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CALL TO ORDER

[Time: 00:00:03]

Mayor Lane: Good afternoon, everyone. It's nice to have you here with us. I would like to call to order our April 25th, 2017 city Council meeting and we'll start with a roll call, please.

ROLL CALL

[Time: 00:00:12]

City Clerk Carolyn Jagger: Mayor Jim Lane.

Mayor Lane: Present.

City Clerk Carolyn Jagger: Vice Mayor Suzanne Klapp.

Vice Mayor Klapp: Here.

City Clerk Carolyn Jagger: Councilmembers 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: David Smith.

Councilman Smith: Present.

City Clerk Carolyn Jagger: City Manager Jim Thompson.

City Manager Jim Thompson: 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. A couple of items of business. We do have cards if you would like to speak on any of the items on the agenda or for public. They are the white cards the city clerk is holding up over her head to my right and there are yellow cards for any written comments you have on any of the agenda items that we will be reading during the course of the evening.

So we do have Scottsdale police officer Jason Glenn and Anthony Wells and it's harder to pick them out tonight but they are right directly here in front of me if you have need for them, any assistance from them. The areas behind the Council dais or reserved for Council and staff, but we do have facilities over here to my left, under that exit sign for you in case you have that need. Also if you are having any difficulty in hearing the proceedings of our meeting, there are hearing assist headsets and

they are available at the clerk's desk over here on my right again, and just ask one of the staff over there and you can receive one.

An added note of just information is we are expecting a capacity crowd tonight and our maximum occupancy load is 275 people and Scottsdale fire marshal Jim Ford and assistant fire marshal chief Kerry Swick will be monitoring the capacity level. I think they are all back here or in front of me as well. Please, if you would refrain from sitting in the aisles. We need to keep them clear at all times for the reasons that we were just stating as far as the capacity crowd. So if we get to capacity, there will be an audio and visual feed outside at the front entrance right outside those doors and if it comes to a point that we are over capacity, some folks will be asked to leave and as people do leave, other -- I mean, as long as we stay at capacity, other people will be able to come in. So as guests leave, more people will be able to come back in but there may be a stop point at a point and I don't know whether we reached that at or not at this point in time. I would presume that's a no. Okay. So we are good to go right now. So that covers a little bit of that.

PLEDGE OF ALLEGIANCE

[Time: 00:03:08]

Mayor Lane: And I would like to start the afternoon or the evening's proceedings off. We do have and I -- unfortunate, the consequence, I didn't spot them before the meeting. We have Cub Scout Troop 344 here? That's why I didn't see them. They are not out there.

Very good. Gentlemen, it's great to have you here. It's great to have you here. If you would, they will lead us in the Pledge of Allegiance tonight. Gentlemen, if you could come up to the microphone there, if you could, please stand. Get a little closer there and when you are ready, launch us off into the Pledge of Allegiance.

Cub Scout Troop 344: I pledge allegiance to the flag of the United States of America, and to the republic for which it stands: One nation under God, indivisible, with liberty and justice for all.

Mayor Lane: Thank you, gentlemen. If you will, just swing that microphone around, face the audience and each of you individually, if you could introduce yourself, give us your name and what school you go to. Everybody is seeking the end of the line. Wait a minute.

Nolan: My name is Nolan. I go to Copper Ridge school and my favorite subject is reading.

Gabe: My name is Gabe and I go to DCS, and my favorite subject is science.

Ethan: My name is Ethan. I go to Desert Canyon elementary school and my favorite subject is math.

Brenden: My name is Brendan. I go to St. John's and my favorite subject is math.

Lyon: My name is Lyon. I go to uh. My favorite subject is math.

Mayor Lane: All right. Okay. Very good. Thank you very much. Thank you, gentlemen. Appreciate that.

INVOCATION

[Time: 00:05:20]

Mayor Lane: And now unless he stooped down here, I don't know whether Pastor Keith Matney is here with us or not. Did I get a sign he might be or -- apparently not. Probably won't able to find parking.

Well, in his absence then, I would ask that we all take a moment of silence to think about some of the things that are occurring in the world, that we would like to see better for all of us, and keep one thing in mind, I suppose, as we have just proclaimed ourselves as a golden rule city. How we can operate better with regard to our relationships with everybody in our community and across the world, and just take a moment of silence and think about that.

Thank you very much.

MAYOR'S REPORT

[Time: 00:06:21]

Mayor Lane: All right. We do have -- it is national volunteer week and what I have got is a proclamation to proclaim that and to recognize some of the unique values in our community by the extent of volunteers that work for our city. That oftentimes is described as a civic -- sometimes a civic duty, a civic responsibility and just civic pride that folks work and do things for the city, that's satisfying for them and certainly lends a great deal of help to our great city.

The proclamation reads whereas the Scottsdale volunteers may a critical role assisting the city of Scottsdale of simply better service for a world-class community and; and whereas, the city volunteer program is a citywide program that enlists the assistance of citizens who wish to make a difference in our community, and provide enhanced services to citizens and visitors to our community; and whereas, in 2016, more than 6800 citizen volunteers contributed over 187,000 hours of service to the community; and whereas, citizen volunteers contribute a value of work that equates to more than \$4.2 million in savings without the additional costs to taxpayers; and whereas, citizens volunteer benefit from the experience of giving, giving back while knowing they make a difference in the community; whereas the national volunteer week has been celebrated each year at a national level since 1974 by presidential proclamation, and by every president each year since. Therefore, I Jim lane, the Mayor of the city of Scottsdale, Arizona, proclaim April 23rd through the 29th, 2017 as volunteer appreciation week and Scottsdale encourage our citizens to join me in celebrating the kindness and the generosity of the citizens that -- of the citizens that volunteer to serve our

community.

And I would like to ask Cindy Eberhardt and Ron Roth, the 2016 volunteer impact award honoree to take the photo and accept this proclamation with me.

PRESENTATIONS/INFORMATION/UPDATES

[Time: 00:09:04]

Mayor Lane: Okay. We have a bit of some informational updates and presentation from experience Scottsdale winter campaign update from Rachel Sacco, the president and CEO of Experience Scottsdale, formerly known as -- geez, I almost have forgotten what it was formerly known as. Experience Scottsdale.

Experience Scottsdale President and CEO Rachel Sacco: Thank you very much. I'm Rachel Sacco, president and CEO of your Experience Scottsdale formerly known as the Scottsdale Convention and Visitors Bureau.

I'm here to share with you how we have expanded and debuted our brand new campaign. You all remember that in September we launched a new campaign called absolutely Scottsdale and that was after 18 months of working with a partner called struck to really do research with our customers, customers who had been here, people who had not been here to develop, to test, and to actually do research to make sure we had the best campaign to bring visitors here. And it occurred to us that unless you are traveling in our target markets or unless you have a visitor that's there that calls in to say, I saw the greatest ad on Scottsdale, you, nor many of our citizens never get to see our work. So I wanted to show you a little bit, now that our season has ended and we are going into more shoulder season, about what it looked like to be someone who has been invited to come and see what blooms in our desert with an absolutely Scottsdale campaign.

You may remember as we go to the next slide here. That this is what our new campaign looks like and it was debuted in magazines across the country, such as American way, Bon appetite, travel and leisure, afar magazine and many, many others. We also had an opportunity to debut a brand new television commercial that I think all of you on Council have seen, and we got to show that on cable and on network television, throughout the country in target markets like New York, Denver, San Francisco, Chicago, Toronto, and Calgary.

But the best thing of all, the thing that gives us the most buzz and that many of you and maybe some in the room hear about is when we do these wonderful high impact campaigns, where we take over the union station in Chicago, and wrap trains throughout the month of January and February, or where we wrap trains and take over the grand central station in New York City, and people are absolutely inundated with this wonderful imagery of beautiful Scottsdale and the encouragement to see what blooms in the desert. Or in February, right before we have spring training, where we take over and wrap an entire tunnel called Montgomery tunnel in San Francisco. And because you probably weren't there, I will ask our friends up here to play a very, very short video to show you what it was

like to be one of our potential visitors in those markets.

[Video]

So since we launched that campaign, we had some wonderful feedback and here's an example of someone named Greg, New York City resident that actually took the time to send us this email: I'm blown away by the whole absolutelyscottsdale.com ecosystem. Your team did a phenomenal job. I saw a pillar wrap and subway turnstile ads at the grand central New York City subway stop below my office and checked out your mobile responsive site and hearted a number of outdoor activities, got the email and returned to the site for further enticement. Beautifully designed, well executed, superb.

We redid our entire website and one of the things that we learned is that once again, people like to be connected to people. Whenever you buy anything of consequence, you want to turn to the most trusted source, which are people like you and I that tell you what the experience was like. So our new website is something new, where we are working with local influencers who tell the story from the local point of view of Scottsdale on some of the things that our visitors want to hear about from your brand, sight scenes, arts, culture, dining, arts, wellness, outdoor adventures, resorts, spa and the desert. I would invite you if you haven't had a chance to see it already to go to our site, and you might find a few little treasures that you might not have known about, just from some of these local influencers.

We are nearing the end of our fiscal year, which closes June 30. We are currently on target to meet all of the metrics that you have set forth in our contract for you and we do so is by bringing customers are here. We just had a familiarization program from Canada just a few weeks ago and here's a testimonial from someone who just attended. "I just wanted to thank the whole team at Experience Scottsdale for everything you did for the past few days. I know all the work that must have gone into planning every detail and you guys really thought about everything. The trip was informative and fruitful as well as a complete pleasure. I'm thankful for the opportunity to have participated and I can't wait to be able to propose Scottsdale to future groups."

We also do our work by bringing media here. This is another great influencer that really serves us well. We host almost one journalist every single day. And this was an example of three articles that just debuted as a result of our work. This was in the "Washington Post," the "Huffington Post," "Sunset Magazine" and "Vogue".

And as I told a couple of you, I just happened last week to be at the Scottsdale Museum of the West and I was there to give a presentation and one of the staff members came up to me and handed me this newspaper of the "Washington Post" and she said, we had a visitor that came in just this morning and we asked, as we usually do, how did you find out about us and she said, here. I read this article in my Hometown newspaper, the "Washington Post," and I decided it was time to come to Scottsdale and I wanted to see this museum that you focused on! So it shows that that type of work and that type of media coverage really impacts bringing our visitors here to Scottsdale.

Lastly, we wanted to show you, we are very big on research and we try to measure the results that we

do so you have confidence in our efforts. We recently worked with two very trusted research firms. One is Longwoods International that has been doing some work for the city of Scottsdale and the other is tourism economics and what we looked at is what is the impact of what Experience Scottsdale does to our economy. And they looked at only two of our multifaceted programs. One, they looked at our winter ad campaign, which you just saw which runs for four months and they looked at the bookings that ensued from the bookings. They didn't look at tourism or our worldwide work with tour operators. They didn't look at our journalism.

And here is the sound bite of what they found, just as a result of those two efforts, if you will. We were responsible for bringing in 857,000 new incremental trips to Scottsdale, and the further sound bite to that is that every dollar that is invested in Experience Scottsdale directly generated \$67 in visitor spending and \$3 in local tax revenue for the benefit of Scottsdale residents because they inquired as to whether these people were staying only in Scottsdale, if they were not, they were not part of the survey.

So as a result of that, we can say that Experience Scottsdale's annual direct economic impact to our community, Scottsdale is \$229 million annually. Conservative because they are just looking at two of our programs. And there's just one bit more.

We always said that the tourism industry is kind of the secret weapon of economic development, but now we have got some proof that we can actually confirm that. So they looked at people who were exposed to our advertising, who saw our ads and those people were 106% more likely to view Scottsdale as a great place to start a business. If they had visited here, they were 116% more likely to view Scottsdale as a good place to start a business. However, if they saw our ads and they came to visit, as most people do, and then fall in love with it and go back home and think about moving, they were 226% more likely to view Scottsdale as a good place to start a business or to attend college or to even purchase a vacation home.

So I guess in closing, what I would just like to say to you is thank you for your support of tourism. In the short run, it does a great job, we hope, or continue to of bringing our property taxes -- or keeping them at a low rate and keeping our services high, creating amenities that we all enjoy in this wonderful community that probably wouldn't be here, things like the Museum of the West, were it not for tourism and we are really proud to do this work. We feel it makes a difference in the community and for you and we thank you for the support that you give us each and every year. So thank you.

[Time: 00:19:54]

Mayor Lane: Thank you, Ms. Sacco. Only one other announcement of sorts and I would like to announce that judge Bruce Cohen is a continuing member of the judicial appointments advisory board to serve a third term beginning March 1st, 2017 and ending April 30th, 2018. Judge, are you here in the audience with us? If not, we will just -- if you are watching on TV, just want to welcome you back and the continuing service to our community. Thank you.

PUBLIC COMMENT

Mayor Lane: Our next order of business is of public comment. Public comment is reserved for citizens' comments regarding non-agendized items with no official Council action taken on these items. Comments are limited to issues within the jurisdiction of the city Council. Speakers are limited to three minutes each with a maximum of five speakers. There will be another opportunity at the end of our meeting for additional public comment if necessary.

[Time: 00:20:24]

Mayor Lane: Now, I will start with Scott Calev. He will be followed by Jason Alexander.

Scott Calev: Scott Calev, Scottsdale, Arizona. Golden rule, I like that. Very excited about it. I hope it applies to everyone in this town. Lowest learner, Debbie Wasserman Shultz, right 260; Harry Reid, right 260; Donna Brazil, right 260; all the people I mentioned deceived the American people, deceived their friends and deceived their workers. Right 260, not left 30, not left 45. When a city Council is unhappy with certain people in the city, they don't black list them. They don't say a person in the city cannot call up the city and make a comment anymore.

Right 260. And you all know what right 260 is. Because it's an official rule of this city for some 30, 40 years now, right 260.

But it can't be left 30, because left 30 is over my house. North, south, east and west, and if a city Council or an airport director or an airport staff is targeting a resident who comes to these city Council meetings and disagrees with a group of mainly four people, we have a problem. It's right 260. You hand this Scottsdale airport pilot guide and noise abatement. This is filled with so many lies and endorsed by the Scottsdale city Council. It's right 260.

I met with Scott -- I mean, Gary Mascaro and he assured me the area south of the airport between Scottsdale Road and the 101 going down to Shea is not a flight pattern. But there's been 1,000% increase in the last six months. Thank you, gang. And as a result of this, this has become a lie. This has become a manipulation of the public. Compliance on noise abatement, procedures at the pilot's discretion but not right 260. So as a result of this, I don't want to be the one to tell you that the city Council is looking to eminent domain and lower the prices of the homes south of the airport between Scottsdale Road and the 101 going down to Shea to take the homes down for the eventuality of the high density housing due to the great influx of jobs coming into Scottsdale which is great. But I don't want my home taken away from me and I don't want it made worthless because now you are sending flights directly south as part of the new program on the 2030 program for the Scottsdale airport that will increase the airport by three times. We have 101,000 flights a year. 300 a day. It's going to triple. And it's on its way. Thank you very much for your time. God bless America.

[Time: 00:25:20]

Mayor Lane: Thank you, Mr. Calev. I'm sorry. I'm sorry. We do clap for presentations on occasions, particularly the boy scouts or the girl scouts but other than that, we try to refrain from

clapping or booing, or any outbursts like that but I do appreciate the sentiment.

So next we hear from Jason Alexander. Followed by Patty Badenoch.

Jason Alexander: Hello, Jason Alexander, 9976 East Jasmine Drive and I represent the no DDC organization. I'm here to talk about the Desert Discovery Center and as I'm sure everyone on Council will be happy to know, the no DDC group is sitting out the DC Ranch Great Hearts discussion. We will leave it to you. I want to talk to you about education. I want to talk about DDCS' plan to, in their words, teach the next generation of Scottsdale citizens about thriving and living sustainably in the desert. It's a tall order for Sam Campana and her consultants who are neither educators nor scientists.

We started our investigation into this topic with a large public records request to Scottsdale unified school district and what we found out is that there really is no education man. It's been completely manufactured over the past six weeks, and they basically tried to buy an education plan. We started our conversations with Michele Marshall, the general Council of SUSD and she said in a long roundabout way, basically said we are listening. They did not commit to any engagement with Desert Discovery Center Scottsdale at all.

In December, Sam Campana, let me read this she invited educators from SUSD, would a weekend at one of the resorts be interesting you to? Would an in-service day be available that we could tag along as the happy hour at the end of it. So we see in December, they are basically trying to buy educational enthusiasm. In the beginning of February, they had a workshop, five teachers came and one was opposed to the project. Less than a month ago -- or excuse me, just over a month ago, March 20th, they bought a curriculum. They bought it off the shelf, essentially from someone from A.S.U. About that same time, they promoted a workshop and offered teachers \$500 to teach their curriculum. If you can't read any of this, I understand, it's all on our Facebook page, no ddcaz, and on our blog, noddcc.org. Now here it is in March. They bought the curriculum and incentivized teachers \$500. They offer free field trips to the gateway for students with free bussing and for teachers and their target audience who are interested. Ms. Campana gets desperate and opens this up and says she will open the offer up to the charters to Great Hearts and basis and to P.V. Schools within the Scottsdale district. There's almost no interest whatsoever in their education plan.

What we have heard from the McDowell Sonoran Conservancy, from folks there, is that the existence of Desert Discovery Center, it's already affecting their donations and the volunteerism and the enthusiasm for the programs they put on. This is one more example, in our opinion, of a lot of big hopes, big dreams, big talk, and no holistic interest from the citizens of Scottsdale. Thank you very much.

[Time: 00:28:54]

Mayor Lane: Thank you. And I will ask, again, please. Refrain from applause.

Thank you, Mr. Alexander. Next would be Patty Badenoch.

Patty Badenoch: Good evening, Mayor and Council. And ladies and gentlemen, my subject is criminal activity. There's much talk about the increased population relative to challenges we face, because development doesn't pay for itself. Infrastructure needs unfunded mandates and traffic concerns keeping up with the reputation as the place with the lowest tax rates and the highest services might be something of the past, but I digress. Nothing is said about the impacts of criminal activity as our population explains. Older citizens are criticized for not letting go of the old ways embrace the new downtown Scottsdale. It's alive. It's vibrant. It's the place to be!

A few years ago I was a member of Al Crawford's team to take people on a 12 a.m. to 2 p.m. weekend tour of the bar area, otherwise known as the entertainment district. The purpose was to raise our leadership's conscious level to address mainly noise level. The unintended consequences of those nights exposed the debauchery and despicable behavior of our drunken youth. I certainly witnessed nine occasions of brawls, and young women falling in the street. We're just told it's the city's growing up pains. Two years later, Mr. Crawford announced things have improved. The noise is down.

So tonight, I present an update to submit evidence stating criminal activity within a three mile radius of where I live which is just outside the downtown line. From April 7th to April 14th of this year, one week, reported arrests include: 21 drug violations, 9 shopliftings, 9 assaults and 8 burglaries and 7 disorderly conducts and 10 more incidents related to criminal activity. All in one week's time. This is not the Scottsdale I knew. And I don't think our founding father Winfield Scott could be particularly charmed. Off duty officers, I have been told aren't required to report incidents to the city and we don't know how much is going on behind the scenes. 2011 bar district generated 400,000, but the public safety costs the area over \$1.2 million. So that doesn't exactly speak of how development pays for itself.

And last, in 2013, Arizona is ranked number one nationally for binge drinking and number two for cocaine use on public school property. It's no wonder our entertainment district wants to market towards our youth. Thank you.

[Time: 00:31:57]

Mayor Lane: Thank you, Ms. Badenoch. Next is Mark Stuart.

Mark Stuart: I would like to thank everybody for coming tonight. I'm Mark Stuart. I'm part of the save our preserve ballot initiative in Scottsdale. As you can see from our enhanced logo, it's sponsored by the city of Scottsdale and the citizens of Scottsdale. So I would like to thank you all for coming because it just warms my heart to know that you care about exercising your rights as coequal legislators.

And by the way, if you want to clap for me or anybody else, you can. When he tells you to stop, you have to stop. It's protected by both the Arizona constitution and the first amendment. Those of you who are still in high school, have probably studied the Arizona constitution recently. So you

know what I'm talking about.

Anyway, this ballot initiative is sponsored by thousands of Scottsdale citizens, literally thousands. How do I know? Because we have over 6,000 signatures already and we get more every single day. I want to give you an example and I don't know if we can get this on film of just how well we are doing. This is 30 petitions that I myself collected Saturday and Sunday at the Gateway. So you can see the dates 4/23 and 4/22. That's 300, six hours. That's phenomenal by any measure but what it really speaks to is people's desire to exercise their power to make law and to fix problems here in Scottsdale. So anybody that tells you that the voters are not interested in this or the voters don't care, they are really misinforming you.

I want to share -- it's inevitable that this will be on the ballot. How do we know? I'm a financial engineer. That means I can manipulate a lot of high level math and do a lot of statistically modeling but essentially we have a system of equations that we are calling our inevitability index and I am going to share that with you. This is just for the public record. This is the system of equations itself. It's quite malleable. It's quite good at predicting but here's the nuts and the bolts of the whole issue. We have more than 200 volunteers. If each one of us gets two signatures a week, for the next 62 weeks, we will have more than 33,000 signatures. So we are going to be on the ballot.

If you would like to sign the petition, we will have somebody outside. You can sign it afterwards if you haven't done so. If you would like to volunteer --

Mayor Lane: Mr. Stuart,

Mark Stuart: Mayor Lane....

Mayor Lane: ...the rules are, Mr. Stuart....

Mark Stuart: calm down....

Mayor Lane: that you cannot petition -- I'm sorry, you cannot campaign for this campaign.

Mark Stuart: Mayor Lane, I know you are afraid.

Mayor Lane: Thank you very much, I appreciate your cooperation.

Mark Stuart: I know you are afraid, just take a deep breath, stay calm. You can't get hurt by free speech.

Mayor Lane: Thanks very much but I'm fine. I appreciate your concern.

Mark Stuart: Anyway, this is what we have to deal with when we are winning, and this is how you know we are winning. Because any other mature adult would just sit there quietly and allow you to speak and then say thank you for taking your time to come down here. So thank all of you guys.

We look forward to seeing you on the streets and we have volunteers all over the place and don't you all love this country?

Mayor Lane: Thank you, Mr. Stuart. I will ask again, please no applause. We do not applaud. We do not boo. We try to keep it a civil environment all the way around. Okay. That concludes the public testimony on the public comment.

ITEM 25 – PUBLIC HEARING ON THE COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM FISCAL YEAR 2017/18 ANNUAL ACTION PLAN

[Time: 00:36:32]

Mayor Lane: We, for the record, I would like to -- I would like to let everyone know who may be here for this agenda item and that's the regular agenda item 25, a public hearing on the community development block grant program, fiscal year 2017/18, annual action plan has been pulled at the request of staff and moved to the May 9th city Council meeting. So if you are here for that particular item, please be notified and certainly, you are welcome to stay, but if you would like to please -- if you would like to leave, please leave quietly.

ADDED ITEMS

[Time: 00:37:04]

Mayor Lane: We have a couple of added items consent item number 16 was added to the agenda on April 20th, 2017. And what I would like to do is for a vote to accept the agenda as presented or to continue the added item to the next Council meeting which is May 9th, 2017. Do we have a motion to accept the item or to continue?

Councilmember Korte: Move to accept.

Vice Mayor Klapp: Second.

Mayor Lane: The motion has been made and seconded. No further comment on it. So we are then ready to vote on that item. All those in favor, please indicate by aye and opposed with a nay. And register your vote. There's a unanimous acceptance to move that item to May 9th at the request of staff.

MINUTES

[Time: 00:36:50]

Mayor Lane: The next order of business is a request to approve the special meeting minutes of March 21st, 2017 and regular meeting minutes of March 21st, 2017 and April 4th, 2017. Those minutes have been provided to us for our review. Unless there are any adds deletes or changes that are

requested and seeing none, I would ask for a motion to approve those minutes.

Councilman Phillips: So moved.

Councilwoman Littlefield: Second.

Mayor Lane: A motion has been made and seconded. All those in favor, aye, opposed with a nay. Aye. I think we are all a little quick on it somehow or other. Councilman Littlefield, if you notice. It is now unanimous. I don't mean to have to prompt for, it but nevertheless, so that item, the minutes have been approved. Thank you very much.

CONSENT AGENDA

[Time: 00:39:06]

Mayor Lane: The next order of business for us is our -- I should say the consent items 1 through 23a, And we have some requests to speak on items 12, 14, 18, and 21 and 23a. That's the only request to speak on those items and they are combined requests from Mr. Mark Stuart. And so Mr. Stuart, if you would like to come to the podium and speak to those items, please do so, and that's a combined three-minute limit on that.

Mark Stuart: Mayor, I will ask that you give me six minutes. I think that arbitrarily giving someone 35 seconds to speak on an item which you have deliberately hidden in the consent agenda abridges our ability to communicate and to get our message across to the general public and I think that's why you do it. So I'm going to go ahead and go. If you stop me after three minutes,

Mayor Lane: Okay if you

Mark Stuart: then you can stop me but you -- but it will cost you. So that's up to you. Let's go ahead.

Mayor Lane: The rules are and our policies are on it --

Mark Stuart: Mayor Lane, I sent you a detailed letter. I explained to you that your rules are unconstitutional, that the laws is clearly established and you did it anyway. You hid it in the consent agenda.

Mayor Lane: Mr. Stuart.

Mark Stuart: Let's go to that first.

Mayor Lane: We need to apply our rules consistently and that's the reason we have to ask you to confine your comments to three minutes please, thank you.

Mark Stuart: There are five items I would like to speak to. Right?

Mayor Lane: I understand.

Mark Stuart: So three minutes is 180 seconds and that's 36 seconds per each item. No human being could do it. When you're in in your deposition, we are going to have you read for three minutes and then we are going to have you read that three-minute thing in 36 seconds and we are going to see how well you communicate.

Mayor Lane: Thank you very much for your offer.

Mark Stuart: Okay, let's go, let me roll.

Mayor Lane: It's against the rules. If you choose to violate them.

Mark Stuart: Okay, well you can sue me or maybe you could have me arrested. I dare you.

Let's go to item 18. The Bentley Scottsdale Polo championship WestWorld event. I sent an email today and I posed some simple questions. What is the guaranteed minimum rent provided to the city from the event producer? What is the city's cost of operating WestWorld for the Polo championships? What percentage of gross revenues is the city receiving in exchange for the use of our property? And then I said, what did the highlighted terms in your presentation mean? And I got an answer back from yours truly in his office, we don't know and we don't care.

This is -- this is tied up to the budget item that's later in the agenda. Because this is why our budget is having problems. We let people use valuable city assets we don't charge them fair market rent. The great thing is we can challenge this contract and get it back from the private party, which I intend to do at some point in the future.

Here's Mr. Washburn's response, if you wonder why people think Mr. Washburn should be fired, this is emblematic of it. You raise a serious issue. You are giving away public money. He thinks it's funny. And he's essentially daring me to sue the city, which for those of you who don't know, I have paid for two public interest lawsuits seeking to recover more than \$100 million that the city has given away over the last 20 years. So I'm a fairly serious person.

I'm going to move on to -- which one is this. The rules of Council procedure. I sent -- yesterday, I sent the Council this fairly detailed email, and I said, look, you are hiding this in the consent agenda. You need to explain out in the public why you need to amend these rules. And you need to explain when someone challenges you on the unconstitutionality, how you determine that they are constitutional. I didn't get a response. So I went through and detailed each of them, but one of my favorite ones has to do with clapping and applauding. That's highly protected expressive conduct in the United States. So Mayor Lane really doesn't believe that the U.S. constitution applies here, but it really does. And the Arizona constitution provides more protection for you. So if you want to -- if you want to clap, if you want to sing, if you want to do whatever you want, as long as you don't create

an actual disruption, which means the meeting has to be stopped and adjourned momentarily, you are free to do that. If he tells you not to and you are scared to do it because you are afraid that you will be arrested or something like that, we can help you file a lawsuit against him.

The last item I'm going to get to, there's two other items that deal with giving away city property. The last item is Mr. Hing. Now this is shocking. Mr. Hing -- our city charter doesn't allow you to condemn public -- property for public use, unless there are no reasonable alternatives. The voters passed this law in 2010. The city Council has a habit of simply ignoring the charter so Mr. Hing sued. Instead of building a fire house 600 yards, 800 yards down the street on our own city land and taking it out of a floodplain by using \$200,000 or \$300,000 to fix it, we have essentially spent \$3.5 million buying 1.5 acres of his land in a settlement. The reason we settled is he sent the city a notice of claim and he named every single member of the city Council individually, and that's why they are settling.

But this is a real problem, this hurts our budget. So this is \$3 million that could be in the budget used for other things that everybody can benefit for. But once again, it's wasted money because we get involved in lawsuits.

Mayor Lane: Mr. Stuart,

Mark Stuart: that we should not be involved in.

Mayor Lane: Your time has expired sir. Thank you.

Mark Stuart: How much time is that, Mayor Lane?

Mayor Lane: I have actually given you another minute. It's overflow.

Mark Stuart: Okay.

Mayor Lane: No, I am sorry.

Mark Stuart: Thank you for your generosity. If you could address this especially and explain why we got involved in this when with never should have gotten involved in it, I think people would like to know that and it's important that they know that.

Mayor Lane: I appreciate that. I will consider it. Thank you, Mr. Stuart. So that does complete the items that are requested to speak on the consent items. And those are items 12, 14, 18, 21 and 23. And so since there are no further questions from Council, we will proceed with -- I would ask for a motion to approve those consent items as is indicated.

Councilmember Korte: Mayor, I move to approve consent agenda items 1 through 23a.

Councilman Phillips: Second.

Mayor Lane: The motion has been made and seconded by -- I'm sorry, was it the Vice Mayor? Okay. Then -- well, we're ready then to vote. Those opposed with a nay. Aye. It's unanimous then on the consent items. Thank you very much and if you are here for any of the consent items, feel free to spend the rest of the evening with us or to leave quietly.

ITEM 24 – UNDERGROUND UTILITY FACILITIES IMPROVEMENT DISTRICT NO. I-6002

[Time: 00:47:14]

Mayor Lane: We are moving on to the regular agenda items which are items 24 through 28. We start with the 24, the underground utility facilities improvement district, number I-6002. This is a particularly specific type of establishment of a district and allocations. So I'm going to be following specifically what's required for us in this case.

So this is the time and place for the hearing on the assessment and proceedings for the city of Scottsdale, Arizona, underground utility facilities district I-6002. I would like to ask Mr. Worth to please proceed with your comments and he's at the podium now. Thank you very much, Mr. Worth, if you would go ahead and proceed.

Public Works Director Dan Worth: Good evening Mayor and Council. As the Mayor mentioned, this is a hearing on the assessment for the improve district at 69kv power lines in the Bell Road area. You have a resolution that following the hearing we would ask you to consider approving, should you conduct the hearing and decide to overrule any objections that may be had, that would be the only action item for this evening.

And just as a reminder, this is the diagram that shows the assessment area of the district. Shows the power line that would be undergrounded as a result of the district using the money we are collecting through the assessment. Diagram shows two different tiers for calculation of the assessment of the property, the lighter colored properties are tier one and the darker colored are tier two. The tier one has frontage on the route of the power line. So our judgment has a greater benefit from the undergrounding and they pay a proportionally higher assessment, and this is what that proportionally higher assessment look likes, the zone one properties on a dollar per square foot basis pay roughly twice what the zone two properties would be paying. And if you look at the far right column, that is the total maximum amount of the assessment, 3,089,000 based on costs of the formation of the district, and APS's estimate, and it shows that total number divided by between the two zones is 80/20 between zone one and zone two.

Zone two has been twice the square footage. So the dollar per square foot works out to about twice as much. And then I have shown you this chart, I think at every point in the process. This is just again to show you where we are in the process.

We have done all of these things, starting last fall, resolution of attention, and previous hearing, ballot card election, canvassed the election and we are down here April 25th to hear the objections to the proposed assessment and methodology and make a determination based on your consideration of

those objections. So with that, that's the background and I would answer any questions or step side so that you can conduct a hearing.

Mayor Lane: Thank you very much, Mr. Worth. I will ask that any landowner or owners or persons interested in any lots subject to the assessment who objects to the assessment or makes their objections known first, if any objections were submitted to the clerk in advance of this hearing, the clerk has provided us with those objections and will -- and we will call on landowner or owners who submitted objections in advance to the hearing. I'm going to call on those would have had speaker cards and if you have an objection -- and if you have an objection and have not filed a speaker card, please see the clerk now. I will start with the cards that I have and start with Brett Skotnick.

[Time: 00:51:24]

Brett Skotnick: Good evening, Mayor, Councilmembers. My name is Brett Skotnick. I'm a born and raised Scottsdale -- Scottsdale-ite. I'm the real deal here. On behalf of the owners of Section 22 and the young family art association, I'm requesting the city Council reassess the assessment methodology listed in tonight's Council report, attachment a. The vote conducted by the city of the property owners located in the proposed district allotted each parcel owner one vote. District number I-6002 contains 115 individual owners.

When voting we believe that our votes are equal regardless of the circumstance, however, in this situation, one owner possessed a superlative vote. There was one large developer that owns the condominium complex with 79 individual parcels. This allowed that owner to have 79 votes to my one. According to the city of Scottsdale's resolution number 10756 and data provided to me by the city, the total number of votes cast were 135. Of those votes, this large developer was able to cast 79, all 79 of their votes in favor of the district and the assessment. Their votes made up 59% of the 51% required to pass.

In addition, the current proposal creates two zones of assessment inequity. It carries 81% of the burden whereas zone two carries 22% of the burden. It is displayed in attachment 3 of the city Council report. This report has redacted the names of the owners. It also is difficult, really to see the 20/80% allocation. I don't know if this will show up. Is there a way for that -- I don't know how to make this work, Mayor.

Mayor Lane: They just transferred it up there.

Brett Skotnick: Thank you. Thank you very much. Let me get it right side up. Oh, I had it right. It might be the real deal that I'm new at this apparently. Okay. The names of the parcel owners are not identified, but the city provided me an unredacted spreadsheet. That large developer is and owns the entire section, 34 of zone 2, consequently this owner with 79 votes to my one vote is located in zone two, carrying 20% of this assessment.

Additionally, the city is proposing a 15-year loan repayment at 12.27% interest this is shocking given today's business environment. So I propose these options. One, when discussing this

disproportionate advantage of other business owners of Scottsdale, I received a common reply. APS offered a free option, overhead power lines. Let the wealthy developer pay 100% of this beautification project or is this the golden rule? He who has the gold makes the rules? Or two, option two, in the very least, the city should adopt -- abandon, the inequity by the zone one and two methodology and implement a single zone assessment based on area square footage.

And finally, I understand that the city felt that the 12.27% interest loan was the only option it had given APS's timeline of completion of this project. I worked with APS specifically on construction projects for over 15 years and I know when APS needs to reschedule a project, they will. Councilmembers, I ask that the Council go back to APS and ask them to delay this redundant project, this redundancy by one season giving them a loan repayment plan that's acceptable to businesses.

Mayor Lane: Your time has expired. Thank you. Next is David Deatherage. Sorry if I have that off. Please correct me.

[Time: 00:56:21]

J. David Deatherage: Thank you, Mayor and Council, I'm David Deatherage, graduate of Scottsdale High School in 1973. Yay! I'm kind of the real deal too. But I own Copper State Engineering. We're a small civil engineering company, just immediately southwest of the ice den off of bell road and 91st street.

The first I heard about this utility special district was several weeks ago when I received a letter saying I needed to send the city \$3,000 because they wanted to put this power line underground in the vicinity of my building and you already paid for my utilities. I have been there for 13 years. Why I do have to pay for somebody else's utilities. I know this was a process that went on for several years where I was receiving mailings about the studies for this power line that was going to be going across 91st street south from bell. As far as I'm concerned it was a well thought out and well planned and public involvement, lots of notice. I received several notices that the construction was starting, and ready to go. I saw them putting up notices for the construction. I see them starting the construction at the Target and, what is it Taco Bell on Frank Lloyd Wright and 91st -- or I'm sorry, the 101, it's coming right towards me and then all of a sudden it seems like everything stops.

I don't know why, and I get a bill, essentially a bill, a demand for \$3,000 and/or 12% interest and I guess I don't understand why this is. I talked with a few people -- maybe I should have been involved in the process earlier. I wasn't. I'm too busy trying to make a living. But I understand that the way the money was allocated, I guess the city of Scottsdale doesn't have to pay anything for WestWorld? It's not included in this, even though it's right there.

I'm also told and I don't know if this is the case if you have a residence in this area and there are private residences being built in this section or parcel of land that apparently has this big developer associated with it, I don't know this for a fact, but I'm told that the residences don't have to pay any of this assessment. It's just the businesses. I don't think that's fair. I don't think that's legal. I don't understand where this came from and why I'm expected to pay for someone else's underground

utility. I don't care if overhead or underground and that's the extent of my comments and thank you very much for opportunity to talk.

Mayor Lane: Thank you, Mr. Deatherage. Next would be Jim Riggs.

[Off microphone comment]

Mayor Lane: All right. That completes our request to speak on item 24.

[Time: 00:59:56]

Mayor Lane: Now, I understand that a letter of a challenge or at least a consideration for a different cost split was submitted by Mr. Bonfield and I understand he was not going to be here tonight, but I know each member of Council has received this as well. It's just for the record, it's been provided to us and it would be in the considerations of discussions and deliberations.

I would ask if any of the Councilmembers have questions and Mr. Perkins, if you would care to respond to any objections raised by the speaker or speakers.

Senior Project Manager Chris Perkins: Mayor Lane, Councilmembers, I have no comments.

Mayor Lane: All right. I wonder if I could just ask a question of one item that was mentioned and that's that the residential owners of the property are not subject to the property tax assessment here.

Is that --

Public Works Director Dan Worth: Mayor, if I might. All parcels are subject to the assessment, including the ones that are occupied by residential units. The owners are responsible for the assessment, but all parcels are included.

Mayor Lane: Thank you. Councilman Smith.

[Time: 01:01:31]

Councilman Smith: Thank you, Mayor. Mr. Worth, I know the answer to this, but I think it's worth clarifying for the public. Would you explain how this 12 point something percent interest cost is derived? It's obviously not the city that set this number.

Public Works Director Dan Worth: Councilman Smith, the city is not borrowing the funds to do the construction, APS is and by statute, we are required to provide the funding to meet APS's cost of obtaining the funds.

Councilman Smith: Thank you. Mayor, I don't know whether it's timely to do so, but I would make a motion that we adopt resolution 10784 denying objections and approving the assessment for the city

of Scottsdale, Arizona, underground utility facilities improvement district.

Councilmember Korte: Second.

Mayor Lane: Okay. Let me just add a little something to that. I appreciate the concern on that. Just so that this is straightforward for the development of this allocation, for this district, one of the things before us is that -- if we had any objections is to determine whether there is a legal determination, any legal determination of anything that we haven't done in this process that is outside of our legal requirements in the process. Mr. Perkins maybe I can ask you that.

I also would be from the standpoint of the calculation and the process we used through the -- the allocation method. And I see Mr. Washburn -- Mr. Washburn, I see that you have indicated a desire to speak on this.

City Attorney Bruce Washburn: Yes, Mayor, thank you. The Council -- there are three objections, as I understand it. Skotnick, the Deatherage and the Bonfield objections. The Council will need to vote individually on whether to sustain or overrule the objection. And the -- two of the objections are on the assessment itself, and then that would be the bondfield objection and the -- hold on a second.

Mayor Lane: We had Brett Skotnick and Mr. Deatherage, I believe they were both on the allocation.

City Attorney Bruce Washburn: Right. Just one second.

There are three objections. All three objections appear to be the assessment and in addition, the Skotnick objection is also to the legality of the proceedings. So my recommendation is that the Council vote separately on each of the three objections and vote separately on these.

I'm sorry. -- on the Skotnick objection, vote both on the objection to the assessment and the objection to the proceedings.

Mayor Lane: The legality.

City Attorney Bruce Washburn: So there will be four votes on the objections. And those need to occur before the vote to approve the resolution.

Mayor Lane: Okay. All right. So this is a separate issue but if you would -- this is legal and the allocation.

[Time: 01:02:05]

Councilman Smith: I think I'm first of all making a motion that we deny the objection of Brent Skotnick regarding the legality of the proceedings, is that the correct phraseology?

Mayor Lane: Overruled. Overrule the objection.

City Attorney Bruce Washburn: Right. The vote is whether to sustain or overrule the objection.

Councilman Smith: I move that we overrule the objection of Brent Skotnick regarding the legality of the proceedings.

Councilmember Korte: Second.

Mayor Lane: The motion has been made on the legality and the allocation.

Councilman Smith: No, separately. Just the legality.

City Attorney Bruce Washburn: No, do them each separately.

Mayor Lane: The motion has been made on the legality to overrule the objection and seconded by Councilwoman Korte. I think with that item, and then I think we are ready to vote. All those in favor of the motion, please indicate by aye. Those opposed with a nay. It's unanimous acceptance of that objection -- over the overruling of that legal objection.

[Time: 01:06:47]

Councilman Smith: Secondly, Mayor, I make a motion that we deny the objection of Brent Skotnick regarding the propriety of the assessment.

Mayor Lane: The motion has been made.

City Attorney Bruce Washburn: I assume when you say deny, to overview the objection?

Councilman Smith: Overrule, yes. Thank you.

Councilmember Korte: Second.

Mayor Lane: The motion has been made and seconded by Councilwoman Korte. We are ready to vote. All those in favor of the motion, please indicate with an aye and those opposed with the nay. We have the one remaining.

[Time: 01:07:32]

Councilman Smith: No, two remaining, Mayor. And I will try to get the wording right this time. I make a motion that we overrule the objection by Jay David Deatherage regarding the assessment.

Councilmember Korte: Second.

Mayor Lane: Very good. The motion has been made and seconded by Councilwoman Korte. All

those in favor please indicate by aye. Those opposed with a nay. All right this is one remaining, I suppose.

It's Bonfield. Do you have that as well.

[Time: 01:08:07]

Councilman Smith: There is. Mr. Mayor and I make a motion that we overrule the objection of Mr. David Bonfield regarding the assessment.

Councilmember Korte: Second.

Mayor Lane: The motion has been made by Councilman Smith and seconded by Councilwoman Korte. All those in favor, the motion has been made and please indicate by an aye. Those opposed with a nay. Aye.

Councilman Smith: And now Mr. Mayor I think we are back to the original motion which was the motion to adopt resolution 10784, denying objections and approving the assessments for the city of Scottsdale, Arizona, underground utility facilities improvement district I-6002.

Councilmember Korte: And I will second that a second time.

Mayor Lane: The motion has been made and seconded a second time and frankly, quite a team on that whole procedure, but seconded by Councilwoman Korte. I think we are ready to vote on that resolution. All those in favor, indicate by an aye. Opposed with a nay. Aye. It's unanimous in that decision on the acceptance of that resolution.

That concludes our business with regard to -- under item 24. I want to thank Mr. Worth, and all those would participated with information and concerned items and we will move on from there. So if you are here for item 24, you are certainly welcome to stay with us, otherwise, please leave quietly.

[Off microphone comments]

Mayor Lane: No, I'm sorry you can't. You need to take it --

[Off microphone comments]

Mayor Lane: Is that how we have it recorded Mr. Washburn?

[Off microphone comments]

Mayor Lane: Mr. Deatherage indicated that he had specifically made a comment and I'm only taking this because we want to make sure that this is handled properly all the way around, but that he had cited an objection to the legality not just the propriety of the allocation.

City Attorney Bruce Washburn: Well, I did not understand it that way, but if, in fact, that is his position, I think the hearing should be reopened in order to vote on -- in order to vote on whether to overrule or sustain that objection as well.

Mayor Lane: Okay. And so we understand that the first vote on the resolution then is not -- it's not reversed, just nullified. Okay.

Mr. Smith, if you want to address that, then I would appreciate it.

[Time: 01:11:17]

Councilman Smith: Mr. Mayor, I make a motion that we overrule 9 objection of Jay David Deatherage regarding the legal proceedings --

City Attorney Bruce Washburn: The legality of the proceedings.

Councilman Smith: The legality of the proceedings.

Councilmember Korte: Second.

Mayor Lane: A motion has been made and seconded by Councilwoman Korte. All those in favor please indicate by aye, and those opposed with a nay. Aye. All right. That's resolved.

Now we can go back to the resolution and do this --

Councilman Smith: Third time is a charm. So -- except I lost my place here. I make a motion that we adopt resolution 10784, denying objections and approving the assessment for the city of Scottsdale, Arizona, underground utilities facility improvement district number I-6002.

Councilmember Korte: Second.

Mayor Lane: The motion has been made and seconded by Councilwoman Korte. Seeing there's no further comment, then we are ready to vote. All those in favor, please indicate by aye. Opposed with a nay. The motion has been made and voted and it's unanimous on that.

All right. We are then finished with that item. Again, you are welcome to stay, otherwise, certainly if you would leave quietly.

ITEM 26 – DC RANCH PARK MUNICIPAL USE MASTER SITE PLAN

[Time: 01:12:59]

Mayor Lane: So our next item is the item 26, the DC Ranch municipal use master site plan. I'm not

sure that that's properly indicated since this is not the master site plan at all, this is -- let me read it from the DC Ranch municipal -- it still says the same was authorizing the initiation of a municipal use master site plan. We are here to decide whether to open up conversation on that item with the parties involved. So Mr. Murphy, if you would present on that basis.

Community Services Director Bill Murphy: Good evening, Mayor, members of Council, I'm Bill Murphy, the community services director and I'm here to talk to you about the DC Ranch neighborhood park and for us to initiate a municipal use master site plan for this park site. So the DC Ranch neighborhood park is located in this circle on the map here, and I will focus in a little bit but you can tell just east of the state route 81 and Pima road, or referencing Pima Road and Bell Road.

A little closer, here is the parcel that we are talking about tonight. To the west of the park site is state land, which will be developed at some point. There's access off of Pima Road and Trailside as well as off of 91st Street this is south of Legacy and also I have identified for you that there's a 3-acre parcel at the south end here, that's shown that is owned currently by Great Hearts who is the group that we are working with on this park site.

So tonight, we are requesting a resolution 10770 to initiate a municipal master site plan for DC neighborhood park, and what this will do for us is it will begin the public process for outreach, discussion, and input for the master plan of the proposed park. This is roughly about 12.8 acres plus or minus developable park space and where it's located is on the southwest corner of 91st Street and Trailside View. It is open space planned community district and DC Ranch and zoning. And there's no seal city of Scottsdale current funding in the CIP program for this park.

So the park was dedicated to the city in 1989, 1999, by DC Ranch, limited as a neighborhood park. It was located in planning unit 1 within the DC Ranch area. This was funded approved by the bond election we held for what we call Bond 2000, and at that time, we had put in, in 1999 figures \$2.05 million. The neighborhood park funding was delayed in 2007/2008, simply because as the economy kind of switched gears.

Great Hearts approached the city in December, regarding the park site. We have had meetings with their principal to discuss conceptual ideas and what the school as needs are and what the community could utilize as well in this area. These meetings have been with the city staff, schools and in the future we would have neighborhood -- we would -- this outreach would define with the neighborhood more what the concept plans would be, and currently there are designs that were online, a couple of weeks ago. Great Hearts pulled those designs back so there is nothing online now.

And so we would be working to work towards that conceptual design that we had before, but to have further conversation about it. So there's no design right now currently online on this park. So what I'm asking tonight is for the city Council to help us initiate the municipal use master site plan. This would involve us having community open houses, interested party notifications.

We have been asked by some of the neighbors that 750 feet which is the regular notification that we give isn't sufficient, and we probably will end up doing a farther encompassing of people as we go out.

Online notification for citizen input would also be available.

This would go through many processes and I have explained that to some people who are probably here tonight. There's parks and recreation commission where there's a public process similar to tonight. We would have the development reboot board and also the planning commission and then eventually all of those summaries of those commissions would come back to the city Council at some point with the proposed master plan proposal intact for your approval.

So that concludes what I have, if have you any questions or I'm sure there's a few people here tonight that would like to speak to it.

[Time: 01:18:59]

Mayor Lane: Yes, I think so. Mr. Murphy, thank you very much for that but please stand by. I'm sure there will be questions after we hear from citizens request to speak on this subject. We had some 31 cards of written comments that the Council is looking at right now.

But we do also have -- I believe it's 16 cards for people who would like to speak on the subject, and we'll start with Brooks Welter. He will be followed by Chris Irish.

Brooks Welter: Hello, Mayor and Council. A little background on DC Ranch, and they dedicated this land in 2003, it was meant to enhance the park. It was supposed to be given to the city to build a park when they had the funds and it was supposed to be by the city funds only and for only a public park. So since 2003, people have been purchasing homes in DC Ranch, reading the deed restrictions. They are doing their due diligence, knowing that that area was going to be a small park. And the spirit of park, Vernon swayback, the land planner in DC Ranch, which also has on their websites everywhere that there's stewards of the land and they would like to protect properties and enhance neighborhood development and enhance and keep their property values up.

Everything right now, what's going on with this sports complex application has -- it does not resemble a park in any way. You had over 200 residents in our neighborhood alone who purchased properties in there and those homes start out in the \$700,000 range back in those days. So now we are looking at possibly a master plan sports complex going in, which I think everybody in here knows that that hurts property values. Crime goes up. Traffic goes up. Noise pollution goes up. Everything! Everybody is talking about city park. Well this is far from a city park, people with these stickers on. This will be a Great Hearts park first and then a city park second.

My main question is: When the property was deeded over to Scottsdale, and this is the deed restrictions. These have all been emailed to all of you. Has anybody in here read these deed restrictions? I appreciate that. Almost everybody I have talked to, as far as the city planner, your attorney, Mr. Murphy, deer in the headlights when this deed restriction came up. This is the document that needs to be followed before anything else even proceeds. This deed document is an agreement with the city of Scottsdale and they agreed to all of these terms. I mean, everywhere in here it says black and white as it can be. It says it's supposed to be a private park -- I mean public

park only.

And this is some of the verbiage. I apologize. The first part of the use of the -- the use agreement it says the city shall not use the park property for any purpose other than a public park. Including related improvements. And according to the master site plan, approved by the city Council on June 17th, 2003. So DC Ranch did exactly what they wanted to do and that was to protect the residents. Now this deed, all of these years later are being stomped on and what this causes is this happens -- this happens now, anybody in here that's purchased property on it Arroyo or anything with a deed restriction, you can't -- they are going to wonder if this is going to be honored anymore. So this is a lot more critical than just our property. This is all of Arizona. Thank you.

[Time: 01:22:45]

Mayor Lane: Thank, Mr. Welter. Next is -- oh, she's already this.

Chris Irish: I heard you call.

Mayor Lane: Thank you Ms. Irish.

Chris Irish: Mayor Lane, my name is Chris Irish and I'm the executive director of the DC Ranch community Council. The DC Ranch office address is 200555 North Pima Road.

I have a prepared statement to read. 15 years ago the developer of DC Ranch developed this land to the city of Scottsdale. The donor and the 7,000 DC Ranch residents envisioned a park that would be an asset to our neighborhood. DC Ranch's goal is to ensure that that potential is to make sure it's realized. They appreciate this opportunity to state a few points. First, we support a comprehensive public outreach program to study the park. Second, we expect to be a key stakeholder in the planning process, including the development of the agreement between Great Hearts and the city, and third, DC Ranch will only support a facility that will enhance the quality of life for our residents. We look forward to working together towards the well thought out park that will be an asset to our residents and the community. Thank you.

[Time: 01:24:03]

Mayor Lane: Thank you, Ms. Irish. Next is Will Gaona.

Will Gaona: Good evening, Mayor Lane and Councilmembers. For the record, I'm Will Gaona and I am with the ACLU of Arizona. You started off meeting talking about Scottsdale becoming a golden rule city. And I'm glad you brought that up. I didn't know that. You know, treat others the way you want to be treated. And I think that's important part of the discussion we are having on this issue. I think we all want to ensure that students have a fair chance at educational success. We all believe that students should be able to learn and thrive in a safe school environment. Our schools should strive to protect all students from bullying, discrimination and mistreatment, including transgender students, protecting transgender students ensures that they have the same opportunities

as their classmates to participate in school and, indeed schools, workplaces, governments, and organizations across the country have figured out how to treat transgender people to respect their autonomy.

Great Hearts Academy has adopted a policy that marginalizes and stigmatizes transgender people. The city of Scottsdale, if it truly wants to be a community that welcomes everyone, if it truly wants to be a golden rule city, cannot condone Great Hearts position by entering into a partnership with Great Hearts Scottsdale would be granting exclusive park access at times to teams that sideline transgender players. To be clear, approving this park partnership would make the city of Scottsdale complicit in discrimination against transgender students. I know that there's been some discussion of Great Hearts changing its policy, that I have heard and I certainly hope that's true. But it's also my hope that this Council would not approve this partnership and would delay this process until any policy change is in writing, is in effect and has been vetted by the community. Thank you.

[Time: 01:26:17]

Mayor Lane: Thank you. I would just want to -- and this is no deference to anything that's been said thus far but this is just a decision as to whether conversation does begin on this. And certainly, the net result of anyone's comments is whether you agree or disagree with regarding to move forward with this particular process. There is no decision being made here on anything in particular. It's only to explore and to initiate that process. So it's a yes or no kind of thing, certainly to the idea of why yes and know. I think it's thus far has been held that way and I just would want to remind people that that's what we are here to talk about.

Next speaker would be Alissa is it Becker? Alissa Becker? Alissa it might have been a little bit --

Alissa Becker: Thank you for letting me speak. My name is Alissa Becker, I'm a resident of the DC Ranch community. I know this is a very contentious subject, but unfortunately has pitted one neighborhood against the other in our area, the DC Ranch area. I respect my neighbors' feelings and right to opinions just as I hope they will respect mine. I have gone door-to-door to my neighborhood and I know the majority of my neighborhood's feelings and I'm just simply here to say that we have concerns about traffic and safety of this on the city land but we are in favor of it. A big chunk of my neighborhood in DC Ranch is in favor and do feel this is a way more appropriate parcels to build the field than the original owned property. We do feel that if done right, this could be an amenity and not a negative to the DC Ranch neighborhood. Thank you.

[Time: 01:28:22]

Mayor Lane: Thank you, Ms. Becker. Next is Robert Scherland, Sharlow?

Robert Chevaleau: I would like to have an opportunity to read a letter that I sent you to all on Thursday. My name is Robert Chevaleau, I'm a resident of the city of Scottsdale and up until December my oldest daughter attended the Great Hearts School here in Scottsdale. I say up until December because my family was forced out of the Great Hearts charter school system as a result of

their corporate policy that targets transgender students.

In June of last year, the Great Hearts corporate board of directors adopted a policy that targets and discriminates the transgender students. Great Hearts policy ignores guidance from well-respected professional organizations such as the American academy of pediatrics, the American Psychiatric Association, the national education association, our very own Department of Education, along with a long list of others. The Great Hearts policy directly creates an abusive environment for their transgender students and ignores all emerging best practices that ensure that all students have an opportunity to thrive in school.

I ask the city Council to take this into consideration whether the city wants to enter an agreement with Great Hearts. The question to consider is does Great Hearts represent the city of Scottsdale. I would argue that with this policy in place they do not. The city of Scottsdale should not enter into any agreement with any corporation that has an active discriminatory policy in place. Forcing a transgender student to live as their assigned gender as Great Hearts would have it is inappropriate and incredibly harmful to the mental health of the transgender child.

In order to defend this policy, Great Hearts has secured the help of the Alliance Defending Freedom. They are a nonprofit nationwide organization that is here in Scottsdale. They have been listed as a hate group by the southern poverty law center. So as I stand before you, we now have a situation where the city of Scottsdale is preparing to enter into a voluntary agreement with a corporation whose policies rely on a defense from a nationally recognized hate organization. I hope the city is reluctant to enter into agreement with such a company.

While the idea of a private/public partnership to develop parks, the city can find a better partner than a company that bullies the most vulnerable children. Corporations that anchor their business in discriminatory practices ought not be awarded long-term agreements with the city. Should Great Hearts amend their abusive policy perhaps the city should reconsider an agreement, but until then Scottsdale should seek partnership elsewhere. I have sent this letter you to signed by me, excuse me. I currently serve as the president for the Arizona Trans youth and Parent Organization. We are a nonprofit group here in town that supports the parents and children of transgender children. Included is a letter from Dr. Chillani. He's with the Phoenix Children's Hospital. He's seen how policies like the one at Great Hearts can affect his patients and how an abusive policy can affect their mental health. He also speaks for the American academy of pediatrics ensuring the health and wellbeing of our children. I included a letter from the ACLU. I'm glad to see that they are here and I included a study from 2015 that goes into detail about why it's so important to respect a child's gender identity and support them in their gender transition, particularly from school.

Mayor Lane: Thank you, your time has expired. Thank you very much.

Robert Chevaleau: Thank you for your time.

[Time: 01:32:42]

Mayor Lane: Karen Marchi, followed by Dan Boncel.

Karen Marchi: Good evening, Mayor Lane and Councilmembers. My name is Karen Marchi. I'm here to support the continued discussion between the city and Great Hearts for the development of the parcel of land for a city park and a sports field. And I would ask that the consideration of the benefit for the community be primary and that we don't bring our individual political issues to bear here. That's all I have to say. Thank you.

[Time: 01:33:31]

Mayor Lane: Thank you, Ms. Marchi. Dan Boncel.

Dan Boncel: Good evening, everyone. I was going to donate my three minutes to Mark Stuart. I didn't know how that would impact the output of this vote, but decided against that. So I live at 18140 North 92nd Street. You can see the map up on the board. My house is where the x is, the circle is where the park would be.

You can imagine what my vote is here for this agenda item. I'm opposed to it for multiple reasons. Personally, as you can see, that is literally in the backyard of my house. I have a 7-year-old boy and a 5-year-old girl. My 7-year-old's bedroom is facing that area. The park as it was proposed and since taken down, would be -- the lights would be shining in my son's bedroom. I think if I would look every parent here in the eye and ask them if they would like a lighted football field or a field of any sort the way it was proposed, I don't think that anyone would agree that it would be a good idea for them and their family. I'm just asking you to think logically on this and think if it was you, what position would you be in. So that's my personal aspect of it.

And then the political aspect of it is using public money for a semiprivate school I don't think is the appropriate thing to do. There's public lighted fields at Copper Ridge. There's public lighted fields in the Scottsdale sports complex. This is a third public lighted field within a couple of miles. I don't think we need it. If the city of Scottsdale wants to do something for Great Hearts Academy, I think eat of those places there are options. I think WestWorld is another option. There's plenty of land there and development that can be done there, which is closer to Great Hearts than the proposed land and land that was purchased.

It seems like there's some other ulterior motives to using this land in the proposed fashion. I don't know if Great Hearts plans on expanding their school system in that community. Logically thinking it doesn't make sense to have a third lighted field that has the impact that it does on the residents would gave this land to the city for a community park. So I ask the Council to think about this logically, think about the golden rule, if they were living there, would they like it in the proposed fashion. I don't think they would. So that's all I have.

[Time: 01:36:30]

Mayor Lane: Thank you, Mr. Bonsell. Johanna Tesoniero. How did I do?

Johanna Tesoniero: Good. I'm impressed. So I'm a Scottsdale resident. And I just went through the process with Notre Dame of having a football field with lighted -- great big lights. So I can understand the concern. Thankfully, we have worked very closely with the school and we have reduced the impact that that field had on our community which is right across the street.

I took the time to drive by the three acre lot, and by the 14-acre lot to see because I do believe in the golden rule. What kind of impact this field would have on the neighbors and the residents in the area and the location by Pima Road is a much better location. It will have much less impact on that neighborhood. I think that this land is slated to be developed and Great Hearts is really doing something incredible by offering to sell the land they own and use that money to develop a land that's going to be shared with the public. I think that it's amazing that we can start these talks and I think that we are just talking about the opportunities that we have and I support starting the talks and including the neighbors in that procedure.

[Time: 01:38:18]

Mayor Lane: Thank you, Ms. Tesoniero. Tommy Andrews.

Tommy Andrews: Mr. Mayor, Councilmembers, thank you for giving us the opportunity to talk here tonight. I come here as enthusiastic supporter for launching this initiative and I'm glad that you made that point very clear that we are beginning a process. I think this is a beautiful example of how different groups can come together and collaborate goodness for all the constituents involved, whether it be the Great Hearts Schools, whether it's the city, whether it's the immediate district that is DC Ranch that's a part of this. I'm glad that you pointed out that there's -- there are alternatives to what Great Hearts could do here. And I think it's tremendous that they have reached out and said, look, we understand that there's an impact.

And we understand that there may be a better solution and by working together, collaboratively, we can create a beautiful facility that does several things. We can talk for hours about all the benefits. I will focus on three. Anything that we can do today to create a facility that enables people, that encourages people to get up, out of their chairs, to go outside to walk, to jog, to learn a new skill, to play volleyball, to play in the playground, that's worth doing. To do it in collaboration is a better way.

For us to -- I think there's probably some confusion about the cost of this project, and I think that, again, it was alluded to by the earlier speaker. By Great Hearts selling, agreeing to or offering to, doesn't have to sell the land that it has purchased and can build whatever it wants to on, and contribute that, what will be probably north of \$4 million to build a facility on public land and it becomes a public facility. I think is a wonderful thing to do. So I'm here as a enthusiastic supporter. I have been a Scottsdale resident for 14 years and I hope I'm still legitimate. But I hope that we are able to start this process and have it conclude with a low impact utility for the entire community.

[Time: 01:41:07]

Mayor Lane: Thank you, Mr. Andrews. Kathleen Andrews.

Kathleen Andrews: Hi. I'm Kathy Andrews, and we live at 8257 East Del Campo Road which is in McCormick Ranch. I just wanted to speak about Scottsdale and its incredible park system. We live in the older part of Scottsdale, and we're surrounded by beautiful parks. And they are used all the time and it is so amazing to live somewhere, where you are so close that you can walk to the park, that you can get in your car and just be there almost instantaneously and there's tennis courts there and there are fields there and people use them and the children love them and moms and dads get together and go to the playground and meet other kids and become friends. So I just know that the combination of DC Ranch and Scottsdale and Great Hearts -- we have been with them since Charlie has been in fifth grade and we know what a quality bunch of people they are and they are people that really care about other people. So I'm enthusiastically hoping that this is going to go forward and be discussed.

[Time: 01:42:43]

Mayor Lane: Thank you, Ms. Andrews. Next is Michael Tooker.

Michael Tooker: Good evening Mayor. Thank you so much for opening up your home to us tonight. I appreciate you as well making the comment that this is about opening up a conversation, and for those of you that don't know a lot about Great Hearts, one of the things that -- and I will say I'm a father two of kids that go to school there. I'm not an administrator. I don't -- I'm not part of the staff.

But one of the things that -- the reason we selected Scottsdale prep for our kids is because of what they stand for and what they stand for is the pursuit of truth and beauty and goodness, and much of what our kids learn is how do you have a conversation about something meaningful where there's different vantage points and perspectives and how do you reach some conclusion. If you look around the room and you see all the students here, this is probably as close as they have come to the political process in their lives, and what they have been accustomed is on either CNN or fox, and we know that that politics is about digging in heels and taking sides and shutting each other down and talking over each other. And what we really desire and call it Pollyannaish, but we require a conversation. What we want to do and you can call it Pollyannaish. My kids will be out of school in five or six years but I want to be a stakeholder and investing in this property that has an Arizona and Scottsdale native, I will be proud of when my kids are out of Scottsdale prep.

What I hope you will consider this is opening up a conversation. And those of from you DC Ranch, Scottsdale -- Great Hearts and Scottsdale prep is different, and we may be unlike anything you have experienced because we actually want to talk to you. More importantly, we want to listen to you. We want to understand what matters in a park and what would create a place where you want to go and take your family and take your dog and go for a walk because we don't use the park very often. Our kids under school nearly all day. And we have a very small window of time to use the park and so that's why I'm personally excited is it's a creative way for a partnership between the city and schools to make a strategic investment in the community and so Council, I hope that you will take that

under consideration and open the door to the conversation. Thank you.

[Time: 01:45:12]

Mayor Lane: Thank you. Next is Angela Riley.

Angela Riley: Good evening Mayor Lane and members of the City Council. Thank you for having us tonight. My name is Angela Riley I reside and own 9214 East Horseshoe Bend Drive. I have been didn't I'm an Arizona native, second generation. I have lived in DC Ranch for over ten years, and Scottsdale even more than that. I'm a tax paying voter, I'm a resident. Three small children, who are active in sports. I -- above all schools I love Great Hearts and public schools and private schools.

This land was deeded for DC Ranch. DC Ranch gave it as a partnership. We do not need a 14-acre athletic field. DC Ranch is beautiful. We have so many parks. Scottsdale has so many parks that we actually, mothers and I don't even know which one to go to because we have so many. I could think in the budget that this is, in fact, unnecessary. The voters decided not to support the bond that supported parks. We don't need anymore. I can think of places and people that could use that budget.

As it is, Great Hearts Public Academy owns 3 acres which has been set aside for athletics. Fantastic. They can do that and take care of it. If you live in this area, and, in fact, I would invite everyone here to go ahead and try to make a left-hand turn on to Pima from trail side which although the map is not there, you cannot do it and that's just today. That's without sports. That's without anything. And it's going to become more and more congested as the areas develop, which I understand that would happen, but with the 101 right there, it's just -- it's too much as it is.

This also will not enhance the neighborhood, again, as I said, we don't need athletics. We have so many fields we don't know what to do with them. What we don't even need is a park. And so I'm asking that you oppose the resolution. We can have conversations with anyone but perhaps not in this area. If you want to go to WestWorld, if you want to use the 3 acres that they haven't talked to residents, that's fantastic. I thank you for your time.

[Time: 01:47:56]

Mayor Lane: Thank you, Ms. Riley. Next is Marc Hudson.

Marc Hudson: Good evening Mayor and fellow citizens of Scottsdale. This, as everybody has said, a lot of the information is correct. One of the things you have to understand about -- and I live in DC Ranch now. DC Ranch, all of those areas right by where the homes are at, they all have parks. So there's no need for a park. They are not asking for a park.

There's -- the only issue here is that -- is that Great Hearts does not have a property to support extra curricular activities. They need that. That's what they want. Why not use the money that Great Hearts has to purchase a property for that? In March of 2016, Great Hearts took \$15.6 million in

their bond funding in the name of Scottsdale prep. I don't know if all of you parents are aware. They took that. Maybe you all have mac book pros or something.

There are other options and one of the options is not the 3 acres. That's just going to back up to somebody else's house. There are other places to go. There are properties that are on 100th Street and Frank Lloyd Wright and really what I think and I proposed the other day but we'll have to wait to see if the Scottsdale unified school district would be open to it, is where the DC Ranch high school is supposed to go which was at Thompson peak and horseshoe canyon, right near -- right next to copper ridge. There's an open field that was slighted for a high school that would have had a -- slated for a high school that would have had a football field. It's not a park. It's not a football field. I don't know if you have seen it, but it's a football field with a track. It looks just like a high school. It's nothing like a park. It doesn't even have a baseball field on it. So that's where I think as a community, we get together drive and move it to location.

If you put that in on 91st Street and trail side, that will solidify our division. We won't come together after that. Nobody wants it over there that lives there and they will not be happy with it ever. The people who live near the 3 acres, they asked for it to be moved because they didn't want it in their backyard. Now, it's brought more people into this mix. And nobody wants it right there. We don't need it. We don't use it. There are four parks within four miles of Scottsdale prep that they could use if they really just want to use a city park. So I would say, consider moving it to another location.

Because the issue is not Scottsdale. It's not the people of DC Ranch, it's Great Hearts. They bought properties that do not support extra-curricular activities.

[Time: 01:51:26]

Mayor Lane: Thank you, Mr. Hudson. Next is Marla Walberg.

Marla Walberg: Good evening, Mayor Lane, Vice Mayor Klapp, Councilmembers and fellow Scottsdale citizens. I have been asked to read a letter this evening to you, and this is from a group of DC Ranch residents who have children that attend Great Hearts academies. I would like to mention that I do not have children myself nor do I have relatives that attend schools. I feel like I'm a good person that they asked me to read this letter to you. They are uncomfortable with approaching you via email, telephone, letters and whatnot for fear of retaliation.

So I will just read the letter as stated. We have asked this letter to be read tonight on behalf of those families who wish to remain anonymous out of fear of retaliation. We are long-time DC Ranch residents and have children at Scottsdale prep and are strongly against the proposed field. We believe the ramifications of this project go far beyond increased traffic, noise, property values and losing a piece of precious land that is simply not intended for this use. Upon choosing a charter school, we were very aware as every charter school family should be of what we were gaining and more importantly what we were losing by leaving the public school system. The charter school model requires each family to financially contribute and fund raise for various initiative and needs that

arise.

It's not the city's job to gift land, nor the taxpayers jobs to carry the burden of maintaining this initiative. We fear you have set a dangerous precedent. Great Hearts has consistently misrepresented how the majority of DC Ranch residents feel about the field in an effort to further their agenda. The second were identified as the opposition. We were not given any information on town hall meetings. We were removed from email lists and handed a scarlet letter. How could other great heart families make a decision to support something without hearing both sides? As a school that prides itself on teaching Socratic method, there's nothing Socratic about the method.

Most concerning is the treatment that the children have endured as a result of our opposition to the project. They have been hammered by teachers, administrators and coaches, to sign petitions pass out flyers and get rides to city hall. They have listened to speeches where DC Ranch residents were described as a quote, bunch of rich hypocrites who don't want us in their neighborhood but surely they will want access to our field. After some DC Ranch residents students voiced to be pressured to support it, they were admonished by a coach and told, quote, I guess I shouldn't be surprised coming from a DC Ranch brat, unquote. Petitions have been passed around during class time where students were forced to sign, coaches have even ended practices early, required athletes to come to this meeting. Some teachers are offering special incentives for quizzes, pizza parties and such.

Mayor Lane: Ms. Walberg your time has expired if could you wrap it up.

Marla Walberg: Again, we appreciate you listening to the other vantage point and I appreciate your time this evening. Thank you very much.

Mayor Lane: Thank you, Ms. Walberg. Next is Dina Hudson. Okay. And Jordan Rose?

[Time: 01:55:47]

Jordan Rose: Thank you, and Brian, could you cue my presentation? Mayor, Vice Mayor, members of Council, I'm Jordan Rose with Rose Law Group. I represent Great Hearts and tonight your vote is not about Great Hearts, but I wanted to clear up some of the maybe misconceptions that are out there just for some people. So I will just run through this very quick presentation. Yeah. Thank you. Remind me, Brian, how to -- okay. Perfect.

We think this is a fantastic possibility for the city. They own a parcel of land, Great Hearts does, the 3 acres adjacent to DC Ranch. They intend to develop those for their athletic educational programs and because public schools are exempt from zoning regulations, they started a conversation with the community to talk about what they were going to do on the 3 acres. And so in talking with the community some time ago, the community suggested that Great Hearts come and talk with Scottsdale about this site that is catty corner to their site, just because that had been designated as a park since -- actually since 1989 and they asked that we come and talk to the city because it will certainly be developed at some point as a city park. And Great Hearts did.

Some of the reasons that the community asked us to do that, you can see in the 3-acre site, it's closer to the residents. It's 30 feet of roadway, 20 feet of a landscape buffer and then there's just 50 feet to the wall of the nearest home. The 12-acre site has 45 feet of roadway, and 125 feet of landscape buffer and it's 170 feet to the nearest home.

So we started that conversation and we just want to continue to work with the community today. The city park coordination is going to allow for one park, not two, to be developed in the area, and I want to be very clear, this allows the city to control all of the use of the city parks. It's not up to Great Hearts to control the use. The city will have full ownership of the park and the park will -- and the users in the park will have to follow all city code and city ordinances.

And I really wanted to rise today just to make sure that everyone is clear that if there is any -- any participation with Great Hearts on this city property, that is -- that is the case. So the city park -- the general framework of coordination, there's no site plan. There's nothing like that, that you are voting on today. All we're talking about today and I just want to make sure the residents know is that the city owns the park. The city will continue to own the park, and the Great Hearts has raised approximately \$4.5 million and it's going to be used to build the park, either on their site -- build their fields, I'm sorry, on their site, or potentially working with the city. The city and any potential user of the park, including Great Hearts will enter into a use agreement and that use agreement is going to be similar to all other city use agreements that you have. And it won't be anything other than that. Regardless of who or how you partner.

Great Hearts is going to have to pay the proportional share of their maintenance associated with the park use. That's how all of your use agreements -- and again, the city will control all the park use. And the park will always be open for the public and for the neighborhood, period. It's a city park.

I just wanted to make sure that we all understood today and I thank you to all the supporters who came out this evening. The details are not there. This is the meeting where you decide if we can move forward and we would love to work with the community Council and all of the neighbors who are here tonight and who we look forward to meeting through participation. We do have a petition of 500 signatures and the only thing this allows tonight is to talk about that conversation.

Mayor Lane: Thank you.

Jordan Rose: Thank you. We appreciate your time.

[Time: 02:00:40]

Mayor Lane: That completes the public comment on this subject. I would remind everyone that this is, as I said before, an opportunity to have a conversation to consider what might happen here or not. So at this point in time, if my Council colleagues have any questions.

I want to thank, certainly, all the participants in the testimony that has been given, and the number of written cards we received here as well. So we have been through that and there's a decided certainly

indication of support for it, but nevertheless, from the written comment cards. But do appreciate everyone's input on this and do understand the concerns but this is just a starting point. So this is just an opportunity to begin a discussion that some of us certainly still believe and believe have an opportunity for the advantage of a lot of people, a good partnership that might be able to move something forward. But it's subject to that review and frankly a final decision on it in any case. So our decision right here tonight is whether or not to continue or to initiate that conversation.

And I do have a request to speak from Councilman Smith.

[Time: 02:01:52]

Councilman Smith: Thank you, Mayor and I think the question first is to Mr. Murphy. Or Mr. Grant or whoever wants to answer. But we are being asked to approve this municipal master -- municipal use master site plan agreement. Would this be required if we were simply going to develop the park as a park on our own nickel so to speak?

Community Services Director Bill Murphy: Mayor Lane, Councilman Smith, yes, we would be required to do that as part of the zoning process, excuse me.

Councilman Smith: So that, I think, answers the second part of my question. This is not something which is solely required by the fact that we haven't identified other party that you want to talk to? This would be required to develop the park in any case?

Community Services Director Bill Murphy: That's correct.

Councilman Smith: So this is not -- and I know I'm somewhat repetitive. But I want to understand this is not an agreement with Great Hearts. This is simply an outreach to the public to find out what are some of the public thoughts on developing this park?

Planning and Development Services Director Randy Grant: Mayor Lane, Councilman Smith, this is simply to initiate that conversation.

Councilman Smith: Okay. A question, perhaps for counsel. One of the speakers referred to the deed restriction. Can you talk to whether this is an impediment to develop in partnership with somebody, if not, why not, and if so, how do we --

City Attorney Bruce Washburn: There are deed restrictions whether or not the deed restrictions will constitute an impediment depends on what the city decides to do with respect to the development. It's my understanding that there's a possibility of getting the deed restrictions altered if necessary, but that's something that we would have to wait to see if that was even necessary and if it were, if that could occur.

Councilman Smith: Okay. I think, Mayor, that's all the questions I have.

Mayor Lane: Thank you, Councilman. Councilwoman Littlefield.

[Time: 02:04:12]

Councilwoman Littlefield: Thank you, Mayor. Well, I have a number of concerns regarding initiating a municipal use master site plan on this area. This is already zoned developed open space for community park. The only reason at this point in time to open a new master site plan and to open conversation, which seems to me tonight has already been opened, looking around this room, is to consider great heart's site plan. And it will come back to us as it did before. We can hold open houses. Neighbors can talk to each other. This has been happening with several weeks or months and I think it can continue to happen as perhaps with a little more conversation and less rhetoric, it could be something that could be developed, that would be good for the neighbors.

The entire exercise to me, however, looks as an attempt to allow Great Hearts to build an athletic field and an athletic complex for their school on city owned property and use city resources to try to convince residents that it's a good idea. To my mind, this verges on an impossible and impermissible gift from the city, to a for-profit private enterprise.

I went by and I looked at the areas. The land, both pieces of land, and the school, and DC Ranch, and the area that surrounded it. Scottsdale prep is located directly in the shade of WestWorld, of the tent there. It's well over a mile away from the park site. And there is no space nearby that would allow for a development of an athletic field near their school. It makes one wonder why think bought it there in the first place if their goals included an athletic program which would need the kind of fields that we are talking about or that we have been talking about.

I would bring to your attention, it's not the responsibility of the city to make whole errors in judgment made by the school's previous decisions on its location. To do so feels a lot like gifting public land for a for-profit private enterprise. And that's illegal.

The reason that this park has not yet been built since approval before 2000, is because the residents of DC Ranch determined that the park was not necessary, nor needed, and the city determined the same thing. There was no need for a park at this location. I have heard no public outcry anywhere in the city for a school oriented, city owned and operated athletic field for football, soccer activities. The only need I heard from our citizens is for a dog park and more tennis and pickle ball courts.

Let's talk about money. This whole proposal is sounding like a shell game with the city and the residents getting stuck with the park. The city owns the land. No cost to the city or to Great Hearts to use it. And it would stay in city hands and it would ultimately be our citizens' cost to maintain this land and to do any and all repairs necessary for the facilities on it. A facility used on a regular basis daily for football, soccer, track and field, and all of those other things, all of those other athletic activities would be substantial in its maintenance needs. And the city would be responsible for this. Not only for-profit private enterprise but a charter school that competes with our public school system for tax dollars. And which is in desperate need today of funding in its own right.

We have all received the emails from the DC Ranch citizens saying they don't want this athletic facility in their park land or near their homes. I received well over 200 emails from different people. So it looks to me that the people who want this are the people who live in DC Ranch or nearby areas but have children going to the school and would directly benefit. I do not know that we need an athletic facility on their parkland near their home and if we can't find a better use of those tax dollars than doing this perhaps we could find one that is wanted by the citizens of Scottsdale.

Regarding the issue of Scottsdale prep's policy towards transgender students, I understand that they are in the process of rewriting their policy. However, written policies are one thing and actions are another. Several emails I received show the actions need to change too. Our city has a policy of nondiscrimination. It's written and we follow it. I would like to know that we as a city stand behind our own policy statements when dealing with those we do business with.

Finally, the residents of DC Ranch have definitely made their views known. The vast majority do not want an athletic field there for the obvious reasons, noise, lights, traffic, et cetera. And after reading DC Ranch's special warranty deed which I have with me tonight and the restrictions on it which were promised to the purchasers of the homes when they bought their homes in DC Ranch, I have to concur that a school athletic complex is not the same thing as a quiet community park. The athletic field is still the reason for this request tonight, officially or unofficially, that is what is going to be discussed if it's passed tonight. And it is still trying to be sold you to the residents as a benefit to you. However, consider this a gift that is not wanted, that destroyed the peace and the quiet of the neighborhoods, that decreases the values of your homes and decreases the quality of life living in that home is not a blessing. It's a curse.

We do not need a municipal use master site plan for this property at this time. That may change. But I will not be supporting it tonight. Thank you.

Mayor Lane: Thank you, Councilwoman. I don't know if we have any other comments or Mr. Murphy if you have any comments on any of the testimony that has been given. Councilwoman Korte?

[Time: 02:11:54]

Councilmember Korte: Thank you, Mayor. So while this resolution does not specifically name Great Hearts academy as part of that resolution, it's really the last year or so of conversations that really predicates the fact that Great Hearts is a part of this conversation. So this resolution simply initiates a municipal use master plan, master site plan for the 12.8-acre site owned by our city.

I see this as a new beginning or a reboot to begin a very public process or public conversation that includes open houses and public input and notifications. You know this can be a conversation around creating a public amenity that doesn't exist today and the fact that the public doesn't have money to build at this site is one of the issues.

The important point for me, as we move forward, this must be a win/win. This must be a win/win for

our DC Ranch residents, or residents outside of DC Ranch. It's got to be a win/win for our city and it's got to be a win for Great Hearts Academy. But in order to get this win/win, we must really have a transparent process, and that process must be inclusive of all -- for all interested parties and I really wish to emphasize the importance that DC Ranch community Council be included in all the conversations moving forward.

Let's remember, the reality is that Great Hearts has every legal right to build a sports complex on the 3 acres. You are going to have a sports complex in that area. The city has no control over the sports complex on the 3 acres. What is the win/win for the city and the residents and I think that's what this process, this initiation of the municipal use master site plan is going to accomplish. What is that win/win for all concerned?

And finally, several of our speakers and written comments have addressed concerns over the Great Hearts Academy policy regarding transgendered youth. And I agree and I share their concerns. Every child has a right to be treated respectfully and without prejudice. Every child deserves an environment free of bullying and being laughed and being kicked. Every child has a right to be included in sports and all that comes with growing up and being in a learning environment. How Great Hearts Academy deals with and amends their LBGT policy will be an important determinant for my support for any future agreement between the city and Great Hearts Academy.

Mayor Lane: Thank you, Councilwoman. Councilman Phillips?

[Time: 02:15:36]

Councilman Phillips: Thank you, Mayor. I do have one question. I guess Mr. Murphy. Do we have any I.G.A.s with other schools at any of our other public parks right now?

Community Services Director Bill Murphy: We do not have with any other schools. We have I.G.A.s with the school districts to utilize some of their property for the youth groups that we schedule their activities on. So we do have I.G. A.s with the Scottsdale unified school district, as well as some of the Paradise Valley school district unified fields.

Councilman Phillips: Okay. Thank you. That was all the questions.

Let me just tell you what -- the way I saw it and what happened, and I don't know if this was the way for the rest of the Council, but for me, I first saw this three weeks ago on the first consent agenda and I said you've got to be kidding me. How can you put something like this in a consent agenda. You've got to -- Great Hearts is doing this deal. It sounded wonderful up front. I said there's got to be a lot of concern by residents. That was on a Friday and on Monday I had 300 emails. It's like here you go.

I requested that the City Manager, that we pull it from consent and put it on regular agenda for discussion. The City Manager in his wisdom decided to pull it completely off until he talked to Great Hearts, DC Ranch, and their attorneys. And that's why it came to us tonight, and that afforded you

this opportunity to be here, otherwise it would have been on a consent agenda, the list of liquor licenses and it would have been passed just like that. So I have to applaud our City Manager for allowing this conversation to be here.

A gentlemen earlier had a suggestion, about using that -- I guess where the high school was supposed to be built, and, you know, when you talk about conversations and open conversations, that would be great to see a collaboration with city of Scottsdale and SUSD, DC Ranch and the residents and Great Hearts all together on that property. That would be great. I don't know if they will move in that direction or not, but I think by opening this, it opens the discussion.

Since we are only approving the initiation of a site plan, I will support the resolution. And I expect all parties to be heard. I will be looking for fair and equitable treatment by all people and anybody engaging in contracts with the city of Scottsdale. I will be looking for preferential treatment -- I will not support preferential treatment or priority over the public body of any entity and I will not support a master plan sports facility for any entity on public park land. So that's what I'm looking at when this comes back to me. This municipal plan will give all of you concerned a voice in how this will be developed and I expect staff to include DC Ranch residents in the plan and their opinions and suggests in the plan that comes back to us.

This kind of reminds me of -- we had another issue with the basis school on Shea and 124th and I was opposed to that because it wasn't the school being put there. But I thought it was a big safety concern because Shea is pretty much like a highway. And that was a long deliberation. Just about as many people showed up voicing concerns on both sides and in the end, basis got their school. But you know what, we have a cut out of Shea. We have a street light. We have pork chops added trees and amenities and off-duty police watching it. We got a lot of things out of it.

By us being able to discuss this now instead of being on the consent agenda originally, that we will be able to hear what you have to say and if comes back that they can't agree to these things, I certainly won't support it but I think we should move forward on it and see how that works out.

I appreciate everybody being here. I appreciate the process and I fully expect everybody to continue with this process. I know it's time out of your day to have to go to public meetings. It's worthwhile. It's the American way. This is what we should be doing. Thank you.

[Time: 02:20:16]

Mayor Lane: Thank you, Councilman. I just wanted to say that number one, I support the effort to move forward in the conversation on this and I think that's the way we feed to operate on just about every issue. When this first came before us on a consent agenda, I agree with Councilman Phillips that it would probably misplaced as far as that is concerned but it was not a site plan authorization. There was no -- it's the same issue we are talking about tonight and that's to initiate the conversation on it, even though there had been some conversation and some thoughts about what might be on there.

I would say for those people who are opposing it. I know there's certainly valid reasons to oppose it and if they feel differently, whether it's traffic or lights or other concerns, we always run in that issue if we talk about a park in neighborhood, new or even established as we may revise its use or maybe even develop a greater intensity of use of it. So it always has some impact one way or another.

Now we have some other peripheral issues that are being discussed here. One thing that Councilman Phillips brought up and didn't really expand upon is the support that they give to the Scottsdale unified school district to the tune of nearly \$1 million a year, maintaining ten of their fields and their athletic facilities, that grounds the registration and that, also for guidance counseling and other things that we explicitly spend some money under an I.G.A. contract with the Scottsdale unified school district. We have three school districts here in the city, decision to the public charter schools. One thing that has been presented here that I would say if it were true, and it's in the final analysis, I wouldn't support this either.

The gifting of this, and the fact that it's -- it's been labeled a for-profit private company, I don't believe that's correct. And it's not -- at least in the initial conversation, it's not something that the city is looking to maintain, much less to build it out.

So there's a lot of things here and I think there was one individual that mentioned something about how we do strive to try to work with our community in order to get the best utilization of not only our existing resources and keeping our taxes low, and then where we can have a partnership that benefits our community on the overall as well as maybe a specific application that's consistent with what our plans are for the education of our community overall. So it doesn't always make it easier. Sometimes it makes it harder but we try to work those things as best we possibly can.

I'm all about -- personally and I will support the resolution to initiate or continue. We are all sitting here in whatever period of time it takes to get through that outreach and make sure we got the input we need to give some real analysis to this. But in the long run, I hope we all can come together and understand that it's a -- it may be a good thing but that's something we are going to have to muscle through. And I think our staff is really poised and ready to make sure that it is consistent and correct and there's no gifting involved the city of Scottsdale is not known for gifting. We have it within our charter that disallows that. We can have intergovernmental agreements, I.G.A.s that allow us to with other municipal and/or government agencies to share resources and move back and forth. That's what I was referring to when we talk about the agreements with the Scottsdale unified school district.

We will work it hard and I'm hoping that we at least continue the conversation. But like the others too, we want to make sure that we are working with a worthy partner on all counts too. That will be one of the considerations that we will be working through.

Councilman Smith.

[Time: 02:26:55]

Councilman Smith: Thank you, Mayor. I wanted to add my voice of thanks to everyone else for all

of you coming out tonight. This is an informative process, and probably if nothing else, it argues for why we need to have a formalized public outreach on a question that's this important to so many of our citizens. I think you are hearing from many of us up here, support for an outreach with the neighbors, with the community, with every affected party. You are hearing a guarded position from in of us, that we are not making a judgment one way or the other. We want to see the results. We want to hear from you in this process and as several others have said, whatever comes out of this will hopefully be some kind of a win/win situation.

At this point, if there's no further conversation, I will make a motion that we adopt resolution 10770, authorizing the initiation of a municipal use master site plan for the development of a 12.8-acre DC Ranch park site with open space and planned community district zoning.

Councilwoman Milhaven: Second.

Mayor Lane: Motion has been made by Councilman Smith and seconded by Councilwoman Milhaven. Would you like to speak toward it?

Councilwoman Milhaven: Yes, I would Mayor. There are two things I would like to say. One is I share the concerns about creating a safe and supportive place for all youth, including our transgendered youth and so I'm heartened to hear that Great Hearts is going to rethink their policy, and so that's important to me going forward and I'm pleased to hear that they are planning to do that. So I will watch that with great interest.

And then second, we heard from the DC Ranch community association their design to be involved in this and I think their involvement is absolutely critical. I guess my question to staff is whether or not we need to make any modifications to the resolution to ensure the fact that the DC Ranch community association is an integral part of these conversations.

Community Services Director Bill Murphy: Mayor Lane, we have engaged Chris Irish in the conversations and we will continue to do that.

Councilwoman Milhaven: Thank you.

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

[Time: 02:26:55]

Vice Mayor Klapp: I will briefly weigh in and I won't reiterate all the reasons that have been stated about this issue. I believe in having a formal public process to discuss something like use of a public park and so I welcome the fact that this would be out in the light of day, because a lot of the conversation has taken plus up until now has been private. So I welcome having a public discussion, with all possible parties involved, including possibly even the Scottsdale unified school district can be involved in that conversation as well.

I believe that this -- I would not support anything that would be a gift to a school or some entity. And as has been stated. Great Hearts is a public school. It's a public charter school. We have to keep that in mind that we have Scottsdale unified school district to be concerned about the usage, as well as other private charter schools and so I look forward to what will be brought back to us so that we can carefully consider this.

I don't want to prejudice, prestate my concerns about what will come back to us. I believe in the public process and the public will be able to tell us what they want out of a public park and then we will be able to weigh in and make a decision that -- at that time. We are not making any kind of decision tonight that is establishing a partnership with anyone. So that relieved any of my concerns and we will await the final product that will come back to the city Council.

Mayor Lane: Thank you, Councilwoman. That concludes the requests to speak on the subject. I want to thank my Councilmembers, Council colleagues as well for the input on this and for everyone who has taken a position and given us their input on it. So thank you very much for all of that.

And with that, I think with the motion and the second, we are now ready then to vote. All those in favor, please indicate by aye. Those opposed with a nay. And it is 6-1, with Councilwoman Littlefield opposing.

I want to again thank you all very much for being here. We still have business to conduct and I would appreciate -- I would ask you to -- we cannot -- we have to continue. We have to continue the meeting. So -- yes. And if you could leave quietly and discuss outside if you would.

With, that our next item is our proposed fiscal year 2017/18 operating budget and capital improvement plan and we have Ms. Doyle, our budget director here. Well, I think we are going to have to. We still have a quorum here. I don't know that anybody even requested one. So they are all absent without leave. In view of the facts of the matter, we will take a five-minute break.

The Council recessed at 7:32 P.M.

The Council reconvened at 7:44 P.M.

ITEM 27 – PROPOSED FISCAL YEAR 2017/18 OPERATING BUDGET AND CAPITAL IMPROVEMENT PLAN

[Time: 02:31:38]

Mayor Lane: We are back in session. Thank you for your patience. Ms. Doyle, if you want to proceed with our item 27, the proposed fiscal year 2017/18 operating budget and capital improvement plan.

Budget Director Judy Doyle: Thank you. Good evening Mayor and Councilmembers. Tonight, we wanted to give you a high level summary of our 2017/18 proposed operating and capital budget that were released on April 4th, as well as give you the opportunity to discuss and possibly give direction on

any budget-related items that you would like us to incorporate into the tentative budget.

I would like to first walk through the remaining city Council budget review schedule. On Tuesday, May 23rd, we will hold our first public hearing and adopt the tentative budget. The tentative budget adoption, sets our maximum spending limit for 2017/18. This is also during this meeting we adopt any rate and fee changes. On June 13th, we will have another public hearing and final budget adoption. Before that '17/18 budget final adoption, the city Council may reallocate the expenses, however, you may not increase the total amount of expenditures that were incorporated into the tentative budget. On June 13th, we will also hold a truth in taxation hearing related to our property taxes, and then on June 27th, we will hold our public hearing and final adoption of the tax levies.

The '17/18 proposed budget is approximately \$1.3 billion.

[Time: 02:33:37]

Mayor Lane: Pardon me for just one second. I'm wondering as a matter of process, we do have one request to speak on the budget. And since it's going to be a wide variety of things that we will be speaking toward, I will go ahead, if that's okay and I will ask Mark Stuart to come forward and to speak on item 27.

Mark Stuart: Hi. I just want to make you guys aware that I tried to submit a citizen petition to ask you to take specific action and the city clerk wouldn't accept it. So that -- you guys are going to be legally responsible for that. I just want to get this in the public report that I tried to do it and I will go ahead and move on to the budget. There's three of them, three simple questions, three simple up or down votes. So there's the second one. The third one. And here's the sign that we would like to put in where you have these other signs. So anyway, let me move on to the budget. Thank you for your indulgences. Oh, and then here's the other stuff. I will just email this to you guys.

I am going to make several suggestions on the budget. I am going to suggest that you ax the economic development department. As far as I can tell, every single money losing project that the city has been involved in in the last 30 years has come from that group. If you let them know, you give them three months, I think we can use that money for more productive uses. I'm going to ask that you join the public in the lawsuit to overturn the TPC giveaway. The city of Tempe did that against the Seattle Mariners and that will generate for us \$3 to \$4 million a year going right into the General Fund. I will ask -- the Phil Mickelson deal will be overturned shortly. So I am going to ask that you then sell our interest in that and put that in the General Fund.

The Scottsdale convention -- here's another thing, the Scottsdale convention and visitors bureau contract, a similar contract was outlawed by the state of Arizona in 2000, almost identical terms to what you have here and that is going to be challenged and that will be money that can be used for other public expenditures, but we pay 2 to 3 times what the state of Arizona pays for the exact same goods and services.

We talked about in the earlier consent agenda items. We have talked about a fair market rental and

paying for goods and services that no more than fair market prices. What was interesting and the point I didn't get to make, Mr. Worth has apparently learned his lesson. And so he presented a proposal where we sold some land at \$12 a square foot because that was the appraised value but the other gentleman presented proposals where we sold it for 20 cents a square foot. So those are the types of issues that we need to focus on. I would recommend that you go through every single city lease, every single deal that's been done in the last ten years and look for ways that we can recover money. Based on my early calculations, it's at least \$300 million. So thank you for your indulgence. I hope you will agendize these citizen petitions because we need an answer. Thank you.

Mayor Lane: Thank you, Mr. Stuart. That completes the public testimony on this item. Ms. Doyle if you want to proceed now.

[Time: 02:37:40]

Budget Director Judy Doyle: Thank you. The '17/18 proposed budget is \$1.3 billion. The capital budget, about \$511 million, and our contingencies and reserves at about \$172 million. The focus tonight will be on the General Fund operating budget, and the general and transportation fund CIP. We focus on the General Fund because this is our city's fund that is not legally restricted for a specific purpose.

The proposed '17/18 budget is balanced which I will explain in more detail as we move through the presentation. The budget incorporates Council priorities and policy direction, as well as it incorporates some of the direction that we have received from our CIP subcommittee. Tonight's presentation has multiple speakers. I will give an overview of the operating budget. Each division will have a representative give information related to their division. We'll talk about services provided and focus on accomplishments as well as talk about the change in the '17/18 budget compared to the '16/17 budget. And then Mr. Worth, our public works director will follow it up with an overview of our capital budget.

So this slide is a high level summary of the proposed 17/18 budget, compared to the current year, and previous three fiscal years. Highlighting the beginning balance, total sources, total uses, and then the ending balance. I will walk through some of those significant changes between the '16/17 budget and '17/18 proposed later in the presentation.

We have drafted this summary here on the next slide to hopefully make it a little easier to view. The columns represent the total sources, our sales tax, state shared revenues, property tax, et cetera, all of the sources that our city treasurer shares with you each month when we monitor the budget. The uses are indicated by two lines. The white dotted line is our total uses and that black solid line is our total uses less one-time maintenance. Such as deferred maintenance, playground equipment, our CIP contribution, et cetera. You can see our uses less than one-time items in each of the fiscal years is within our sources. The ending fund balance is also shown here at the bottom of the slide, which we have broken to a visual. That darkest brown at the bottom is our General Fund reserve, which by financial policy is maintained at 10% of the operating budget. The middle or range looking columns is the contingency, which is used for unforeseen items throughout the fiscal year and does require

Council approval. And then the top of the column that lighter beige-like color is our undesignated unreserved fund balance. This is the winnings, if you will from prior years.

This funding should be used -- or excuse me, should not be used for ongoing purposes but rather for one-time items. On future slide, I will get into more detail about the proposed about the undesignated unreserved fund balances.

And now looking at '17/18, I will dive into '17/18 in a future slide but at the high level, I want to note a few things. For total sources, we are forecasting our total sources close to a 2.5% annual increase in years two through five. Our largest revenue source, our city sales tax we are forecasting about a 3% increase each of those years, with other revenues such as franchise fees, charges for services, et cetera, we are forecasting less than 1 to 2% increase based on experience and trends. The expenditure lines within the uses, we do pay off the police and fire radio system financing debt in 1920. So we no longer have the debt service payment of 2.5 million, beginning in 2021.

The transfers outline includes Council's direction to transfer the amount collected for the 1.1% food tax for home consumption to the CIP. It's phased in over three years. The amount is approximately 5 million in '17/18, which is year two of the phase-in and in '18/19 when fully phased, it's approximately 7.7 million. I will also mention that the transfers out line does not include a CIP contribution in the five-year forecast.

Beyond those that are required by our financial policy, which is the 25% construction sales tax, the food tax that I just mentioned, and interest income above 1 million.

Again, later in the presentation, I will detail the proposed uses of the fund balance which is where this contribution would come from.

Total uses are ranging from an overall flat to 2% increase each year, based on either an inflation factor of about 1.5%, or if, for example, there is a known percent increase in, say, a contract, we do try to capture that increase in that five-year forecast.

So, again, drafting the General Fund sources, hooking forward, again, those columns rep the sources -- represent the sources, the white dotted line is our total uses and that black solid line is our total uses less one-time item.

Our uses exceed our sources, however, in '17/18, we have approximately 8 million of one-time items included, which I will detail for you in a future slide but if you back those one-time items out, and look at our ongoing sources, versus our ongoing uses, we are balanced for '17/18.

[Time: 00:24:52]

I will note in '18/19, 19/20 and '20/21, we are not balanced. The ongoing sources do not meet or exceed our ongoing uses. Over those three years, it's about \$8 million, about \$4 million in '18/19 and down to about \$600,000 in '20/21. We know this is something that we will need to address, whether

it be a strategy to increase sources, decrease our uses, or a combination of two. We can assure you, we will not be bringing a budget in '18/19 that's not balanced.

And then that ending fund balance noted at the bottom of the slide and looking at the ending fund balances graphically. Again that dark brown represents the General Fund reserve. The middle is our contingency, and the top is the undesignated unreserved fund balance. As I mentioned shortly in the presentation, I will present the proposed uses of that undesignated unreserved fund balance.

So now let's look specifically at the General Fund sources for '17/18 compared to the '16/17 forecast. We are projecting sources up at approximately 4.3 million, or 1.6% from the '16/17 forecast. The local sales tax receipts at 5.7 million more than the '16/17 forecast is a 5% increase. However, this is skewed as the '16/17 forecast has been reduced to account for the Arizona department of revenue taking over collections. As you know, from our city treasurer's monthly financial update, for February 2017 compared to February 2016, Scottsdale saw a decrease in collections of about 43% or 4.2 million in that 1.1% sales tax. Now if we include payments received in March, that were for February, our decrease year over year was only about 4% for February or about 350,000. However, we do not want to continually chase revenues in one period for a prior period and do not plan to change our year-end or month end closing date. So we will take that one-time loss in the current -- [sneeze] Bless you. We hope that A.D.O.R. can get more efficient in their process. Therefore we are projecting a ten-day loss of the 1.1% sales tax versus the 43% we saw in February. Up until ADOR took over collections we were trending slightly better than what we had originally budgeted about 600,000 or half of a percent.

So if we were to back out that one-time loss and compare a like for like on the sales tax, our forecast assumes a 2.1% increase or a 2.5 million increase in '17/18 which is what I shared with you in January. There have not been any significant economic conditions that have changed that have provoked us to want to modify that forecast.

State shared revenues are up 1.8 million over the '16/17 forecast. The majority of that increase is auto in lieu. They are forecasting a 9% increase or about 800,000 for this. They are also forecasting the income tax at 700,000 or about a 2.6% increase and the sales tax a slight increase of 200,000 or almost 1%. The league's figures are preliminary as they will not receive population figures until the end of May which is what our state shared allocation is based on. The league also wanted to remind us that the state's budget is not final in and these distribution amounts are subject to change. I don't anticipate any significant changes but if there are, we will certainly let you know.

Property tax, I will speak to that in a little more detail in a couple of slides.

[Time: 02:49:38]

And finally, transfers in, the \$800,000 reduction in our own enterprise franchise fees is due to a higher forecast than expected in '16/17 of the 800,000. This transfer is based on revenues we collect in our water reclamation fund. We are seeing higher revenues driven by the higher water deliveries than what were projected and a rate settlement for the reclaimed water distribution system. We

anticipate '17/18 to see more normal water deliveries.

The reduction of \$3.5 million in debt service is related to the debt that was used for improvements to the Scottsdale stadium. This is revenue we receive and collect in our debt service fund. We then transfer it into our General Fund. We transfer it out of the General Fund, back to where it was originally calculated or collected and pay the debt service from there. As you can see, the transfer in and out of the General Fund is completely unnecessary. So we are going to eliminate it. You will also see a corresponding change to the transfer out. This change does have a net zero impact.

So back to property taxes. I do have two property tax slides tonight and did I flip the order from what you had received in your packet, just to hopefully improve the flow. This slide was included in our January discussion, when we were looking for direction on the optional 2% allowance. Since then, we have received updated levy limits from the county assessor's office, and so the amounts have been updated, but with very little change.

On this property tax slide, you will see in that first approved '16/17 column, for the current year, we are collecting about 26 million from the base of '15/16 from the primary property tax which is in the General Fund, plus about \$400,000 of new construction. Therefore we are including a base of 26.4 million in '17/18, plus new construction for a total of 26.7 million. The optional increases in the total primary levy amount do not include the statutory 2% allowance, which Council has chosen to forgo for the last six prior years, which equates to about 3 million. And the 2% allowance that would be new for '17/18, which equates to about 500,000.

As you wanted to see what our expenses were before making a determination on this new. So looking at these two optional increases at the bottom two lines of slide, the version that you received in your packet assumed only taking the 2% in '17/18, I updated this slide to assume taking that 2% in each year. So you could see that full impact of taking that allowance regularly.

And then the final optional increase is the tort recovery, which is booked into our risk management fund and in January you gave us direction to include the tort into the '17/18 budget. So a total primary levy of 27.7 million of which 300,000 is for the new construction. Then the secondary property taxes which can only be used to repay debt service on general obligation bonds that are outstanding in.

January I reminded you that during our '16/17 adopted budget, you authorized the use of G.O. debt reserve each year in an effort to follow the advice of our bond counsel to reduce that reserve to 1/12th. We currently have a balance of 11.7 million. I also shared with you in January a house bill that would require us to levy net of all cash remaining from the prior year. Basically meaning using all remaining reserve from the prior year versus that 600,000 annually we are proposing. It sounds like where this bill might land is that by June 30th of 2019 our cash reserve has to be down to 10%, and therefore if the bill passes, we will see this change incorporated into our '18/19 budget. I would also like to point out that we do have some of our Bond 2000 debt that we pay off in 20/21 and more again in '21/22, when you can see reflected in the total secondary amounts in those out years.

This slide really just points to the rate. If you look at that bottom right corner of the slide, you can see our total rate is decreasing a little over 5 cents to 1.075. This does not include the optional 2% allowance of about 500,000 per year. If it did, the rate would go up about 1 cents from 1.075 to 1.085. Translated to assuming the average home right now is about 360,000, the 2% allowance would cost the average homeowner about \$3.50.

[Time: 02:55:21]

Mayor Lane: Councilwoman Korte has a question.

Councilmember Korte: \$3.50 per year?

Budget Director Judy Doyle: Correct. Yeah.

Now the change in uses for the proposed budget compared to the current forecast. I'm not going to spend too much time here as the divisions will highlight their changes, however, I will speak to the significant items that are driving the 9.6 million increase in personal services. They are outlined here on a future slide.

If you recall, in January we talked about the public safety retirement legislation that was created to better fund the public safety pensions and establish three retirements here for public safety employees. And that a lawsuit known as the Parker case had been filed related to one of those tiers, known as Tier 1. And includes employees who were hired on or before July 19th, 2011. You might remember that during the pension reform of 2011, these Tier 1 employees saw their contribution rates increase from the then cap of 7.65 to 11.65. The increase was done over several years. The lawsuit was pending in our January discussion, however, a ruling has since been made. And says that increasing the employer portion of the pension contribution rate was unconstitutional and that these employees' contribution rates will revert back to the 7.65 with the employer then picking up the difference.

The ruling is retroactive. So a refund to affected members covering the period of July 19th, 2011, through the date when funds are eventually distributed is required. The estimate in January was about 7 million, however we received an updated amount since the release of the proposed budget, and is now 7.8 million. Public safety retirement will deploy a service credit model, meaning we will have a credit with public safety at the estimated 7.8 million to apply towards future requirement payments. We could suspend our contributions to public safety retirement until we reach that credit amount, however, in the '17/18 proposed budget, we do plan to forgo the credit and will continue to pay the retirement contributions as planned. The 7.8 million one-time payback to members, we are proposing being paid from the General Fund undesignated unreserved fund balance. Paying that 7.8 million and choosing to forgo the credit will help to reduce the unfunded liability of 120 million, which currently exists in the public safety retirement. In addition to the 7.8 million refund, these reduced contribution rates for the employee, mean an increased contribution rate for the employer.

Mayor Lane: Excuse me, Ms. Doyle. We may have a question on a previous item. Councilman

Smith?

[Time: 02:58:47]

Councilman Smith: Thank you, Mayor. Will the final budget then show 7.8 million?

Budget Director Judy Doyle: Yes, it will. We will have that included in the tentative budget. Yes.

Councilman Smith: And will this actually be a cash disburse. To all the affected members in year '17/18?

Budget Director Judy Doyle: Yes, we are anticipating that to occur in '17/18.

Councilman Smith: How much does this amount to on average? How many participants there are divided into this \$7.8 million?

Budget Director Judy Doyle: I don't have that. Mayor, members of the Council, I don't have that information. I would be happy to get back with you on that.

Councilman Smith: Well, I guess I will have you get back to me. But it's going to be a big number, obviously, if you have 700 participants for example, which is probably about the right number, you are going to have, what is it \$10,000 per person or something? Is it that order of magnitude?

Budget Director Judy Doyle: Mayor and members of the Council, I would say you are in the ballpark, yes.

Councilman Smith: Is it required that we pay this all back one year in '17/18.

Budget Director Judy Doyle: Mayor and members of the Council, I believe we are required to pay those affected members in a one-time payment.

Councilman Smith: Okay. This is -- I guess we can talk later about the use of one-time money. It was the benefit of the operating ongoing budget now that it's a detriment we are talking about making it a one-time charge against the -- against the unreserved fund balance. I'm not sure why it's an ongoing in one case, when we are saving it and it's one-time when we are not. I understand it's a big number and maybe there's no other way to deal with it, but I think we need to talk about that later. Thank you.

[Time: 03:00:56]

Mayor Lane: Thank you, Councilman. Just for maybe further clarification, there are two options here. One is taking the credit against the fund as it exists. The decision as it's been put on the table for us right now is to go ahead and pay it from available funds, presumably, in order to also work down our unfunded liability; is that correct?

Budget Director Judy Doyle: Mayor and members of the Council, that is correct.

Mayor Lane: Okay. Thank you.

Councilman Smith: If I can follow up. So it's not a payment to the individuals?

Budget Director Judy Doyle: Yes.

Mayor Lane: Yes, it would be if we follow the path that we are on right now, otherwise it would be a credit to their account.

City Treasurer Jeff Nichols: Mr. Mayor, Councilman Smith, if I could chime in here.

Councilman Smith: By all means.

City Treasurer Jeff Nichols: What this is going to be is the PSPRS have indicated to us, that they will not make a payment. The payment to the individual members have to come back through the payroll system. Those payments to PSPRS were held pretax and now those payments are going to have to be taxable. So from the PSPRS perspective, they are going to take that 7.8 million out of the members' personal accounts and they are going to credit the city of Scottsdale's account for a like amount, \$7.8 million. Because when they were calculating the actuarial cost of that program, it was split between the two parties. That cost has not changed.

And so the recommendation that we just take the 7.8 million into our, the city of Scottsdale's account, with PSPRS and then make the one-time payment to the members through the payroll system and it will now be taxable income unless we work with them and come up with a plan to defer that payment and to, like, 457 something of that nature, that's the way it's got to flow back to the members. We have been working on this in the payroll department and also with H.R., recommending a one-time payment because as long as we don't make those payments, one of the big issues they are trying to deal with is how much interest is accruing to those members. And so once they come to an agreement on a rate, we want to have a fixed date and time and make the payments one time to the members.

I hope that helps explain the process.

Councilman Smith: It helps. We'll probably talk about it more.

Mayor Lane: Thank you, Councilman. Thank you.

[Time: 03:03:35]

Budget Director Judy Doyle: So in addition to the \$7.8 million refund. The reduced compensation rate will see an increased contribution rate for the city, which will have an impact in the '17/18 budget

of approximately 3.5 million. We also included in the '17/18 proposed budget funding for merit pay and a five-step program for police officers, firefighters, fire engineers and fire captains and new to the step program this year, is police sergeants. I will note that these compensation adjustments are all based on performance.

And then finally an increase for healthcare, which came before you for adoption on February 21st. So going back to the changes in uses, I will also mention that the increase that we just talked about related to personnel services was then offset by the one-time funding included in '16/17 for that additional pay period. The transfers out reduction of 3.4 million is that corresponding transfer that I mentioned on a previous slide related to the debt for improvements to the Scottsdale stadium. Again, the transfer is not necessary in the General Fund. This has a net zero impact.

The \$6 million reduction to the transfers out CIP is twofold. One, because the '16/17 forecast was overstated by about 2.5 million, which will be updated in the tentative budget. And the proposed budget does not include a CIP contribution in '17/18 beyond the transfers required of our financial policies. This reduction would have been greater but the '17/18 includes 2.5 million of that food tax transfer to CIP as we are in year two of that three-year phase in. When we do include contributions to the CIP, they come from that undesignated up reserve fund balance.

The next slide breaks down the use of the unreserved fund balance in '17/18. We are projecting the beginning '17/18 undesignated unreserved fund balance of 19.7 million. We are forecasting winnings if you will of about 750,000 in '17/18, which then brings the 19.7 million beginning balance to about 20.4 million. This pie chart highlights using 8.9 million of that 20.4 beginning balance, which would then leave us with an estimated 11.5 million at year end. However, I do want to share with you that since the release of the proposed budget two items that I mentioned of significance that impact this fund balance, one was the transfer out of the current fiscal year. I mentioned it was overstated by 2.5 million. So once we update that amount, it will basically free up an additional 2.5 million increasing that fund balance.

And two, we know that the parker case refunding is 750,000 more than the original estimate which would then tie up some of that fund balance. The bottom line is the \$11.5 million is 1.75 million than the amount reflected. We updated this slide to include the two significant changes. So, again, starting with the 20.4 million beginning balance, we propose using 8.9 million on facility maintenance projects, the class and comp study that we talked about in January.

We also need to add about 1 million to our reserve as the reserve needs to be maintained at 10% of our operating budget. So that remaining 13.2 million of the ending fund balance is the purple wedges. We are proposing holding or designating up to 8 million of it to cover that shortfall in years two through four in the five-year plan. As right now, our estimates reflect as I mentioned our sources do not meet our uses. While we know it's not fiscally prudent to use these monies for ongoing costs, we would like to hold them or some portion of them to ensure coverage, of any potential revenue or expenditure changes could take some time to implement. So the pie wedge of the 5.2 million is the proposed undesignated amount of the fund balance.

And then finally, this is the summary of the full-time equivalence or FTEs proposed in the '17/18 budget. I will not go through these as you hear about these during the division presentations. I will just say of the 9.97 total, about 1.5 are General Funded positions. And with that, I would be happy to take any questions or we can continue with Mr. Nichols, who will be presenting the Mayor and the charter officers.

Mayor Lane: All right. Well, thank you very much. Councilman Smith, do you have a current question then?

[Time: 03:09:19]

Councilman Smith: I do and it's probably better to ask it now before we go through the division reports. I don't know if this is a question for you, Ms. Doyle, or City Manager and city treasurer but whoever wants to chime in. But the budget that we looked at on whatever it was, slide 3 or 4, something, the fiscal '17/18 budget, I guess slide 6 in the packet, they are not numbered. It must be around slide 6.

Basically you are describing the budget as balanced for '17/18. But that doesn't have the full parker case expense in there. I think I understood you to say. So that would add another \$800,000. Perhaps it's the slide after this that I was -- that caught my attention. If I look at '17/18, it looks like we are about \$800,000 in the black as I see it displayed there. So now it goes to zero?

Budget Director Judy Doyle: Mayor and members of the Council, no, we would propose the parker case be a one-time expense. Therefore, we would still be balanced, our ongoing sources would meet the ongoing using.

Councilman Smith: So the 288.3, that's the one that goes up by 800,000?

Budget Director Judy Doyle: Correct.

Councilman Smith: Again, I'm not sure what slide I'm looking at but the out years, maybe it's four or five slides later when we are looking at the five future years. Four of which do not balance can you tell me, you talked some about the revenues and some of the forecast increases you have there for sales tax or whatever, 2.5% was your number. I think we talked about some of the expenditure items that are forecast to increase but the largest one, of course is payroll. What have you assumed for pay increases in these remaining four years of the budget?

Budget Director Judy Doyle: Mayor and members of the Council, we have assumed an up to 3% pay for performance for non-sworn employees. For anyone that is below the max of their pay range and we have included a 5% step program for our police officers, firefighters, engineers, captains and sergeants.

Councilman Smith: So for -- except for the public safety folks, for most of the people, the kind of pay raise that we were looking at this year, which I think was whatever, 3%, you are assuming that that

would be the same program in years two, three, four, five?

Budget Director Judy Doyle: That is correct.

Councilman Smith: Okay. I think I'm a little confused when what we will do for the out years. You have assured us that we won't see an unbalanced budget in the future and I'm sure we won't. But at the same time, you want us to earmark \$8 million of the unreserved fund balance to cover those shortfalls. So I'm kind of wondering which it is. Will we balance it or pay for it with unreserved fund balance. Or do you want to do both?

Budget Director Judy Doyle: Mayor and members of the Council, preferably both. But it's definitely up to your discretion and we are willing to do as you recommend.

Councilman Smith: Well, I don't really think that we can as a Council sit here and in the future year, if we were looking in '18/19 and it sim my turned out the way it's displayed here, which is a -- a shortfall of I forgot \$4.4 million. I don't think we could sit here and say, well, it's 4.4 million short and therefore we will just use up some of the savings.

Budget Director Judy Doyle: Mayor and members of the Council, we would not be using the savings. We will ensure that we are structurally balanced in '18/19.

Councilman Smith: So we shouldn't call part of these unreserved fund balances designated.

Budget Director Judy Doyle: It will bring the fund balance negative in those years if we do not.

[Time: 03:14:11]

Councilman Smith: Well, here's my point. It really doesn't matter, I guess, what label we put on, it but if we are going to have \$11.5 million of unreserved fund balance at the end of this year -- or at the end of next year, that's the projection, I'm reluctant to say don't touch \$8 million because I may need it because I will come forward with an unbalanced budget. And realistically you won't come forward.

City Manager, you look like you would like to weigh in on this. You are welcome to.

City Manager Jim Thompson: Well, I -- we can from a staff perspective, we can designate it. We can call it -- we can't reserve it. That would be a Council action, but we can designate a portion of the undesignated reserve to serve in those future years.

The challenge you run into is when you get out into the fifth year, you probably have hate up most of that to ink that difference. As we all know that our actuals come in different than our budgets, maybe there's savings on the expense side or revenues on the revenue side. It then leads into that next year eating down some of the unfunded undesignated so noted that we would otherwise designate.

So we can, I think, address your issue by doing a designation. Fund balance in the future years of undesignated unreserved to account for that shortfall, knowing full and certain that our goal would be to minimize that usage of the designation, reducing the designation and offsetting that to the revenues and expenses as I just so noted.

Councilman Smith: Let me state my concern for you, for the public, for whomever. I don't want to communicate to anybody looking at the end of the year unreserved fund balance, I don't want to communicate to anybody that we are subscribing to the fact that the losses for trade, for years two, three, four, coming up, will be somehow covered by the savings account. Because I'm not going to vote for it. I don't think anybody up here is going to vote for it.

We don't use the savings account to cover an operating budget shortfall. And my concern in doing that or my insistence that we not label it that way is because I think we have a huge problem coming in years two, three, four, five. The numbers indicate we have a huge problem coming in years two, three, four five. And I don't want to delude us or the public that there is some savings account that we can use to bail this out. We have a huge problem and the sooner we address it, the better off we will be. And I would love for us to schedule that discussion of how we intend to balance the future years.

It's not part of this year's budget cycle, but it is certainly relevant to the future sustainability of the city's operating budget. Thank you, Mayor.

[Time: 03:17:20]

Mayor Lane: Thank you, Councilman. You know, just to weigh in on this a little bit as well, I would say that it's incumbent upon us to have this conversation. I don't know that it's something that's off the table. You presented to us what the shortfall would be if nothing else changes. One thing I noted is we do have a continuing 2.5% increase year over year and I'm not sure exactly how that plays out with, you know, any kind of official forecast that the state or anybody else is generating, but I would say that that's fairly conservative and I hope that it is. But notwithstanding that, it is something that we have to look at.

I certainly agree that the up reserved fund balance has never been intended. We never used it in the past for operating expenses even though it's the net result of savings in the level of expenditures that we may have predicted. And, of course, it may be an advancement or increase over what we have received for revenues. So we will have to have that conversation, whether we call for it right this moment, what is being portrayed to us is the situation, and I think that every member on the Council recognizes that we will have to have that conversation, whether it's changes in our revenue sources or cuts and some other funding mechanism. So in any case, I want to weigh in to certainly degree that it's not a source to fund operations but it's a component in the way we have to structure this thing for this next year, as well as the contribution for years forward.

So I presume by Councilman Smith has spoken or -- did you weigh in I'm sorry, you were still on the screen. I wasn't sure if it was from the previous time or not.

Councilman Smith: I wanted to add in my 2 cents worth of, again, to voice my support for taking the 2% property tax allowable increase, a total of \$500,000. We have talked about in until we are all blue in the face, but I'm willing to go even bluer. This is not anything which is going to bankrupt a family. It's \$3.50 per year for the average homeowner. It is something which is allowed as an inflationary factor in the property tax.

We incur inflation in the costs but somehow we are saying that we will not take the inflationary increase on the proper tax and probably the part that offends me the most about passing on this item year after year, is that it is primarily a relief program for business, for out-of-state investors and for snow birds. Citizens only pay about half this tax.

So if we are granting relief, then we are ignoring the citizens need for services and they are saying let's give a good healthy tax break to the community. Let's give a healthy tax break to the out-of-state investors and the snowbirds. I don't that's what's intended. We should be taking it and not even apologizing for it. That's my position.

Mayor Lane: Thank you, Councilman. Councilman Phillips.

[Time: 03:21:07]

Councilman Phillips: Thank you, Mayor. I just want to say, I think Councilman Smith's comments can be debatable, but, you know, this is what our community is about and this is the agenda item that we will be discussing. So I don't see the point of bringing it all up here. This will be coming up in the future and we will look at all of these different ways that we can come up with better funding sources and policies for our budget.

Mayor Lane: Thank you, Councilman. Judy, I wonder, you have got a slide that has the property tax, the proposed '17/18, and I -- I may have gotten -- have you gotten it up there now. Or we have gotten it up there now. How much did we include of the increases? I know you spoke towards this and I tried to follow on this schedule and I have to tell you --

Budget Director Judy Doyle: In terms of the --

Mayor Lane: Difficulty with trying to figure out what was assumed in the numbers that we are projecting in the future years.

Budget Director Judy Doyle: Sure. Mayor and members of Council, for the optional increases, we only assumed the tort recovery, which you gave us specific direction on in January.

Mayor Lane: That answers my question. Absolutely. Thank you. Okay. We have no other questions at this point. So if you want to continue.

Budget Director Judy Doyle: All right. I will turn it over to our city treasurer who will present the

Mayor and Council and charter officers' budget.

Mayor Lane: Thank you, Ms. Doyle. Mr. Nichols, welcome.

[Time: 03:22:54]

City Treasurer Jeff Nichols: Thank you, Mr. Mayor, members of Council, real quick as Judy noted, I will be giving the presentation for Mayor and city Council, as well as all the charter officers, try to make it as short and sweet as possible.

I will stay on this slide and please note that the increase in full-time equivalents to .33 included 1.33 increase in the City Manager's budget for all grant funded positions. There's a budget for public education officer, as well in the diversity and inclusion program, and budget for three part-time interns that are also grant funded in my office, the city treasurer's office, we have eliminated a revenue collector position and an enterprise finance manager with the exit of Lee Guillory the finance director. I consolidated some positions and I switched out some work and we were able to reduce our budget by one FTE.

One thing I would like to make note, I will go down to the expenditures by type, not trying to focus on the expenditures by fund. They are both the same as you will notice on the right-hand side, \$1,073,000 decrease and I will focus on that, but an overarching comment when you are looking at the personnel services budget, you have to realize that in '16/17, there's some nuances to the approved '17/18 budget. So included in the '16/17 numbers, up on the screen, the division level is the additional pay period, the 17 pay period, the merit pay program is included by division, the step programs are included by divisions. The adjustments for vacant positions if a position is vacant and they pull those savings, that is in the '16/17 numbers. And some other vacation payouts and things of that nature will be included in the '16/17 numbers. While they are not included in the '17/18 numbers, and the reason for that is we budget those at a macro level at this point in time. We don't know exactly what will go to the divisions as Ms. Doyle mentioned. These programs are based on merit, and so once we have the actual figures, we budgeted a macro level. Once we have the actual figures for each division by person, then we put them down into the division's budget. So they won't be showing up on the proposed budget.

In addition, the '17/18, the fiscal year '17/18 proposal budget includes the restored budget enters for the vacant positions and a way to look at this one position that you are doing very, very aware of is the City Manager's position. So in '16/17 budget, we pulled about 16 months of savings from the City Manager's budget into the savings for that fiscal year. And -- but then his position will be fully funded in '17/18 and so that change will be in there.

[Time: 03:25:59]

So trying to look at the personnel services, the bottom third of the screen if you will, you see a reduction of \$171,000. The vast majority of that is the decrease from the 27th pay period and all of those budgets. So for city Council, all the charter officers that 27th pay period is no longer there.

It's offset, as I said by the vacancy savings that we achieved in '16/17 with the position being vacant, now being fully funded. So it would have been a little bit more.

When we look at -- I'm sorry, when we look at contracted services, line item for the city Council and charter officers, the city attorney has a slight reduction for its property liability and workers comp insurance. The city clerk has a reduction in her budget related to it being a non-election year, which would decrease her contracted services. The court has a slight increase in a program for network security enhancements and that's a program that's required by the Arizona Supreme Court. The City Manager has increased its contractual service budget for dues, paid to the Arizona league of cities and towns, Maricopa association of governments, national leagues of cities, and they are all being budgeted in the City Manager's center to reflect the fact that the efforts related to these partnerships, if you will, impact the whole city and not just one specific area. They had been in the City Manager, city Council -- or I'm sorry, the Mayors and the city Council's budget. The city treasurer, I have an increase in the maintenance costs related to our new payroll and H.R. system called munis, again, again, court has an increase to improve expanded customer service windows and related items under commodities and capital outlays, the city attorney has a decrease of about 101,000 in '16/17, they purchased a new case management system, with one-time funds they won't need in '17/18, while the city court has an increase in their capital outlay budget to increase and improve the windows and related items needed for functionality and their specialty programs and that's all paid for with court enhancement funds. It's one-time funding under capital outlays.

So to go over some of the wins if you will for this year, the significant events, you know, to date and our city auditor, the audits have completed for this fiscal year have identified more than 860,000 and possible cost savings should you act on that, part of that, the largest portion was for the north site boulevard construction project and so it included recoverable over charges and potential savings that could be achieved going forward. Some of the notable events in this fiscal year with the city attorney, Doug Jann was awarded the 2016 D.U.I. enforcement prosecutor of the year for M.A.D.D. and two have been elected to the executive board for the public lawyers section of the state bar of Arizona. Lori Davis was appointed by the United States district court to serve a three-year appointment as a ninth circuit lawyer representative. That term ends this year, however. Significant litigation wins, Prostrella vs. the City of Scottsdale. Again a fairly long protracted legal battle that the city was very, very successful in. And the future eely vs. the city of Scottsdale, again a four-year legal battle with as far as the city is concerned a favorable outcome.

And the city clerk, we will see savings of approximately \$126,000 this year from not holding a primary election. I would also like to point out that they managed very successful general election this year. You might have heard some of the commotion in here. They did a fantastic job with that. Also they manage the election for undergrounding improvement district that you all saw tonight, which was a one of a time thing. I mean we had an underground improvement district years and years ago but to one had experienced that. We weren't here.

As far as the city treasurer's office, distinguished budget presentation award for the 27th consecutive year. Our certificate of achievement for excellence in financial reporting for the 44th consecutive year. We did an MPC refunding in the beginning of this calendar year which is in this fiscal year of

\$79 million. We had a present value savings of \$4.9 million, net present value of 6.2% savings. We also are getting ready to go out with an MPC bond sale for both our water, which was approved by Council, for both our water systems and our aviation project as well as a G.O. funding. And also AAA on both the water, the MPC for water and the airport issues. In addition, Fitch reaffirmed our AAA ratings on the G.O. bonds and the outstanding MPC debt. And it was rated as AAA with stable outlook and they affirmed the MPC debt double ate -- or AAA stable rating. Moody's investors assigned us a AAA rating for the general obligation bonds, used to refund the preserve acquisition and they assigned our MPC debt related to the water and aviation improvements aa1 rating. So we are very happy to receive those ratings, as you know they saved the city of Scottsdale ratepayers quite a bit of money.

And with, that I would take any questions that you all may have.

[Time: 03:32:10]

Mayor Lane: Mr. Nichols, I just -- this is probably just a sort of brings this to go and I'm going back to the slide that's still up on the screen. Is it fair to say that the '17/18 budget projection that we have it right now is balanced in large part because of some one of a kind kind. Expenditures that we had and maybe sometimes relief on expenditures that we had in '16/17 budget?

City Treasurer Jeff Nichols: Mr. Mayor, I'm not certain that we can say for any one division that that would be the reason that the budget is balanced. Not by division, because, again, there are not many revenues that accrued to those divisions.

Mayor Lane: Well, I'm looking at this right now, the '17/18 versus '16/17 change and with one point as I see it 073, that is a positive variance, if you will, from the standpoint of the previous year and I'm not sure if that's the sum total but it's a good peace of our -- certainly the -- these offices here. So it had to have contributed, this particular uniqueness. I'm talking about the one-time payroll that we experienced, the additional payroll that we experienced, some the grant funding that was available and that kind of thing. So it may have contributed. Maybe not necessarily through it over the top, but a contributing factor.

City Treasurer Jeff Nichols: Certainly, Mr. Mayor. But any decrease in one-time expenditures would have contributed that but then again my overarching comment, that the increase in payroll, the payroll program, the 3% based on performance, that's still budgeted at a macro level at this point in time. So that -- that program is not included in these personnel services number, which would drive that savings down. That will increase our proposed '17/18 personnel services budget once we take it from the macro level down to the division level.

Mayor Lane: One other thing and I notice that -- I'm presuming since you are closest to the button, did you have a comment on that?

Budget Director Judy Doyle: Mayor and members of the Council, I did just want to note that the majority of that decrease is related to a grant that is in the City Manager's office. It's the tribal

gaming grant from the Fort McDowell Yavapai nation for the Scottsdale convention and visitors bureau. This is a grant that we do typically get but because we have not been awarded it's not included in '17/18.

Mayor Lane: I see. Okay. So it's a big part of that 1.073 then? Yeah.

City Treasurer Jeff Nichols: Thank you.

Mayor Lane: Thank you. Yes, Councilman Smith.

[Time: 03:35:15]

Councilman Smith: To the Mayor's point, I guess I'm trying to figure out whether we can make any use of these numbers on the first line when it talks about -- not first line of the slide but the expenditures by time at the bottom there when you are talking about the cost of personnel services, for this particular group, Mayor and Councilman, charter officers, last year was 21 million and last year is less than 21 million. But if I'm remembering right, the '16/17 amount of 21 million includes an additional pay period. The '17/18, doesn't have that pay period but it doesn't have the increases, the 3% that's still at the macro level that hasn't been distributed back.

City Treasurer Jeff Nichols: Again, correct Councilman Smith.

Councilman Smith: So is there -- is there any way to -- I mean, truth be known, your personnel costs probably went out by --

City Treasurer Jeff Nichols: Absolutely.

Councilman Smith: By \$1 million or something. Is there any way that we can decipher the number or should we ignore this line on all the presentations?

City Treasurer Jeff Nichols: Well, I think that's before I gave you the overarching comment that if you are going to try to dive deep into the personnel services it's not very fruitful. At some point of time in the future, once we know what the divisions are, you can compare and we can also then take out of the effect of the 27th pay period. So there would be an apples-to-apples comparison if you will at that point in time. We just don't know what that is --

Councilman Smith: Are we all libel to still be on Council when that happens?

City Treasurer Jeff Nichols: I hope so.

Councilman Smith: No, seriously that won't happen necessarily before we -- the final approval of the budget, will it?

City Treasurer Jeff Nichols: Ms. Doyle, when do we normally roll those into the divisional budgets?

Budget Director Judy Doyle: Mayor and members of the Council, the pay programs we will do that first pay period beginning in '17/18. And the vacancy savings is something that we do all year long, as well as those leave accrual payouts.

Councilman Smith: So the point is we will be well beyond the budget approval.

Budget Director Judy Doyle: Yes.

Councilman Smith: I guess to my colleagues or the public, I guess if you would say if you want to look at what happens to personnel services and the dollar amount, ignore this line.

City Treasurer Jeff Nichols: That would be good advice, Councilman Smith.

Councilman Smith: Okay.

Mayor Lane: I still have on the screen the city treasurer. Is that brought up again? Judy, did you happen to hit your button?

Budget Director Judy Doyle: I just never turned it off.

[Time: 03:38:11]

Mayor Lane: Okay. All right. On the line that you have for contractual services, and I know -- I think Judy, you mentioned something about what the services were and part of that was from the audit and the recovery from some of the findings from the audit from some of the contracted services. Was that correct?

City Treasurer Jeff Nichols: Mr. Mayor, no I mentioned that, it's some of the program and the internal auditor, the city auditor's office, as a result of the '16/17 budget and the actions that she's taken during this fiscal year. As Ms. Doyle had pointed out, the largest part of the decrease in the contractual services is just the fact that we don't know what the amount of the grant or haven't received the information of the grant we'll receive from the Salt River Pima Maricopa Indian community once we understand what that is, it will be programmed into the budget.

Mayor Lane: If you don't mind me asking, what was the recovery, if we had a recovery on some of the findings from that contractual -- that contract offer?

City Treasurer Jeff Nichols: I don't have that off the top of my head, Mr. Mayor but we would be happy to get back with you on that.

Mayor Lane: Thank you.

City Auditor Sharron Walker: Actually we have done in follow-up on that audit and so far, they -- the

contractor has repaid about \$40,000 for the sales tax errors and Mr. Worth's staff is still reviewing the rest of the recommendations.

Mayor Lane: Okay. And are we taking those findings and moving them forward, as far as any applications within the current contracts?

City Auditor Sharron Walker: They are -- they have updated their policies and procedures and they have updated several forms so that they can track and control the costs better. So they are taking action on the recommendations.

Mayor Lane: Thank you, Sharron.

City Treasurer Jeff Nichols: Thank you, Sharron.

Mayor Lane: Okay. You were at a point of questions and I don't see that we have any further. So --

City Treasurer Jeff Nichols: Thank you.

Mayor Lane: It looks like Mr. Corsette is moving to the podium. Thank you, Mr. Nichols.

[Time: 03:40:23]

Communications and Public Affairs Director Kelly Corsette: Mr. Mayor, members of the City Council, I think most of you know my name is Kelly Corsette and I will be presenting on behalf of the four department directors the administrative services division. Administrative services provides people, technology, material, and expertise to help the operating departments deliver high level service to our residents and customers in Scottsdale. Administrative services comprises four separate departments that support all of the other departments in the city. The office of communication, human resources and information technology and purchasing. Each director reports directly to the City Manager's office. So I will present a brief overview and highlights from the past year and then if you have any specific questions each of the department directors is here to answer them.

First off the office of communications, led by yours truly. We have a proposed budget of \$850,000. The O.C. is the city's central communications office, handling public and employee communications and media relations and video production. Screen highlights some of our accomplishments from this fiscal year. So upper left there, partnering with information technology, we redesigned and relaunched Scottsdale update which is the primary citizen newsletter that's a new mobile design that we will launch across the e-newsletter and that's helped to gain 12% new subscribers. Scottsdale video networks, the folks who are helping us put this budget meeting on the air condition, produced and distributed about 50 new videos and telecasts and streamed more than 80 public meetings. The primary distribution channel is YouTube. There we know that the videos this fiscal year have been watched about 120,000 times for a total watch time of about 5,800 hours.

Lower left there, we partnered with the human resources department on the new benefits bulletin newsletter. That's a new benefits that we sent to the employees every two weeks and we are getting new feedback on that product every two weeks. And finally for us, we coordinate the city's two major employee recognition events, that's the annual Scottsdale employee awards and the hard hat breakfast which we just completed a few weeks ago and this fiscal year we had about 1200 employees attend those two events and posting surveys about 91% of our employees rated those two events positively.

Next up, the human resources department, led by Donna Brown they have 23 full-time positions and proposed budget of \$33.9 million. Now, 91% of that number, about \$31 million is the city's portion of employee health insurance programs. Human resources provides recruiting, hiring, training, compensation benefits and other employee services for the organization. Included in the human resources budget request for next fiscal year is the \$100,000 and one-time money mentioned by the budget director to complete an assessment of city positions and pay ranges. This assessment will help to ensure a competitive equitable consistent classification and compensation plan for city employees.

Human resources budget also includes first tier maintenance fees for the human resources and payment system. The highlights listed on the screen, H.R. had a new benefits advisory committee that was formed to increase employee engagement, knowledge and representation as we develop health plan and benefits recommendations for the fiscal year. They implemented a new supervisory training and leadership program, 71 city supervisors completed that program, and 3.71 on a four-point scale. H.R. is collaborating in a number of areas on that new H.R. payroll system that we mentioned, on the police and fire compensation studies and as I mentioned with the office of communication on that biweekly benefits bulletin newsletter. And H.R. is achieving regulatory compliance on a number of new legislative requirements and city audit findings.

Information technologies led by Brad Hartig has 73 full-time employees -- full-time equivalent positions and a proposed budget of \$11.9 million. I.T. provides technical design, support and maintenance for a variety of city systems and services to support operations and communications. While some budget lines in I.T. are increasing, including contractual services due to several system implementation projects overall the I.T. budget is less than the current fiscal year, largely due to fewer projected PC and laptop replacements and that's an area that varies year to year, just based on the age and the condition of the equipment.

Again on screen some are highlights for you. The I.T. worked with the police department on a new web based police records system that helped to eliminate a ten-week backlog for police records requests. Most of those are now filled the same day. I.T. is also leading the charge on the city's new open data portal, and they have identified 42 data sets and are working to make them available to the public when the portal launches later this spring. I.T. is also working with a cross departmental team on developing a new system to receive and track issues reported by the public. That's a system we are calling Scottsdale E.Z. And finally, I.T. worked with the fire and the water departments to develop a new application that allows staff and those departments to manage, maintain and repair 11,000 fire hydrants around 9 city, much more easily and efficiently than was previously possible.

Last but not least in the administrative services division is purchasing led by Jim Flanagan. They have 23 full time equivalent positions and a proposed budget of \$2.4 million. Purchasing procures goods and services and oversees the warehouse and graphics and printing and mail services for the organization.

The highlights that you see on the screen there, for the 18th consecutive year, they received the achievement of excellence and procurement award and that's given by the national procurement Institute. They have managed more than 4400 purchase orders valued at \$142 million, and doing this they support the entire organization's service needs. The graphics and printing work center provide citywide support for nearly 2,000 print jobs already this fiscal year. Those jobs are valued at more than \$467,000. That group also delivered about 3.3 million pieces of incoming and outgoing U.S. mail for the city. And finally the warehouse managed about 10,000 transactions so far this fiscal year. That group also manages the web-based public surplus auction process. So far this year, they have completed more than 600 auctions with sales of more than \$540,000.

In closing, you have the administrative services budget slide. Summary slide here, you see that no position changes are requested or recommended in the proposed budget. With that, myself and the other directors in administrative services are here to answer any questions that you have.

Mayor Lane: Thank you, Mr. Corsette. It doesn't look like we have any questions or comments on the report. Thank you very much.

Communications and Public Affairs Director Kelly Corsette: Thank you.

[Time: 03:49:01]

Assistant City Manager Brent Stockwell: Good evening Mayor and members of City Council, I'm Brent Stockwell from the City Manager's office and I will be doing the presentation on behalf of the six department directors in the community and economic development division. While this division is one of the smaller divisions in terms of its 201 staff, its impact is particularly noticeable to the business and tourism community and the city Councilmembers as typically a majority of the items considered each week at the Council meeting are from departments in this division. And also the departments in this division are directly responsible for four of the six city Council priorities.

All the while, the division staffing is one-third smaller than it was ten years ago or 102 fewer employees. The division was created in 2010 and reached its current configuration in 2015 when the tourism and the events department was formed from within the other departments in the division. It was also at that time that the division director position was eliminated, and each of the six directors now report directly to the City Manager's office, similar to administrative services. So I will handle the overview presentation for the sake of time and at the end, specific questions can be asked of the department directors.

The aviation department is led by -- I'm required to say, the esteemed Gary Mascaro and has 15.5 staff

and a budget of \$2.5 million. Gary has served as department director since May 2010. Scottsdale airport is one of the busiest single runway with 164,000 aircraft operations in 2016. The airport is a destination airport for major events including the Phoenix open, Barrett Jackson and most recently for the NCAA final four. Over the next year, a major project will be the terminal area redevelopment project, both the existing terminal airport terminal building and the adjacent aviation business center will be knocked down this summer. And the new aviation business center will have a larger restaurant and outdoor plaza that will be home to the Thunderbird field II veterans memorial. There are two large 30,000 square foot hangar facilities will be added and this project is expected to open in the summer of 2018.

Major budget changes in aviation are due to the addition of one full-time equivalent for a senior airport operations technician to focus on daytime administrative issues and respond to customer requests. There's also one-time funding included in capital outlays for the replacement of an airport dedicated fire truck which was approved and ordered in the current fiscal year, but will not be purchased until it is received in fiscal year 2017/18 and I wanted to point out that when it's received, it will be paid for at just under half of the original budgeted amount due to changes in the specification. It's also important to note that this is 100% funded by the aviation fund and does not receive any direct General Fund support.

Moving on to the economic development department, it is led by Danielle Casey, and has six staff and a budget of 1.3 million. Danielle has served as department director since June of 2013. Economic development focused on business attraction, retention and extensive outreach and marketing to raise awareness to the corporate brand of Scottsdale and helped to support talent, cultivation, retention and attraction to support of the current and future employees. They have conducted and anticipates reaching the target goal of 110 visits by fiscal year end.

In addition, the average wage of jobs either created or recreated with the assistance of the office has averaged just over \$59,645 year-to-date. The office also participated in the south by southwest talent attraction event in March. And it's part of the fourth annual cure corridor event. There were over 217,000 impressions. This helped to support a 500% in social media and marking this year. Economic development is not only recruiting tech savvy businesses to Scottsdale and embracing technology as a way of doing business. The budget will be increasing by about \$90,000 to increase lead generation efforts, new business attraction, international efforts in the Canadian market, as well as an increase in the tax rebate that is due to the hotel valley ho agreement which is slated to end in fiscal year 2019/20.

Planning and development services department is led by Randy Grant and has 121.5 staff. It's the largest number of staff in the division. And the budget of 13.6 million. Randy served as the department director since September of 2012. This department served more than 30,000 walk-in customers last year at the one-stop shop which is located in the One Civic Center across the street from city hall. In addition more than 90,000 construction plans were reviewed for single family and commercial projects with more than 100,000 building inspections conducted within 24 hours of requests by the builder. The department supports the review of all development proposals with 198 cases coming to the city Council, 77 the planning commission, 84 to the development review board

and additional 543 cases approved at the staff level. In addition to these efforts, the department also includes the city's long range and neighborhood planning efforts, storm water management and environmental initiatives and code enforcement.

Major changes to the budget this year –

[Time: 03:55:07]

Mayor Lane: Excuse me, for anybody who is listening -- it's 9,000 construction plans rather than 90,000.

Assistant City Manager Brent Stockwell: Oh, I'm sorry. It's a typo on my part and it's correct on the screen.

So major changes this year, including increase in the budget for contract worker services to support increased demands and building inspections and field engineering. This was offset by decreases in other contractual services. There's also the addition of one-time funding to develop a list of short-term rentals in residential zoning districts that will be used to support tax collection efforts.

One more change when the tentative budget is considered in May, a reorganization impacting seven employees in this department, as well as the citywide volunteer program manager from human resources will be included. This will help to create a new citizens resource team in the City Manager's office to support the new city services online portal that Kelly mentioned a few moments ago which will go active in July, as well as support the volunteerism and work to increase the citizen engagement.

The tourism and events department is led by Karen Churchard, it's the largest operating budget in the division with 19.7 million. Karen has served as the department director since November 2015. This year, the city expanded its support of downtown businesses, with a new holiday promotion called -- and I'm also obligated to do this. Scotsdazzle with 110 businesses actively participating and 21 affiliated events. Western week supported the ever popular Hashknife Pony Express and reluctant located to western spirit, Scottsdale's Museum of the West and Parada Del Sol.

The new special events ordinance took effect July 1st and to date 164 applications have been reviewed under the enough event criteria and work also continues on implementing the five-year tourism strategic plan with the economic feasibility study as downtown Scottsdale 2.0 and they hold several public outreach meetings next week on that effort. Also as a result of the plan, a new bike route, including artistic interpretive signs. There is a forecasted increase in bed tax increase, as well as a 3% increase in the arts and the cultural management services agreement with Scottsdale arts.

In addition, the multiyear effort to improve arts and cultural facilities and special equipment is almost completed but there's a remaining \$642,000 in projects that were started this year that won't be completed until next fiscal year and that a.m. has been carried forward in the budget. It's also important to note that this department is about 70% funded from the tourism development fund with about 30% in the General Fund and most of the General Fund expenses go towards the management

services agreement with Scottsdale arts.

Two more departments. Transportation department is led by Paul Basha and has 22 and a half staff and a budget of 9.5 million. Paul served as the department director since June of 2013. This year there have been 16 studies completed to improve roadway safety and improve traffic congestion and the \$2 million approved by the city Council to improve downtown pedestrian accessibility is being invested with improvements throughout downtown, with an additional 2 million in improvements planned for next year. Eight new CNG trolleys have been ordered to go into service next year and beacons have been added at both the Chaparral and the McDonald street crossings to help Arizona canal path users cross more safely and easily.

Major budget changes include a decrease due to the completion of the one-time grant for trolley grant, otherwise the budget is flat. It's important to note that the department received 100% 69 its funding from the transportation fund and doesn't receive any General Fund support.

WestWorld is led by Brian Dygert and has a budget of 4.3 million. This past year, 25 new events were booked with an increased of revenue of \$.2 million. And they are increasing event flexibility and production and this year, the city Council approved a new 20-year agreement with the Arizona quarter horse association to keep the sun circuit championship in Scottsdale.

Major budget changes include a decrease, due to a city wide change in how utilities are budgeted. I would imagine Dan Worth will talk about that. They are no longer budgeted at the division level but rather 9 citywide level.

So when you look at the division in its entirety, less than last of the \$51 million budget is in the General Fund. 27% is in the tourism development fund and the remainder is in aviation, transportation and special program funds.

So to summarize, the changes in the community and economic division budget there's a proposed increase of one staff in aviation as noted and the increase in personnel services is due to an increase for contract worker services to support increased demands and building inspections and field engineering. As noted before, this was offset by decreases this contractual services spending. With that, I will turn it over to any specific questions you may have.

[Time: 04:00:48]

Mayor Lane: Excuse me one second before you excuse yourself. On WestWorld, the only question I have, obviously we are looking at some things that have occurs and some new agreements and that. As far as potential events, producers coming to WestWorld what is the status and has there been any reflection in the '17/18 budget as to the status of the contracts for the operators at WestWorld?

Assistant Manager Brent Stockwell: I will direct that to the City Manager.

City Manager Jim Thompson: We have one meeting to date. We intend to have a second and we

had a meeting with one of the largest hat occurs out there. And so we had the first round of meetings. I'm not sure of what the final result will be. We obviously have a current contract in existence with our current operator for the general events that occur out there. So we will continue to operate under that agreement until which time we develop a new one to bring forth for your consideration.

The goal is to have them both back to you within a year and I intend to do that. And there is no reflection of new numbers or other numbers associated with that.

Mayor Lane: Any forecast on what a new agreement with an event producer and/or with a --

City Manager Jim Thompson: That's correct. We have not presupposed that in the budget process to, you know, obviously, we are in negotiations. So I didn't really want to provide that. It would be to -- hopefully to the positive side at the end of the day.

Mayor Lane: Okay. All right. Thank you. I'm sorry. I interrupted you with excusal and a transfer to the next. I don't see that we have any other questions of you right now. So thank you very much for the presentation of that division.

[Time: 04:02:55]

Community Services Director Bill Murphy: Good evening, Mayor, Council. Bill Murphy, community services director. Number one in human services, we began a program called the restorative justice initiative which was created as an alternative to entry into the legal system for juvenile offenders who committed eligible offenses something like having minor possessions and drug paraphernalia or curfew or tobacco. This was in partnership with the Scottsdale police department, as well as the attorney's office here. Prosecutors office, our human services department, as well as Maricopa County attorney office. So the juveniles that are participating in this program are not arrested and have no court record. They are between the ages of 10 and 17 years old. Without any previous charges and are referred directly to the youth and the family services and human services.

In order to participate, the parent and/or victim must provide their consent to enter into the program, and once that -- once that occurs, the police officer who issues that citation will provide them two days notice to schedule a meeting with our youth and family services. So far this year, we have completed 90 incidents have been submitted through the RGIP program, 133 separate charges being included in these incidents and we had a recovery -- a positive recovery of over 74% have completed the program successfully so far and that's as of April. So we are optimistic we have 23 others in the hopper right now that will be successful as well.

Earlier this month, the Mayor's youth Council, initiated the internship program, which will begin in late August or early September, providing exploration and internship opportunities for high school students. Our participation in the internship gives the youth into the future careers here. It also helps investment for us, connecting future skilled employees for the city of Scottsdale.

And vista Del Camino is embarking on getting ready for the back-to-school drive in July. This past year as you recall, we had over 800 students that we were able to provide back-to-school supplies. They have also maintained a steady 90 day supply at the food bank of both food and water as we approach this summer, that's one of the bigger hit times of the year that we face down there. And the Paiute, there's the family resource center which is in cooperative with the Scottsdale library. And with that, that will bring another opportunity for the nonprofits that we have on campus at Paiute to provide even further expansion with the community. So we are looking forward to that.

[Time: 04:06:10]

The library received an award with the urban library as an honorable mention award for the eureka loft and the -- this as you recall, the eureka loft was in collaboration with A.S.U. entrepreneur and it's been working closely with our economic development team, with Danielle's staff, and since May of 2013, we had 34,000 people enter the loft and we have had 6300 attend programs over 1,000 programs which we have offered in mentoring, coaching, workforce development, and all of these have been presented by either economic development staff, or library. Last summer the library had over 4,000 children and 1,000 teens participated in our summer reading program and we are getting ready for that to begin with Maricopa county libraries and that will begin in June. Our system-wide circulation showed a big growth of 2.9 million items that were circulated this last year and that was the biggest growth we had seen since 2010. The library is also embarked on a three-year strategic plan with partnerships in the local community here, but also with the Maricopa county library association and also with A.S.U. And finally the books to go mini libraries was introduced at Chaparral park earlier this month and this was in celebration of our national library week.

I would like to take the opportunity tonight to thank you, the Council, for some of the things that you were able to help us with funding in parks and recreation this last year. We were able to get some dollars to redo the playground at Indian school park. The CIP was funded for us to do the improvements at Indian school lake which was well needed and we also were able to finally fill in the reservoir up at McCormick Stillman Park which added another 76 parking spaces for us. We are grateful for the support from the Council for those areas.

We completed our consulting work with our chlorination aquatics chlorination project which we are going to also be looking forward to fund two of those pools in this coming year in the CIP projects. We completed new software, credit card processing, that was due from a previous audit that we had from the city auditor. And so this was this cooperation with the city treasurer's office, as well as our team at McCormick Stillman Park as well as our technology team and our I.T. staff as far as support as well. As you know, pickle ball has been a big concern, and has grown in the communicate, but we are grateful to the gray hawk community for their support in helping us build three quarters up at the Thompson peak park. We are grateful for that.

[Time: 04:09:03]

Last week we received the award as 359th year, as the tree city U.S.A. and the 25th year in our growth award and the staff is continuing the minor league practice area and the San Francisco Giants.

And the last area is the preserve. We initiated a planning in the working group in what we call area 3 which is east of Pima and north of dynamite and south of stage coach. We added 10 new miles of trails that people are very happy, the feedback we are getting so far. We completed two miles of restoration work with some new daubings on the Tom thumb trail and we also added another additional 12 piles of cleanup of dips and shoulder work and some of the southern preserve trail areas. We initiated the site design mans for our trail heads at granite mountain and the Pima dynamite which will be coming online over the next year and a half and we completed the acquisition in the late fall last year, which added another 416 acres to the preserve and over 700 visitors over the preserve have visited this last year.

So now we get to the meat of our -- so the division if we look at the top, the equivalent FTEs we are asking for 6.45 FTEs and I will break them down. I had spoken to you earlier when we were discussing fees and charged but the first 2 is for two FTEs that are General Funded and human service specialists they will be located in the Scottsdale municipal court. They will offer classes and counseling services to those individuals who are directed by the court to complete as part of their sentencing process something driving under the influence. The cost of the two positions will be offset by approximately 200 to \$230,000 in revenue, based on program fees that will be instituted by the court. We are also requesting for three FTEs for the first things first grant which we came to the Council to get awarded. We have a grant from first things first over the next 15 months.

This year ending in June, we were given \$100,000, July 1st we'll start with \$200,000, and that will -- that grant provides funding for staff for our family resource center which I mentioned we will have at the Paiute neighborhood center. We are just completing the interview process to get those staff on board and hopefully in this month of May, we will begin to start that program. These positions will only be utilized by us until the grant runs out and at that point, I have assured the City Manager that the FTEs would go back to him and we return them back to the budget office.

We are requesting one full-time recreation three to assist at the McCormick Stillman Railroad Park. This position is budgeted and will be paid out of the special revenue fund from the park revenues. And the positions costs will be reimbursed by the mechanical society. The position will help us with overall workload and assist with the extension of holiday lights. We have had some discussion about having holiday lights maybe begin a little bit earlier in the year, or maybe extend it a little bit further. This position would definitely help us with that. It's a big revenue generator for the park. Just for numbers, the holiday lights increased by 8% this past year. We recorded over \$340,000 of revenue for that period of time.

[Time: 04:12:46]

And finally we have .45 FTEs remaining there, our part-time staff hours and various cost centers, we had everyone take all of their part-time hours and recalibrate each of those in each of the divisions. Excuse me, each of the departments and we were able to -- we were able to more accurately address their workload issues. This realignment of ours resulted in a \$29,000 savings for us as a result of decreasing the higher budgeted positions which we had by adding hours to lower budgeted positions.

This hour relocation reallocation is better reflected in utilizing our staff hours more efficiently based on staff scheduling over the course of the next year.

As you go through the personnel services, excuse me, the contractual services, we did have a net zero increase to hear on the software program. So we have a system that was called class. We no longer had capabilities to have it be supported by the vendor. So we went out with another RFP and we have another group called active net who provides our class scheduling. And so the division is charged a transaction fee by -- by the vendor and although the vendor nets the transaction fee against the revenue that's collected, the full cost needs is booked as an expense. It's an accounting standard.

So just -- we're just asking for the expenditure authority on this line item to increase these fees which are expected to be around \$220,000 over the next fiscal year. The other budget increase in the can contractual services is our mowing contract. We had pricing index increase requests from our contractor as well as some impact from Proposition 206 which had the minimum wage increase to adjust that. So our increase there is \$130,000 for this coming year.

In commodities this budget increase is offset by revenue again. The library district is a tax collected by Maricopa County and distributed annually based on assessed value percentage of the number of library cards which are issued in Maricopa County to residents who live outside of Scottsdale. We anticipate that this coming year we will receive approximately \$330,000 from the county. And what they do is we put in a request for our materials and they pay the bills. So, it's, again, a quick offset.

Our operational projects as you can see, we eliminated our life cycling for playground replacement. We are going to try to fund that this year through our gaming grants that we get through Salt River Pima Indian community. In the special programs fund, we are requesting \$114,000 in special revenue and this is to cover the use sports groups, increase which we were taking from \$3 to \$5 an hour and this will be placed back in the parks and the school sites where those youth groups work.

And the capital outlays have decreased in one time aquatics equipment, again replacements were sent down based on the revenues, and then a cash balance and finally in the transportation fund, we are requesting \$123,000 to complete enhancement phase from the state route freeway 101 to Frank Lloyd Wright boulevard. You might recall we began this process on Shea boulevard to add some plant material and granite and simple irrigation repairs. We didn't ask for it this last year because we had an increase in the contractual requests from our meeting contractor but this is an enhancement that we are asking for this year as a one time.

And I will take any questions you might have.

Mayor Lane: Well, thank you, Bill. I appreciate it -- it looks like we don't have any questions or comments for you at this point in time. Thanks very much. And we have Chief Shannon for us. First of all, welcome.

[Time: 04:17:11]

Fire Chief Tom Shannon: In the interest of brevity and your time, I will refer you to two documents and for the viewing public. You should have received a year in review document and then a strategic planning document I will make just two or three brief comments about those documents as I highlight just a couple of things that we were able to accomplish. Your fire department and the men and women of the fire department remain very busy in this city, having run over 36,000 calls for service. This is about a 3 to 6% increase on average that we see every year. The vast majority of those calls remain to be medical calls in nature.

Some important points regarding the fires that we have been interacting with is that we were able to save \$77 million in property in contrast to about \$3.4 million in property lost. That data point is an important measure, if you will for really how we preserve property and the nature of our fire attacks on the fires that we go to. We will see approximately 350 working fires in a year and that includes everything from structure fires to, you know, grass fires to automobile fires. And the vast majority of those are responded to within a response time of four minutes and 38 seconds. That's our 2016 average response time. So your fire department remains quite busy. We expect to see continuing calls for service increasing.

As it relates to the budget, we have two areas of request. We have requested the \$200,000 increase in our constant staffing budget. That's the budget that offsets our overtime costs. And we will also see an increase in our contractual services where our medical exams have increased with our vendor. And then there's data solutions that we use to do online training that will increase our dispatch with the city of Phoenix will increase due to the number of calls versus last year.

Mayor Lane: Excuse me, chief, somehow or another, I don't know if you are in control or otherwise but we need to change the slide to --

Fire Chief Tom Shannon: Oh, I apologize. Brian, did you not bring me forward? My apologies.

Mayor Lane: Some of us are just looking what we have in front of us directly.

Fire Chief Tom Shannon: Bill's budget is far more interesting than mine. So to recap then, you will see in the expenditures by fund, our personnel services really is increasing primarily due to that constant staffing increase of \$200,000.

And then down in contractual services we see the increase for the medical exams, the data solutions, the dispatch contract increase, and the electronic patient care charting contract increase. That's essentially it for the increases. You know, the important part of our strategic plan, I think is to continue to do what the Council directed through our standards covered document and that is match the resources that we have to the calls for service and where they are most likely to be.

Some of the most important parts of you are programming fall in emerging parts of the EMS, like the community medicine program and our partnership with Honor Health which is a great thing for the city and the citizens which offsets some of the legacy customers that otherwise need some navigating through the out-of-hospital care environment. And so we expect to expand that program where

opportunities provide themselves and we expect to see the dividends come back in reducing calls for service in that program in particular.

Yes, sir?

[Time: 04:21:32]

Mayor Lane: Chief, that was exactly the question I was going to ask you, whether or not you had seen some quantifiable results from attending to those chronic condition kind of patients who were in the emergency room on a recurring basis, not only in the quality of life but maybe in reducing services in the pickup and the transport of those medical conditions. It sounds to me like there's a little bit of an offset, but you did start the conversation where you talk about the number of calls. Obviously heavily weighted, heavily weighed to the medical side of things but that's sort of a consistent 3 to 6% increase. I don't know how extensive sort of our start-up on that program has been, but are you -- and you alluded to it but I don't know if it's been quantified. Did you take a look at the numbers themselves?

Fire Chief Tom Shannon: Mayor, members of the Council, we will come back and or provide in the form of a memo, some real hard data as to some of the things we have seen. Real quickly, though, the success as we see, we are able to graduate folks who their first reach to enter into the out-of-hospital care system is to call 911. And we know that the majority of those calls are low acuity calls that could be handled with response designs that don't include a four-person fire truck rolling down the street.

And so we have seen great success and the crew doing that work both a nurse practitioner from honor health and our captain are really, really helping those folks not only navigate the EMS system well, but then we are seeing the calls from the fire trucks who will -- who will essentially provide realtime intelligence to that team, and say, hey, we have a client here that could use some help understanding whether it's a primary care physician issue or just accessing their own healthcare resources and we're -- we have been able to graduate about 60 people already from that program and there's a couple hundred in the cue that could pen fit from this program or have benefited from this program.

Right now we only have one unit. I think that the future of EMS includes very similar type of response units. Now the form in which they are funded, might ultimately be a public/private partnership as we see today, but that's yet to come. That's part of our strategic plan.

One area where I do see some opportunity is to customize some of our future response needs with lower acuity units of which we have one now, that takes calls that are of a certain call type and nature, and prevents the four person fire truck from rolling down the road and a two-person unit will go out and make contact with that client or that customer. And we see that as a future not only for Scottsdale but the American fire service. It's just simply we can use data to right size the call.

Mayor Lane: Well, chief, in fact, I appreciate the offer to get us maybe some hard facts or information as to how this may have materialized in a more efficient use of not only the city's

equipment and as well as Honor Health's more efficient use of their facilities to attend to people who really need it on an emergency basis rather than just simple recurring issue. And also adding to the quality of life of the individuals who are maybe in better control of their condition, given the assistance of this combined program. So -- but I think you have really given me a little bit of an insight, when you said it has mitigated possibly some of the growth but at this point in time, probably fairly modest.

Fire Chief Tom Shannon: Yes, with one unit, we are seeing modest impacts but it's unquestioned that there's a benefit.

Mayor Lane: Okay. Thank you, chief. Vice Mayor Klapp.

[Time: 04:25:47]

Vice Mayor Klapp: Yes, I had the benefit of going out with a unit and visiting some of the clients and how are you looking in your long range planning? How are you going to be dealing with issues that are beyond medical and into behavioral health area because that seems to be a growing problem that your department is facing.

Fire Chief Tom Shannon: Mayor, members of the Council, it absolutely is. In fact, a substantial amount of the -- what would generate a call to 911 really gets to issues that are not really medically related. They are either home living conditions. Many are community service conditions that we work very closely with Bill's group on and certainly the behavioral issues that the state is not well at providing the services.

There are some areas we are exploring with Honor Health and other environments, AHCCCS has taken over behavioral health for state and we are working directly with them as a fire culture to try to address some alternative care options. It's called treat and every. It's an emerging program within the state. So there's a lot of things that we are doing to try to not only avoid very expensive and very resource limited personnel from going on lower acuity calls but then getting the right resource to them while firefighters are substantial problem fixers they did not necessarily suited for all behavioral health emergencies.

What I would envision is customized units that include a behavioral health specialist that could do that work. The P.D. has some great work going on in their victims advocacy work and the fire service has many examples of that throughout the valley. I think that what we need to do is consider those sorts of options but tying them to a funding source that is sustainable.

Vice Mayor Klapp: Thank you. It sounds like that you will need to collaborate more with community services and the police department to come up with some solutions that might work for you.

Fire Chief Tom Shannon: Mayor, members of the Council, that's absolutely correct and we do that today and we see that marriage strengthening.

Vice Mayor Klapp: Okay. Thank you.

Mayor Lane: Very good. Thank you, Councilwoman. Councilman Smith.

[Time: 04:28:30]

Councilman Smith: Thank you, Mayor. Following up on Vice Mayor's comments, when you are talking about the behavioral health issues, does this include the opioid problem? First of all, does it include that or can you talk to that problem in our community and how do we respond to it?

Fire Chief Tom Shannon: I can. And I will let the police chief make some comments because he's got some interest in this area. Thankfully, so far Scottsdale does not have anywhere near the opioid problem that we are seeing back east. I'm not comfortable with the direction we are going, and that is the reason that the chief has got some interest in providing some additional options for his staff. But where we see a lot of the opioid issues is in very specific pockets.

Interestingly enough, and uniquely enough, it's in the long-term care facilities in Scottsdale today where we are seeing a good portion of the opioid-related issues. It's not in the incendiary drug culture. It's in the managed prescription drug culture and so we are -- we have not seen anywhere near the East Coast experience.

We are working regionally with the rest of the fire service to address this issue and certainly with our law enforcement partners to make sure that they have not only the resources to protect themselves but also shuffle they -- should they encounter someone who they think is an opioid victim that they could interact with them as well, while we are in the realm.

Councilman Smith: Thank you. And I will be interested to hear the police size of the equation. I know it's a problem and I wasn't aware that it was sort of colloquially the eastern cities.

Mayor Lane: Thank you. I think we are set and thank you very much for the information and the answers. Next we have the public safety police, and we have chief Rodbell making his way to the podium. He already knows one of the questions that will be posed.

[Time: 04:30:45]

Police Chief Alan Rodbell: Yes, sir. Let's see if I can get this to work for us. Oh, it worked! So hi. Evening Mayor and Council. It's my pleasure to present our portion of the budget.

I do want to start off by saying that we have now completed again another successful holiday event season, if you look at the top ten events that we hosted here the last few months, we saw 1.6 million visitors and we don't even think we have the total numbers for the people that may have attended our final four, which was a valley-wide event as well. So we are happy to report a very successful and safe season.

Mr. Murphy already mentioned the restorative justice program that we have been in with the city services as well as the Maricopa County attorney's office. We are very proud of that program. We see great potential for that and keeping some young folks that may have made a mistake out of the criminal justice system and if, in fact they don't come back into the system, we think they will be able to save quite a bit of workload in the future as well as cost to our taxpayers.

We hosted a bridge forum in January this year, the bridge forum was a partnership with community leadership to host over 200, maybe 250 community leaders along with police and government officials from all over the east valley. Many of you were kind enough to attend a portion of the program, if not the whole day. Our City Manager even showed up before he took the seat to observe. We are very, very proud of that event.

We planned to take the input that came from that event and turn it into goals within our strategic plans for the future and we are working on that now. We hosted an immigration forum last month. There's quite a bit of angst in our community from some members of the community in terms of how we are handling the immigration issue. Our outreach to the community and in partnership with the east valley faith community, we hosted a number of citizens and in both English and Spanish to discuss our position and our policies, which really haven't changed.

We are the member of the east valley trending consortium. We are doing crisis invention specialist training. So how we can respond to the mental health issues that are plaguing many communities. We host one training a year so there's four trainings, one each quarter. We host one. We are hosting this later this month. So far we have 112 of our personnel police officers, detention officers and dispatchers trained. Our hope is to train as many of our street officers as we possibly can with very least if they can't be full CIT specialists we are looking to train them at least from mental health first aid techniques for the future. And we're also providing training throughout the city for all city employees on active shooter training, just so they know how to react in the event that there's a workplace related incident.

[Time: 04:34:03]

As you know, we are divided up into three major bureaus, including the chief. And this is slide you would like to talk about. The with the personnel services reduction, we have sworn 401 officers and non-sworn 257.33 civilian personnel. That 33 represents three part-timers who work as our wranglers for our mounted unit. As you can see, it's sort of a wash this year. We ended up doing one sworn, and made it a civilian position as was recommended quite frankly in the Stanford study. We should look at more civilianization. The costs are lower only because of the one less pay period and it's offset a little bit by the increase in retirement.

Excuse me. The contractual funds you see some decreases there. There's a decrease of \$250,000 in our records management conversion because that was a one-time grant that we got last year. We did not get this year. The reduction of \$206,000 for fuel of the costs which is budgeted by the fleet and based on the actual fuel costs. There's \$126,000 reduction in property and liability which is budgeted by our risk management fund and \$100,000 on the jail contract based on the actual costs.

And there's a small \$20,000 difference in the call center costs.

In commodities you will see a reduction in the funds there. That's a reduction in the revenues that are in RICO and what we can purchase and we have the radar and the breath tester equipment that we would purchase normally. We are not doing that this year. And then our capital outlays our reductions due to one-time portion of the parking control checkered vehicle we purchased last year. That reduction is in this year's budget.

In the General Fund, expenditure by fund, you see reduction due to reduction again in the fuel budget, property and liability in the one less pay period. And this does include the civilization of one sworn position on computer crimes to a non-sworn position and then it includes the transfer of one forensic scientist supervisor from grant to a General Fund. We enjoyed that grant for almost a decade. And we no longer qualify author that grant and so we had to move that position to the General Fund. Our grant fund decreases, \$250,000 grant that we used to pay our member of the D.E.A. task force out of the grant funds it wasn't a grant. So we still had that position and we're still being reimbursed for that position but it's moved out of the grant fund category.

\$100,000 for the governor's office of highway safety that we enjoy each year for many of the holiday season and the other special enforcement efforts and that's based on the fund granting. The fund granted rather and there's \$100,000 reduction if full service crime lab because we don't qualify there anymore. At this point we can't -- we don't have the personnel to do our firearms testing. As I mentioned before in special programs funds the reduction in RICO because the funds have been reduced and our incomes have been reduced.

And with that, I will answer any questions.

Mayor Lane: I think we had that standing one, and --

Police Chief Alan Rodbell: Okay.

Mayor Lane: As he moved to his button, but I will leave it for Councilman Smith, as far as what we were talking about a little while ago.

[Time: 04:37:59]

Councilman Smith: Yes, I would like you to talk about the opioid issue here to the extent it exists and how you are preparing if it finally comes across the Mississippi.

Police Chief Alan Rodbell: So one of the things that we pride ourselves on here in Scottsdale is we just don't wait for things to happen. We actually look for national trends, things are happening out there and that we can somehow predict somewhere down the road we need to be prepared for in the event that they get there. We did the same thing with the gang unit many budgets ago we said we don't have a gang issue. We have gang presence and other communities near us have gang issues and we have to be prepared for this. We it a couple of other initiatives and we pretty much don't

have a gang problem in Scottsdale but we have some initiatives to deal with that.

When I came -- I'm a member of International property and liability association chiefs of police the narcotics and dangerous drugs committee and so I attend meetings with the director of DEA and other major cities around the country and sheriff's department and we talk about things that are going on around the country nationally. We have even visited -- I visited Rhode Island last year to see what they were faced with when it came to this issue.

One of the things that I immediately was concerned about is it isn't necessarily again, as the chief mentioned, it is not necessarily drug abuse. Some of the overdoses have actually been elderly folks using their medications over medications. And sometimes it's officers coming in contact with fentanyl. They come in contact with suspects and packages and in homes, whatever, that I'm concerned about that instantaneous poisoning and we have a prime lab that handles and deals with these things as well. So one of the things that I looked at was a way of finding to disperse the -- it's not even really a drug. It's not considered a drug by DEA but Narcan, when it's injected into the system it attacked itself to the opioids and it renders the opioid useless, and can bring a person back. Police officers couldn't carry that and administrator that. The law precluded us from doing that. So literally, as a member of the Arizona post board, I pushed to have that law changed and that law was changed last year to allow officers to carry Narcan.

Then the issue was the training. The post board has directed Arizona post to develop a training to train the trainers on the administration of Narcan. Now, there's a cost to this. And there's several ways to administer Narcan and one is through injection and the other is through the inhaler. And by the way, I don't want to stab myself or anyone else for that matter. So I opted to go to the inhaler. The inhaler unfortunately requires you to put it to go, which means some assembly necessary, and it doesn't always administer the same amount and so the concern from fire department was when they arrive on the scene and they -- they believe the police involved how much of this Narcan has been given to the patient. So we found out that really the injectable way which is basically a stab with a needle that hits you and comes right back out and measures how much you received is probably the best way to go. So we are presently looking at a grant that will help us fund that to put that in the hands of every police officer as well as the lab and any other member of our organization that may be out on street or handling packages or anything else. We are in the process of doing that. The state attorney general is considering offering us statewide, every police officer two -- four-year supply, which is two cycle of Narcan to all police officers.

So our head is clearly in the game. This is saving lives. So whether we use it on each other, because we are poisoned by our surroundings or whether we use it to save an elderly patient who has taken too much of their medication, or whether we help somebody on the street that has inadvertently overdosed on heroin, this is the right direction to go in. We are works closely in partnership with the fire department, in training our personnel and preparing our personnel and I anticipate our officers and employees will be carrying it relatively soon, as soon as we get the supplies. Otherwise, we are working with the Drug Enforcement Administration and we are focusing on heroin.

[Time: 04:42:58]

Mayor Lane: Thank you, Councilman. Thank you chief. I would just want to sigh just a mere 12 hours ago being we were right here in the Kiva with the lifesaving awards that you presented today to some of your sworn officers as well. And I would just say, hugely impressed by just the additional components that you have provided to your officers that have had a material effect on their ability to save lives.

Police Chief Alan Rodbell: Thank you. I think the decision to provide every officer with a tourniquet was huge and support of the fire department and training his preparing the people have gone the distant. Just in having that tourniquet available.

Mayor Lane: And one other thing, this would go to the quality of our officers to be able to stand by somebody who is obviously a danger to himself, and to anyone around him, and still talk them down and to be able to control that situation. Really a very impressive award today.

Police Chief Alan Rodbell: Thank you.

Mayor Lane: With that, I don't think there's any other requests of you right now. Next we have Mr. Brian Biesemeyer on Water Resources.

[Time: 04:44:27]

Water Resources Director Brian Biesemeyer: Mayor and Council, just a short presentation. You have seen some of mine before during the rates. Kind of a reminder of what we do and the volume of business we do. 90,000 water customers and 80,000 wastewater customers in 2016, 25 billion gallons of water. We collected almost 8 billion gallons of sewage and we recharged 6.3 billion gallons of water, all in 2016.

Additionally, kind of our finances are a little complex in the fact that we have two enterprise funds as well as seven contractual funds. And so it's a large grouping of different funds. We put those contractual funds together so we ensure our residents don't pay more than they have to and that our commercial enterprises that we have agreements with pay their share. Also Water Resources in 2016 was named Water Resources Utility of the Future Today award, which was a first-time award sponsored by the EPA and the Water Environment Foundation.

As we look at our budget this says 2.19 new personnel, there's a confusion between the Treasurer's Office and the Water Resources, the Enterprise Manager Position was not asked for by Water but the Treasurer's Office gave it to us. When you see the tentative budget it's 1.19 positions in Water.

When we talk about the Sewer fund and the Water funds, the Sewer fund, the delta there, it going down, because of a one-time vehicle purchase in '16 '17, as well as the extra pay period, so that results in the delta of the Sewer fund. In the Water fund, we talked previously, that's the CAP charges that we don't have to pay text year.

As we go by personnel services, the question was asked previously about how do we explain the delta in personal services. I've got a quick explanation. It doesn't have everything. Brian, if you can get the Elmo up. So this goes back to what we are asking for in the 1.19 positions. You see a delta. We are converting one position which is the Meter Reading position into an Instrument and Control Technician, and then we're asking for an Instrument and Control Technician. Those are vital to us, as we have a tremendous amount of technology and we continue to employ technology and we need to people to fix and repair and keep that technology operating. And so that's what you will see but you will also see down there the Enterprise Manager position going away. So when you see the tentative budget, there should be \$118,000 reduction as well. Thanks, Brian.

And then going by type, the contractual services, that's our SROG. The main driver is the payment to SROG, the regional operating group that provides sewer services. It provides the sewer services that we contract with, which is the five city group of Phoenix, Mesa, Tempe, Glendale and Scottsdale and that wastewater in southern Scottsdale goes down to that group and is treated and we're contractually obligated to pay the cost there. And then the Commodities is our capital, is our CIP, no. I will get it right. About our Central Arizona Project water purchases. With that, that concludes my portion of this briefing.

Mayor Lane: Well thank you, Brian. I don't see any requests for questions or comments, but one just sprung up as I was about to dismiss. Councilman Phillips.

[Time: 04:49:00]

Councilman Phillips: It's not a question, Mayor, but it is 10:00. I think we have a policy of continuing or voting to continue.

Mayor Lane: We are still on the same topic. If we were to move another one, then we would take it but we generally complete an area. The item that comes up after this would be the financial statement and that's certainly something with all due respect to Mr. Nichols, something that we could probably continue.

As we look through this, we have quite a ways to go. I would prefer to finish the topic because we are in it right now, but I would look to the Council to see if there's even a consensus to either continue through this or to, [Off microphone comments] We'll do just exactly that then. That's an unofficial vote.

Brian Biesemeyer: Thank you. Thank you, Mayor.

Mayor Lane: Thank you, Mr. Biesemeyer. Okay, now Mr. Worth, you are under the gun now.

[Time: 04:50:21]

Public Works Director Dan Worth: Good evening again Mayor and Council, you will be excited to hear that I am the last presenter on the budget item. Hopefully you will still be excited when you

realize though, as soon as I'm done with my operating budget, I will start talking about the capital budget. That's my five operating departments. Each one uses a different fund which is reflected on the next chart where I go over some of the details.

I'm going to focus here on the middle part of the chart, the expenditures by fund, the first line is the Fleet Management fund our internal fleet fund. The reduction there from this year to the proposed is due largely to continued favorable fuel costs as well as fuel use reduction citywide.

The General Fund line, the second line, \$9 million reduction from current year, I was going to tell you that that was due to inspired leadership at the division level but Brent Stockwell let the cat out of the bag when he told you how we are changing the way we budget utilities. That's what that is, 8 plus million dollars' worth of water or electrical gas utilities that were budgeted in the Facilities Department. Facilities is still going to manage those and pay the bills but that's going to be budgeted at the macro level.

The Grant Funds on the next line, the reduction, it's simply not our turn to get another sweeper from C.M.A.Q. funds through M.A.G. That's what the previous year expenditures were.

[Time: 04:52:01]

The Solid Waste fund, the reduction, before I do that, I do want to mention in the General Fund that is largely Facilities. We do have some new things that we are paying for in the Facilities in the General Fund. One is a Facilities condition assessment. It's something that we talked to the CIP subcommittee about. We want to get a better handle based on the condition of our facilities, what future investment needs are going to be, rather than using a more formulaic approach and investing a couple hundred thousand dollars in facilities planning and this facilities assessment to develop that is going to help guide future funding decisions in the General Fund and the Facilities area.

It's also some, we also have some continued one-time uses which Judy showed on the slide, the slides where she was talking about that undesignated unreserved fund balance. The second year, it's a multi-year program, to get caught up on roof replacements and other items in our buildings.

The Solid Waste, to go back to that \$800,000 reduction that's due in large part to two things. Reduced costs on the commercial side, which we anticipated because of some loss of business, after the rate increases. Good news is the revenues are doing a very good job of keeping up with costs now on the commercial Solid Waste program. The other factor that enters into the reduction is we had some one-time equipment purchases which amounted to over \$400,000 that we are not doing this year.

The Special Programs fund is not money that I spend. It's where we budget the money Capital Collection fund from Southwest Gas that we collect as part of their franchise fee. They use that to cover some of their permit review and approval costs as they do construction in Scottsdale.

The Transportation fund, the last one, \$1 million reduction, again, that's due largely to the change in

the way that we budget for utilities, Transportation Street Operations department pays the bill for the street lights and the traffic signals as well as some utility costs for the sweepers.

The other item on Transportation, I wanted to mention a new item in Transportation, Transportation fund, Street Operations Department, \$288,000 for pavement condition survey. It's the same logic as what I mentioned a moment ago on the facilities survey. This is money that we spend on a periodic basis to go and actually measure the condition, get the pavement condition and then feed that information into our planning tool that we used to build the plans for the successive years and we are anticipating spending money to do some of the streets again next year with that program.

So unless there are any questions on the operating side, that's.....

Mayor Lane: Oh, I'm sorry, we do have some questions by Councilman Smith.

[Time: 04:55:17]

Councilman Smith: Mr. Worth, almost to the bottom of your screen, you show the capital outlays and I know in the next portion of your presentation, you are going to talk about the kinds of things we have been looking at, at the capital expenditures, the subcommittee level. Are these expenditures part of what's done in the General Fund CIP, is that is that what finally rolls up into the General Fund CIP or is that your own departmental expenditure?

Dan Worth: These are not CIP expenditures. These are totally within the operating budget and I believe that number is primarily represented by expenditures on new equipment. Vehicle purchases.

Councilman Smith: Okay. And I assume that, I mean, you may not know the answer to this but almost every budget has something in the capital outlays, and is that, again, just their own departmental mad money or whatever you want to call it?

Dan Worth: Yes, that would be an expense particular to the individual department. It's not CIP.

Councilman Smith: Yeah. So I guess my question to Judy or Jeff or the City Manager, all of this rolls up into what we call the operating budget, even though by caption this is called capital; is that right? It's part of the operating budget?

City Treasurer Jeff Nichols: That's correct.

Councilman Smith: I think my question or wonderment, as I've looked at the various departments, almost every one has a big reduction in that line item, including here, a reduction of \$697,000. And I want to be made comfortable that we somehow haven't balanced the budget by reducing capital outlays. I will call it at the departmental level. That would be of some great concern to me if that's how we quote/unquote balanced the budget. Can somebody give me comfort?

Budget Director Judy Doyle: Mayor and members of the Council, no, we did not balance the budget

as a result of reducing the capital outlays. Most of the reductions of what you are seeing are because of one-time items that were budgeted in the prior fiscal year. Most capital outlays are one-time in nature. And maybe the purchase of a vehicle, etcetera.

Councilman Smith: I think, Mr. Worth, you probably have the lion's share of the budget. I mean, I looked at the other departments and it's, some have 100,000 administrative has \$1.3 million, and probably I.T. kind of stuff. So why don't you make me comfortable that that's not \$697,000 less just because it needed to be. What are we foregoing here?

Dan Worth: Councilman Smith, that number is going to be represented largely by the purchase of a Solid Waste side loader that was a one-time purchase in this year's budget. A tractor for the brush group and that grant money for the sweeper purchase. Those are all considered capital outlays and that's 600,000 plus.

Councilman Smith: I don't think I have any other questions on the budget. I think one day in our subcommittee, we will ask for the inclusion of this in the overall view of the capital spending of the city just so we have all the pieces. Thank you.

Mayor Lane: Thank you, Councilman.

[Time: 04:59:03]

Dan Worth: Mayor, I will continue with the Capital program.

The focus of this presentation is going to be on the General Fund and the Transportation fund CIP. Those are the two pieces of the CIP that are largely dependent on sales tax funding and also they are the two parts of CIP that have been the focus of the CIP subcommittee, and what I'm going to be presenting to you is the result of the deliberations of that body. There are also substantial pieces of CIP in some other areas, in particular our Enterprise funds, water, wastewater and aviation. Those have a minimal impact on the General Fund and as Mr. Biesemeyer just mentioned you get some presentation on the capital needs and those Enterprise funds when we talk, in this case when we talked about a month ago about proposed rates and fees. They include their capital needs in those discussions. So we will focus on General Fund and Transportation as the General Fund existing picture, this is very similar to the slide I showed you in January.

When we talked about the capital planning parameters. It shows in the top portion of the slide, revenues and cash available. Down here, it shows expenditures and these are call currently planned in the five-year CIP budget amounts. And then at the bottom we match up expenditures and the revenue sources and we come up with an amount that's left at the end of the year for each of the five years. When we looked at this in January, we looked at this number in the lower right-hand corner that's before we added any new requirements in year five of this CIP, but it accounts for everything that's budgeted, all the anticipated revenue, we said we had about, it was 30 million when we looked at it in January, and it's 25 million now.

And I'm going to point out two things that are different about this. That's one of them. In January, we had a number here. CIP additional pay go, we showed \$5 million when we did our budget last year, you approved a \$5 million transfer this year, and we anticipated a second one for next year. We have pulled that out, and that is consistent with the discussion that Judy had on the operating side with the undesignated unreserved fund balance. So that was done because we wanted to rejustify that if we were going to do that, and we pulled that out and it is consistent with what you saw earlier.

The other thing that's different, our two lines in here that make reference to Bond 2000. Bond 2000, we issued 350 some million of bonds. We spent the vast majority of them, there's still about \$10 million in primarily balances left from projects that have been completed, and some interest earnings that we need to spend.

And what these numbers reflect is actually a proposal that we were going to bring to you in January. Instead of doing that, we pulled it, discussed it with the CIP subcommittee, got their recommendation, and it will be agendized for the May 9th meeting, but it is an action that takes some of those balances that we have left and reprograms them for other projects that are eligible for those funds, and then frees up some General Fund money and some Transportation fund money, which you will see on a Transportation slide. That's what these numbers show. You know, I'm not anticipating that they will be approved but this does show the effects should you approve that action in two weeks.

[05:03:00]

Bottom line, we have \$25 million to play with at the end of five years, and we have to go cognizant of the balance that we have at the end of each individual year. We don't want to have a situation like that and the reason that we have that is because we pulled out at \$5 million of anticipated pay go. But that's the starting position.

That's what we looked at when we took a look at prioritized list of capital needs that staff developed and the City Manager recommended. That's what the CIP subcommittee has been looking at. That's what they have been doing. The first group of projects to into the CIP, these are the top priorities.

Hopefully you can see the color contrast better than I can. The ones in yellow, these three and then these four down here. These are the ones we started to refer to as the "keep the lights on" projects. Those are continued investment in capital needs associated with buildings, automation and communications technology. They meet the definition of a capital project. We program money for these accounts every year. There is a planned list in each of these life cycle kind of replacements that we are setting aside the money for each year in the five years of the CIP. This is critical to taking care of the stuff that we already have. It's not buying anything new.

The subcommittee felt that this was among the most important of the priorities and I would also point out that all the numbers that I show on this slide are new numbers, what we are adding. There are numbers that we have already budgeted in the first four years of the CIP for each of these. The number I'm showing is primarily what we are looking to add for year five. So most of these numbers

don't prevent us from doing anything in the first four years.

We have taken some revenue that we haven't attached any needs to yet in year five of the plan. The other two projects that we have, that are not highlighted in yellow, Vista Del Camino. This was the next highest priority, this is a request to add money to a project already in the five-year CIP. It's currently an \$18 million project in the CIP.

The request was to add \$5 million and it is largely to take care of some infrastructure pieces of this project primarily, water pumps of the appropriate capacity to be able to move water through the different reservoirs and into the irrigation systems that use it.

I'm going to show you some numbers on the next slide. It doesn't just add 5 million. It also spreads it out over five years. Even though we are proposing to add money, it actually frees up some capacity in the first year of the five-year CIP and I will show you that in the next slide.

The last project on the list, that was fairly easy. It's a reduction and I will credit the reduction to the inspired leadership of the Director of our I.T. Department. That was a future year program and I can't begin to go into the details how it fits in with the regional effort but we don't need to spend that money. So that's winnings.

This is what I mentioned the Vista Del Camino project, current CIP, it's all planned for fiscal year '17/18, \$18 million. The proposal. We add \$5 million to it and you can see the right-hand column but we only anticipate spending design money, essentially the first year and then we are executing it in phases. It actually makes more sense to do this, this way because of massive disruption that would take place in we tried to do it all at once. This actually is a more systematic way of getting it done with the least impact and still achieve the same results.

[05:07:11]

So that was the top priority. The next thing that we did after getting those top priority projects into the budget was we took a look at what else off of that prioritized list of unmet needs we could fit into the budget and still maintain a positive balance at the end of each year. The ability to add these projects into '17/18 is largely due to that spreading of the Vista Del Camino project. That gave us the ability to add some projects just like last year, some downtown projects rose to the top of the list. The McDowell Road berm project, removal of the berm and landscaping those sites, part of the McDowell corridor initiative. That rose towards the top of the list and you can see some of the other items that are included. Total \$5 million that we had room within the first year of the five-year plan to add those in.

Then we went and looked at the next year's and you will see that I jumped straight to 2021 which is year four. We didn't have any capacity with a projected revenue stream to add anything else in year two or in year three, if we are going to add anything in year two or year three, we will have to add revenue. So this is what we then had room for in year four. And this is what year five would look like, again taking the next list of projects off the prioritized list. And this is on top of adding the year

five for those "keep the lights on" projects that we had already plugged into year five of the CIP as one of the first group of projects, the top priority.

So year by year, that's what we went over with the subcommittee, that's the subcommittee's recommendation and this is what the five-year plan then looks like if we adopt that recommendation, same revenues. We have adjusted the budget, adjusted the spend and you can see that we maintain a positive balance. This was kind of the critical year, year three. That's why we couldn't add anything in year two or year three. We would have gone negative in year three, but we do maintain a positive balance all the way through the end of the five-year CIP with that program of recommended additions.

And then I can go through this a little bit more quickly. It's the same logic, the CIP transportation fund, this was the going in position. The current budget, slides that I showed you in January, and we use it to take a look at the revenues, expenses and determine what we can afford.

Same thing that I explained to you with the Bond 2000. There's some money in the Bond 2000 that was part of the transportation question that we can reprogram, spend it quicker and free up some Transportation sales tax funding to meet other needs. So that's part of the cash on hand and then you can see at the end of each year and at the end of the five years what we have available for new projects.

[05:10:39]

This is what the subcommittee considered top priority. We have, these are slightly different from the projects that I had in yellow on the General Fund slide because these are not programmed replacements but they are programs, where we budget an amount every year to meet needs, well, the payment overlay is programs. We have an actual plan that identifies based on a condition and the model what segments get paved with what treatment each year.

The other is the intersections and the sidewalks, the bikeways, those are all capital accounts that we budget money for every year and then we identify needs and spend that money as those years approach. But it is a systematic way of budgeting to ensure that we meet some of the needs in these areas. The subcommittee felt it was important to fund this year five. That's what this is, year five, it doesn't change the one through four balances on these projects.

The next one Miller Road underpass, 5.7 million, this is Miller Road where the Miller Road alignment goes underneath the 101, in between Hayden and Scottsdale Road, it's a \$19 million project in the M.A.G. arterial life cycle program. \$5.7 million is our match. We actually got development agreement with Arizona State land that's going to reimburse the city for much of this, as state land parcels get sold at auction. This is a good deal in terms of the infrastructure that we get for this investment. That's why it ranked so highly. And the reason that it became a request is it's currently outside of the five-year plan, but ADOT has plans to add lanes on this section of the 101, roughly in year three, corresponding to year three of our plan. If we move this project up, we can do it at the same time as that ADOT widening and minimize disruption and take advantage of the fact that they

are both going on.

So this is the next priority off of that list, Raintree reduction, cross cut canal bridge and path, and Pima Road from Krail Street, just north of the Arizona canal so this is the segment from south of Indian Bend down to Chaparral. It's actually just a minor adjustment of a project that's already budgeted. The cross cut canal is a project that, and I have a slide here that I think shows some, no. I don't have it. It's a project that we have grant funding for and it's an adjustment to the city's match we're able to get grant funding to do this project.

The same logic. We took a look at the subcommittee's top priorities, plugged those into this program, and saw what else we could fit. This is what else we could fit, not an awful lot. And the reason that this project is important, it came to the top of the list, this is the segment of the Via Linda that runs between Hayden and 90th Street. There's the series of, I think, it's six, seven, five, I will call them roundabouts. They are roundaboutish, they were designed back in the '90s, Paul could tell you about that. They are not the standard. They create some issues. They really ought to be adjusted, the approach is adjusted, widened a bit, more permanent curbing, sidewalk improvements adjacent to them. It would be the right thing to do to bring them into our current standard.

[05:14:44]

The reason it comes up, the high priority now is because this segment of the Via Linda came up on the repaving list and it would be a shame to spend the money to do an overlay and repave this segment of Via Linda and not spend the extra money to fix the roundaboutish installations and the adjoining sidewalks at the same time. So this is trying to maximize the money we are trying to put into the paving program and the rest of the CIP. So if we take the top priority projects plus the Via Linda project, and we plug them into the five-year plan, this is what it looks like.

One difference from the General Fund that I will point out and that is we are also proposing here in year three to add some PAYGO. We have an unreserved fund balance in the Transportation fund just like we have in the General Fund. We spent some time talking about earlier tonight. The reason that we proposed putting the \$2.6 million here is because we need that, to add the Miller Road project that goes into year three, \$5.7 million. So what we are essentially doing is taking \$2.6 million out of the Transportation fund, undesignated unreserved fund balance, in order to be able to spend the \$5.7 million which will get largely repaid in order to get a \$19 million project. So it seemed like a prudent thing to do.

And this is a chart similar to the one that you saw earlier for the General Fund that shows that Transportation fund, unreserved fund balance, just like the General Fund. In the Transportation fund we maintain an operating contingency and we maintain a reserve. The same policy. This is our undesignated balance, if you can't see the number, it's 8.9 million, it's projected at the end of '17/18 and in the operating budget, on the Transportation budget, we are showing a balanced budget with a slight surplus each year. So this grows.

So we are recommending, the subcommittee is recommending in order to get that Miller Road project

in, as well as the other projects that we take \$2.6 million out of that and plan to transfer it into the CIP in year three. And with that, that is the end of my presentation. I would be happy to address any questions.

Mayor Lane: Thank you, Mr. Worth. I appreciate the presentation and speed and how it was delivered. It was very nice and concise, to the point. And so that point, I don't see any specific questions to you at this point in time. So I want to, again, thank you for the presentation and everyone on staff with regard to that. And that does complete this area of things on item 27.

So as we had discussed a little earlier. We do have the remaining item of the monthly financial update. Oh, I'm sorry. Councilman Smith, I'm sorry.

[05:18:02]

Councilman Smith: I'm sorry to keep cluttering the screen there.

Mayor Lane: It's all right.

Councilman Smith: No, on this whole subject of the budget, I think we are supposed to be providing the City Manager some direction or guidance or whatever the wording is in the language of the agenda item. And I would like to suggest for myself, and then you can poll the rest of the Council if you would like, but I would like to recommend two things. Number one, I would like to recommend that we do, in fact, incorporate in the final budget, a \$5 million transfer from the unreserved fund balance to the CIP General Fund.

As Dan said, at the subcommittee level, we recognize there's been no authorization for that, but in the earlier presentation we were told that there's going to be projected a \$13.2 million unreserved fund balance in the General Fund and as we have commonly done in the past, I would like to direct that \$5 million of that be directed to the CIP. As I said before, I'm not a big fan of saying we can't do it because we might lose money next year. The City Manager and the budget people have told us we will come back with a balanced budget. So the money is there. I would like to see 5 million transferred. The other thing I would like to have you poll the rest the Councilmembers on is my recommendation that we direct the City Manager to reinsert the 2% allowed property tax in the budget. Thank you, Mayor.

Mayor Lane: Thank you, Councilman. And I think that polling on both of those would be appropriate. The one thing I would want to ask is this a consensus of opinion from the C. I. P. subcommittee on the first order?

Councilman Smith: At the moment, it's just a consensus of opinion from me.

Mayor Lane: I'm not sure if part of the subcommittee was to advance their thinking on this, but at the same time, I'm not adverse to considering it here, but it would certainly be, I would appreciate hearing from the other subcommittee members with regard to their position on the first count. If

you wouldn't mind, I don't mean to put you on the spot, but Councilwoman Korte, if you have some thoughts on that?

Councilmember Korte: Mayor, as a subcommittee, we haven't even discussed what that amount would be or if there would be a transfer. I would like to have some guidance from staff regarding that number, is it \$5 million, is it 4.5, is it 6? You know, whatever that is and have them come back to us with a recommendation. We clearly have some funds in there. So what is prudent and fiscally responsible?

Mayor Lane: All right. I would ask the other subcommittee member as what position or thoughts he has on either one of those more specific dollar amount versus a look at what's in there and what's available to make sure we move forward with the allocation of some of those funds for the CIP.

[05:21:39]

Councilman Phillips: Well, Councilwoman Korte said, we didn't discuss it so I don't plan on discussing it now.

Mayor Lane: Any other thoughts? He doesn't want to discuss it now. All right. Let me ask you this, Councilman, the second one was the reinstating of the 2% on an annual basis of the....

Councilman Smith: That was correct. It wasn't suggesting at the moment taking any of the past waivers. It was just taking the 2%, \$500,000 roughly that would be permitted this year.

Mayor Lane: All right, let's, I understand that we have at least two thoughts as far as the amount of money that might come out of the unallocated reserve to apply. One would be sort of a direction to look and see, have the staff look and see what application we could have there and come back with the application, I'm sorry, Councilman, it was \$5 million.

Councilman Smith: Well, I did suggest \$5 million but I'm more than happy to go along with the suggestion that we give simply give guidance to the City Manager to come back with us, with, scrape up as much as he can to send to CIP and let him come up with the recommendation.

Mayor Lane: Well, if we were to lead with that, then the consensus of the two, is that understood by the rest of the Council and just as a consensus, so are we in agreement on that? Okay?

Councilwoman Littlefield: Mayor, yes, I'm in agreement with that but I kind of echo what Councilwoman Korte said, I want it to be prudent and financially stable. I don't want any, you know....

Mayor Lane: No.

Councilwoman Littlefield: There's not that much money to play around with that we want to take a chance on our operating budget.

Mayor Lane: Understood and I think that's considered in what we are trying to project forward. Okay. So to that point, the direction is on the, as far as the unallocated reserve, to take a look at that and judiciously consider what we could be able to put into the CIP without damage. I think we've got that. On the other item, let's just, maybe we can consider it in spite of the fact it may not have been considered by the financing but go ahead Councilwoman.

Councilmember Korte: May I suggest again to request staff to come back to us with, you know, we know that 2% is going to generate about \$500,000. It's not a lot of money, but what impact does that have in year two and three, when we were negative and perhaps come back to us with your side of the story and what you feel is responsible. You know, what's responsible and prudent and fair to our taxpayers and also maintaining the services that we expect and our citizens expect. Did that make sense? I rambled a little bit.

Mayor Lane: I think. So Mr. Thompson, did you have something you wanted to weigh in on this in mar.

[05:25:02]

City Manager Jim Thompson: On both, Mr. Mayor. The first, I appreciate the fact of allowing us to get a look at, it because as noted earlier, we were talking about the fund balance and the General Fund, the undesignated unreserve and how that in future years that became a negative in the sense where we spent it all down, and by taking \$5 million out, obviously that wouldn't help. However, by adding \$500,000 a year, the compounding effect on that could allow us to go some the other direction in the CIP. I appreciate the opportunity to look at both and come back with a recommendation. Thank you.

Mayor Lane: Okay. Is that reasonable from the rest of the group? Okay. Then we have a consensus on that then, thank you, Mr. Thompson. All right. So that's the extent of it, unless there's any other comments with regard to some direction on revenue side. We'll consider that a closed matter and item 27 is complete and what I would suggest and I don't know that it's worthy of, yes, go ahead Councilwoman.

Councilwoman Littlefield: I would like to thank the subcommittee on the CIP for the work that they did. I think they did a very good job. I thank them very much. Thank you.

Mayor Lane: Very good. And I would certainly like to weigh in on that too. I didn't know exactly what status was, but I don't think it's completed work yet, when we think about what other revenue sources that might be necessary in the evaluation of this. So it's not a closed door on the subject yet.

But now I would ask whether or not we would want to continue for the item 28 and I'm going to move that we continue item 28, which is the Monthly Financial Update to our next meeting.

Council: Second.

Mayor Lane: Seconded, all those in favor of that, please indicate by aye. It passes. So then we move on to, there's no additional public comment. There's no additional public comment, there's no citizen petitions. And Mayor and Council items.

ADJOURNMENT

[05:27:17]

Mayor Lane: Hearing none, the motion to adjourn.

Council: Seconded.

Mayor Lane: All in favor of adjournment, aye. We are adjourned. Thank you. And thank you to staff.