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#### **CALL TO ORDER**

[Time: 00:00:05]

Mayor Lane: WELCOME TO OUR COUNCIL MEETING OF JANUARY 22, 2013.

#### **ROLL CALL**

[Time: 00:00:16]

City Clerk Carolyn Jagger: THANK YOU, YOUR HONOR. MAYOR JIM LANE.

Mayor Lane: PRESENT.

City Clerk Carolyn Jagger: VICE MAYOR DENNIS ROBBINS.

Vice Mayor Dennis Robbins: HERE

City Clerk Carolyn Jagger: COUNCILMEMBERS Suzanne Klapp

Councilmember Suzanne Klapp: HERE.

City Clerk Carolyn Jagger: VIRGINIA KORTE.

Councilmember Virginia Korte: Here

City Clerk Carolyn Jagger: BOB LITTLEFIELD.

Councilman Littlefield: HERE.

City Clerk Carolyn Jagger: LINDA MILHAVEN

Councilwoman Milhaven: HERE

City Clerk Carolyn Jagger: GUY PHILLIPS

Councilmember Phillips: HERE

City Clerk Carolyn Jagger: ACTING CITY MANAGER DAN WORTH.

Acting City Manager Dan Worth: HERE.

City Clerk Carolyn Jagger: CITY ATTORNEY BRUCE WASHBURN.

City Attorney Bruce Washburn: HERE.

City Clerk Carolyn Jagger: CITY TREASURER DAVID SMITH.

City Treasurer David Smith: PRESENT.

City Clerk Carolyn Jagger: CITY AUDITOR SHARON WALKER.

City Auditor Sharon Walker: HERE.

City Clerk Carolyn Jagger: THE CLERK IS PRESENT.

**PLEDGE OF ALLEGIANCE**

[Time 00:01:34]

Mayor Lane: TODAY WE HAVE THE CUB SCOUT PACK 501 WITH THE SCOUT LEADER TAMMY LAGANA TO LEAD US IN THE PLEDGE OF ALLEGIANCE. IF YOU WILL ALL STAND.

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: TURN THE MIC AROUND SO YOU CAN FACE THE AUDIENCE. TELL US YOUR NAME, SCHOOL YOU GO TO AND YOUR FAVORITE SUBJECT MATTER.

Cub Scout Pack 501: I GO TO TONALEA ELEMENTARY MY NAME IS ALBERT, MY FAVORITE SUBJECT IS MATH. I GO TO TONALEA ELEMENTARY MY NAME IS CHRISTOPHER, MY FAVORITE SUBJECT IS MATH.

Mayor Lane: THANK YOU FOR BEING HERE GENTLEMEN.

**INVOCATION**

[Time: 00:02:46]

Mayor Lane: FOR THIS EVENING WE WELCOME PASTOR RAY BARTON FROM THE SCOTTSDALE BIBLE CHURCH. PASTOR.

Pastor Ray Barton: LET US PRAY. HEAVENLY FATHER, WE HUMBLY COME BEFORE YOU TONIGHT SEEKING YOUR LEADING AND YOUR BLESSING ON THE DECISIONS BEING MADE HERE. WE ACKNOWLEDGE YOU AS THE SOVEREIGN GOD CREATOR OF OUR WORLD AND ALL THINGS IN IT. WE ACKNOWLEDGE THAT THE BIBLE, YOUR WORD TO MANKIND, TELLS US THAT IF WE SEEK WISDOM, WE PRAY AND ASK FOR IT BECAUSE YOU ARE THE SOURCE OF WISDOM AVAILABLE TO ALL WHO WILL POSSIBLE ASK BY FAITH FOR IT. YOUR WORD ALSO COMMANDS US TO PRAY FOR THOSE LEADERS THAT YOU HAVE PLACED IN AUTHORITY OVER US BEGINNING WITH OUR PRESIDENT AND ALL OTHER NATIONAL STATE AND CITY OFFICIALS. SO TONIGHT, WE PRAY THAT YOU WILL GIVE OUR COUNCILMEMBERS WISDOM TO GOVERN US WITHIN THE SCOPE OF YOUR PERFECT WILL. THANK YOU FOR YOUR BLESSING ON OUR NATION, OUR STATE, AND OUR CITY. WE PRAY THESE REQUESTS IN THE NAME OF OUR LORD, AMEN.

Mayor Lane: THANK YOU PASTOR.

Pastor Ray Barton: THANK YOU.

**MAYOR'S REPORT**

[Time: 00:04:27]

Mayor Lane: FIRST ORDER OF BUSINESS, LET ME TAKE A MOMENT TO ANNOUNCE THE APPLICANT FOR ITEM 21 ON TONIGHT'S AGENDA, REZONING, HAS ASKED TO CONTINUE THE ITEM UNTIL FEBRUARY 5th. THE APPLICANT HAS A RIGHT FOR ONE CONTINUANCE SO WE WILL NOT BE HEARING THAT TONIGHT SO IF YOU'RE HERE FOR THAT CASE THAT IS CONTINUED UNTIL THE 5th OF FEBRUARY. WE HAVE ONE OTHER ITEM OF NOTE FROM THE COUNCIL WE'D LIKE TO GIVE A SINCERE THANK YOU TO OUR STILL VICE MAYOR ROBBINS FOR HIS VALUABLE SERVICE AS VICE MAYOR IN THE LAST SEVERAL MONTHS. I APPRECIATE YOU STEPPING IN FROM TIME TO TIME VICE MAYOR AND AS OF FEBRUARY 1st COUNCILWOMAN SUZANNE KLAPP WILL ASSUME THE VICE MAYOR'S RESPONSIBILITIES. THANK YOU DENNIS FOR A GREAT JOB.

Vice Mayor Robbins: THANK YOU.

Mayor Lane: I SEE THE CITY MANAGER DOES HAVE A REPORT.

**CITY MANAGER'S REPORT**

[Time 00:05:33]

Acting City Manager Dan Worth: YES MAYOR. I'D LIKE TO INTRODUCE THE COMMUNICATIONS DIRECTOR KELLY CORSETTE TO TALK ABOUT A LITTLE OUTREACH EFFORT RELATED TO THE GENERAL PLAN WE'D LIKE TO PUBLICIZE.

Communications and Public Affairs Director Kelly Corsette: THANK YOU MR. WORTH, MAYOR, MEMBERS OF THE CITY COUNCIL. MEMBERS OF THE PUBLIC, WHAT DO YOU PICTURE WHEN YOU THINK OF SCOTTSDALE? THAT'S THE QUESTION WE'RE ASKING AS PART OF THE VISIONS OF SCOTTSDALE PHOTO CHALLENGE WHICH AS INDICATED IS AN ONLINE PHOTO CONTEST. ANYONE CAN ENTER AND EVERYONE CAN CLICK TO SUPPORT THEIR FAVORITE IMAGES. CAN YOU SCROLL DOWN A LITTLE BIT? THERE ARE SOME IMAGES. THE CHALLENGE IS SPONSORED BY THE 2014 SCOTTSDALE GENERAL PLAN. THE CITY WILL SELECT THE BEST IMAGES TO PROMOTE THE CITY AND THE GENERAL PLAN IN THE FUTURE. PEOPLE CAN SUBMIT THEIR PHOTOGRAPHS AT [CAPTURE.MYARIZONA.COM/CHALLENGES](http://CAPTURE.MYARIZONA.COM/CHALLENGES) THROUGH FEBRUARY 28th. EVEN THOUGH WE JUST LAUNCHED THE CHALLENGE OFFICIALLY ON FRIDAY, WE ALREADY HAVE 75 IMAGES SUBMITTED AND 2343 VOTES CAST SO FAR. IT'S A GREAT SITE. YOU'LL SEE AMAZING PHOTOGRAPHS. WE ENCOURAGE THE COMMUNITY TO EXPRESS THROUGH PICTURES WHAT THEY VALUE ABOUT SCOTTSDALE. TWO WINNERS WILL BE SELECTED FROM AMONG THE PHOTOGRAPHS SUBMITTED. EACH WILL RECEIVE TWO TICKETS TO A PERFORMANCE AT THE SCOTTSDALE CENTER FOR PERFORMING ARTS. I ENCOURAGE YOU TO PARTICIPATE AND EVERYONE WATCHING AT HOME TO PARTICIPATE IN THIS PHOTO CHALLENGE. WE'RE REALLY EXCITED ABOUT IT. THANK YOU.

Mayor Lane: THANK YOU MR. CORSETTE.

#### **PRESENTATIONS/INFORMATION UPDATES**

[Time 00:07:19]

Mayor Lane: WE'RE ALSO PLEASED TO WELCOME THE ARIZONA PUBLIC SERVICE (APS) COMPANY WITH THE WATER RESOURCES EXECUTIVE DIRECTOR. THEY PROVIDE INFORMATION ABOUT THEIR PEAK SOLUTIONS PROGRAM AND A REBATE FOR THE CITY'S ENERGY REDUCTION EFFORTS. BRIAN.

Water Resources Executive Director Brian Biesemeyer: MAYOR AND COUNCIL, THANK YOU. I'M HONORED TO BE HERE THIS EVENING TO TALK ABOUT THIS PROGRAM THAT APS OFFERS. IT'S THROUGH THE WORK OF MULTIPLE DIVISIONS AND DEPARTMENTS IN THE CITY AS WELL AS DILIGENT EMPLOYEES THAT WE'RE ABLE TO RECEIVE THIS REBATE FROM APS AND SAVE MONEY FOR ALL SCOTTSDALE RESIDENTS. FOR THE PAST THREE YEARS, EMPLOYEES THROUGHOUT THE CITY HAVE WORKED CLOSELY WITH APS AND THEIR PEAK SOLUTION PROGRAM TO REDUCE ELECTRICITY NEEDS IN SUMMER MONTHS, MAINLY JUNE THROUGH SEPTEMBER. THE PEAK SOLUTION PROGRAM HELPS APS IN THE SELECT FEW HOTTEST DAYS DURING THE YEAR. DURING ONE OF THESE DAYS, APS THROUGH THE PROGRAM WILL CALL THE CITY AND ASK FOR VOLUNTARY REDUCTIONS IN POWER. THIS BENEFITS THE SCOTTSDALE BY LOWERING OPERATING COSTS AND ALSO QUALIFIES US FOR A REBATE CHECK. IN ADDITION, PARTICIPATING IN THE PEAK SOLUTION PROGRAM ENHANCES THE SUSTAINABILITY NOT ONLY OF THE CITY BUT VALLEY WIDE BY APPLYING GREATER RELIABILITY FOR CUSTOMERS DURING HOTTER SUMMER MONTHS. SCOTTSDALE'S EFFORTS INCLUDE REPROGRAMMING NEW THERMOSTATS ON AIR CONDITIONING UNITS TO ADJUST TEMPERATURES, OR CYCLE-TIMES DURING PEAK TIMES AND

HOURS, REDUCING ELECTRICAL LOADS ON WATER CAMPUSES BY SHIFTING WATER PROCESSES TO DIFFERENT TIMES OF THE DAY WITHOUT AFFECTING CUSTOMER SERVICE. BY THE WAY, THE WATER CAMPUS IS ONE OF TWO LARGEST SITES IN ARIZONA IN THIS PROGRAM AND THEIR SHARE OF THE SAVINGS WAS OVER \$100,000. VERN BRAAKSMA IS HERE FROM APS TO PRESENT THE CHECK EARNED BY THE CITY THROUGH THE DILIGENT WORK OF THE EMPLOYEES.

Brian Biesemeyer: MR. MAYOR. AS YOU KNOW, IT'S \$114,786. IT'S A LITTLE UNDER.

Vern Braaksma: ON BEHALF OF APS WE WANT TO THANK THE LEADERSHIP OF THE WATER RESOURCES DEPARTMENT FOR ENROLLING IN THE PROGRAM AND ALSO TO THANK ALL THE EMPLOYEES IN THAT GROUP WHO WENT ABOVE AND BEYOND THE CALL TO STAY EXTRA HOURS TO PULL THIS OFF. AS THE ACCOUNT MANAGER FOR THE CITY OF SCOTTSDALE FOR APS, I DON'T DO THIS ALONE. THERE'S A COUPLE OF GUYS IN THE BACK WHO ARE INSTRUMENTAL TO THIS. WE WANT TO THANK YOU ALL FOR YOUR LEADERSHIP AND INVOLVEMENT IN THE PROGRAM. THE LEAST EXPENSIVE KILOWATT OF ENERGY IS THAT ONE THAT IS NOT USED SO WE CAN PASS IT TO ANOTHER USER. WE APPRECIATE YOU SAVING ENERGY LIKE THAT. THANK YOU.

Mayor Lane: THANK YOU VERNON AND APS. THANK YOU TO STAFF FOR ALL THE WORK THEY DID INVOLVED WITH MAKING SURE WE DO THE BEST WE POSSIBLY CAN WITH ENERGY CONSUMPTION AND WATER RESOURCES HAS A BIG TAB TO PAY WHEN IT COMES TO ENERGY. IT'S ALWAYS GOOD TO RECOVER ON THAT. IT'S A GREAT PROGRAM; APPRECIATE THE EFFORT THAT'S BEEN PUT FORTH TO MAKE SURE WE TAKE ADVANTAGE OF IT. THANK YOU.

**PUBLIC COMMENT**

[Time 00:11:37]

Mayor Lane: OUR NEXT ORDER OF BUSINESS IS PUBLIC COMMENT. IT IS TIME RESERVED FOR CITIZEN COMMENTS FOR NON-AGENDIZED ITEMS WITH NO OFFICIAL COUNCIL ACTION TO BE TAKEN. SPEAKERS ARE LIMITED TO THREE MINUTES A MAXIMUM OF FIVE SPEAKERS ARE ALLOWED. THERE WILL BE AN OPPORTUNITY AT THE END OF THE SESSION IF THERE ARE ADDITIONAL PUBLIC COMMENTS REQUESTS. AS IT IS NOW, WE HAVE ONE REQUEST FOR PUBLIC COMMENT. IF YOU COULD COME FORWARD, MR. MARK STUART.

[Time 00:12:40]

Mark Stuart: GREETINGS MAYOR LANE AND MY DEAR FELLOW REPUBLICANS. TONIGHT I HAVE A PETITION SIGNED BY 12 PEOPLE. I COULD HAVE HAD MORE BUT I SIMPLY DIDN'T HAVE THE TIME TO GET SIGNATURES. I'M ASKING YOU TO RECONSIDER YOUR ACTIVITY OF DECEMBER 3rd AND YOUR DECISION REGARDING THE PLAYERS CLUB MANAGEMENT AGREEMENT. IN THIS PETITION, I'M ASKING FOR THREE THINGS; FULLY AND ACCURATELY DISCLOSE FINANCIAL DETAILS OF THE BUSINESS RELATIONSHIPS; TWO, SOLICIT CONTRACTUAL ANALYSIS FROM COMPETITORS SUCH AS TROON GOLF OR KEMPER SPORTS TO DETERMINE WHAT OUR COMPETITIVE TERMS FOR A MANAGEMENT CONTRACT SUCH AS OURS; LASTLY, INSTRUCT THE CITY ATTORNEY TO PROVIDE A SUBSTANTIVE WELL RESEARCHED RESPONSE OR REBUTTAL TO THE CLAIMS MADE BY MYSELF AND OTHERS THAT THIS GIFT TO THE PGA TOUR AND SUBSIDIARY OF THE TOURNAMENT PLAYERS CLUB OF ARIZONA IS IN FACT AN

ILLEGAL SUBSIDY. I'VE LEFT A COPY WITH THE CITY CLERK AND I HOPE YOU'LL CONSIDER IT WHEN THE TIME COMES. WE HAVE A RARE OPPORTUNITY TONIGHT THAT'S FOR YOU GUYS TO LISTEN TO SOME EXTRAORDINARILY ELEGANT PROSE WRITTEN BY ONE OF OUR OWN, MAYOR JIM LANE. WHEN THE ARIZONA CONSTITUTION WAS ADOPTED, OUR FOUNDERS HAD THE FORESIGHT TO PROHIBIT THE GOVERNMENT FROM GIVING TAXPAYER CASH AWAY TO PRIVATE INTERESTS. OUR FOUNDERS RIGHTLY FEARED POWERFUL SPECIAL INTERESTS WOULD LEVERAGE PUBLIC MONEY OUT OF THE POCKETS OF TAXPAYERS AND INTO THEIR OWN POCKETBOOKS. IN FACT, THAT'S WHAT WE SEE HAPPENING HERE WE'VE LOST MORE THAN \$27 MILLION ON THE TPC (TOURNAMENT PLAYERS CLUB) ARRANGEMENT. WE'RE SLATED TO LOSE ANOTHER \$1.0 MILLION A YEAR FOR THE NEXT 20 YEARS. UNFORTUNATELY, HE CONTINUES, COURTS HAVE NOT CONSISTENTLY ENFORCED THE GIFT BAN. WITHOUT THIS CHECK, CITIES ARE FORCED INTO THE CARD GAME TO OUTBID ONE ANOTHER WITH INCREASING AMOUNTS OF TAXPAYER SUBSIDIES. THIS WAS DONE TO INFLUENCE OR ENTICE PROFESSIONAL GOLFERS TO LOCATE TOURNAMENTS IN THE WINNING BIDDER CITY. THAT'S ME, NOT HIM. HE WAS SPEAKING ABOUT RETAIL. THE NEEDLESS WASTE OF TAXPAYER RESOURCES, THE SHIFT IN TAX BURDENS TO OTHERS, GOVERNMENT SELECTIVE FAVORING OF SOME AND GOVERNMENT'S ARBITRARY CREATION OF AN UNFAIR COMPETITIVE ADVANTAGE ARE ALL PROBLEMS CREATED BY ILLEGAL GIFTS OF PUBLIC MONEY TO FAVORED BUSINESSES SUCH AS THE PROFESSIONAL GOLF ASSOCIATION. I COULD GO ON AND ON BUT SINCE I HAVE 10 SECONDS, I'M GOING TO STOP. I URGE ALL OF YOU TO READ THIS AND SUBSTITUTE RETAILERS FOR PROFESSIONAL GOLF ASSOCIATIONS AND THE CITY OF SCOTTSDALE FOR THE CITY OF PHOENIX. THIS WAS PUBLISHED IN THE ARIZONA REPUBLIC JUNE 9, 2009. THANK YOU FOR YOUR TIME AND I HOPE YOU GIVE SERIOUS CONSIDERATION TO MY PETITION.

Mayor Lane: THANK YOU MR. STUART. THAT COMPLETES PUBLIC COMMENT TESTIMONY.

**ADDED ITEMS**

[Time 00:16:06]

Mayor Lane: NEXT ORDER OF BUSINESS AS WE MOVE TO THE AGENDA ITEMS. I'D LIKE TO NOTE THAT WE HAVE SUPPORTING MATERIALS FOR ITEM 8 WERE ADDED LESS THAN 10 DAYS PRIOR TO THE MEETING. AS SUCH, WE NEED TO VOTE AS TO WHETHER OR NOT TO INCLUDE THAT MATERIAL IN THE AGENDA AS INDICATED OR TO CONTINUE THE ADDED ITEMS TO FEBRUARY 5th COUNCIL MEETING. WITH THAT IN MIND, UNLESS THERE'S A QUESTION OR COMMENT, DO I HAVE A MOTION TO ACCEPT THE AGENDA TO PRESENT OR CONTINUE IT?

Councilmember Korte: SO MOVED.

Mayor Lane: THEN TO ACCEPT THE AGENDA AS INDICATED?

Councilmember Korte: YES.

Vice Mayor Robbins: SECOND.

Mayor Lane: IT HAS BEEN MADE AND SECONDED SEVERAL TIMES. ALL THOSE IN FAVOR INDICATE BY "AYE." THOSE OPPOSED "NAY"? IT'S ACCEPTED TO REMAIN ON THE AGENDA UNANIMOUSLY. THANK YOU.

**CONSENT ITEMS**

[Time 00:17:08]

Mayor Lane: NEXT ITEM OF BUSINESS IS OUR CONSENT ITEMS 1-20. WE DO HAVE SOME CARDS TO SPEAK TO TOWARD ITEM 11. I WILL SPEAK TOWARD ITEM 17. WE'LL START WITH THE COMMENTS ADDRESSED TO ITEM 11 WHICH IS THE TOURNAMENT PLAYERS CLUB STADIUM COURSE CONSTRUCTION SERVICES CONTRACT. SO WE'LL START WITH MARK STUART LOOKING FORWARD FOLLOWED BY JOHN WASHINGTON.

[Time: 00:18:31]

Mark Stuart: ALL RIGHT. LET ME START WITH PREPARED REMARKS WHICH ARE INDIRECTLY ON THIS ITEM. WHEN I WAS ORIGINALLY GOING TO COME UP HERE, I WAS GOING TO BRING A THESAURUS TO READ OFF WORDS THAT ARE SYNONYMS FOR CALAMITY, EMBARRASSMENT FOR THREE MINUTES. I DON'T THINK THERE ARE ENOUGH WORDS FOR THAT. I WANT TO START WITH THIS. THE PRESSURE OF HISTORY BEARS DOWN UPON BOTH CITY STAFF AND THE COUNCIL. IT'S MUCH EASIER TO CONTINUE TO DO AS WE HAVE ALWAYS DONE RATHER THAN TO ASK MORE QUESTIONS OR EVEN TO QUESTION THE VALIDITY OF AN ENTIRE BUSINESS ARRANGEMENT. ALL THESE FACTORS COMBINE TO CREATE A PUBLIC PRESENTATION DESIGNED TO GET THE TPC BUSINESS ARRANGEMENT DONE RATHER THAN TO CREATE A THOROUGH DISCUSSION OF THE BUSINESS ARRANGEMENT AND THE TRUE COSTS AND BENEFITS TO THE CITY. WOULD THE COUNCIL HAVE VOTED DIFFERENTLY WITH MORE COMPLETE, ACCURATE AND RELEVANT INFORMATION? THIS IS REFERRING BACK TO DECEMBER BUT THIS ITEM COMES DIRECTLY OUT OF THAT. I'M TRYING TO DO IT TO GET YOU TO STOP, TAKE A DEEP BREATH AND SAY MAYBE WE CAN TAKE A BREAK FROM THIS SO WE DON'T CREATE A BIGGER PROBLEM DOWN THE ROAD. THERE'S EIGHT POINTS I CAN MAKE IN THE NEXT MINUTE AND 40 SECONDS. THE TOURNAMENT PLAYER'S CLUB HAS NO INFLUENCE OVER THE PLACEMENT OF PGA GOLF TOURNAMENT. THAT'S A COMMON MISPERCEPTION OF THE STAFF AND CITY COUNCIL. EVEN IF WE GET RID OF THEM BECAUSE APPARENTLY THEY'RE NOT GOOD AT MANAGING THE CITY COURSE OR NOT MAKING ENOUGH MONEY, PHOENIX OPEN WILL STILL STAY HERE. THERE'S NO CREDIBLE EVIDENCE OF ANY KIND THAT THE PGA DESIRES TO MOVE THE PHOENIX OPEN FROM SCOTTSDALE. IN CONVERSATION WITH TPC CITY EMPLOYEES, AND I FOUND THIS STARTLING, THEY OPENLY LAUGHED AND SAID THEY'D NEVER DO THAT. ONLY A FOOL WOULD MESS WITH THE KINDS OF SUCCESS WE HAVE HERE.

Mayor Lane: THE AGENDA ITEM IS FOR A CONTRACT TO BE LET?

Mark Stuart: I AGREE. WHAT I'M TRYING TO DO IT TO –

Mayor Lane: BRING IT AROUND TO WHY THAT'S IN YOUR ESTIMATION OF PROBLEMS. LET'S ADDRESS THE AGENDA ITEM IF YOU COULD PLEASE.

Mark Stuart: I AM ADDRESSING IT, SIR. WHAT I'M SAYING IS WE'RE PUSHING A PROCESS FORWARD AND WE JUST NEED TO TAKE 30 DAYS OFF AND DECIDE WHETHER THIS IN FACT WILL PASS CONSTITUTIONAL MUSTARD. IF IT DOESN'T, WE HAVE A BIG MESS ON OUR HANDS. THEN WHAT DO WE DO? DOES THE TPC HAVE TO PAY BACK ALL OF THE SUBSIDIES? IT'S A SERIOUS ISSUE. I'M TRYING

TO GO THROUGH THESE THINGS AND SAY THESE ARE MORE EFFECTIVE ARGUMENTS ABOUT WHY YOU SHOULDN'T DISCUSS THIS ITEM AND MAYBE TABLE IT. CAN I HAVE 45 MORE SECONDS?

Mayor Lane: YOU CAN CONTINUE.

Mark Stuart: THE ECONOMIC

Mayor Lane: NOT FOR ADDITIONAL TIME.

Mark Stuart: HERE'S ONE. YOU INTERRUPTED ME. HOW DOES THAT WORK?

Mayor Lane: MR. STUART, FINISH YOUR POINT.

Mark Stuart: WELL, NO, IF YOU'RE NOT GOING TO LET ME GET MY POINT.

Mayor Lane: THEN DON'T.

Mark Stuart: THANK YOU FOR YOUR TIME.

Mayor Lane: OKAY.

Mark Stuart: THANK YOU FOR INTERRUPTING ME.

Mayor Lane: THANK YOU MR. STUART. JOHN WASHINGTON.

[Time: 00:22:02]

John Washington: GOOD EVENING MAYOR AND COUNCIL, JOHN WASHINGTON FROM THE PEACEFUL VALLEY NEIGHBORHOOD JUST DOWN THE STREET FROM THE KIVA. THIS IS ABOUT ITEM 11 I BELIEVE. I WANT TO SAY UPFRONT I HAVE NO ISSUE WITH THE PERSON TO WHOM WE'RE GOING TO CONTRACT SERVICES. I HAVE NO ISSUE WITH THE WORK MR. EARLE OR STAFF HAVE DONE ON THIS ITEM. MY ISSUE IS THAT WE PARSED THIS SUBSIDY UP INTO LITTLE PIECES AND TRIED TO SOMEHOW MAKE IT MORE PALATABLE AND LESS OF A SUBSIDY THAN CONSIDERING IT IS A WHOLE, AS WE DID LAST YEAR LATE IN THE YEAR. I'D JUST LIKE TO OFFER THREE PERSPECTIVES ON THIS. FIRST OF ALL, THE GIFT CLAUSE OF THE ARIZONA STATE CONSTITUTION IS IN ARTICLE 2. THEY PUT IT AT BEGINNING, THE SECOND ITEM IN THE CONSTITUTION, BECAUSE IT'S SO IMPORTANT THAT WE NOT DO WHAT YOU FOLKS ARE GOING TO DO TONIGHT, I THINK. IN ESSENCE IT SAYS IF WE'RE GOING TO MAKE DIRECT CASH OUTLAY, WE SHOULD GET DIRECT AND SUBSTANTIAL BENEFIT BACK, NOT SOME NEBULOUS BENEFIT, NOT SOME BENEFIT WE ARE GOING TO GET WHETHER WE GET THE CONTRACT OR NOT, IT SAYS DIRECT AND SUBSTANTIAL. SECOND PERSPECTIVE, NO INTELLIGENT BUSINESS PERSON WOULD LEASE AN ASSET UNLESS WE HAVE A LEASE ARRANGEMENT WITH THE TPC FOR LESS MONEY THAN IT COSTS TO MAINTAIN THAT ASSET. THIS ITEM IS AN ITEM OF MAINTENANCE FOR THAT ASSET THAT THE LEASE SAYS THAT THE LEASING PARTY IS RESPONSIBLE FOR. I DON'T UNDERSTAND WHY WE'RE PAYING FOR THESE EXPENSES. I'VE SAID THAT BEFORE AND UNTIL SOMEBODY CONVINCES ME OTHERWISE, I'LL SAY IT UNTIL THAT TIME. THE THIRD PERSPECTIVE IS THAT THERE ARE A LOT OF REALLY IMPORTANT THINGS WE CAN DO WITH THIS MONEY. THE ITEM THAT'S CONSIDERED HERE TONIGHT IS ONE SMALL



PIECE OF A \$15 MILLION SUBSIDY TO THE TPC. \$15 MILLION WOULD PAY FOR 150 POLICE OFFICERS. THAT'S A LOT OF MONEY. ACCORDING TO THE REPUBLIC, WE LOST 32 OFFICERS LAST YEAR BECAUSE OF MORAL ISSUES AND A LOT OF THAT GETS BACK TO COMPENSATION AND RESPECT ISSUES. I THINK WE'VE GOT BETTER USES FOR THIS MONEY. YOUR NUMBER ONE PRIORITY AS THE CITY COUNCIL IS ACT OF GOOD STEWARDS OF TAXPAYER ASSETS LIKE THE GOLF COURSE AND GOOD STEWARDS OF THE TAXPAYER MONEY. THANK YOU.

Mayor Lane: THANK YOU MR. WASHINGTON. THAT COMPLETES THE REQUEST TO SPEAK ON THE CONSENT ITEMS.

**ITEM 17. SETTLEMENT OF CITY OF SCOTTSDALE V. ARIZONA STATE RETIREMENT SYSTEM**

[Time 00:24:47]

Mayor Lane: I DID WANT TO JUST BRING UP A POINT ON ITEM 17 WHICH IS THE SETTLEMENT OF THE CITY OF SCOTTSDALE VERSUS ARIZONA STATE RETIREMENT SYSTEM. I DON'T KNOW WHETHER OR NOT THE CITY TREASURER WOULD LIKE TO GIVE US BACKGROUND ON THAT, BUT I THINK THE WAY IT HAS BEEN INDICATED IS A LITTLE BIT SHORT OF HOW MEANINGFUL THIS ACTUALLY WAS. MR. SMITH, IF YOU WOULD GIVE US A LITTLE BIT OF BACKGROUND ON THIS ITEM.

City Treasurer David Smith: MR. MAYOR, MEMBERS OF THE COUNCIL, I DID ANTICIPATE YOU MIGHT HAVE QUESTIONS ABOUT THIS SO I PREPARED SLIDES TO GIVE HISTORY AND WHAT WE ACHIEVED IN PROPER PERSPECTIVE. FIRST OF ALL, ON THE SCREEN, MOST COUNCIL WAS SEATED 2008-09, A BUDGET STRATEGY WAS DEVELOPED, A TWO PART STRATEGY. ONE TO INCENTIVIZE EARLY RETIREMENTS, NUMBER TWO, ITEM B WAS TO ELIMINATE VACATED POSITIONS. SOMETIMES THESE TWO STRATEGIES ARE MERGED AND TREATED AS THE SAME BUT THEY'RE REALLY TWO COMPLETELY SEPARATE STRATEGIES. ONE FACILITATED THE OTHER BUT ONE DID NOT CAUSE THE OTHER. THAT'S ALL I'M TRYING TO SAY. INCENTIVIZING THE EARLY RETIREMENTS WAS A STRATEGY THAT ULTIMATELY WAS SELECTED BY 100 PARTICIPANTS MOST WERE MEMBERS OF THE ASRS RETIREMENT PROGRAM. WHAT WAS DONE AS THESE FOLKS LEFT WAS THEY WERE GIVEN THE ENTITLEMENT OF VACATION AND MEDICAL LEAVE UP TO THAT POINT IT AMOUNTED TO \$3.4 MILLION. I THINK THAT WHILE NOTHING IS WRONG WITH THAT, THEY EARNED THAT RIGHT PURSUANT TO CITY POLICY. THAT WAS THE OCCURRENCE THAT LED THE COUNCIL TO DELIBERATE AND ULTIMATELY MAKE CHANGES TO THE VACATION AND MEDICAL LEAVE POLICY GOING FORWARD. THE SECOND THING DONE WAS THE RETIREMENT INCENTIVE EQUAL TO ONE WEEK PER YEAR OF SERVICE WAS PAID TO THE 100 PARTICIPANTS AND IN THE AGGREGATE THAT AMOUNTED TO \$3.2 MILLION. AGAIN, NOTHING PARTICULARLY WRONG WITH THAT STRATEGY EXCEPT I DON'T THINK THE COUNCIL OR VERY MANY PEOPLE REALIZE THE CONSEQUENCE OF PAYING THAT \$3.2 MILLION TO SOME PARTICIPANTS WAS THAT IT WOULD ALSO, BESIDES BEING A SEVERANCE PAY IT WOULD ALSO TREMENDOUSLY ENHANCE THEIR RETIREMENT BENEFIT. AND SO FOR THAT REASON AMONG OTHERS, THE ASRS A FEW MONTHS AFTER THE RETIREMENT PROGRAM WAS PUT IN PLACE, SENT US AN INVOICE FOR \$5.8 MILLION REPRESENTING WHAT THEY DETERMINED TO BE THE COST OF THE EARLY RETIREMENT PROGRAM. I'LL TALK ABOUT THAT IN A MINUTE. THE SAVINGS DID NOT ARISE FROM THE PEOPLE RETIRING OBVIOUSLY. THE SAVINGS WAS FROM THE COUNCIL'S DECISION AND THE CITY MANAGER AT THE TIME AND SUBSEQUENT CITY MANAGERS IN X-ING OUT THOSE BOXES ELIMINATING THE POSITIONS THERE BY SAVING THE SALARIES ASSOCIATED WITH THOSE HUNDRED POSITIONS OR WHATEVER THE

HUNDRED POSITIONS WERE THAT WERE SUBSTITUTED FOR THOSE. AT MOST THIS WAS \$6.9 MILLION OF SALARY SAVINGS AND ANOTHER \$1.7 MILLION OF BENEFITS. I MENTION THIS NOT TO REVIEW ANCIENT HISTORY BUT TO PUT IN PERSPECTIVE. YOU SOMETIMES SEE REPORTED THAT THE PROGRAM OF ELIMINATING THESE POSITIONS SAVED THE CITY \$13 MILLION. I CAN'T VOUCH FOR WHERE THAT NUMBER CAME FROM. THE SAVINGS CAN'T BE MORE THAN THE SALARY OF THE ASSOCIATED ONE HUNDRED PEOPLE WHOSE POSITIONS WERE ELIMINATED.

NOW, TALKING ABOUT THIS \$5.8 MILLION INVOICE FROM THE ASRS. THEY SENT US THIS INVOICE IN APRIL AND WE ASKED FOR ADDITIONAL INFORMATION. WE KNEW THE LAW THAT GOVERNED IT IN THE ARIZONA STATUTE 38-749. THE LEGISLATURE PASSED THIS A FEW YEARS AGO SAYING IF THE CITY OR COUNTY OR SCHOOL DISTRICT OR WHATEVER IMPLEMENTS THE TERMINATION INCENTIVE PROGRAM AND IT RESULTS IN A FUNDED RESULTING ACTUARY LIABILITY TO THE ASRS, WE THE EMPLOYER MUST PAY THE ASRS THE RESULTING ACTUARY LIABILITY AND WE HAVE TO PAY THEM 8% INTEREST FOR A PERIOD OF TIME WE I DELAY THAT PAYMENT. THE THRUST OF OUR ARGUMENT WAS TO ARGUE WITH THE ASRS THAT SOME OF WHAT WE DID DID IN FACT RESULT IN LIABILITY. SOME OF WHAT THEY CLAIMED WAS THE UNFUNDED ACTUARY LIABILITY WAS NOT THE RESULT OF OUR PROGRAM. SO OVER THE PAST SEVERAL MONTHS, WE'VE DELVED INTO UNDERSTANDING THE NUMBERS ARGUING ABOUT IT AND ULTIMATELY LITIGATING. BUT WHAT THIS SLIDE IS SHOWING IS THAT THE PARTICIPANTS IN THE PROGRAM FELL INTO TWO BROAD CATEGORIES, THOSE THAT HAD BEEN HERE A LOT OF YEARS AND THOSE THAT HAD NOT. WHEN I SAY A LOT OF YEARS THAT'S SIGNIFICANT BECAUSE PEOPLE WHO STARTED BEFORE 1984, THE AREA I CIRCLED THERE. IF THEY WERE HERE MORE THAN 25 YEARS, THEY FELL UNDER A DIFFERENT RETIREMENT PENSION CALCULATION THAN PEOPLE THAT CAME AFTER 1984. THERE WAS A CHANGE IN THE LAW. THE SIGNIFICANCE IS FOR OLD TIMERS WE'LL CALL THEM, IF THEY RECEIVED COMPENSABLE INCOME, IT BECAME PART OF THEIR PENSIONABLE EARNINGS AND PART OF THE CALCULATION OF ULTIMATE PENSION BENEFITS. THAT BENEFIT ONLY WENT TO 48 PEOPLE THAT WERE "THE OLD TIMERS." AND WHAT IT MEANS IS THAT THE RETIREMENT BENEFITS THEY WERE PAID, THE \$1.88 MILLION THAT WENT TO THOSE PARTICIPANTS BECAME AN INCLUDED ITEM IN THE PENSIONABLE EARNINGS AND INCREASED THEIR PENSIONS. FOR AN INDIVIDUAL WHO GOT A \$100,000 SEPARATION TERMINATION PAYMENT, THEIR PENSION FOR THE REST OF THEIR LIFE INCREASED BY \$25,000 PER YEAR. THE PENSION BENEFIT FOR THEM COULD AMOUNT TO THREE QUARTERS OF A MILLION DOLLARS OVER A 30 YEAR REMAINING LIFE. THAT WAS THE BENEFIT THAT WAS OF MOST ATTRACTION TO THESE FOLKS.

[Time: 00:31:27]

David Smith: AS I SAID, THIS OBVIOUSLY WASN'T WELL UNDERSTOOD BY PEOPLE AT TIME AND WAS WELL UNDERSTOOD BY PEOPLE DESIGNED IN THE PLAN BUT IT WASN'T UNDERSTOOD BY COUNCIL I'M SURE. THAT'S WHAT GAVE RISE TO AT LEAST ONE PART OF THE INVOICE FROM THE ASRS. I'VE CIRCLED IT HERE. IT GAVE RISE TO \$3.2 MILLION OF CLAIM FROM THE ARIZONA STATE RETIREMENT. AS YOU CAN SEE FOR THE NEWER EMPLOYEES, THOSE WITH LESS THAN 25 YEARS, THERE WAS NO IMPACT TO THEIR PENSION BECAUSE IT WAS NOT PART OF THEIR PENSIONABLE EARNINGS. THERE WERE SEVERAL OTHER THINGS THAT WERE INCLUDED IN THE INVOICE FROM THE ASRS AND THOSE WERE THE ONES WE ARGUED ABOUT. THE \$2.32 MILLION INITIAL NUMBER DUE TO THE RETIREMENT INCENTIVE, WE HAD LITTLE BASIS FOR ARGUING ABOUT THAT. CONSEQUENTLY WE PAID IT ON A PROMPT AND TIMELY BASIS AS SOON AS WE KNEW WHAT THE LIABILITY WAS. YOU CAN SEE IT ILLUSTRATED HERE ON THE PIE CHART, \$2.3 MILLION PAID. IT WAS A PROBLEM THAT WE CREATED BUT WASN'T ANY WAY

TO GET OUT OF IT. THE REST OF THE PIE CHART, WE THOUGHT WE HAD GOOD ARGUMENTS FOR SAYING THESE WERE NOT THE RESPONSIBILITY WITH LIABILITY OF THE CITY. THEY WERE NOT THE RESULT OF THE TERMINATION INCENTIVE PROGRAM. MOST PARTICULARLY THE ORANGE PART OF THE PIE CHART WHICH THEY CLAIM WAS DUE TO THE IMMEDIATE RETIREMENT OF PEOPLE WE SAID THAT'S NOT OUR PROBLEM. YOU SHOULD HAVE ANTICIPATED PEOPLE WERE GOING TO RETIRE ANYWAY. WORKING YOUR WAY COUNTER CLOCKWISE, THEY HAD MISTAKES IN THE SERVICE NUMBER, SALARY NUMBERS, AND MISTAKES IN THE NUMBERS THAT WERE ASSUMED FOR HEALTH INSURANCE SUPPLEMENT ELECTIONS. WE SAID THESE ARE ALL YOUR PROBLEMS. WE SYMPATHIZE BUT DO NOT CONSIDER THEM PART OF THE PROBLEM OF OUR RETIREMENT PROGRAM. SO WE TOOK A LEGAL POSITION THROUGH THE STAFF OF BRUCE WASHBURN AND HIS FOLKS TO SEEK DECLARATORY JUDGMENT THAT THE INVOICE WAS NULL AND VOID. THEY SOUGHT SUMMARY JUDGMENT. WE SOUGHT SUMMARY JUDGMENT THE LITIGATION WORKED ITS WAY ALONG. THE LITIGATION RESTED ON THREE PRINCIPLES. NUMBER ONE, NO LIABILITY RESULTED FROM THE RETIREMENT. WE CLAIMED RIGHTFULLY SO THAT EMPLOYEES WERE ALL ELIGIBLE TO RETIRE AT THE TIME THEY DID AND IF THE ASRS (ARIZONA STATE RETIREMENT SYSTEM) HAD NOT SUFFICIENTLY FUNDED THE LIABILITY OR RECOGNIZED IT, SHAME ON THEM. SECONDLY, WE SAID ASRS DID NOT RECOGNIZE BENEFITS THAT THESE ACTUAL RETIREMENTS CAUSED IN TERMS OF RETIREMENTS THAT WERE DELAYED. IT'S BEST ILLUSTRATED ON A CHART ON THE FOLLOWING PAGE. ON THE RIGHT HAND HERE IS THE EXPECTED RETIREMENTS. WE CAME UP WITH THESE NUMBERS BY HIRING OUR OWN ACTUARY AND HAVING THEM LOOK AT THE DATABASE FROM THE CITY'S EMPLOYMENT. THEY SAID ABSENT ANYTHING TO THE CONTRARY, WE WOULD HAVE EXPECTED 65 PEOPLE A YEAR TO RETIRE FROM THE CITY. OBVIOUSLY THE ACTUAL RETIREMENTS, ABSENT THE RETIREMENT INCENTIVE PROGRAM, WAS MUCH LESS. 34 PEOPLE IN 2008, 16 PEOPLE IN 2009, 37 IN THE FOLLOWING YEAR. WHY DIDN'T THESE PEOPLE RETIRE? FIRST OF ALL, THE PEOPLE WHO WOULD NORMALLY RETIRE DID RETIRE IN 2009. THOSE WHO WOULD HAVE RETIRED THE PRIOR YEAR ALSO DELAYED THEIR RETIREMENT AND RETIRED IN 2009. A VERY SMALL NUMBER OF PEOPLE WHO MIGHT HAVE RETIRED IN 2010 ALSO ACCELERATED THEIR RETIREMENT TO 2009. SO YOU CAN SEE THE ACTUAL RESULTS DISPLAYED IN THE THREE BARS ON THE LEFT. I THINK YOU CAN SEE PICTORIALLY WHAT WAS HAPPENING WAS NOT NECESSARILY AN UNEXPECTED RETIREMENT PHENOMENON FOR THE ASRS THAT WAS OUR FIRST ARGUMENT. OUR SECOND ARGUMENT, AS I SAID, SIMPLY WAS THAT SOME OF THE MISTAKES IN THE ASRS LIABILITY WERE NOT OUR FAULT. THEY'RE REGRETTABLE, SORRY THEY HAPPENED. ERRORS ON THEIR DATABASE ON SALARY, SERVICE, AND HEALTH INSURANCE ELECTIONS ARE SIMPLY THE GAME THEY PLAY.

[Time 00:36:05]

David Smith: THIRD, A RELATIVELY NOVEL PERSUASIVE ARGUMENT DEVELOPED BY THE CITY ATTORNEY AND HIS STAFF WAS THAT THE ASRS DID NOT FOLLOW STATE LAW FOR RULE MAKING. WHAT THIS SAYS IF THEY DIDN'T FOLLOW STATE LAW, THEN THE RULE THEY CAME UP WITH IS VOIDABLE. BY THE RULE, I MEAN THE PROCEDURE THEY DETERMINE HOW THEY'RE GOING TO CHARGE PEOPLE FOR THESE PENSION LIABILITIES. IT WAS A SET OF PROCEDURES THAT THEY DEVELOPED BEHIND CLOSED DOORS AT ASRS. IT NEVER SAW THE LIGHT OF DAY AND THE ARGUMENT WAS THAT IT HAS TO. THERE IS A STATE LAW 41-1001 THAT HAS TO DO WITH AGENCY RULE MAKING AND ITS PURPOSE IS TO ENSURE FAIR AND OPEN REGULATION BY STATE AGENCIES. THERE'S A GOVERNOR'S REGULATORY REVIEW COUNCIL SET UP FOR THIS PURPOSE. IF AS AN AGENCY YOU'RE GOING TO MAKE THIS KIND OF RULE, ANY KIND OF RULE, THERE'S A PROCEDURE YOU GO THROUGH TO DO THIS INCLUDING PUBLISHING NOTICE, TAKING PUBLIC COMMENT, APPEALING TO THIS GOVERNOR'S

COUNCIL, TAKING MORE PUBLIC COMMENT AND FINALLY ACHIEVING THE RULE THAT YOU WANT. NONE OF THIS WAS DONE BY ASRS. THE LAW CLEARLY PRESCRIBES THAT IF YOU DON'T DO THIS AND YOU SHOULD, THE RULE YOU COME UP WITH IS VOID. THAT WAS OUR THIRD ARGUMENT. BASED ON ALL OF THIS, WE FELT GOOD ABOUT THE POSITION THAT WE HAD LEGALLY. YOU NEVER FEEL CONFIDENT TO 100% BUT WE THEN ENTERED MEDIATION. THAT'S WHAT I'M REPORTING TO YOU HERE AND WHAT'S BEFORE YOU IN THE COUNCIL AGENDA TONIGHT. ON DECEMBER 20 WE WENT TO MEDIATION WITH ASRS, TO RECAP, THEY HAD SENT AN INVOICE IN THE BEGINNING \$5.3 MILLION. MADE A FEW ADJUSTMENTS IN JULY, \$41,000 AND WE PAID THE PART WE COULD NOT DISPUTE \$2.322 MILLION LEAVING AN UNPAID BALANCE OF \$2,000,009 AND 8% INTEREST ON THAT FOR THE INTERVENING SEVERAL MONTHS, TWO YEARS FOUR MONTHS AND A FEW DAYS INTEREST WOULD HAVE BEEN \$554,000. THE AMOUNT IN DISPUTE AS WE SAT DOWN TO NEGOTIATE A RESOLUTION OR MEDIATION, THE AMOUNT IN DISPUTE WAS \$3.5 MILLION. WE DID, AS CORRECTLY REPORTED AGREE TO PAY A MILLION AND A HALF. I THINK WHAT WE EARNED FOR THE EFFORTS FOR THE CITY OF SCOTTSDALE AND CITIZENS WAS ABOUT A \$2 MILLION WAIVER OF MONIES OWED OTHERWISE IN THE LITIGATION. THERE'S ANOTHER IMPORTANT REASON WE DID NOT PURSUE THE LITIGATION FURTHER BESIDES ALL THE UNCERTAINTY ABOUT THE RESULT. WE RECOGNIZED WHEN WE PURSUE LITIGATION, WE'RE SPENDING TAXPAYER MONEY. IN THE CASE OF ASRS WHEN THEY DEFEND LITIGATION, THEY'RE ALSO SPENDING TAXPAYER MONEY. AT SOME POINT, REASONABLE HEADS HAVE TO PREVAIL HERE, WE STOP SPENDING TAXPAYER MONEY. WE RECEIVED A RESULT I BELIEVE WAS FAIR FOR THE CITY OF SCOTTSDALE AND PUT THIS CHAPTER BEHIND US. LET ME TELL YOU WHAT THE EFFECT WILL BE OF THIS \$1.9 MILLION OF GAIN IF YOU WILL. \$554,000 REPRESENTS INTEREST FOR THE TWO YEARS AND SOME MONTHS. WHILE THAT WAS A WAIVER, THERE'S NO FINANCIAL IMPACT ON THE CITY. WE RECORDED THE INTEREST AND NEVER THOUGHT WE'D HAVE TO PAY IT ANY WAY. THERE'S NOTHING TO REVERSE AND NO EXTRAORDINARY GAIN. BUT WE HAD RECORDED BACK IN 2010, THE ENTIRE INVOICE AMOUNT. TO THE EXTENT THERE WAS A WAIVER OF \$1,418,000 ON THE INVOICE. THAT WILL BE A MISCELLANEOUS RECEIPT FALLING TO THE BOTTOM LINE HELPING TO BALANCE THIS YEAR'S BUDGET. IF WE DON'T NEED IT, IT WILL END UP IN THE UNRESERVED FUND BALANCE WE'LL ADDRESS HOW WE WANT TO SPEND THAT. \$1,418,000 AND MOST OF THAT, \$1,200,000 WILL GO TO GENERAL FUND. I'D BE HAPPY TO ANSWER QUESTIONS. I PROBABLY GOT INTO MORE DETAIL THAN WE NEEDED TO. I WANTED TO PUT INTO PERSPECTIVE WHAT WE'RE ASKING YOU FOR. WE'RE ASKING TO APPROVE A SETTLEMENT IN THE AMOUNT OF \$1.5 MILLION. I THINK YOU CAN SEE THE BENEFIT TO THE GENERAL FUND.

[Time: 00:40:45]

Mayor Lane: THANK YOU MR. SMITH. WE DO HAVE A QUESTION. I WANT TO SAY ONE THING TO MAKE IT PERFECTLY CLEAR, IT WASN'T REALLY ADDRESSED. NOTHING THAT OCCURRED HERE HAD MADE ANY CHANGES TO THE PENSION BENEFITS RECEIVED BY ANY OF THE FOLKS THAT WENT OUT ON THE RETIREMENT INCENTIVE PROGRAM. IT DIDN'T MAKE CHANGES TO THAT IT ONLY IMPACTED THE EXTENT OF WHAT IT COSTS THE CITIZENS HERE AND LOSING THAT AMOUNT BY NEARLY \$2.0 MILLION, CERTAINLY A MILLION AND A HALF OFF THAT ORIGINAL BILL. IN FACT, IT FLOWS TO THE BOTTOM LINE FOR THE CURRENT YEAR SINCE IT WAS EXPENSED; IT IS CERTAINLY ALWAYS A WELCOME NOTE. I'D LIKE TO SAY FOR ONE, CONGRATULATIONS TO YOU AND THE CITY ATTORNEY FOR WORKING THIS THING THROUGH. I UNDERSTAND THERE WAS SOME DECISIONS THAT HAD TO BE MADE. I THINK THAT YOU WERE IN GOOD STANDING. I THINK YOU HAD A GREAT POSITION TO BE MADE. I THINK FRANKLY,

OTHER MUNICIPALITIES WILL EVENTUALLY BENEFIT FROM THE CLARITY YOU'VE PROVIDED HERE FOR EVERYONE. THANKS VERY MUCH FOR THAT. CONGRATULATIONS. COUNCILMAN LITTLEFIELD.

[Time: 00:41:56]

Councilman Littlefield: WHAT COULD BE MORE AMERICAN THAN MAKING MONEY BY CREATIVE LAWYERING? JUST TO SUM UP THE BOTTOM LINE, THAT'S A COMPLIMENT. THAT'S OKAY. SLIDE NUMBER 2 IF YOU WANT TO GO BACK TO THAT, WHICH IS REALLY SORT OF THE BEGINNING. IT'S A SUMMARY SLIDE. TO MAKE SURE THAT IT'S CLEAR, ITEMS UNDER A WERE ONE TIME COSTS AND ITEMS UNDER B ARE ANNUAL SAVINGS. IS THAT CORRECT?

David Smith: THAT IS CORRECT. TO CLARIFY UNDER ITEM A WE CAN SAY THE \$5.8 MILLION IS LESS BY \$1.5 MILLION.

Councilman Littlefield: THAT'S THE OTHER QUESTION I WAS GOING TO SAY. THANK YOU. THAT'S ALL I WANT TO SAY.

Mayor Lane: THANK YOU COUNCILMAN AND MR. SMITH AND MR. WASHBURN FOR THAT EFFORT. THANK YOU. I THOUGHT IT WAS VALUABLE TO GET THE SPECIFICS OUT. IT'S NOT AN EASY SUBJECT. I THOUGHT IT WAS WORTHY OF FURTHER CLARIFICATION FOR THE AUDIENCE AND HERE ON THE COUNCIL. THERE ARE NO FURTHER REQUESTS TO SPEAK ON ANY CONSENT ITEMS. I SEE NO OTHER COMMENTS UNLESS THERE ARE ANY SUCH COMMENTS OR QUESTIONS I WOULD ACCEPT A MOTION TO ADOPT OR ACCEPT THE CONSENT ITEMS 1-20.

[Time: 00:43:25]

Councilwoman Klapp: So moved.

Councilwoman Milhaven: SECOND.

Mayor Lane: MOTION MADE, SECONDED. WE'RE READY TO VOTE. ALL THOSE IN FAVOR, INDICATE BY AYE. REGISTER YOUR VOTE. THE ITEM PASSES UNANIMOUSLY. THANK YOU.

## **REGULAR AGENDA**

[Time: 00:43:50]

Mayor Lane: NOW TO OUR REGULAR AGENDA ITEMS 21 AS INDICATED BEFORE HAS BEEN CONTINUED UNTIL FEBRUARY 5th COUNCIL MEETING DATE AT THE APPLICANT'S REQUEST. WE'LL MOVE ON TO ITEM 22. THAT'S THE COMPENSATION STRATEGY AND PROGRAM.

## **ITEM #22 - COMPENSATION PHILOSOPHY, STRATEGY AND PROGRAM**

[Time: 00:44:27]

Acting City Manager Dan Worth: MS. LAMAZZA WILL MAKE THE PRESENTATION. AS SHE MOVES UP FRONT, I WANT TO GIVE A LITTLE BIT OF AN INTRODUCTION. LAST MAY 15th, THE COUNCIL REVIEWED THE CURRENT YEAR OPERATING BUDGET IN PARTICULAR COMPENSATION RELATED ISSUES IN THE OPERATING BUDGET. IT GAVE US DIRECTION TO DO TWO THINGS. INCLUDE FUNDING IN THIS YEAR'S BUDGET FOR 2% PAY FOR PERFORMANCE INCREASE AND BRING THE MINIMUM PAY FOR EACH OF OUR PAY RANGES TO 105% OF THE VALLEY AVERAGE. THE SECOND THING WAS TO DIRECT US TO COMPLETE THE COMPENSATION STUDY IN PROGRESS AT THE TIME AND COME BACK TO YOU AND REPORT HOW EMPLOYEES WILL MOVE THROUGH RANGES IN THE FUTURE. THIS PRESENTATION TONIGHT IS RESPONDING TO THAT DIRECTION. WHAT WE'VE DONE AT THIS POINT, WE'VE DONE 2% PERFORMANCE EFFECTIVE AT THE BEGINNING OF THIS FISCAL YEAR. SHE AND HER STAFF WITH THE HELP OF THE REST OF THE SENIOR STAFF AND CITY HAVE COMPLETED THE STUDY. NOW WE'RE REPORTING BACK ON THE RESULTS OF MOVING PAY RANGES TO 105% AND HOW WE INTEND TO MANAGE EMPLOYEES MOVING THROUGH RANGES IN THE FUTURE. I'LL TURN IT OVER.

[Time: 00:45:52]

Acting Human Resources Executive Director Bernadette LaMazza: GOOD EVENING MAYOR AND MEMBERS OF COUNCIL WE'RE HERE TO PRESENT TO YOU THE RESULTS OF THE COMPENSATION STUDY. THIS WAS A PAINSTAKING PROCESS THAT NEEDED TO BE DONE FOR QUITE SOME TIME. ALTHOUGH IT WAS DRIVEN BY HUMAN RESOURCES THIS WAS A COLLABORATIVE AND INCLUSIVE PROCESS WITH DEPARTMENTS AND DIVISIONS PROVIDING INPUT AND FEEDBACK, REVIEWING AND REVISING JOB DESCRIPTIONS AND REVIEWING THE MARKET ANALYSIS IN THEIR AREA. THIS LAID THE GROUNDWORK TO HAVE A MANAGEABLE FOUNDATION GOING FORWARD FOR THE CITY'S COMPENSATION PROGRAM. WE MET WITH DEPARTMENT AND DIVISION MANAGEMENT MULTIPLE TIMES REGARDING THE RESULT OF THE MARKET ANALYSIS. DURING THOSE DISCUSSIONS, DEPARTMENT AND DIVISION MANAGEMENT DETERMINED WHICH POSITIONS NEEDED A ONE TIME, 105% ADJUSTMENT TO THE MINIMUM OF THE PAY RANGE OR WHICH DID NOT. THESE DISCUSSIONS TOOK INTO ACCOUNT RECRUITMENT AND RETENTION ISSUES AS WELL AS INTERNAL EQUITY. WHAT YOU'RE SEEING ON THE SLIDES ARE THE DIFFERENT STEPS WE TOOK IN ORDER TO ACCOMPLISH THE FINAL ONE WHICH WAS TO REVIEW THE MARKET BASED BENCHMARK WITH THE DEPARTMENTS. BASED ON THE DISCUSSIONS WE HAD WITH DEPARTMENT AND DIVISION MANAGEMENT, IT WAS DETERMINED THAT THE 105% MARKET ADJUSTMENT SHOULD BE APPLIED TO THE MAJORITY OF IMPACTED POSITIONS TO 71% OF THOSE. IT WAS ALSO DETERMINED THAT IT NOT BE APPLIED TO THOSE WHERE DIVISION MANAGEMENT FELT IT WAS NOT NEEDED. WHAT WE LOOKED AT WAS RECRUITMENT AND RETENTION AS WELL AS INTERNAL EQUITY. THE COST BASED ON THE PROPOSED MARKET ADJUSTMENT MANAGEMENT AND DIVISION MANAGEMENT DISCRETION IS \$1.4 MILLION. THE INITIAL PROJECTIONS WERE \$1.6 MILLION. ALTHOUGH THE ACTION BEFORE YOU TONIGHT IS SPECIFIC TO THE ONE TIME 105% STRATEGY, WE DO NEED TO TOUCH ON SOME ITEMS WITHIN THE COMPENSATION PROGRAM. THESE ARE COMPONENTS THAT WILL HELP US MANAGE AND SUSTAIN A COMPENSATION PROGRAM. SOME OF THE CONCERNS THAT WERE RAISED DURING THE STUDY HAD TO DO WITH COMPRESSION AND OVERLAP. THE FIRST ITEM THERE IS TO ESTABLISH CONSISTENT 45 PERCENT PAY RANGES. THIS WILL HELP ELEVATE SOME OF THE COMPRESSION AND OVERLAP ISSUES. ALSO, WE WANT TO CONDUCT THE ANNUAL REVIEW OF A THIRD OF ALL CLASSIFICATIONS. THEN MAKE FUTURE ADJUSTMENTS OF PAY RANGES AS NEEDED WHICH WILL BE SUBMITTED ON THE PAY PLAN WHICH IS THEN SUBMITTED FOR COUNCIL APPROVAL THROUGH THE BUDGET PROCESS. STAFF IS RECOMMENDING TO BUDGET ANNUALLY FOR PROPOSED MERIT INCREASES BASED ON AVAILABLE

FUNDING. THIS WOULD BE COMPLETED THROUGH THE BUDGET PROCESS AND UP FOR COUNCIL APPROVAL. LOW COST HIGH IMPACT PROGRAMS WOULD ALSO BE BUDGETED ANNUALLY FOR COUNCIL APPROVAL SUCH AS SUPERIOR PERFORMANCE AWARDS AND TUITION REIMBURSEMENT. WHAT IS THE COST? THE COST IS \$1.4 MILLION AND IT WOULD AFFECT 393 EMPLOYEES. IN TERMS OF THE IMPACT, 3% OF OUR WORKFORCE WOULD BE RECEIVING A SALARY INCREASE OF GREATER THAN \$5000. 15% WOULD BE RECEIVING LESS THAN \$5000. 82% WOULD NOT RECEIVE INCREASE AT THIS TIME. THIS CONCLUDES THE PRESENTATION ON THE RESULTS SPECIFIC TO THE 105%. STAFF AND I WOULD BE HAPPY TO ANSWER QUESTIONS THAT YOU HAVE.

[Time: 00:49:27]

Mayor Lane: THANK YOU BERNADETTE. WE DO HAVE SOME QUESTIONS OR COMMENTS. LET'S START WITH COUNCILMAN LITTLEFIELD.

Councilman Littlefield: GOING BACK TO I THINK YOUR SECOND SLIDE. YOU SAID THAT YOU REVIEWED ALL THE JOB DESCRIPTIONS. THIRD SLIDE, IMMEDIATE ACTION. HERE WE GO. APPLY ONE TIME 105% MARKET ADJUSTMENT TO 71% OF IMPACTED POSITIONS. SO, WOULD YOU DEFINE MORE CLOSELY IMPACTED POSITIONS AND HOW YOU GOT TO THE 71%?

Bernadette LaMazza: CERTAINLY. MAYOR, MEMBERS OF THE COUNCIL, COUNCILMAN LITTLEFIELD, WHAT WE MEAN BY IMPACTED POSITIONS ARE THOSE THAT WHEN WE WENT OUT TO LOOK AT MARKET THAT FELL BELOW 105%, THE MARKET AVERAGE MINIMUM. HOW WE DETERMINED THE 105% WOULD BE APPLIED TO THAT WAS IN CONJUNCTION WITH THE DEPARTMENT AND DIVISION DISCUSSIONS. THEY LOOKED AT RECRUITMENT TO SEE IF THEY HAD A RECRUITMENT ISSUE, INTERNAL EQUITY, IF I ADJUST THIS POSITION WOULD IT HURT OTHER POSITIONS, AND THEY ALSO LOOKED AT RETENTION.

Councilman Littlefield: SO THE IMPACTED POSITIONS WAS AN OBJECTIVE OF MEASURE THAT SAID THESE ARE THE PEOPLE THAT ARE NOT AT 105%? THE 71% WAS THE MORE SUBJECTIVE WHICH WAS MANAGEMENT SAID THESE PEOPLE WE NEED TO BE 105% FOR RECRUITMENT OR RETENTION OR THE OTHER 29% WE DON'T NEED TO BE AT 105% FOR RECRUITMENT AND RETENTION?

Bernadette LaMazza: LET ME CLARIFY. WE'RE TALKING ABOUT THE POSITION.

Councilman Littlefield: I UNDERSTAND.

Bernadette LaMazza: NOT NECESSARILY TALKING ABOUT THE INDIVIDUALS WHO ARE IN THAT POSITION.

Councilman Littlefield: WE'RE TALKING 71% OF POSITIONS, NOT 71% OF PEOPLE.

Bernadette LaMazza: CORRECT.

Councilman Littlefield: OKAY. WHAT I'M SAYING IS 71% WAS, OKAY THESE ARE POSITIONS WE NEED WE NEED TO BE 105% FOR RECRUITMENT AND RETENTION. THE 29% NOT GETTING THE ADJUSTMENT

WERE AWARE MANAGEMENT DETERMINED THEY DID NOT NEED TO BE AT 105% TO HAVE ACCEPTABLE LEVELS OF RECRUITMENT AND RETENTION, CORRECT?

Bernadette LaMazza: CORRECT.

Councilman Littlefield: THE OTHER QUESTION I HAD WAS THE 105% IS A ONE TIME THING?

Bernadette LaMazza: CORRECT.

Councilman Littlefield: RIGHT. WE'RE NOT GOING TO BE CHASING OUR TAIL THE NEXT YEAR CONSTANTLY LOOKING AT WHAT 105% EVERY TIME GILBERT RAISES THEIRS OR MESA OR SOMETHING. WE'RE NOT GOING TO RECALCULATE?

Bernadette LaMazza: WHAT WE'LL DO IS REVIEW ONE-THIRD OF ALL CLASSIFICATIONS. THAT'S GOING TO BE BASED ON A LOT OF DIFFERENT INDICATORS, MARKET, RETENTION, AND INTERNAL EQUITY. WE'RE NOT GOING TO BE CHASING 105% UNLESS DIRECTED BY COUNCIL.

Councilman Littlefield: IN THOSE CASES, THAT'S ONE-THIRD OF POSITIONS PER YEAR BUT IF THAT REVIEW DETERMINES THAT YOU HAVE POSITIONS THAT NEED TO BE CHANGED, THAT WILL HAPPEN THROUGH THE BUDGET PROCESS?

Bernadette LaMazza: CORRECT.

Councilman Littlefield: WE WON'T BE COMING BACK HERE IN AUGUST AND SAYING, THIS POSITION NOW NEEDS TO BE RAISED?

Bernadette LaMazza: NO. WE WOULD DO THAT THROUGH THE BUDGET PROCESS. COUNCIL WOULD REVIEW AND APPROVE.

Councilman Littlefield: OKAY. THANK YOU.

Mayor Lane: THANK YOU COUNCILMAN.

[Time: 00:52:45]

Councilwoman Milhaven: I WANT TO CONGRATULATE STAFF FOR ALL THE HARD WORK. THIS HAS BEEN A LONG PROJECT IN COMING. IT'S EXCITING TO SEE IT COME TOGETHER. I HOPE THAT THE MESSAGE THE EMPLOYEES GET FROM THIS IS THAT, WE SEE THE PEOPLE WHO WORK FOR THE CITY AS ASSETS THAT SHOULD BE INVESTED IN RATHER THAN EXPENSES THAT NEED TO BE MANAGED. THE QUALITY OF SERVICES WE DELIVER TO CITIZENS IS ONLY AS GOOD OF THE QUALITY OF PEOPLE WHO WORK FOR THE CITY AND DELIVER THOSE SERVICES. I WANT TO THANK ALL OF THE EMPLOYEES FOR ALL OF THEIR HARD WORK AND WONDERFUL JOB THEY DO FOR OUR CITIZENS. I'M EXCITED WE CAN MOVE FORWARD TODAY TO OFFER COMPETITIVE SALARIES AND ENSURE THE ONGOING QUALITY OF THE WORKFORCE AND SEND THE MESSAGE TO THE EMPLOYEES WE TRULY HONOR AND VALUE WHAT THEY BRING TO THE CITY. I DO KNOW THERE IS SOME CONCERN ABOUT OTHER INEQUITIES THAT ARE CREATED IF SOME PEOPLE GET INCREASES. IS THAT FAIR? I WANT TO COMMENT AND SAY THE FOLKS



THAT GET INCREASES AS A RESULT OF THIS ARE FOLKS WE IDENTIFIED ARE NOT PAID FAIRLY COMPARED TO WHAT'S BEING PAID IN OTHER CITIES. I SEE THIS AS FIXING AN INEQUITY. I ALSO UNDERSTAND IT MAY CREATE OTHER INEQUITIES WITH FOLKS IN A LONG STANDING POSITION MAY MAKE THE SAME AS SOMEONE ELSE. I'LL LEAVE THAT TO MANAGEMENT TO ADJUST AS APPROPRIATE GIVEN FOLKS' JOB PERFORMANCE AND TENURE. I THINK THAT'S AN ADMINISTRATIVE MANAGERIAL DECISION. AS COUNCIL, OUR JOB IS TO SET POLICY AND WITH THIS ACTION, I THINK WE'RE SETTING POLICY THAT WE WANT TO BE COMPETITIVE IN WHAT WE PAY OUR PEOPLE.

IT'S MY PLEASURE TO MAKE A MOTION TO DIRECT THE CITY MANAGER TO IMPLEMENT THE ONE-TIME ADJUSTMENT AT THE MINIMUM SALARY RANGE TO ENSURE MINIMUM SALARY FOR CERTAIN POSITIONS. I'M GOING TO CHANGE AND SAY, BE NOT MORE THAN 105% OR HIGHER THAN THE HIGHEST SURVEYED CITY FOR THE VALLEY AVERAGE MINIMUM SALARY FOR THE SAME POSITION. THE REASON FOR THAT IS, THERE'S NO REASON FOR US TO BE THE HIGHEST PAID. IF 105% MAKES US A STAND OUT LEADER, I DON'T THINK THAT'S NECESSARY. I'D LIKE TO SET NOT MORE THAN 105 AND NOT MORE THAN THE HIGHEST PAID CITY IN THE SURVEY. THANK YOU.

[Time: 00:55:15]

Mayor Lane: THANK YOU. CERTAINLY FIRST WE'RE LOOKING FOR A SECOND.

Councilman Littlefield: I'M NOT SURE HOW THAT DIFFERS FROM WHAT THEY'RE DOING.

Councilwoman Milhaven: I'LL GIVE YOU AN EXAMPLE. LET'S SAY WE SURVEY A POSITION AND EVERY CITY PAYS \$100. IF WE SET THE MINIMUM AT 105%, OUR MINIMUM IS GOING TO BE 105% WHERE EVERYBODY ELSE'S MINIMUM IS 100. WHAT I'M SAYING IS WE'LL CALCULATE AT 105 SO LONG AS IT DOESN'T TAKE US OUTSIDE OF WHAT EVERYBODY ELSE PAYS. WE CAN BE EQUAL TO THE HIGHEST PAYING MUNICIPALITY BUT WE WOULDN'T BE MORE THAN THE HIGHEST PAYING ONCE WE APPLY THE 105%.

Councilman Littlefield: MY UNDERSTANDING IS THEY HAVE ALREADY MADE THE 105% APPLICATION THAT WAS A ONE-TIME THING. WE'RE NOT DOING THAT NECESSARILY AGAIN?

Councilwoman Milhaven: NO.

Councilman Littlefield: I JUST THINK YOUR EXTRA ADDED PIECE OF THIS IS UNNECESSARY. THAT'S THE ONLY REASON.

Councilwoman Milhaven: BUT THEY'RE SETTING SALARY RANGES. THEY'RE SITTING MINIMUM SALARY RANGES THAT WE'RE GOING TO BE HIRING GOING FORWARD. WOULD WE WANT TO BE HIRING AT A RATE HIGHER THAN WE NEED TO HIRE GIVEN THE MARKETPLACE? IT HAS FUTURE IMPLICATIONS.

Councilman Littlefield: YOU ADDED EXTRA RESTRICTION ON THERE.

Councilwoman Milhaven: IT KEEPS IT FROM SPIRALING OUT OF CONTROL IS WHAT IT DOES. IF EVERYBODY PAYS THE SAME AMOUNT, EVERYBODY IS CHASING US. IF WE GO NO HIGHER THAN THE HIGHEST, WE CONTAIN THAT FROM SPIRALING OUT OF CONTROL.

Councilman Littlefield: OKAY. BUT I GUESS I'M SAYING THAT'S AN ADVANCE, IN ARREARS WE'VE ALREADY CALCULATED ADJUSTMENTS. IS THERE ANY ACTUAL IMPACT ON NUMBERS OF ADOPTING COUNCILWOMAN MILHAVEN'S EXTRA RESTRICTION?

[Time: 00:57:10]

Bernadette LaMazza: MAYOR, MEMBERS OF THE COUNCIL, I'LL HAVE MIKE MURPHY ANSWER THAT FOR YOU. HE WORKS WITH STATISTICS.

Human Resources Senior Analyst Mike Murphy: THERE MAY BE AN IMPACT. THAT'S NOT SOMETHING WE TOOK INTO CONSIDERATION. IT'S POSSIBLE THAT 105% PUT US ABOVE THE HIGHEST PAID CITY. I WOULD POINT OUT TEMPE RAISED THEM AUTOMATICALLY TO WHATEVER LEVEL THE HIGHEST IS SET AT SO WE'D NEVER BE ABLE TO OUTSTRIP THEM ANYWAY IN THE LONG RUN. THAT MAY PRECLUDE A PROBLEM.

Councilman Littlefield: THE REASON I ASK IS THAT MY UNDERSTANDING OF WHAT YOU JUST PRESENTED IS THAT YOU CALCULATED THE NUMBERS FOR ONE TIME CHANGE. WE'RE NOT CREATING AN ONGOING POLICY HERE.

Bernadette LaMazza: NO, WE'RE NOT.

Councilman Littlefield: THERE YOU GO. I THINK YOUR RESTRICTION IS UNNECESSARY. THAT'S ALL. I'D BE HAPPY TO SECOND WITH IT BUT I DON'T WANT TO CHANGE THE CALCULATIONS YOU'VE ALREADY GOT. I THINK THE CALCULATIONS THEY'VE ALREADY DONE ARE ABOUT AS GOOD AS IT'S GOING TO GET. IT'S NEVER GOING TO BE PERFECT. I THINK WHAT THEY PRESENTED IS FINE. AND I AM CONCERNED ABOUT ADDING SOMETHING ON THAT'S GOING TO CHANGE WHAT WE HAVE HERE TONIGHT. I WAS PREPARED TO SUPPORT WHAT SHE HAD TONIGHT. I'D HAVE TO THINK ABOUT SECONDING THAT.

Councilwoman Milhaven: I JUST WANT TO CLARIFY. COUNCILMAN LITTLEFIELD SAID IT'S A ONE-TIME. IT'S A ONE-TIME ADJUSTMENT TO THE SALARY RANGE IN ADDITION TO PAYMENTS TO FIX BRINGING PEOPLE TO THAT MINIMUM SO THERE IS A POLICY IMPLICATION HERE.

Bernadette LaMazza: MAYOR, MEMBERS OF COUNCIL, COUNCILWOMAN MILHAVEN, CORRECT. IT'S A ONE TIME ADJUSTMENT TO THE 71% IMPACTED POSITIONS. THEN THE \$1.4 MILLION COST IS WHAT IT WILL COST TO MOVE THE EMPLOYEES WHO ARE IMPACTED TO THAT NEW MINIMUM.

Mayor Lane: THANK YOU COUNCILMEMBERS LITTLEFIELD AND MILHAVEN. WE STILL HAVE A MOTION ON THE TABLE. FOR THE LACK OF A SECOND AT THE MOMENT, I'LL GO ON TO COUNCILMAN PHILLIPS.

[Time 00:59:28]

Councilmember Phillips: THANK YOU MAYOR. BACK TO MAY OF LAST YEAR, OBVIOUSLY I WASN'T HERE, BUT I REMEMBER IT. I REMEMBER THINKING I DIDN'T LIKE IT. THE REASON IS BECAUSE IT CAME AS 105% FOR ALL EMPLOYEES AND THAT IT WAS GOING TO BE PERMANENT POLICY. LIKE

COUNCILWOMAN MILHAVEN SAID, I DON'T WANT EVERYBODY CHASING US AND US ALWAYS HAVING TO BE ABOVE. I'D LIKE TO COMMEND STAFF ON DOING A GOOD JOB OF WORKING THAT OUT AND COMING OUT WITH A ONE-TIME DEAL AND ALSO THAT IS NOT PERMANENT IS AND NOT A POLICY. THAT'S SOMETHING I CAN VOTE FOR. MY ONE CONCERN IS THAT I WAS UNDER THE IMPRESSION THAT WE WERE GOING TO KNOW WHO THESE 71% IMPACTED POSITIONS WERE. BASICALLY YOU'RE ASKING US TO APPROVE IT. WE MAY ONLY WANT TO APPROVE 50% OR 60% OR 70%. WHO'S THE 71%? I BELIEVE YOU TOLD US IN THE PAST THAT YOU WERE GOING TO GIVE US THAT LIST OF WHO'S GOING TO BE IMPACTED. MAYBE YOU DID AND I MISSED IT. I DIDN'T SEE IT.

Bernadette LaMazza: MAYOR, MEMBERS OF THE COUNCIL, COUNCILMEMBER PHILLIPS, IN YOUR PACKET, REPORT NUMBER 7 IT IS A YELLOW REPORT. IT HAS LISTED IN THERE ALL OF THE POSITIONS THAT ARE BEING IMPACTED. THE CURRENT MINIMUM, PROPOSED MINIMUM, THE INCUMBENT IMPACTED AND WHAT THE TOTAL COST IS WITH FRINGE. DO YOU HAVE A COPY OF THAT?

Councilman Phillips: I DON'T KNOW WHERE IT WENT.

Mayor Lane: COUNCILMAN IF YOU WANT TO TAKE A LOOK AT THAT, WE HAVE A COUPLE SPEAKER CARDS ON THAT AND WILL WANT TO SPEAK. WE'LL HAVE TO GO BACK TO QUESTIONS FROM THE DAIS. WE HAVE TWO REQUESTS TO SPEAK ON THE SUBJECT. THEN WE'LL START WITH JIM NOLAN, FOLLOWED BY JIM HILL.

[Time: 01:01:47]

Jim Nolan: JIM NOLAN, PRESIDENT OF THE SCOTTSDALE FRATERNAL ORDER OF POLICE (FOP). MR. MAYOR, LADIES AND GENTLEMEN OF THE COUNCIL, TODAY THE OPPORTUNITY BEFORE YOU TO CONTINUE MENDING THE FRACTURED RELATIONSHIP THAT HAS DEVELOPED BETWEEN THE CITY OF SCOTTSDALE LEADERSHIP AND WORKFORCE. THERE CAN BE NO DOUBT THAT IN RECENT YEARS THAT THE EMPLOYER AND EMPLOYEE RELATIONSHIP HAS BEEN STRAINED. THE DISSATISFACTION FELT BY A GOOD PORTION OF OUR WORKFORCE HAS UNFORTUNATELY BECOME COMMON. IT'S NOW PART OF OUR DAILY WORK ENVIRONMENT. IT MIGHT BE EASY FOR SOMEONE FROM OUTSIDE OF THE ORGANIZATION TO ASSUME THE SOLE CAUSE OF THE STRAIN IS MULTIPLE YEARS OF REDUCED PAY WHICH LEAVES US WITH PAY STAGNATION FROM 2008. TO ACCURATELY ASSESS THE PROBLEM ONE MUST ALSO CONSIDER THE SIZABLE INCREASES IN EMPLOYEE BORNE HEALTH CARE BENEFIT COSTS, THE RETIREE HEALTH CARE EXPENSE CHANGES BROUGHT UPON THOSE WORKERS WHO FOR DECADES HAVE SERVED CITIZENS AS WELL AS INCREASED WORKLOADS THAT CORRELATE WITH MANDATED STAFF REDUCTIONS AND UNHEALTHY RATES OF EMPLOYEE TURNOVER. THE FOP HAS BROUGHT THE CONCERN OF TURNOVER WITHIN THE POLICE DEPARTMENT BEFORE THIS KIVA IN YEARS PAST AND FORTUNATELY WE MUST DO SO AGAIN. IN 2012 THE POLICE DEPARTMENT HAD A DEPARTURE OF 32 OFFICERS. WHAT CONCERNS US MOST ABOUT THE 32 PROFESSIONALS THAT ENDED CAREERS WAS THAT ONLY 6 WERE DUE TO RETIREMENT. THE OTHER 26 OFFICERS, ONLY 6 HAD 10 YEARS OR MORE OF SERVICE TO THE CITY. I HAVE TO REPEAT THAT SO NOBODY MISSED IT. IN A GROUP OF 26 SCOTTSDALE POLICE OFFICERS THAT RESIGNED LAST YEAR, ONLY 6 HAD SERVED MORE THAN 10 YEARS. NO HEALTHY ORGANIZATION WHETHER PUBLIC OR PRIVATE CAN THRIVE WITH SUCH AN ASTOUNDING LOSS OF YOUNG PERSONNEL. IN A CAREER SUCH AS LAW ENFORCEMENT, WHERE THE HIRING BACKGROUND CHECK AND TRAINING PROCESS IS SO PROLONGED, THERE'S NO EASY FIX OF PLUGGING IN ANOTHER REPLACEMENT WORKER FOR THE VOID THAT IS LEFT. THOSE MANY VOIDS

CREATE A DOMINO EFFECT THROUGHOUT THE ORGANIZATION. THE REMAINING WORKERS STRUGGLE TO PROVIDE THE QUALITY LEVEL OF SERVICE TO THE END USER. THE FOP (FRATERNAL ORDER OF POLICE) HAD LONG MADE ITS SELF AVAILABLE TO THE CITY'S LEADERSHIP TO WORK TOWARDS COMMON EFFORT OF SERVING THE CITIZENS. I ASSURE YOU THAT THAT REMAINS THE CASE GOING FORWARD. I ASK THAT THIS EVENING YOU MOVE FORWARD WITH THE LONG SIMMERING PLAN TO SET THE MINIMUM SALARIES AT THE LEVEL OF 105% OF THE COMPARISON CITIES. THIS WILL NOT RESOLVE ALL THE VARIED ISSUES THAT CONCERN THE WORKFORCE; IT WILL CERTAINLY SHOW A COMMITMENT ON THE PART OF THIS COUNCIL TO MAKE AN IMPORTANT IMPROVEMENT ACROSS THE CITY'S WORKFORCE. THANK YOU FOR YOUR TIME.

Mayor Lane: THANK YOU MR. NOLAN. MR. JIM HILL, PLEASE.

[Time: 01:05:02]

Jim Hill: GOOD EVENING MAYOR AND MEMBERS OF THE COUNCIL. MY NAME IS JIM HILL. I'M HERE ON BEHALF OF POSA THE POLICE OFFICERS OF SCOTTSDALE ASSOCIATION, 7229 EAST FIRST AVENUE. I COME HERE TONIGHT TO ASK YOU TO VOTE YES FOR THIS COMPENSATION PLAN. I BELIEVE THIS IS A GREAT FIRST STEP ON THE PATH TO FIXING ISSUES WE HAVE IN THE POLICE DEPARTMENT SALARY STRAINS AND COMPENSATION ISSUES. WE LOOK FORWARD TO WORKING WITH STAFF AND COUNCIL TO FIX THE ISSUES. TONIGHT WE THANK YOU FOR CONSIDERING THIS. WE HOPE YOU'LL VOTE YES. THANK YOU.

Mayor Lane: THANK YOU MR. HILL. THAT COMPLETES THE PUBLIC COMMENT ON ITEM 22. WE DO HAVE COUNCILMEMBER KORTE.

[Time: 01:05:57]

Councilmember Korte: THANK YOU MAYOR LANE. I TOO ECHO COUNCILWOMAN MILHAVEN'S COMMENTS ON CONGRATULATING STAFF ON SOME WORK WELL DONE NOT TO SAY THIS WAS A DIFFICULT TASK TO TRANSLATE POLICY INTO TACTICAL RESULTS IS A DIFFICULT THING. THANK YOU TO THE WHOLE STAFF I KNOW IT WAS A LOT OF HARD WORK. I HAVE JUST ONE SIMPLE QUESTION. NOT BEING AN HR GURU AT ALL, YOU HAVE STUDIED 564 JOB DESCRIPTIONS WITHIN THE CITY. IT SEEMS LIKE THAT'S A LOT TO ME, IS THERE AN EFFORT TO PERHAPS SIMPLIFY THAT STRUCTURE SOMEWHAT TO MAKE YOUR JOB EASIER NEXT TIME AROUND?

Bernadette LaMazza: MAYOR, MEMBERS OF THE COUNCIL, COUNCILMEMBER KORTE, YES, 564 IS AN AWFUL LOT. THE GOOD THING IS WE USED TO BE OVER 600. TYPICALLY WHAT WE HAVE FOUND FOR OTHER MUNICIPALITIES FOR OUR SIZE, WE'RE ABOUT 100 OVER. WE'RE WORKING THROUGH THIS PROCESS AND AS WELL AS THROUGH OUR COMPENSATION PROGRAM TO WHITTLE THAT DOWN SO IT'S MORE MANAGEABLE. WE WERE ABLE TO INACTIVATE QUITE A FEW. THIS IS A MUCH BETTER NUMBER THAN WE STARTED OFF WITH. THANK YOU.

[Time: 01:07:44]

Mayor Lane: THANK YOU COUNCILWOMAN. I JUST WANT TO ALSO THANK THE STAFF FOR DOING A PROFOUNDLY INTRICATE JOB IN TRYING TO REIN THIS IN AND BRING IT TO A POINT OF REASON. I'M

ABSOLUTELY A BELIEVER THAT YOU NEED TO SHOW APPRECIATION TO THE STAFF. WE WANT TO MAKE SURE WE HAVE MORALE AND GOOD STEAD? AND THERE'S AN INDICATION THAT THIS COUNCIL AND THE CITIZENS APPRECIATE THEIR EMPLOYEES. WE WANT THE BEST OF SERVICES. THAT DOESN'T MEAN THAT WE DON'T HAVE AN OBLIGATION TO MANAGE RESOURCES WHETHER THEY ARE HUMAN RESOURCES OR FINANCIAL RESOURCES. I THINK IT'S SOMETIMES IN A LITTLE BIT OF A CONFLICT BETWEEN THE TWO SOMETIMES WHEN WE TALK ABOUT THEM IN THOSE TERMS. IT SEEMS LESS THAN HUMAN TO TALK ABOUT HUMAN RESOURCES IN A FINANCIAL SENSE. IT'S ABSOLUTELY OUR OBLIGATION TO DO THAT FOR THE SAFETY OF THE CITY ON THE OVERALL. SO I AM CERTAINLY AN ADVOCATE OF MANAGING OUR RESOURCES ON ALL LEVELS BUT STILL TRYING TO MAINTAIN THE SENSITIVITY TO HOW IT'S ATTENDED TO. I THINK SOME OF THE THINGS THAT HAVE BEEN BROUGHT ABOUT ARE THAT BY YOUR ACTIONS AND STAFF AND CITY MANAGER AND TREASURER'S OFFICE IN LOOKING AT THIS, I THINK HAS BEEN REALLY VERY GOOD. IT'S BEEN TIME WELL SPENT. NOT TO HAVE FORCED THE ISSUE TOWARD THE END OF THE YEAR I THINK WAS A VERY GOOD MOVE AS IT ENDED UP SIMPLY BECAUSE IT GAVE US TIME TO REMEDY, RECTIFY AND FIND MISTAKES IN OUR ASSUMPTIONS AND GIVENS WE HAD PREVIOUSLY. IT'S WELL KNOWN I WAS NOT AN ADVOCATE OF THIS AS TWO OF MY OTHER DEPARTED NOT FROM THIS LIFE BUT THIS COUNCIL, COUNCILMEMBERS WHO ALSO OPPOSED THIS FOR REASONS OF A STEADY STREAM OF INCREASES IF A POLICY WERE TO TAKE HOLD WHERE THIS WAS THE ONLY GAUGE BY WHICH WE SHOWED APPRECIATION OR MARKED THE TIME SPENT BY EMPLOYEES HERE WITH THE CITY. I ACTUALLY BELIEVE THAT WHAT COUNCILWOMAN MILHAVEN SUGGESTED, NOT NECESSARILY AN ONGOING BASIS BUT AS INDICATED IT WAS NOT A CONSIDERATION IF YOU HAVE A CATEGORY OF GROUPING OF EMPLOYEES THAT MIGHT BE AT THE SAME OR SIMILAR LEVEL OF ACTIVITY SO THAT A 5% ABOVE AVERAGE WOULD PUT US FAR ABOVE WHAT OTHER CITIES MIGHT BE PAYING. WE LOOK AROUND. I GUESS THERE'S A LITTLE BIT OF A SIDE BAR. WE LOOK AND SEE WHAT'S HAPPENING IN SOME CITIES NOTABLY WITH CHANGES IN PHOENIX CHANGING THEIR DIRECTION AS TO WHO THEY GAUGE THEMSELVES AGAINST. THEY'RE NOT AGAINST US ANY LONGER BUT GAUGING THEMSELVES AGAINST NEW YORK, PHILADELPHIA, SAN ANTONIO AND OTHERS OF THE TOP SEVEN CITIES IN THE COUNTRY. THAT IS ANOTHER WORLD WHICH WE'RE GOING TO IF WE MAKE THE COMPARISONS AT ANY LEVEL, GOING TO HAVE TO CONSIDER FOR OTHER POSITIONS. NOT THE STANDARD POSITIONS. SO, I'D SAY THAT THE IDEA THAT WE BROUGHT MERIT BACK TO THIS, MANAGEMENT BACK TO THIS, RANGES AND ADJUSTMENTS BACK TO THIS, ALL THINGS I THINK HAVE THE EFFECT OF AVOIDING COMPRESSION ISSUES WE WERE GOING TO BE LOOKING AT. IT QUICKLY IN SOME CATEGORIES MORE SO THAN OTHERS, I THINK IS FAR MORE RESPONSIBLE APPROACH THAN I BELIEVE WAS WHAT WE HAD BEFORE. AGAIN, IT TOOK THEM TIME TO LOOK THROUGH IT. I THINK WE'RE REMAINING CONSISTENT WITH THE DESIRES. AT THE SAME TIME I THINK WE'RE LOOKING AT A MORE MEASURED FASHION. WITH THAT, I WOULD SUPPORT IT AS IT IS. IT'S NOT PERFECT BY MY OWN ESTIMATION, BUT I THINK IT'S A FAR BETTER THAN WHERE IT WAS. ONE OF MY GREATEST CONCERNS REALLY AND STILL IS THAT WE MAKE SURE THAT WE'RE LOOKING AT REAL MARKET CONDITIONS NOT ANTICIPATED MARKET CONDITIONS. THAT WE'RE IN LEVEL AND LINE WHERE WE NEED TO BE AND NOT PUSHING THE ENVELOPE TO COUNCILWOMAN MILHAVEN'S POINT. WE'RE NOT LOOKING TO PUSH IT SKYWARD. WE'RE LOOKING TO BE WITHIN THE MARKET RANGE. I THINK ALL OF WHAT'S BEEN SUGGESTED IN WHAT YOU'VE OUTLINED HERE I THINK IT'S A GOOD APPROACH TO THAT. I THINK IT'S A GOOD START. I FAVOR A MOTION. I FRANKLY FAVOR THE AMENDED MOTION THAT COUNCILWOMAN MILHAVEN NOTED AS WELL. I THINK THAT'S A REASONABLE ISSUE TO ADD EVEN IF FOR THIS ONE PARTICULAR TIME. COUNCILWOMAN KLAPP.

[Time: 01:12:56]

Councilwoman Klapp: I APPRECIATE THE WORK THAT WAS PUT INTO THIS AND HAVE BEEN FOLLOWING IT CLOSELY SINCE I DISCUSSED IT BACK IN MAY. I APPRECIATE ALSO THE FACT THAT YOU HAVE WORKED INTO THIS PLAN CONSULTATION WITH DIVISION MANAGEMENT WHO HAVE MADE SUGGESTIONS ABOUT WHAT DID NOT NEED TO BE ADJUSTED. I'M GLAD WE HAD THE TIME TO GET FIGURES THAT I FEEL COMFORTABLE WITH TODAY. I WOULD LIKE TO MAKE A MOTION THAT WOULD BE THAT WE WOULD APPLY A ONE TIME 105% MARKET ADJUSTMENT THAT'S APPLIED TO 71% OF IMPACTED POSITIONS AND NOT APPLIED TO THOSE POSITIONS WHERE A DIVISION MANAGEMENT HAS DETERMINED ADJUSTMENT WAS NOT NEEDED AND THE COST IS \$1.4 MILLION FOR THE YEAR, FOR THE FULL YEAR.

[Time: 01:14:03]

Vice Mayor Robbins: I THINK I WAS UP NEXT ANY WAY. THANK YOU. YOU DID A GREAT JOB. I APPRECIATE THAT AND YOUR STAFF. I'D LIKE TO TAKE A MOMENT SINCE WE HAVE CITY EMPLOYEES HERE. I APPRECIATE YOU COMING OUT AND VOICING YOUR SUPPORT FOR THIS. JUST A HEARTFELT THANK YOU FOR EVERYTHING YOU DO FOR US EVERYDAY. AS A COUNCIL AND CITIZENS AS WELL, WE'RE IN A SERVICE BUSINESS. WE CAN'T OPERATE AS A CITY WITHOUT YOU. I APPRECIATE THAT. I PLAY CHEERLEADER AMONG OTHER THINGS EVERYDAY WITH MY EMPLOYEES AS WELL AS DIRECTOR AND OTHER THINGS. I UNDERSTAND WHAT IT TAKES TO RUN AN ORGANIZATION. WE CAN'T DO IT WITHOUT YOU. I REALLY APPRECIATE THAT. I AGREE WITH THE MAYOR SOMETIMES THERE'S A CONFLICT OF RESOURCES. WE WANT TO LET YOU KNOW, YOU MEAN A LOT TO US. WE'RE TRYING TO PAY THE BEST WE CAN. WE CAN'T RUN A QUALITY SERVICE ORGANIZATION WITHOUT QUALITY PEOPLE. MY FULL SUPPORT IS FOR THIS. I THINK THIS IS THE FIRST STEP. WE'VE GONE THROUGH A LOT OF ITERATIONS OF THIS. I'M GLAD IT'S NOT CONTENTIOUS. THERE WAS A LOT OF PEOPLE LEFT OFF OF THIS THAT NEEDS TO BE DEALT WITH IN THE FUTURE. PEOPLE HAVE BEEN HERE A LONG TIME. THEY NEED TO HAVE A COMPENSATION PLAN THAT FITS THEIR OBJECTIVES AND PERFORMANCES AND QUALITY BACKGROUNDS. I THINK A SYSTEM THAT TAKES THAT INTO ACCOUNT AS FAR AS MERIT INCREASES GOES. I'M LOOKING FORWARD TO THAT TOO. THERE'S MORE WE NEED TO DO. THIS IS A GOOD PLACE TO START. I'M HAPPY TO SUPPORT THAT AND MEND RELATIONSHIPS. IT IS VERY IMPORTANT TO US HOW WE'RE PERCEIVED BY OUR ORGANIZATION AND OUR EMPLOYEES. I WANT YOU TO KNOW THAT YOU MEAN THE WORLD TO US. WE'LL HOPEFULLY GET BETTER AS WE GO ALONG. THANK YOU FOR THAT. LOOK FORWARD TO VOTING FOR THIS.

Mayor Lane: THANK YOU COUNCILMAN. COUNCILMAN LITTLEFIELD.

[Time: 01:16:46]

Councilman Littlefield: TO MAKE SURE WE'RE CLEAR HERE. FOR THE MOTION ON THE FLOOR IS TO DO BASICALLY WHAT YOU PUT UP HERE TO MAKE THIS ONE -TIME ADJUSTMENT. I'M LOOKING AT AGENDA. BASICALLY THE MOTION JUST MADE IS TO RATIFY THAT? WHICH I THINK IS WHAT YOU ASKED FOR HERE, THE ONE TIME ADJUSTMENT. OKAY, GOOD. THE REASON I DIDN'T SUPPORT COUNCILMEMBER MILHAVEN'S ORIGINAL AMENDMENT WAS THIS. PART OF THIS IS TO MAKE THE EMPLOYEES HAPPY. WE LOVE YOU ALL JUST LIKE EVERYBODY ELSE. I LOVE YOU TOO. I WAS OUT WITH THE SOLID WASTE PEOPLE SATURDAY. IT'S REALLY IMPORTANT TO KEEP THEM HAPPY. IF THEY'RE NOT HAPPY, WE'RE NOT HAPPY. BUT THIS IS ALSO A TAXPAYER FRIENDLY THING TOO. THE IDEA HERE WAS

TO CUT DOWN ON EXPENSIVE ATTRITION. WE HEARD THE POLICE OFFICER. IF YOU LOSE A POLICE OFFICER, IT TAKES A YEAR AND \$100,000 TO REPLACE HIM. THAT WAS THE REASON I DIDN'T SUPPORT COUNCILMEMBER MILHAVEN'S AMENDMENT. THIS IS WHAT WE NEED RIGHT NOW. IT'S NOT CLEAR THIS IS WHAT WE'LL NEED A YEAR FROM NOW OR TWO YEARS FROM NOW OR TEN YEARS FROM NOW. WE'RE GOING TO HAVE TO RE-EVALUATE EVERY YEAR TO SEE WHETHER WE'RE COMPETITIVE OR NOT. I THINK WHAT YOU'VE DONE HERE IS RIGHT. THERE IS NO PERFECT WITH 2300 EMPLOYEES. WE'RE NEVER GOING TO GET EVERYBODY 100% WHERE THEY'D LIKE TO BE OR OUGHT TO BE. I DON'T WANT TO TIE OUR HANDS FOR THE FUTURE. NEXT YEAR THE SITUATION MIGHT BE DIFFERENT. WE MIGHT HAVE DIFFERENT POSITIONS THAT NEED ADJUSTMENT. IT MIGHT NEED TO BE 103%. I LIKE THE FACT YOU'RE GOING TO LOOK AT A THIRD OF THESE POSITIONS EVERY YEAR. THAT'S THE WAY TO DO IT. NOT TO CAST IN CONCRETE 105% ALWAYS POLICY. THAT'S THE ONLY REASON I DIDN'T WANT TO SECOND HER MOTION. I'M FINE WITH THE WAY WE'RE DOING IT. I THINK IT'S GOOD FOR EMPLOYEES AND ALSO FAIR TO THE TAXPAYERS. THAT'S WHY I SUPPORT IT.

Mayor Lane: THANK YOU COUNCILMAN. COUNCILMAN PHILLIPS.

[Time: 01:19:19]

Councilmember Phillips: THANK YOU ONCE AGAIN MAYOR. WHAT IS A BUYER?

Bernadette LaMazza: MAYOR, MEMBERS OF THE COUNCIL, COUNCILMAN PHILLIPS, A BUYER IS AN INDIVIDUAL THAT WORKS IN THE PURCHASING DEPARTMENT. I BELIEVE MIKE, YOU KNOW ALL POSITIONS. ISN'T THAT THE INDIVIDUAL THAT HELPS US WITH PURCHASING CONTRACTS?

Councilmember Phillips: SO ALL THESE PEOPLE ON ALL THESE LISTS, THEY'VE ALL COME BACK OR YOU'VE WENT TO THEM. THIS IS WHERE THEY SAID THIS IS WHERE WE NEED TO MAKE THE ADJUSTMENT TO MAKE OURSELVES COMPETITIVE IN THE MARKET?

Bernadette LaMazza: CORRECT.

Councilmember Phillips: I DIDN'T GET THE CHANCE TO LOOK THROUGH THIS EARLIER. I'M SURE THAT YOU KNOW MUCH MORE ABOUT IT THAN I DO AS FAR AS WHICH DEPARTMENTS DESERVE WHAT. I JUST FEEL THAT IT'S LIKE A BOND ISSUE. YOU VOTE FOR THE SEWER IMPROVEMENTS BUT GET OTHER THINGS WITH IT. YOU WANT TO MAKE SURE YOU GET THE ONE THING. THERE'S A LOT OF GROUPS HERE. I WANT TO MAKE SURE THEY GET THE COMPENSATION THEY DESERVE. I DIDN'T GET A CHANCE TO MAKE SURE THE OTHERS DIDN'T. I'M TAKING THE STAFF'S WORD. I KNOW YOU'VE DONE A GOOD JOB AND WORKED A LONG TIME. I'M GOING TO TAKE YOUR WORD FOR THAT. NEXT YEAR WE'LL GO THROUGH IT AGAIN AS COUNCILMAN LITTLEFIELD POINTED OUT. YOU'LL GET A BETTER CHANCE TO SAY IS THIS REALLY WHERE IT'S AT. IN THE LONG RUN, THIS IS PROBABLY THE BEST WAY TO GO. I APPRECIATE ALL YOUR WORK AND EFFORT. THANK YOU.

[Time: 01:20:57]

Mayor Lane: THANK YOU COUNCILMAN. I JUST WANT TO ADD SOMETHING TO BRIEFLY SAY, ONE, I DON'T KNOW EXACTLY HOW MUCH A PROSPECT OR POSSIBILITY THERE IS THAT WE WOULD BE PUSHING A RATE ABOVE THE HIGHEST RATE THAT'S OUT THERE IN A GIVEN FIELD. THAT WAS

SUGGESTED BY COUNCILWOMAN MILHAVEN. IT'S STILL A FACTOR I WOULD LOVE TO AT LEAST TAKE A LOOK AT. I DON'T KNOW IF THAT'S SOMETHING INCUMBENT ON WHAT WE HAVE HERE. IT'S IMPORTANT WE DON'T WANT TO PUSH THINGS OUTSIDE THE REALM. WE HAVE COMPETITIVE CITIES IN THIS SMALL POPULATION WE'RE WORKING WITH. EVERY MOVE WE MAKE IS GOING TO CONSTITUTE A MOVE BY OTHERS. IF YOU HAVE ONE THAT'S SET TO BE THE TOP, THEN IT IS THAT SPIRAL STAIRCASE TO THE HEAVENS. I DON'T KNOW THAT IT HAPPENS MUCH, AND MAYBE IT DOESN'T AT ALL BUT I'M VERY CONCERNED ABOUT THAT. THE ONLY OTHER THING, NOT IN THE ACTION ITEM, I'M ALSO ON THE BASIS, MY ALIGNMENT WITH WHAT'S SUGGESTED TODAY, ALSO INCLUDES THE ACTIONS AS WE MOVE FORWARD AS A MATTER OF SOME HUMAN RESOURCE POLICY AS TO HOW WE'RE TO SET ABOUT MOVING FORTH WITH REGARD TO THE BUDGET OF AVAILABLE FUNDS AND ALL THOSE THINGS IN THE WAY OF MERIT AND ENGAGING OF THESE, ONE-THIRD EACH MOVING FORWARD. EVEN THOUGH NOT PART OF THE MOTION, THERE'S SOME DEPENDENCY UPON THE FACT THAT IT'S AN ESTABLISHED ROUTINE NOW IN HUMAN RESOURCES.

[Time: 01:22:36]

Councilwoman Klapp: I PROBABLY SHOULD HAVE ADDED THE WORDS APPLY ONE TIME 105% MARKETING ADJUSTMENT TO THE MINIMUM SALARY RANGES. I DIDN'T HAVE THOSE WORDS IN THERE BUT THAT WAS THE INTENTION.

Mayor Lane: THAT DOES CHANGE IT A LITTLE BIT. MY UNDERSTANDING WAS THAT THE MOTION WAS TO ADOPT THE WORDING INDICATED UNDER ACTION AND THAT'S TO APPLY A ONE TIME 105% MARKET ADJUSTMENT.

Councilwoman Klapp: WITH THE OTHER CONDITIONS LISTED OUT, BUT WE'RE ADJUSTING SALARY RANGES. I WANT TO MAKE THAT CLEAR. IT DOESN'T REALLY SAY THAT UP THERE. I DON'T KNOW IF IT'S NECESSARY. PERHAPS THE CITY ATTORNEY CAN TELL ME IF THOSE WORDS ARE NECESSARY IN THE MOTION OR JUST IMPLIED.

City Attorney Bruce Washburn: I BELIEVE THE MANAGEMENT UNDERSTANDS THE MOTION THE WAY IN WHICH YOU DESCRIBED IT. THE WORDS ARE NOT REQUIRED BUT DON'T DO ANY HARM.

Councilwoman Klapp: OKAY. THANK YOU.

Mayor Lane: THANK YOU COUNCILWOMAN MILHAVEN.

[Time: 01:24:00]

Councilwoman Milhaven: THANK YOU MAYOR. COUNCILMAN LITTLEFIELD, I WANT TO GO BACK TO WHAT YOU WERE SAYING. THE REASON I SAID NOT MORE THAN 105% BECAUSE IF 103% OR 29% OF THE PEOPLE WHO ARE NOT GOING TO GET INCREASES THAT WE WOULD BE CLEAR ON THAT. THE OTHER IS TO SAY THANK YOU MAYOR FOR RECOGNIZING THE POINT I'M TRYING TO MAKE. IF TEMPE SAYS THEY'RE GOING TO BE NUMBER 1. IF WE GO TO 105, IF WE'RE GOING TO BE EQUAL TO THEM; THE DIFFERENCE TO HONOR THEIR AGREEMENT IS GOING TO BE SMALLER. THAT'S WHY I SUGGESTED NOT HIGHER THAN THAT. I CERTAINLY SUPPORT THE MOTION ON THE TABLE. I WOULD HAVE LIKED ADDITIONAL PARAMETERS. I KNOW EACH CONVERSATION I HAD WITH STAFF ON THIS I SHARED MY



CONCERN ABOUT ADDING THOSE ON IT. AT ANY RATE, I SUPPORT THE MOTION SINCE THERE'S NO SUPPORT FOR MINE.

Mayor Lane: THANK YOU COUNCILWOMAN. IF I MIGHT JUST REMIND THE COUNCILMEMBERS, ALL QUESTIONS OR COMMENTS SHOULD BE DIRECTED THROUGH THE CHAIR POSITION. IT'S ONLY TO AVOID A DIALOGUE BETWEEN MEMBERS. IT'S NOT THE ATTENDED APPROACH HERE. WE'VE DONE IT. IT WORKED THAT WAY. IF WE COULD CONFINE THIS GOING FORWARD, I APPRECIATE THAT. COUNCILMAN LITTLEFIELD.

[Time: 01:25:07]

Councilman Littlefield: JUST WANT TO MAKE IT OFFICIAL THAT I'M NOT RAINING ON COUNCILWOMAN MILHAVEN'S PARADE. I THINK WE'RE AT SAME SPOT. THERE'S AN IMPORTANT POINT HERE. THAT IS THAT WE'RE VOTING ON A ONE TIME THING AT THE MOMENT. ONE TIME THIS IS WHAT YOU HAVE ALL IN THAT BIG LIST OF POSITIONS AND EVERYTHING. WE'RE VOTING ON A ONE TIME ADJUSTMENT BUT THIS PROCESS IS ONGOING. I DIDN'T WANT TO ADD LANGUAGE TO COMPLICATE IT. NEXT YEAR, WE MIGHT BE IN A DIFFERENT POSITION. I THINK YOU AND I ARE IN THE SAME SPOT OTHERWISE. I GUESS, NOTHING PERSONAL.

Mayor Lane: AS I SAY, IF WE CAN REFRAIN FROM PERSONAL DIALOGUE WITH THE REST OF US SITTING HERE.

Councilman Littlefield: I DID THAT THROUGH YOU.

Mayor Lane: YOU DID. I APPRECIATE THAT. I SEE THAT WE HAVE NO FURTHER COMMENTS ON IT. I BELIEVE WE HAVE THE MOTION AND SECOND ON THE TABLE. ALL THE DISCUSSION IS COMPLETED. ALL THOSE IN FAVOR OF THE MOTION AS INDICATED PLEASE INDICATE BY AYE AND REGISTER YOUR VOTE. THE VOTE IS UNANIMOUS. CLEAR INDICATION OF A JOB WELL DONE. THANK YOU. THANK YOU VERY MUCH.

### **ITEM 23 - 2014 GENERAL PLAN PROCESS AND PROCEDURES**

[Time: 01:26:45]

Mayor Lane: OKAY. MOVE TO OUR NEXT ITEM OF BUSINESS, ITEM 23, 2014 GENERAL PLAN PROCESS PROCEDURES. YOU'LL BE PRESENTING FOR US.

Long Range Planning Manager Erin Perreault: MAYOR LANE, MEMBERS OF THE COUNCIL, MY NAME IS ERIN PERREAULT. I'M GOING TO WALK YOU THROUGH A NUMBER OF DECISION ITEMS FOR COUNCIL DISCUSSION AND HOPEFULLY DIRECTION TO STAFF IN REGARD TO MOVING FORWARD WITH THE SCOTTSDALE GENERAL PLAN PROCESS. JUST A QUICK OVERVIEW. I KNOW MOST OF YOU KNOW THIS ALREADY. FOR THE COMMUNITY, THE GENERAL PLAN IS A LEGAL DOCUMENT. IT'S REQUIRED BY STATE STATUTE AND CITY CHARTER. IT'S LEGALLY AMENDABLE BY STATE STATUTE. IT ESTABLISHES OUR CURRENT COMMUNITY VISION, IMPLEMENTED THROUGH A VARIETY OF RECOMMENDATIONS AND DECISIONS IN THE PRIVATE AND PUBLIC SECTOR. THE PLAN IS EFFECTIVE UP TO 10 YEARS AT WHICH TIME THE NEW PLAN WILL BE ADOPTED. WE ARE REQUIRED TO HAVE 17 STATE MANDATED

ELEMENTS, TWO OF WHICH ARE NEW SINCE 2001 AND NOT IN OUR CURRENT 2001 GENERAL PLAN. IN TERMS OF STATE STATUTE EXTENSION, IN JULY 2010 WITH REGARD TO RECOGNITION FROM THE STATE LEGISLATURE THAT THE ECONOMY HAD TAKEN A DOWNTURN AND DIFFERENT COMMUNITIES WERE STRUGGLING IN TERMS OF STAFFING AND BUDGET TO UPDATE GENERAL PLANS, THE LEGISLATURE ACTUALLY EXTENDED THE TIME LINE THAT WE CAN DO THE UPDATE PROCESS TO JULY 1, 2015. WITH REGARD TO THE SCOTTSDALE GENERAL PLAN SPECIFICALLY, OUR GENERAL PLAN WAS ADOPTED IN 2001 BY THE CITY COUNCIL AT THAT TIME AND RATIFIED BY THE VOTERS IN MARCH 2002. WE DID ATTEMPT AN UPDATE PROCESS, WHICH WAS THE 2011 GENERAL PLAN. IT WAS ADOPTED BY COUNCIL IN OCTOBER 2011 BUT UNSUCCESSFUL AT RATIFICATION MARCH 2012.

CURRENTLY OUR 2001 GENERAL PLAN REMAINS IN EFFECT. I'M GOING TO WALK YOU THROUGH A FEW COUNCIL MEETINGS AND COUNCIL DECISIONS LEADING UP TO TONIGHT AND WHY WE'RE HERE TO DISCUSS THIS TONIGHT. FOLLOWING THE MARCH 2012 VOTE ON APRIL 3rd THE CITY COUNCIL AGENDIZED A FEW DISCUSSION POINTS WITH REGARD TO MOVING FORWARD WITH THE GENERAL PLAN PROCESS. SOME OF THAT WAS TO DO A CITIZEN TASK FORCE FOR OVERSIGHT, EXPLORING A VISIONING PROCESS TO RELOOK AT THE VISION STATEMENT WE CURRENTLY HAVE IN THE GENERAL PLAN, POSSIBLY ESTABLISHING A CITY COUNCIL SUBCOMMITTEE TO PROVIDE OVERSIGHT TO THE ENTIRE PROCESS AND/OR ESTABLISH A GENERAL PLAN WORKING GROUP WHICH WE HAD DONE IN THE 2011 PROCESS. AT THAT TIME, COUNCIL DIRECTION WAS TO COME BACK JUNE 2012 AT A WORK STUDY SESSION TO TALK THROUGH PARTICULAR ITEMS. AFTER THAT APRIL 3rd MEETING A CITIZEN PETITION WAS FILED WITH COUNCIL AND SIGNED BY NINE COMMUNITY MEMBERS. IT REQUESTED INFORMATION THAT THE CITY BASICALLY BENCHMARKED WITH THE COMMUNITY TO GET INFORMATION ON THE GENERAL PLAN PROCESS FOR 2011 AND THE PLAN CONTENTS. IT ALSO REQUESTED DRAFTING OF A CLEAR VISION STATEMENT AS WE MOVED FORWARD. IT REQUESTED THAT AS WE MOVE FORWARD, THOSE NINE CITIZENS WOULD LIKE TO SEE THE 2001 GENERAL PLAN AS OUR BASELINE MOVING FORWARD. FINALLY, IT REQUESTED THAT AS WE MOVE FORWARD IN UPDATING THE GENERAL PLAN AGAIN THAT WE LOOK AT DRAFTING STRICTER MAJOR GENERAL PLAN AMENDMENTS. WHAT COUNCIL DID AT THAT TIME WAS BASICALLY VOTED UNANIMOUSLY TO INCLUDE THOSE ITEMS AS PART OF YOUR DISCUSSION. SOME OF THAT IS INCLUDED IN THIS DISCUSSION THIS EVENING. MOVING FORWARD TO THE JUNE 19 WORK STUDY SESSION, TWO ITEMS DIRECTION FROM COUNCIL CAME OUT OF THAT. THE FIRST WAS TO PROCEED WITH A PROCUREMENT PROCESS TO HIRE A VISION CONSULTANT. THE SECOND WAS FOR STAFF TO COME BACK BASICALLY AFTER THE FIRST OF THE YEAR WITH FURTHER DIRECTION FROM COUNCIL ON OTHER ITEMS THAT NEEDED TO BE DISCUSSED. THAT'S WHY WE'RE HERE THIS EVENING. IN DECEMBER 2012, COUNCIL APPROVED A CONTRACT WITH ARIZONA TOWN HALL TO BE THE CONSULTANT TO HOST A VISIONING TOWN HALL EVENT THAT WILL TAKE PLACE NEXT MONTH FEBRUARY 6, 7, 11. WITH REGARD TO SOME OF THE DISCUSSION POINTS TONIGHT, I WILL BE WALKING YOU THROUGH ALL OF THESE DISCUSSION POINTS. IN YOUR STAFF REPORT YOU FOUND THREE OPTIONS FOR CONSIDERATION. ONE OF THEM IS A STAFF RECOMMENDED OPTION. OTHER ITEMS WE WILL DISCUSS IN TERMS OF OVERSIGHT FROM A CITIZEN'S STANDPOINT AND POSSIBLY COUNCIL'S STANDPOINT MOVING FORWARD, TIMING, WHICH PLAN WE'D LIKE TO START WITH AND OF COURSE THE CITIZEN PETITION ITEMS AND ANY OTHER ITEMS COUNCIL MAY HAVE.

[Time 01:32:32]

Erin Perreault: OPTION 1 IS THE STAFF RECOMMENDED OPTION WITH REGARD TO MOVING FORWARD ON PROCESS AND TIMING. I'LL SPEND TIME ON THIS OPTION SO YOU CAN UNDERSTAND WHY IT'S RECOMMENDED. WHAT IT WOULD INCLUDE IN TERMS OF A PROCESS IS TAKING THE NEW VISION STATEMENT THAT WILL BE CREATED BY COMMUNITY MEMBERS NEXT MONTH AND INCORPORATING THAT INTO THE PROCESS AND DRAFT PLAN MOVING FORWARD., IT ALLOWS THE TIMING TO ALLOW FOR CHANGES OR ADDITIONS OF GOALS AND POLICIES TO ALIGN THE REST OF THE GENERAL PLAN WITH THAT NEW VISION STATEMENT. IN ADDITION, IT ALLOWS FOR ENOUGH COMMUNITY ENGAGEMENT, BASICALLY ENOUGH TIME FOR COMMUNITY ENGAGEMENT AS WE BENCHMARK WITH GROUPS SINCE THE MARCH VOTE OF LAST YEAR, THERE HAVE BEEN CERTAIN COMMON THEMES THAT HAVE COME UP THAT THE COMMUNITY WOULD LIKE TO RE-DISCUSS AS PART OF THE GENERAL PLAN. I'LL GIVE A COUPLE OF EXAMPLES. THE FIRST IS THE MAJOR AMENDMENT CRITERIA NOT ONLY IN THAT PETITION BUT WE'VE HEARD OTHERS. ANOTHER IS CHARACTER AREA PLANNING. IN THE 2001 DOCUMENT, THERE'S A GOAL OF ADOPTING 24 CHARACTER AREA PLANS. THE 2011 DOCUMENT ACTUALLY ROLLS UP SOME OF THE CHARACTER PLANS INTO 6 CHARACTER PLANS. AS WE BENCHMARKED WITH THE COMMUNITY, 24 SEEMS TO BE TOO MANY AND RECOGNIZED AS THAT. 6 SEEMED TO BE TOO FEW. THERE NEEDS TO BE A COMMUNITY DISCUSSION ABOUT HOW MANY CHARACTER PLANS AND WHERE THEY'RE GOING TO BE IN THE FUTURE. IN ADDITION, WE'VE ALSO HEARD A DESIRE TO RE-DISCUSS THE LAND USE DESCRIPTIONS IN THE GENERAL PLAN TIED BACK TO THE MAJOR GENERAL PLAN AMENDMENT AS WELL. THOSE ARE A FEW EXAMPLES OF TOPICS THAT WOULD BE OUT IN THE COMMUNITY DISCUSSING WITH CITIZENS. IN ADDITION, OPTION 1 ALSO ALLOWS FOR THE MOST FLEXIBILITY FROM A TIMING STANDPOINT. WE HAVE THE MAJOR AMENDMENT TIME LINE THAT WE DO EVERY YEAR FOR MAJOR AMENDMENTS WHETHER PRIVATE OR CITY INITIATED. IT BASICALLY HAPPENS IN SAME CALENDAR YEAR PER STATE STATUTE. OUR APPLICATION IS DUE IN MAY AND COUNCIL HEARS THOSE IN NOVEMBER. STATE STATUTE ALLOWS COUNCIL, WHEN YOU'RE LOOKING TO UPDATE OR READOPT YOUR EXISTING PLAN OR ADOPTING A NEW PLAN TO SET YOUR OWN SCHEDULE FOR THAT PLAN PROCESS. SO STAFF IS RECOMMENDING THAT ALTERNATIVE ADOPTION CALENDAR. WHAT THAT MIGHT LOOK LIKE AS YOU CAN SEE ON THE SLIDE INCLUDES COMMUNITY OUTREACH BASICALLY FROM MARCH 2013 THROUGH APRIL 2014 THEN GOING THROUGH THE PUBLIC HEARING PROCESS WHICH WOULD INCLUDE THE PLANNING COMMISSION RECOMMENDATION AND COUNCIL HEARING AND ADOPTION POTENTIALLY APRIL 2014 IN PREPARATION TO PUT THE PLAN OUT FOR VOTER CONSIDERATION AND RATIFICATION OF NOVEMBER 2014. THAT'S WHAT THAT ALTERNATIVE ADOPTION CALENDAR COULD LOOK LIKE IN TERMS OF PROCESS. WITH REGARD TO THIS OPTION, IN TERMS OF STAFFING, OF COURSE IT WOULD BE LONG RANGE PLANNING STAFF. WE WOULD POSSIBLY LOOK AT CONSULTING SERVICES. FOR EXAMPLE, IF WE WANTED TO SURVEY THE COMMUNITY WITH A LEGALLY STATISTICAL SURVEY, WE COULD CERTAINLY DO THAT THROUGH CONSULTING SERVICES. ANOTHER RECOMMENDATION IF COUNCIL WOULD LIKE A THIRD PARTY FACILITATOR IN THE COMMUNITY TO DISCUSS DIFFERENT TOPICS WITH REGARD TO THE GENERAL PLAN, WE COULD CERTAINLY DO THAT. IT PROVIDES THAT OPTION FOR US. IF WE WERE TO BUDGET FOR THOSE THINGS, WE WOULD LOOK AT THOSE FOR THE 2013-2014 NEXT YEAR. IT WOULD COME FROM YOUR REGULAR BUDGET DISCUSSION.

[Time: 01:36:40]

Erin Perreault: OPTION 2 IS REFERRED TO MORE AS A MINIMAL GENERAL PLAN UPDATE. WHAT OPTION 2 DOES IS IT WOULD INCORPORATE THE NEW VISION STATEMENT AND STATE MANDATED ELEMENTS. THE COMMUNITY OUTREACH WOULD BE DENSE AND FOCUS SPECIFICALLY ON THE VISION

STATEMENT AND THOSE TWO NEW ELEMENTS. WE WOULD NOT BE RE-DISCUSSING EVERYTHING ELSE IN THE GENERAL PLAN. THAT'S WHY WE'VE DEEMED IT A MINIMAL APPROACH. WITH THIS APPROACH, WE COULD MEET THE 2013 MAJOR AMENDMENT PROCESS TIME LINE. IT IS SO TARGETED AND LIMITED IN TERMS OF AN UPDATE. YOU COULD DO AN ALTERNATIVE ADOPTION CALENDAR. THEN WE WOULD BASICALLY UTILIZE THE SAME EXISTING STAFF AND BUDGET THAT WE WOULD BE MOVING FORWARD WITH CURRENTLY.

OPTION 3 IS CREATING AN ENTIRELY NEW GENERAL PLAN. WITH REGARD TO THIS, OF COURSE WE'D INCORPORATE THE THINGS THAT OTHER OPTIONS DO, BUT WE WOULD ALSO LOOK AT RE-DISCUSSING EVERYTHING WITH THE COMMUNITY. HAVING DONE THIS IN THE PAST AS A COMMUNITY, WE KNOW IT WOULD BE 2-3 YEARS. YOU COULD BE LOOKING AT A SPECIAL ELECTION IF YOU WANTED TO GET EVERYTHING INCLUDING RATIFICATION DONE BY THAT JULY DEADLINE. YOU COULD PUSH PAST THAT TO A NOVEMBER 2016 VOTE. WITH REGARD TO STAFFING THIS WOULD REQUIRE MORE STAFFING, MORE CONSULTANT SERVICES AND AS YOU CAN SEE ON THE SLIDE, WE ESTIMATE MORE BUDGET FOR THAT AS WELL. THE SECOND POINT I'D LIKE TO DISCUSS WITH YOU IS BASICALLY ITEMS THAT COUNCIL DISCUSSED BACK IN APRIL OF LAST YEAR. THAT'S WHAT FORM DO YOU WANT TO TAKE THE CITIZEN OVERSIGHT COMMITTEE, TASK FORCE, WHAT FORM WOULD YOU LIKE THAT TO BE? WITH REGARD TO THIS, THE DISCUSSION PREVIOUSLY BY COUNCIL WAS WE COULD DO A STEERING COMMITTEE OR A TASK FORCE. THE BASIC DIFFERENCE IN LONG RANGE PLANNING, STEERING COMMITTEES WE'VE DONE IN THE PAST INCLUDE THE BODY ITSELF, STEERING COMMITTEE BUT ALSO SUBCOMMITTEES. IT CAN BE VERY STAFF INTENSIVE. IT CAN ALSO BE COMMUNITY INTENSIVE IN TERMS OF GETTING THAT MANY PEOPLE TO PARTICIPATE NOT ONLY ON THE COMMITTEE ITSELF BUT THE SUBCOMMITTEES AS WELL. IN TERMS OF THE TASK FORCE, IT WOULD BE SIMILAR TO A STEERING COMMITTEE WITHOUT THE SUBCOMMITTEE. YOU WOULD HAVE THE SET BODY THAT WOULD PROVIDE OVERSIGHT. THE OVERSIGHT I'M REFERRING TO WOULD BE CREATING THE DOCUMENT THAT WOULD BE BROUGHT FORTH FOR COMMUNITY CONSIDERATION. UNDER BOTH ITEMS, COUNCIL HAS THE OPTION, STAFF INCLUDED IN THE ARIZONA TOWN HALL CONTRACT, YOU HAVE THE OPTION TO EITHER APPOINT WHATEVER TYPE OF COMMITTEE YOU DECIDE DIRECTLY OR IN THE ARIZONA TOWN HALL CONTRACT, THERE IS A PORTION OF THAT CONTRACT THAT ALLOWS A NEUTRAL THIRD PARTY, BEING ARIZONA TOWN HALL, TO HELP YOU SELECT WHO MIGHT SERVE ON EITHER STEERING COMMITTEE AND THE TASK FORCE.

[Time: 01:39:57]

Erin Perreault: IN SPEAKING WITH THE ARIZONA TOWN HALL, THEY HAVE 330 APPLICATIONS THAT HAVE BEEN FILED. THAT DEADLINE TO FILE HAS CLOSED. OUT OF 330 APPLICATIONS, WE SPECIFICALLY ASKED QUESTION 15 WHICH WAS, AFTER THE TOWN HALL IS OVER, WOULD YOU WANT TO SERVE ON SOME TYPE OF CITIZEN COMMITTEE MOVING FORWARD WITH THE GENERAL PLAN? I WAS PLEASANTLY SURPRISED TO HEAR THAT 250 OF 330 CHECKED THE BOX YES. THAT WAS NICE TO HEAR COMING OFF THE LAST PROCESS. THAT'S AN OPTION FOR YOU TO UTILIZE THE CONSULTANT SERVICES TO HELP ESTABLISH THE COMMITTEE. YOU WON'T CHOOSE NAMES TONIGHT. YOU'LL BE GUIDING US TO COME BACK WITH THAT FOR FURTHER COUNCIL ACTION. THEN FINALLY, REALLY IT'S UP TO COUNCIL WHETHER YOU WOULD LIKE TO APPOINT A SUBCOMMITTEE OF THE COUNCIL TO PROVIDE OVERSIGHT TO THE OVERALL PROCESS AS WELL. THE NICE THING ABOUT THIS, IT DOES PROVIDE ANOTHER PUBLIC MEETING FOR THE COMMUNITY TO ENGAGE DIRECTLY WITH COUNCIL IN REGARD TO THE GENERAL PLAN AS WE MOVE FORWARD. THAT'S SOMETHING TO CONSIDER. IN TERMS OF

TIMING, I'VE HIT THE TIMING IN THE DESCRIPTION. THE CITY COUNCIL ALTERNATIVE ADOPTION CALENDAR ALSO. THE ONE THING I'LL HIGHLIGHT. FROM A COMMUNITY PERSPECTIVE, IT ALLOWS MORE TIME IN TERMS OF ALTERNATIVE CALENDAR. IT ALLOWS MORE TIME FOR PARTICIPATION. EVERYTHING ELSE STAYS THE SAME WITH REGARD TO A MAJOR GENERAL PLAN AMENDMENT PROCESS. THE ENHANCED NOTIFICATION WE DO WITH THE COMMUNITY, THE NUMBER OF VOTES IT WOULD TAKE TO ADOPT THE GENERAL PLAN, NONE OF THAT CHANGES. ONLY THE CALENDAR CHANGES AS TO WHEN YOU WOULD READOPT OR ADOPT A NEW PLAN. FINALLY, ONE OF THE LAST DECISION ITEMS IS THE PLAN STARTING POINT. WE HAVE HEARD FROM COMMUNITY MEMBERS, THOSE OPPOSED TO THE 2011 DOCUMENT. THEY OBVIOUSLY WANTED TO START WITH 2001. THAT WASN'T SURPRISING TO HEAR. THOSE THAT SUPPORT THE 2011 DOCUMENT WOULD LIKE TO START WITH THAT. STAFF IS RECOMMENDING STARTING WITH 2001 AS OUR BASELINE THIS IS A DECISION ITEM FOR YOU TONIGHT. WHY WE WERE DOING THAT IS BECAUSE IT'S ALREADY VOTER RATIFIED. IN ADDITION WE'D LIKE TO USE CERTAIN ELEMENTS THAT WE KNOW PEOPLE GRAVITATED TOWARD IN THE 2011 DOCUMENT AS A STARTING POINT TO START DISCUSSIONS WITH THE COMMUNITY ALL OVER AGAIN. THAT'S STAFF RECOMMENDED.

Erin Perreault: THEN FINALLY THE CITIZEN PETITION ITEM. I DID COVER THOSE ALREADY. JUST SO YOU KNOW, WE DID COMPLETE BENCHMARKING WITH THE COMMUNITY WHICH WAS THE FIRST ITEM UNDER THAT PETITION. WE OBVIOUSLY ARE IN THE VISIONING PROCESS. THAT WILL BE COMPLETED AS OF NEXT MONTH. THEN IT WILL BE TAKEN OUT TO THE COMMUNITY FOR REVIEW. THE OTHER DECISION ITEMS THAT THEY WERE STRESSING WITH THAT CITIZEN POSITION WAS TO START WITH THE 2001 PLAN. THAT'S UP TO COUNCIL TO PROVIDE THAT DIRECTION. THEN DRAFTING STRICT GENERAL PLAN CRITERIA IS ACCOMMODATED BY OPTION NUMBER 1 OR 3, OPTION 2 WAS THE MINIMAL UPDATE OPTION. THEN FINALLY, ANY OTHER SUGGESTED ITEMS THAT COUNCIL MAY HAVE THIS EVENING, WE ARE CERTAINLY OPEN TO AND WELCOME ANY DIRECTION ON AS WELL. AS I SAID, AFTER THE DIRECTION WE GET FROM COUNCIL TONIGHT, WE'LL BRING UP FOLLOWING ACTION ITEMS DEPENDING ON WHAT IS CHOSEN TONIGHT FOR YOU TO TAKE ACTION ON WITH REGARD TO ESTABLISHING A COMMITTEE OR COUNCIL SUBCOMMITTEE. WE'LL BRING BACK THE COUNCIL ITEMS TO YOU. I'LL LEAVE THIS UP HERE. THIS IS A GOOD SUMMARY OF THE DIFFERENT ITEMS FOR YOU TO CONSIDER THIS EVENING AND PROVIDE SORT OF YOUR CHEAT SHEET TO HELP YOU PROVIDE YOUR DISCUSSION. THEN HOPEFULLY IT WILL GIVE DIRECTION TO STAFF AS WELL. THAT CONCLUDES MY PRESENTATION. I'M HAPPY TO ANSWER QUESTIONS.

[Time: 01:44:33]

Mayor Lane: THANK YOU. VERY COMPLETE PRESENTATION. THANK YOU FOR THAT. WE WILL START WITH COMMENTS AND QUESTIONS FROM COUNCILMEN.

Councilman Littlefield: IN TERMS OF THE CALENDAR, EITHER THE MAJOR PROCESS OR THE ALTERNATIVE ADOPTION CALENDAR. EITHER WAY THAT'S TARGETED TOWARD NOVEMBER 2014 ELECTION; IS THAT CORRECT?

Erin Perreault: MAYOR LANE, MEMBERS OF COUNCIL THAT IS CORRECT. WE WOULD BE LOOKING AT A POTENTIAL VOTER RATIFICATION NOVEMBER 2014.

Councilman Littlefield: ALL RIGHT. SO SINCE YOU'RE GOING DOWN THE POINTS HERE. I'LL GIVE WHAT I THINK. I THINK THE COUNCIL SUBCOMMITTEE WOULD BE A BAD IDEA. I THINK A CITIZEN TASK FORCE WOULD BE THE RIGHT THING. I AGREE THE PLAN STARTING POINT SHOULD BE THE 2001 PLAN. IN ORDER TO GET IT DONE, I'D GO WITH THE ALTERNATIVE OPTION CALENDAR.

Councilman Littlefield: ONE DECISION POINT WAS TO GO WITH THE ALTERNATIVE OPTION CALENDAR?

Mayor Lane: YOURS WAS THE OPTION 1 TASK FORCE DRAWING FROM THE 2001 TOWN HALL APPLICANTS?

Councilman Littlefield: YEAH, WHICH IS BASICALLY THE STAFF RECOMMENDATION.

Mayor Lane: THAT'S WHAT I SAID, PART OF THAT WAS TO SELECT FROM THE ARIZONA TOWN HALL PARTICIPANTS AND LEAVE IT INDEPENDENT WITH THEM.

Councilman Littlefield: YEAH. IF WE'RE GOING TO HAVE A CITIZEN TASK FORCE, THAT'S THE WAY WE WOULD PULL FROM THE 250 PEOPLE THAT SAID THEY'D BE WILLING TO SERVE.

Mayor Lane: OPTION 1, 2001 START, TASK FORCE SELECTED APPLICANTS FROM THE ARIZONA TOWN HALL POPULATION.

Councilman Littlefield: AND ALTERNATIVE OPTION CALENDAR. YOU'RE JUST GETTING DIRECTION. YOU'RE NOT LOOKING FOR A MOTION; IS THAT CORRECT? ARE YOU LOOKING FOR A MOTION OR JUST GOING TO TAKE DIRECTION.

Erin Perreault: A MOTION WOULD BE BEST.

Councilman Littlefield: THEN I MOVE THAT.

Mayor Lane: OKAY.

[Time: 01:47:10]

Vice Mayor Robbins: MAYOR, COULD YOU HAVE THEM REPEAT THE MOTION.

Councilman Littlefield: I'D BE THRILLED TO DO THAT. ALL RIGHT. IT WOULD BE OPTION 1 ALTERNATIVE ADOPTION CALENDAR, 2001 STARTING POINT, CITIZEN TASK FORCE DRAWN FROM THE 250 PEOPLE WHO VOLUNTEERED TO BE PART OF THAT. THAT'S WHAT I MOVE. I BET THAT'S EXACTLY WHAT COUNCILMEMBER MILHAVEN SECONDED.

Mayor Lane: PLEASE SPEAK FROM THE CHAIR.

Councilman Littlefield: OKAY. I'M DONE.

Mayor Lane: OKAY. SO THAT IS NOW IN THE FORM OF A MOTION. IT'S BEEN SECONDED. IT'S ON THE TABLE WITH A SECOND.

[Time: 01:48:02]

Councilmember Korte: THANK YOU MAYOR. BOB, WE AGREE ALMOST. I WOULD LIKE TO SEE THE STARTING POINT TO BE A COMBINATION OF OUR 2001 RATIFIED GP GENERAL PLAN AND THE WORK THAT WAS DONE IN 2011. THERE WAS A LOT OF WORK DONE IN THE 2011 PLAN THAT CAN BE INCORPORATED THAT WAS EMBRACED BY CITIZENS. I HATE TO THROW THE BABY OUT WITH THE BATH WATER.

Mayor Lane: SINCE WE'RE HAVING THIS CONVERSATION, THERE'S NO SPEAKER NOW. YOU CAN BE RECOGNIZED. PLEASE JUST ADDRESS THE QUESTION OR THE COMMENT.

Councilman Littlefield: I BELIEVE THAT WAS IMPLIED IN YOUR RECOMMENDATION, WAS IT NOT?

Erin Perreault: MAYOR LANE, MEMBERS OF COUNCIL, THAT WAS STAFF'S RECOMMENDATION THE COMBINATION.

Councilman Littlefield: SO WE'RE INADVERTENTLY IN AGREEMENT?

Mayor Lane: Alright.

[Time: 01:49:15]

Councilmember Phillips: THANK YOU MAYOR. IF WE COULD JUST GO ONE STEP FURTHER ON THE 2011 DOCUMENT WHICH WAS TURNED DOWN, IF WE USE IT FOR THE 2001 AND USE THE RED LINE, 2011. THAT'S THE STARTING POINT WITHOUT USING ANYTHING ELSE OUT OF THAT. THE STAFF ALREADY WENT THROUGH THE RED LINE. THEN FROM THERE WE CAN DISCUSS.

Mayor Lane: THANK YOU COUNCILMAN. WE DO HAVE A MOTION ON THE TABLE THAT'S BEEN SECONDED. IF THERE'S NO FURTHER COMMENT, WE'RE READY TO VOTE. ALL IN FAVOR OF THE VOTE? INDICATE BY AYE IF YOU SUPPORT IT. AYES HAVE IT UNANIMOUSLY. NICE PRESENTATION, WELL DONE. THANK YOU FOR ALL THE WORK PUTTING THAT TOGETHER. SO THAT'S THE MOTION AS TO PROCEED. OKAY. WE'VE GOT FINAL ITEM ON OUR REGULAR AGENDA, ITEM 24 FINANCIAL UPDATE. JOYCE GILBRIDE IS GOING TO MAKE THE PRESENTATION ON THAT.

#### **ITEM 24 - MONTHLY FINANCIAL UPDATE**

[Time 01:50:40]

Accounting Director Joyce Gilbride: MAYOR LANE AND MEMBERS OF THE CITY COUNCIL, THIS IS THE MONTHLY UPDATE AS OF NOVEMBER 30, 2012. BEGINNING WITH GENERAL FUND OPERATING SOURCES THE 1% SALES TAX IS AT \$32.5 MILLION AFTER FIVE MONTHS OF ACTIVITY. THIS IS HIGHER THAN THE PREVIOUS TWO FISCAL YEARS BUT FALLING SHORT OF OUR FORECAST OF \$33 MILLION. THE .1% PUBLIC SAFETY TAX IS FLAT WITH THE BUDGET AND HIGHER THAN THE TWO FISCAL YEARS. STATE REVENUES ARE PRIMARILY ON TARGET AT THIS POINT. THERE'S TIMING DIFFERENCES ON HOW WE'RE RECEIVING THOSE REVENUES COMPARED TO BUDGET SPREAD. WE DON'T ANTICIPATE CHANGES TO

OUR FORECAST. PROPERTY TAXES AGAIN, TIMING DIFFERENCES COMING IN AT 10.4 MILLION VERSUS BUDGET OF 9.7 MILLION. FRANCHISE FEES AND TAXES SLIGHTLY HIGHER COMING IN AT 5.4 MILLION VERSUS BUDGET OF 5.2 MILLION. OTHER REVENUES INCLUDES FINES AND MISCELLANEOUS ON TARGET AGAIN WITH OUR FORECAST AT THIS POINT. BUILDING PERMITS CONTINUE STRONG WITH 4.5 TOTAL AT THE END OF 5 MONTHS COMPARED TO BUDGET OF 3.2 MILLION AND A MILLION PLUS OVER THE PRIOR TWO FISCAL YEARS. INTEREST EARNINGS INDIRECT COST ALLOCATION AND TRANSFERS IN ARE FLAT WITH THE BUDGET. SO IN TOTAL AT THE END OF 5 MONTHS, GENERAL FUND SOURCES ARE 91 MILLION. AS YOU CAN SEE, WE'VE BROKEN OUT THE BED TAXES ON A SEPARATE LINE FOR BETTER COMPARATIVE PURPOSES. NOW REVENUES ARE DIRECTLY RECORDED IN THE TOURISM DEVELOPMENT FUND. SO WE'RE SHOWING A STRONGER YEAR OVER FISCAL 11-12. WE'RE SHY OF 10-11. THAT IS PRIMARILY DUE TO THE INDIRECT ALLOCATIONS AND TRANSFERS IN WHICH WE'VE REDUCED OVER YEARS. THE TOTAL AGAIN, OPERATING SOURCES FOR THE GENERAL FUND 91 IS MILLION VERSUS 89.2 MILLION BUDGET FOR A DIFFERENCE OF 2%.

NOW LOOKING AT THE SALES TAX COLLECTIONS BY CATEGORY. THE CONSUMER SPENDING CATEGORY THAT INCLUDES SMALL AND LARGE RETAIL STORES, AUTOMOTIVE PRETTY MUCH PERFORMING AS IT HAS WITH AUTOMOTIVE SALES LEADING AND EXCEEDING OUR FORECAST. THE OTHER CATEGORIES ARE ABOUT FLAT WITH THE BUDGET, SLIGHTLY HIGHER THAN THE PRIOR YEAR. THAT'S TYPICAL FOR WHAT MOST OF THE STATE IS SEEING. UNDER TOURISM AND ENTERTAINMENT, OUR HOTEL LODGING AND MISCELLANEOUS IS 1.2 MILLION FLAT WITH THE BUDGET AND FLAT WITH THE TWO FISCAL YEARS. RESTAURANTS AND BARS COMING IN AT 2.8 MILLION VERSUS 2.9 BUDGET, SLIGHTLY UNDER BUDGET BUT PERFORMING BETTER THAN THE TWO PRIOR FISCAL YEARS. BUSINESS CATEGORY, CONSTRUCTION IS STILL LAGGING AT 3.5 MILLION VERSUS BUDGET OF 3.9 MILLION. RENTALS, UTILITIES AND LICENSE, PENALTIES AND INTERESTS ARE BASICALLY FLAT WITH THE BUDGET. OUR SUBTOTAL 1% SALES TAX COLLECTIONS AFTER 5 MONTHS, 32.3 MILLION VERSUS 33 MILLION BUDGET FOR AN UNFAVORABLE BEARING OF .8 MILLION OR 2%. THE FISCAL YEAR TO DATE CHANGE THAT WE'RE SEEKING IS 4% INCREASE OVER THE PRIOR YEAR. WE HAD BUILT OUR BUDGET ANTICIPATING A 5% INCREASE. WE HAVEN'T HIT THE MARK SO FAR THIS YEAR. WE DO KNOW THAT FOR THE MONTH OF DECEMBER REVENUES CAME IN ABOUT 5% OVER THE PRIOR YEAR, STILL DOESN'T BUMP OUR FISCAL YEAR TO DATE FORECAST UP PAST THAT 4% THOUGH. WE'RE STILL TRYING TO ACHIEVE THAT.

THIS SLIDE SHOWS THE YEAR OVER YEAR CHANGE IN THE 1% GENERAL PURPOSE SALES TAX. FOR THE MONTH OF NOVEMBER, 2012, WE HAD A 7% INCREASE IN COLLECTIONS OVER NOVEMBER 2011. AGAIN, OUR GOAL IS TO ACHIEVE A 5% INCREASE. WE'VE MISSED THAT MARK IN SOME MONTHS. THIS MONTH IS THE BEST PERFORMANCE WE'VE HAD THIS YEAR. MOVING TO THE OPERATING USES BY CATEGORY. TOTAL PERSONNEL SERVICES AT THE END OF 5 MONTHS IS 66.8 MILLION VERSUS 66.3 MILLION. THIS VARIANCE IS OCCURRING IN THE LINE ITEMS ABOUT 95% OF THAT VARIANCE IS OCCURRING IN THE POLICE DEPARTMENT. CONTRACTUAL COMMODITIES AT 22.8 MILLION VERSUS BUDGET OF 25 MILLION. MOST OF THAT SAVINGS IS IN THE CONTRACTUAL LINE ITEMS. WE HAVE SAVINGS IN CONTRACTS SUCH AS JAIL SERVICE, FLEET MAINTENANCE IS DOWN, AND SAVINGS IN UTILITIES. DEBT SERVICE AND CONTRACTS CAME IN A LITTLE UNDER BUDGET 1.1 MILLION VERSUS \$1.4 MILLION BUDGET. TRANSFERS OUT ARE FLAT AT \$3 MILLION. TOTAL OPERATING USES FOR THE GENERAL FUND, AT THE END OF NOVEMBER \$94.2 MILLION, VERSUS \$95.7 MILLION FOR A FAVORABLE VARIANCE OF \$1.5 MILLION. LOOKING AT USES BY DIVISION, MAYOR AND COUNCIL AND CHARTER OFFICERS ARE SHOWING FAVORABLE VARIANCE OF \$.5 MILLION. THIS IS OCCURRING PRIMARILY IN THE CONTRACTUAL LINE ITEMS. CITY CLERK AND CITY ATTORNEY HAS SAVINGS CONTRIBUTING TO



THAT. COMMUNITY SERVICES HAS \$.4 MILLION FAVORABLE BEARINGS. THEY HAVE SAVINGS IN PART TIME WAGES AND WAGES AND CONTRACTUAL ITEMS. THEN PUBLIC SAFETY POLICE, \$.7 MILLION UNFAVORABLE VARIANCE IS A COMBINATION OF \$800,000 UNFAVORABLE VARIANCE IN NOVEMBER FOR PERSONNEL SERVICES. 80,000 OR SO IN COMMODITIES AND 10,000 UNFAVORABLE IN CAPITAL. HOWEVER, THEY DO HAVE \$200,000 SAVINGS IN THEIR CONTRACTUAL ITEMS PRIMARILY JAIL SERVICES.

[Time: 01:57:54]

Mayor Lane: IF I COULD INTERRUPT FOR A SECOND. LET'S GO BACK TO THE LAST SLIDE. JUST LOOKING AT THE PROGRESS WE'RE MAKING ON OVERTIME NUMBER. LOOKS LIKE WE'RE RUNNING AVERAGE ON \$140,000 OVERTIME WHICH IS DOWN FROM OUR FIRST QUARTER.

Joyce Gilbride: IT IS DOWN FROM THE FIRST QUARTER. I THINK DECEMBER WILL LOOK EVEN BETTER. STILL, WE'RE AT ABOUT JUST FOR THAT LINE ITEM THAT OVERTIME LINE ITEM IN POLICE, ABOUT 45% OR SO OVER BUDGET. THAT HAS COME DOWN FROM ABOUT 50 OR 60% OVERAGE.

Mayor Lane: I WAS GOING TO ASK THE CITY MANAGER. I KNOW THERE WERE CERTAIN THINGS TRIED BY STAFF TO CONSIDER HOW WE MIGHT MITIGATE OR REDUCE THAT. DO YOU THINK SOME OF THAT IS TAKING HOLD? IS THERE SOMETHING WE COULD POINT TO?

[Time: 01:59:00]

Acting City Manager Dan Worth: I ABSOLUTELY BELIEVE THAT'S TAKING HOLD. WHAT I'M LOOKING AT IS THE TREND. IN NOVEMBER, THIS WAS THE FOURTH MONTH IN A ROW OF REDUCTION IN POLICE DEPARTMENT AND OVERTIME FROM THE PREVIOUS MONTHS. WE'RE GOING TO SEE EVEN MORE IMPROVEMENT IN DECEMBER. IN DECEMBER, POLICE DEPARTMENT OVERTIME, THEY ACHIEVED A POSITIVE VARIANCE. THEY SPENT LESS THAN BUDGETED. THEY'RE MOVING IN THE RIGHT DIRECTION.

Mayor Lane: GOOD TO HEAR. THANK YOU. COUNCILMEMBER MILHAVEN.

Councilwoman Milhaven: YEAR TO DATE, HOW MUCH IN SALARY WAS SWEEPED FROM THE PUBLIC SAFETY BUDGET. WE'VE GOT OPENINGS. MAKES SENSE WE HAVE OVERTIME TO FILL THOSE. I KNOW YOU ADJUSTED FOR THAT. WHAT'S THE YEAR-TO-DATE ADJUSTMENT FOR SALARIES?

Joyce Gilbride: I DON'T KNOW THAT WE'RE SPECIFICALLY TRACKING THAT. I'LL REFER TO JUDY.

Budget Director Judy McIlroy: I DON'T HAVE THE INFORMATION WITH ME AT THE MOMENT. I KNOW YEAR-TO-DATE THROUGH DECEMBER THE GENERAL FUND, WE ARE AT ABOUT 3.6. WE ANTICIPATE ENDING THE YEAR AT \$3.6 MILLION VACANCY SAVINGS. WE ARE RUNNING A LITTLE OVER WHAT WE HAD ANTICIPATING OF \$3.2 MILLION.

Councilwoman Milhaven: THE VACANCY SAVINGS WILL OFFSET OUR OVERTIME BEING OVER BUDGET? HOW WILL THAT COMPARE TO WHERE YOU ANTICIPATE OVERTIME WILL FINISH AT THE END OF THE YEAR?

Judy McIlroy: MAYOR AND MEMBERS OF THE COUNCIL, IF WE DO EXCEED WHAT WE ANTICIPATED IN VACANCY SAVINGS, THEN YES. BOTTOM LINE, WE WOULD HAVE ADDITIONAL SAVINGS THAT COULD BE APPLIED TOWARDS THE OVERTIME.

Councilwoman Milhaven: LET ME ASK A DIFFERENT WAY. YOU'RE ANTICIPATING A \$3.6 MILLION BETTER THAN BUDGET PERFORMANCE ON SALARIES AND WAGES BASED ON VACANCIES? THERE'S CONCERN HERE ABOUT OVERTIME, SO WHAT ARE YOU FORECASTING FULL YEAR OVERTIME VARIANCE WILL BE?

[Time: 02:01:28]

City Treasurer David Smith: COUNCILWOMAN MILHAVEN, IF I MAY. I DON'T WANT ANYBODY TO MISUNDERSTAND. WE'RE NOT EXPECTING A VARIANCE ON SAVINGS. WE HAD A BUDGET IN THERE FOR VACANCY SAVINGS. THE VARIANCE WE MIGHT HAVE YEAR TO DATE IS SMALLER THAN THAT. EACH DEPARTMENT, THE POLICE DEPARTMENT IS ONE OF THEM, EACH DEPARTMENT WHEN THEY PUT THE BUDGET TOGETHER; THEY ANTICIPATE A CERTAIN AMOUNT OF VACANCY SAVINGS THAT WILL OCCUR BECAUSE OF TURN OVER OF PEOPLE IN THEIR DEPARTMENT. THEY BUDGET FOR THAT. THEY BUDGET FOR OVERTIME. IF IT WERE ALL DONE PERFECTLY AND WORKED OUT HOW EVERYBODY IS EXPECTED, YOU WOULD HAVE VACANCY SAVINGS OCCURRING IN THE POLICE DEPARTMENT WHICH ARE SWEEPED AND YOU WOULD HAVE BUDGET OVERTIME. WE'RE TALKING ABOUT THE VARIANCE TO THE BUDGET PUT TOGETHER FOR THE OVERTIME.

Councilwoman Milhaven: I GUESS THE POINT I'M TRYING TO MAKE, WE SHOULD NOT BE DISCUSSING OVERTIME AS AN ISOLATED LINE ITEM WHEN YOU RUN A 24/7 OPERATION AND HAVE UNANTICIPATED VACANCY. THE POINT I'M TRYING TO MAKE IS LOOKING AT OVERTIME AND ISOLATION IS PART OF THE STORY. YOU NEED TO LOOK AT SAVING THE OVERTIME OFF SETS.

[Time: 02:02:47]

Mayor Lane: I'M CONFUSED ON IT. WE HAVE A BUDGET FOR VACANCY SAVINGS. FROM THE NORMAL TREND OF VACANCIES AS THEY EXIST. ARE WE UNDERSTAFFED NOW IN THE POLICE DEPARTMENT?

David Smith: I WASN'T PREPARED TO ANSWER YOUR QUESTION. I'M GOING TO LET THE CITY MANAGER ANSWER.

Dan Worth: MAYOR, I THINK THE CURRENT NUMBERS WERE AS CLOSE TO FULL STAFFING AS WE'VE BEEN IN RECENT TIMES. THERE MAY BE AN ISSUE AS TO THE NUMBER OF THOSE AVAILABLE FOR DUTY DUE TO BEING IN THE TRAINING PROCESS OR VARIOUS PHYSICAL LIMITATIONS FOR THEIR ASSIGNMENT ON PATROL OR OTHER AREAS. THE STAFFING IS FAIRLY HIGH NOW.

Mayor Lane: THE REASON I MENTION THAT IS BECAUSE IF YOU ARE UNDERSTAFFED, YOU WOULD DEFINITELY HAVE INCREASED OVERTIME. THE VACANCY SAVINGS IS YOUR PERIODICAL EXCHANGE OF PERSONNEL THAT'S A NATURAL THING THAT OCCURS. YOU HAVE SAVINGS WITHIN THAT CATEGORY. I'M NOT SURE THAT IT'S QUITE DOLLAR FOR DOLLAR. I THINK I UNDERSTAND WHERE COUNCILWOMAN MILHAVEN IS TRYING TO GO TOWARD. I WOULD ONLY THINK IF THEY WERE UNDERSTAFFED. I DON'T KNOW IF COMMANDER OR CHIEF COCCA WOULD WANT TO SPEAK TO IT OR

NOT. HE LOOKS LIKE HE'S STANDING ON DECK FOR THAT PROSPECT. WE KNOW WHERE THAT MIGHT GO. IN ANY CASE, I GUESS WHAT I WAS INTERESTED IN IS IF WE ARE IMPROVING WITH OVERTIME AND IT'S NOT NECESSARILY COMPLICATED BY THE FACT THAT WE ARE UNDERSTAFFED AND THEREFORE HAVE TO MAKE UP FOR OPEN POSITIONS, WE SHOULD BE MAKING PROGRESS ON THE OVERTIME BUDGET SITUATION. IT LOOKS LIKE WE ARE.

Dan Worth: MAYOR, I AGREE WITH THAT. WE ARE MAKING PROGRESS AT THE CURRENT STAFFING LEVELS. ONE OF THE THINGS WE'VE DONE IS a CHANGE IN PROCEDURES ON HOW WE FILL SOME OF THOSE SHORTAGES CAUSED BY VACANCIES OR POLICE OFFICERS OTHERWISE UNAVAILABLE. IT'S A CHANGE IN PRIORITIES. WE'RE ABLE TO FILL SOME OF THOSE SHORT STAFFING HOURS WITH OTHER THAN OVERTIME NOW TO A GREATER DEGREE THAN WE HAVE BEEN IN THE PAST.

Mayor Lane: THANK YOU. COUNCILMAN LITTLEFIELD.

[Time: 02:05:21]

Councilman Littlefield: WELL, LOOKING AT PRESENTATION, I NOTICED WE BROKE OUT PERSONNEL SERVICES OVERALL AND BROKE OUT SALARIES AND WAGES and OVERTIME. I'M GATHERING THE \$700,000 OVERTIME, WAS THAT ALL POLICE OVERTIME?

Joyce Gilbride: 95% OF THAT WAS THE POLICE DEPARTMENT. A SMALL PORTION IN FIRE AND SMALL PORTION IN COMMUNITY SERVICES.

Councilman Littlefield: HOW ABOUT SOLID WASTE? JUST KIDDING. WE NEED TO KEEP THOSE GUYS HAPPY. I DON'T WANT THEM MAD. IT MIGHT BE INSTRUCTIVE TO BREAK PERSONAL SERVICES OUT BY POLICE DEPARTMENT. LET'S SEE WHAT THE OVERALL POLICE DEPARTMENT EXPENDITURES ARE. THAT WOULD BE A BETTER MEASURE AND WOULD SATISFY COUNCILMEMBER MILHAVEN'S CONCERNS. THAT MIGHT BE THE INTELLIGENT WAY TO DO THIS. IF WE'RE GOING TO DEBATE THIS ISSUE EVERY TIME WE HAVE THE FINANCIAL REPORT, LETS BREAK OUT A LINE FOR COPS. PERSONNEL SERVICES INCLUDING OVERTIME AND ANY SAVINGS AND UNDERSTAFFING OR WHATEVER.

Mayor Lane: I CONCUR ACTUALLY. IF IN FACT THERE'S A TROUBLED AREA OR AREA OF FURTHER BREAK OUT OF THE BUDGET WHICH MIGHT ALLOW FOR A CLEARER PICTURE OF IT FROM TIME TO TIME AS PROGRESS OR NOT PROGRESS WE'RE MAKING, I THINK IT WOULD BE BENEFICIAL. COUNCILWOMAN MILHAVEN.

[Time 02:07:01]

Councilwoman Milhaven: THANK YOU MAYOR. IF WE'RE GOING TO DO THAT, I WANT US TO BE PERFECTLY CLEAR, WHAT WAS THE BUDGET FOR PUBLIC SAFETY VERSUS THE FINANCIAL DEPARTMENT'S ADJUSTMENT OR ACCOUNTING POLICY. I UNDERSTAND IT'S WITHIN YOUR FOR MANAGEMENT PURPOSES MAY WANT TO ADJUST THE BUDGET. I'D LIKE TO COMPARE IT TO WHAT WE APPROVED RATHER THAN ADJUSTMENTS MADE. THANK YOU.

Mayor Lane: THANK YOU COUNCILWOMAN. I WAS JUST GOING TO ASK, I'M A LITTLE CONCERNED THAT THE BUDGET BEING CHANGED WITHOUT IT COMING BEFORE US. THE BUDGET WE ADOPTED HERE FROM THE COUNCIL.

[Time 02:07:45]

Judy McIlroy: MAYOR AND MEMBERS OF THE COUNCIL, WHEN WE ADOPT THE BUDGET ANNUALLY, WE ADOPT IT WITH A NUMBER OF MACRO LINE ITEMS IF YOU WILL. ONE WAS THE 2% PAY FOR PERFORMANCE. AT THE TIME WE ADOPTED THE BUDGET, WE PUT IN A PLACE HOLDER BECAUSE WE DID NOT KNOW TO WHAT AREAS WE WOULD NEED TO TRANSFER THE BUDGET. WE DIDN'T KNOW WHO WOULD BE ELIGIBLE FOR THAT INCREASE. WITHIN THE ORDNANCE, WE DO GO AHEAD AND INCLUDE LANGUAGE TO GIVE US THE ABILITY TO MOVE THAT THROUGHOUT THE YEAR. WE ALSO DO THAT FOR LEAVE PAYOUTS, FOR VACATION OR RETIREMENT WHEN FOLKS LEAVE. WE DON'T KNOW THROUGHOUT THE YEAR WHERE THOSE ARE GOING TO OCCUR. WE BUDGET FOR THEM AT A MACRO LINE ITEM. WE'LL MOVE THE BUDGET ACCORDINGLY.

Mayor Lane: I UNDERSTAND. THANK YOU.

[Time 02:08:44]

Councilman Littlefield: EVEN BEFORE THE NEXT FINANCIAL REPORT, I WOULD APPRECIATE IT IF YOU DO THAT BREAKOUT AS COUNCILMEMBER MILHAVEN REQUESTED. HERE'S OUR PUBLIC SAFETY, WE SPENT OVERTIME AND ALL OTHER PERSONNEL COST. THESE ARE SAVINGS OR OVERAGES. I'M GUESSING SAVINGS BUT WE NEVER KNOW. THE OTHER THING I'D SAY IS THE POINT THE MAYOR RAISED. I DON'T BELIEVE THE CITY MANAGER CHANGING THE BUDGET. I BELIEVE HE'S DOING WHAT WE WANT HIM TO DO WHICH IS MANAGE THE EXPENDITURES AND SAY, IF I SPENT TOO MUCH OVER HERE, MAYBE I CAN MAKE UP FOR IT BY CUTTING BACK HERE. I DON'T BELIEVE WE'RE ACTUALLY SEEING A CHANGE IN THE BUDGET. WE'RE SEEING THE CITY MANAGER MANIPULATE EXPENDITURES TO MATCH THAT UP. IS IT ESTEEMED ACTING CITY MANAGER?

Dan Worth: MAYOR, COUNCILMEMBER LITTLEFIELD, I BELIEVE YOU'RE ABSOLUTELY CORRECT IN THAT ASSUMPTION.

Councilman Littlefield: THERE WE GO.

[Time 02:10:00]

Councilwoman Milhaven: THANK YOU. YES YOU HAVE AN APPROVED BUDGET, LOOK AT PUBLIC SAFETY AND MAKE ADJUSTMENT. I'M GOING TO COME BACK TO WHEN YOU SWEEP VACANCIES THAT SHOULD OFF SET OVERTIME. WHAT DID THE COUNCIL APPROVE FOR PUBLIC SAFETY? WHAT ADJUSTMENTS DID YOU MAKE? WHAT WERE THEY SO WE CAN HAVE A SENSE FOR, IF I WERE A DEPARTMENT MANAGER AND IN MY BUSINESS I HAVE A P & L (PROFIT AND LOSS) AND I MATCH MY P & L AND IF I HAVE A VACANCY AND I WORK SOMEONE OVERTIME I HAVE TO BALANCE THAT OVERTIME WITH THE VACANCIES AND PARTICULARLY SOMETHING LIKE PUBLIC SAFETY THAT IS 24/7. I'M NOT SAYING IT IS INAPPROPRIATE TO MAKE THOSE ADJUSTMENTS SOMETIMES YOU CAN'T ANTICIPATE WHAT

DEPARTMENT IT GOES. I WANT US TO RECOGNIZE WHAT BUDGET ADJUSTMENTS YOU'VE MADE TO UNDERSTAND THE CHALLENGES OF PUBLIC SAFETY. I THINK VACANCIES SHOULD OFF SET OVERTIME. THANK YOU.

Mayor Lane: THANK YOU COUNCILWOMAN.

Joyce Gilbride: MAYOR AND MEMBERS OF THE COUNCIL, WE'LL DEFINITELY WORK ON THAT AND BRING IT TO OUR PRESENTATION IN DECEMBER WHICH IS OUR DECEMBER PRESENTATION WHICH IS FEBRUARY 5. PUBLIC WORKS HAS SAVINGS OF MONEY PRIMARILY IN CONTRACTUAL ITEMS. IN TOTAL OPERATING EXPENSES \$90 MILLION VERSUS BUDGET OF \$91.3 MILLION FOR \$1.2 MILLION FAVORABLE VARIANCE. THAT CONCLUDES THE PRESENTATION FOR NOVEMBER. I'D BE HAPPY TO ANSWER OTHER QUESTIONS YOU HAVE.

Mayor Lane: THANK YOU JOYCE. I THINK WE COVERED IT QUITE WELL DURING THE PROCESS OF YOUR PRESENTATION. VERY GOOD PRESENTATION. THANK YOU FOR THAT. I SEE NO FURTHER QUESTIONS.

Joyce Gilbride: THANK YOU.

#### **MAYOR AND COUNCIL**

[Time: 02:11:59]

#### **24A - REQUEST TO AGENDIZE DISCUSSION ON PETTY CAB AND PETTY CAB TRAILERS**

Mayor Lane: OKAY. WE HAVE COMPLETED OUR REGULAR AGENDA ITEMS. WE COME TO MAYOR AND COUNCIL ITEM 24A A REQUEST TO AGENDIZE DISCUSSION ON PETTY CAB AND PETTY CAB TRAILERS. COUNCILMAN LITTLEFIELD IF YOU'D LIKE TO.

Councilman Littlefield: IN LIGHT OF THE RECENT ACCIDENT IN WHICH TWO YOUNG TOURISTS FROM KANSAS WERE INJURED DOWNTOWN IN A PETTY CAB INCIDENT. I WAS QUITE AMAZED TO FIND OUT THIS WAS A BIG STORY BACK IN KANSAS, I GOT A CALL FROM A TV REPORTER IN KANSAS. CAN'T BE GOOD FOR TOURISM. I THINK WE SHOULD LOOK AT WHAT OTHER CITIES ARE DOING TO REGULATE PETTY CABS AND MAKE THAT SAFER. I'M REQUESTING THE STAFF LOOK INTO THAT AND REPORT BACK TO US ABOUT WHAT POLICIES WE MIGHT ADOPT. I MAKE A MOTION THAT WE DO THAT.

Councilwoman Milhaven: SECOND.

Mayor Lane: ALL RIGHT. MOTION HAS BEEN MADE TO INVESTIGATE WHAT POLICIES ARE FOR AT LEAST DISCUSSION ON PETTY CAB AND TRAILER SITUATION IN THE CITY AND FOR STAFF TO BRING BACK DISCUSSION ON THAT. ANY FURTHER COMMENT?

[Time 02:13:20]

Councilwoman Milhaven: I WANT TO THANK COUNCILMAN LITTLEFIELD FOR BRINGING THIS FORWARD. IT WAS EXPLAINED TO ME THAT PETTY CABS WERE OUTSIDE OUR JURISDICTION. I'M

PLEASED THAT WE'RE GOING TO CONSIDER THIS. I THINK IT'S A TRAGEDY WE DIDN'T DO IT SOONER. THANK YOU.

Mayor Lane: LET ME SAY THAT I THINK THIS IS AN IMPORTANT AREA WHEN WE TALK ABOUT PUBLIC SAFETY AND THAT THE PETTY CABS DO COME UNDER CERTAIN AMOUNT OF GUIDELINES AS FAR AS A VEHICLE ON THE ROADWAY IS CONCERNED. THIS PARTICULAR INCIDENT, IF WE'RE TRYING TO MATCH PUBLIC SAFETY TO IT, WE'RE GOING TO HAVE TO BE CAREFUL AS TO WHERE THEY OPERATE AND WHAT THEY MAY BE EXPOSED TO. IN THIS CASE, IT WAS NOT SOMETHING THE PETTY CAB DID WRONG. IT WAS THE FAULT OF THE DRIVER WHO CRASHED INTO THEM. IN ANY CASE, I THINK IT'S WORTHY OF DISCUSSION AND CONSIDERATION FOR WHAT WE MIGHT DO TO ACTUALLY ENHANCE PUBLIC SAFETY DOWNTOWN.

[Time: 02:14:27]

Councilmember Korte: I WISH TO THANK COUNCILMAN LITTLEFIELD FOR BRINGING THIS FORWARD. I THINK IF ANYONE SPENDS 5 MINUTES IN DOWNTOWN SCOTTSDALE ON A FRIDAY OR SATURDAY NIGHT, YOU WILL QUICKLY SEE THE SAFETY ISSUES AROUND ON THE USE OF PETTY CABS AND THE SAFETY FACTOR OF OUR VISITORS AND RESIDENTS HERE. THANK YOU. I WILL BE SUPPORTING THIS.

Mayor Lane: THANK YOU COUNCILWOMAN. SEEING THERE'S NO FURTHER COMMENT ON THE SUBJECT, MOTION MADE AND SECOND. WE'RE READY TO VOTE. PLEASE INDICATE BY AYE, REGISTER YOUR VOTE. MOTION PASSES UNANIMOUSLY. 7-0. OKAY. WE HAVE NO FURTHER PUBLIC COMMENT CARDS.

### **CITIZEN PETITIONS**

[Time: 02:15:21]

Mayor Lane: WE HAVE A PETITION. DO WE EACH HAVE A COPY IN FRONT OF US? IN THESE CIRCUMSTANCES WE WILL BE LOOKING TO SEE IF WE WOULD LIKE TO REQUEST ACTION. DIRECT CITY MANAGER TO AGENDIZE FOR FURTHER DISCUSSION. DIRECT THE CITY MANAGER TO INVESTIGATE AND PREPARE A WRITTEN RESPONSE FOR COUNCIL WITH A COPY TO THE PETITIONER OR TAKE NO ACTION.

Councilman Phillips: THANK YOU MAYOR. I WOULD LIKE TO MAKE A MOTION THAT WE DIRECT THE CITY MANAGER TO INVESTIGATE THE MATTER AND PREPARE A WRITTEN RESPONSE TO THE COUNCIL WITH A COPY TO THE PETITIONER.

[Time: 02:16:12]

Mayor Lane: MOTION HAS BEEN MADE TO DIRECT THE CITY MANAGER TO AGENDIZE AND TO PREPARE A WRITTEN RESPONSE TO THE COUNCIL WITH A COPY OF THE PETITION. HEARING NO SECOND, THE MOTION DIES FOR A LACK OF SECOND. IF WE HAVE NO ALTERNATIVE MOTION, IT IS EFFECTIVE TO TAKE NO ACTION. WE DON'T NEED A MOTION JUST TO KEEP IT CLEAR; I'LL MAKE THE MOTION TO TAKE NO ACTION.

Councilwoman Milhaven: SECOND.

Mayor Lane: MOTION MADE TO TAKE NO ACTION. MADE AND SECOND. ALL THOSE IN FAVOR PLEASE INDICATE BY AYE. REGISTER YOUR VOTE. THOSE OPPOSED WITH NAY. REGISTER YOUR VOTE. MOTION PASSES 6-1 WITH COUNCILMAN PHILLIPS OPPOSING. NO ACTION. OKAY.

**ADJOURNMENT**

Mayor Lane: I ACCEPT THE MOTION TO ADJOURN. ALL THOSE IN FAVOR INDICATE BY AYE. WE ARE ADJOURNED. THANK YOU ALL VERY, VERY MUCH.