who have been evicted, as how Councilman Phillips has also. And many of the things that are in this bill have been noticeably brought to my attention as needed very badly. This has been happening not only here in Scottsdale but in many cities around the valley.

The funding for the trailers, the amounts of money have not been increased for many, many years, and we talked to some folks that were from the state, and it's no longer adequate to move the trailers. And so when you are dealing with people who have a very, very low income -- I mean, think low and then half it and then half it again. That money is very important for them to be able to move their homes, because if they can't move their homes they have no homes and they become homeless because they have been evicted from a trailer park. So this is important for them to be able to take their trailers and move them to another place, and a lot of this money is -- the \$5,000 is no longer often adequate to do this.

So it's -- it's a -- an item, a part of this bill that is much overdue just to keep up with inflation, just to keep up with current costs, moving costs, and it's something that I believe very strongly in, so I am not neutral on this. I believe this is something very important that we do to protect some of our poorest citizens in Scottsdale. We do have them, and I think that it's -- it's vital that we pay attention to their needs as well as to the wealthier folks here in town.

[Time: 04:06:42]

Mayor Lane: Well, I understand, certainly, this is a -- is a paid for fund. In other words, somewhere through the -- either the purchase of units and/or the rentals of units, something is contributed to this fund.

Councilwoman Littlefield: It's paid for by the rent that these people have been paying over the years for their spaces, and it's paid for by the owners of the property. They pay a certain percentage into this fund. So actually, the owners of the trailers pay for this fund to reimburse them if they have to leave again.

Mayor Lane: And I frankly, share the same concerns now because they actually have contributed to this fund for protection. This is not just a handout. This is something that's been accrued through the years, and frankly, I had asked the question. I didn't ever get the answer on it, is what is in this fund? I mean, I think one of the things that is being suggested here increasing -- just as councilwoman Littlefield said, the amount is far -- well, it's an old amount. It's been in place for a long time so it may be deficient at this point in time to actually accomplish what it's intended to do, but on the other hand, if this fund has \$100 million in it, it's sitting in there because they don't actually have an active use of it.

I wonder whether we need to increase it, and the final bullet point here and I'm not -- this is not a big issue for me, but that final bullet point just doesn't seem like it's necessary. It doesn't really affect anybody from the standpoint of councilwoman Littlefield's observations and concerns. Share those, but I think the final one may complicate it and may end up creating some problem for them.

We're going on the suggestion that Councilman Phillips, as far as continuing it until it's worked out presumably, if there's time.

Councilman Phillips: And if council direction is to continue with this and then at a later date, we look at the bill again and we say now we don't like it or now it makes sense.

Mayor Lane: Yes, if there's time, Councilman. That's the other thing. Sometimes this session could get shut down and it could be lost. But in case, we are going on that suggestion.

Councilwoman Littlefield, I truly appreciate your thinking and what have you done, as far as that's concerned with regard to that wheeled-in ranch, I think that's phenomenal and I think it's a changing time. But I still would like to know if there's a fund out there that's under utilized before they increase fees.

Government Relations Director Brad Lundahl: Yes, mayor and I -- today when I was preparing for, this I tried to get a fund balance. That information is not on their website and staff have not -- was not available to answer that question.

Mayor Lane: You might talk to the treasurer's office.

Councilman Phillips: And Mayor from what I know, fund has currently about \$8 million and when it

reaches \$10 million, they stop paying into it. But the money sits there. It never gets taken out. That's kind of the problem. I think I mentioned before that the state took out \$900,000 of it and reappropriated it for something.

Mayor Lane: Yeah. Yeah. They actually get it over to the state and they use it for the general fund. Personally, as far as the increased fees, I don't think that there's a need for it because it's obviously got \$10 million, they cut it back and it gets to \$10 million and it's it gets cut back. It doesn't go to the people who actually need it.

I think the Vice Mayor had his hand up first.

[Time: 04:10:24]

Vice Mayor Smith: I will observe in terms of the money, I think probably the -- I don't think probably. I know that the citizens need more hope than what they are currently getting from the fund to go as many years as they have gone without an increase, absolutely we should be addressing that, but state should be addressing that.

But the one thing I don't want to let slip by, go back to your first slide here on this. The requirement that the landlord cannot give 180-day notice until the property is I guess rezoned. Is that what you are saying?

Government Relations Director Brad Lundahl: That would be in an instance where an action of the city council essentially approved that change in use.

Vice Mayor Smith: And this part I think does affect us. I do have concern about moving forward on a notion that somehow we are going to put ourselves ahead of the landlord and say, you know, you can't throw anybody out unless we say that we are going to rezone this for a high rise or whatever. We will quickly become the bad guy. I mean, we will become the party who did the rezoning that made the eviction of all the people possible and I'm not sure I want to weigh in on that or support that feature. Thank you.

Mayor Lane: I appreciate that. And I guess to add just to that thinking a little bit too and that is I think there are other uses for the land that are available under that zoning that wouldn't have mobile homes on it. I can't say that for absolute sure and we have lost our zoning administrator and all -- but in any case, I understand what you are saying. Yes?

I'm sorry, Councilwoman Littlefield.

[Time: 04:12:08]

Councilwoman Littlefield: Yeah, I can answer some of that. One of the reasons people don't use the fund is if it costs \$7,000 to move their trailer, and they only get \$5,000 from the state, they don't have the other additional \$2,000. So they can't move their trailer. So they have to abandon it.



That's part of the problem. That's why this money is needed.

The other part is as far as other uses at the Wheel Inn Ranch which I have been working with here in Scottsdale. It never came before the city for a rezoning because it doesn't need a rezoning, because it's doing an R.V. It's moving from permanent trailers to an R.V. park and it doesn't need a rezoning for that.

Mayor Lane: Yes.

Councilwoman Littlefield: So he did have to give 180-day notice but it was not from the point of view of a municipal government saying yes or no but it was from the point when he was saying he's closing the mobile home park and opening an R.V. park.

Mayor Lane: To your first point, though, I think that increasing the amount of money that's available for those transfers is certainly absolutely correct but increasing the fees that they are paying through their rent or otherwise, is probably not necessary, because --

Councilwoman Littlefield: No.

Mayor Lane: Because they are not utilizing it now. I realize there are certain circumstances where they can't. Any other thought on this as far as the issues are concerned? Otherwise, I think we will at least at the suggestion of Councilman Phillips who has actually been involved with the bill, hold until we get some further information on it. Is that -- is pretty much what you had suggested, Councilman? Okay.

[Time: 04:13:53]

Government Relations Director Brad Lundahl: Okay. The next bill or I guess the laugh bill I need the council input on would be House Bill 2536, the fine art sales tax exemption. If you remember last year, this was a very similar bill that was run that would put back into place the exemption that fine art sales to out-of-state residents had enjoyed since 1979, that exemption went away a couple of years ago as part of the tax simplification bills that went through the legislature. The bill has come back this year. Representative Ugenti-Rita has agreed to be the sponsor of that bill and it would exempt works of fine art and they are defined for instances where that art is sold at either an art auction or a gallery and purchased by someone -- a nonresident and shipped out of state to that destination. So the bill is very similar to last year's bill, but is more narrowly defined to just sale as at an auction or gallery.

Mayor Lane: Well, personally, I think this is an important bill that we should support. I think it's important for a couple of reasons. Because this is a real impact. It has a real impact on our ability to do business in a very competitive market across the country, and something that we would -- I think we would like to encourage in the way of art cautions, particularly, but certainly gallery sales to out of state, where the people are coming in to consider the art and stay here and be here in Scottsdale. So I think it's a critical component for us. I think we should pursue it.

Yes. Councilwoman Korte.

[Time: 04:15:40]

Councilmember Korte: Thank you, Mayor. What do other states do? Do we have a count, number of states that have this tax versus not?

Government Relations Director Brad Lundahl: Mayor, Councilmember Korte, that's difficult to say. That was one of the discussions last year during the debate at the legislature. We had an intern this summer and that's one of the tasks I had him look at. Because of the tax structure in every state, he had a hard time coming up with it, but it's pretty easy to say that some states have it, some don't. If that helps answer your question. Kind of Yogi Berra.

Councilmember Korte: Thank you for that clarity.

Mayor Lane: Yes? Thank you Councilwoman. Councilwoman Klapp.

Councilwoman Klapp: I also would support this -- this bill. I think it's -- it's important for the city of Scottsdale considering that we have some big art auctions here and large galleries and I know from them it will sometimes mean the difference between somebody purchasing something or not, if necessity have to pay sales tax on it, if they are out of state. I think it's important that we recognize the importance of the -- the art business in Scottsdale. Probably impacts us more than most of the cities in the valley.

Mayor Lane: Thank you, Councilwoman. Councilwoman Littlefield.

Councilwoman Littlefield: Yes, I would also support this. I think Scottsdale is known for its art and it's very important to us and to the people who shop here. So I would be supporting this.

Mayor Lane: Okay. Thank you. Yes, Vice Mayor?

Vice Mayor Smith: I will also support this, for a number of reasons. It is important not only to the galleries and the auction houses and the arts and culture in the community. It's also important to tourism, because these are the kind of people who come and buy these. It's worth saying that the ultimate loser if we created a disincentive for the out-of-state buyer, the ultimate loser is the artist. It's not just the gallery. We have to think of all the people affected by this.

To the point that the states have it. I mean the galleries impacted by this, they tell me anecdotally that the majority of states do not tax these nonresident sales shipped out of state. So it takes us back pretty much to where we were two years ago and I would very much support it.

Mayor Lane: Thank you, Vice Mayor. I think you have got direction on that.

Government Relations Director Brad Lundahl: Yeah. And so really, that's the end of the bills I need input on. The remainder is just updates on bills that you have already seen and I don't know if you want me to end it here or continue on. I'm seeing some nodded heads, so --

Mayor Lane: That's --

Government Relations Director Brad Lundahl: So if it's okay with folks, we will just end it here. I'm getting the strong thumbs up.

Mayor Lane: That's fine. Okay. Well, that concludes then the update on the legislative plan. Thanks very much, Mr. Lundahl.

Government Relations Director Brad Lundahl: Thank you, Mayor, Council.

**ADJOURNMENT**

[Time: 04:19:07]

Mayor Lane: And, you know, I think we can -- we can think of something else to do, can't we? Don't you want to --

Councilwoman Klapp: You are on your own!

Mayor Lane: All right. I have a motion to adjourn.

Councilmembers: Second.

Councilmembers: It's already seconded.

Mayor Lane: All right. We are adjourned. Thank you very much.