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CALL TO ORDER

[Time: 00:00:16]

Mayor Lane: Good afternoon, everyone. It's good to have you with us. We got hung up with some additional time in executive session. We will call to order the October 10th, 2017, city council meeting. This is a regular meeting, and we will -- and it's approximately 5 -- it's 5:08. Not even approximate. But in any case, call to order.

And we'll start with a roll call, please.

ROLL CALL

[Time: 00:00:31]

City Clerk Carolyn Jagger: Mayor Jim Lane.

Mayor Lane: Present.

City Clerk Carolyn Jagger: Vice Mayor Virginia Korte.

Vice Mayor Korte: Here.

City Clerk Carolyn Jagger: Councilmembers Suzanne Klapp.

Councilmember Klapp: Here.

City Clerk Carolyn Jagger: Kathy Littlefield.

Councilwoman Littlefield: Here.

City Clerk Carolyn Jagger: Linda Milhaven.

Councilwoman Milhaven: Here.

City Clerk Carolyn Jagger: Guy Phillips.

Councilman Phillips: Here.

City Clerk Carolyn Jagger: David Smith.

Councilman Smith: Present.

City Clerk Carolyn Jagger: City Manager Jim Thompson.

City Manager Jim Thompson: Here.

City Clerk Carolyn Jagger: City Attorney Bruce Washburn. I'm so sorry, Deputy City Attorney Joe Padilla.

Deputy City Attorney Joe Padilla: Here.

City Clerk Carolyn Jagger: City Treasurer Jeff Nichols.

City Treasurer Jeff Nichols: Here.

Carolyn Jagger: City Auditor Sharron Walker.

Sharron Walker: Here.

City Clerk Carolyn Jagger: And the Clerk is present.

[Time: 00:01:00]

Mayor Lane: We have cards to speak. Those are white cards the city clerk has over her head. And we wey the written comment cards, the yellow cards she has over her head. We will read them

during the course of the meeting.

We have Eric Boles and Jason Glenn directly here in front of me. In the area behind the council dais are reserved for the council and for staff and we do have facilities available under that exit sign over here to my left, for your convenience. If you have any difficulty in hearing the proceedings of our meetings, there are hearing assist headsets available at the clerk's desk over here to my right and you can check with the clerk, or her staff to receive one.

PLEDGE OF ALLEGIANCE

[Time: 00:01:54]

Mayor Lane: This afternoon, we have daughters of American Revolution, Grand Canyon Chapter, who will lead us in the Pledge of Allegiance. If you can, please stand.

Daughters of the American Revolution: 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.

Diana Ramby: We are glad to be here tonight. I'm Diana Ramby and Karen, and we are with the Grand Canyon chapter of D.A.R., and we meet monthly on Saturdays for lunch and we are actively involved. In fact this Saturday, we washed and cleaned up the marine mural down by the library. And we also last spring were working on the historic preservation documentation of Monterey.

If anyone is interested in the Grand Canyon chapter or becoming a member of D.A.R., we have people happy to research and find out your lineage. Thank you for letting us be here tonight.

INVOCATION

[Time: 00:03:17]

Mayor Lane: Thank you, ladies. For an invocation. Do we have pastor, Brian McAlley here? Apparently he was not able to make it. So I would ask that we have a bit of a moment of silence for the victims of the fires in California. It's a tragic event that continues to uncover more death and destruction as we speak. But maybe finally getting under control.

As long as we are thinking about some of the natural disasters that we have, let's also consider the people who are still suffering in Puerto Rico as well. Just a moment.

[Moment of silence]

MAYOR'S REPORT

[Time: 00:04:17]

Mayor Lane: Thank you. We have a note of business, though, that might be sad, maybe not on the order of what some of the things that we just discussed but we do have the passing of Fozzie who is the Scottsdale crisis canine. Fozzie has passed away. He holds the distinction of being the first full-time police crisis response canine. So we're saddened with his passing.

The next item of business, I would like to read a proclamation for McDowell Sonoran Preserve month proclamation. And at the same time, I would like to ask Paul Stager and Greg Prucell and Kroy Ekblaw.

I will go ahead and read the proclamation from here. Whereas the citizens of Scottsdale have consistently and strongly expressed that the preservation of the McDowell Mountains and the surrounding Sonoran desert is a high priority. And whereas, the McDowell Sonoran Preserve, Scottsdale's most valuable natural resource and crown jewel has protected over 30,000 acres of natural open space; and whereas, 26 years ago the citizens of Scottsdale established the McDowell Sonoran Conservancy, a nonprofit agency to partner with the city to steward this significant community asset; whereas the city of Scottsdale values the collaborative and beneficial relationship between the McDowell Sonoran Conservancy, the city and the council, appointed McDowell Sonoran Preserve Commission; whereas the city of Scottsdale wants to recognize the upcoming junior citizens science festival at Lost Dog Wash trailhead on November 3rd and 4th as an example of the joint collaboration with substantial volunteer and city staff contribution in support of community education, benefiting our children; and whereas, it is the desire of the city of Scottsdale and its citizens to celebrate this wonderful resource and the achievements in creating, educating and stewarding the Scottsdale McDowell Sonoran Preserve, therefore, I, Jim Lane, the mayor of the city of Scottsdale, Arizona proclaim the month of October, 2017 as Scottsdale McDowell Sonoran Preserve month, recognizing the partnership with the McDowell Sonoran Conservancy in Scottsdale and urge all of our citizens in celebrating this beautiful community treasure.

Mayor Lane: We certainly want to thank the conservancy for all of those years of volunteer service and what they have strived to help us preserve.

PUBLIC COMMENT

[Time: 00:07:56]

Mayor Lane: We have no presentations or information updates, but we do have some public comment cards and the public comment is reserved for citizen comments regarding non-agendized items with no official council action taken on these items. Comments are limited to issues within the jurisdiction of the city council. Speakers are limited to three minutes each with a maximum of five speakers and there will be another opportunity for public comment at the end of this meeting. And we have five right here and now, and we have one on record for after the meeting is over, as well. But of the five we have right here, we will start with Christie Lee Kinchen.

[Time: 00:08:44]

Christie Lee Kinchen: Hello again. Good evening, mayor, Vice Mayor, city council, thank you for another opportunity to speak here today. I have to stress that these are my own views.

Three days ago, I had my 20-year high school reunion at Chaparral here in Scottsdale and I have to tell you, I counted the number of people who came -- counted the amount of people who came up to me and in the first two sentences asking me what is happening with the Preserve. Hi, Kristi, I watch you from afar, what is going on with the Preserve. I want to let you know that my age group matters in this conversation. So I just wanted to put that out there by my reunion.

I wanted to address also being called a reputational terrorist and mean and nasty liar. I feel like lumping all the opposition together is somewhat cruel. I have never been mean to any of you, Sam, and I feel like it's a bit of bullying and I feel like we are all a little bit better than that. I don't feel like I'm any of those things.

And I want to talk tonight about 9 McDowell Sonoran Conservancy, since it's conservancy month. I feel like the \$61.2 million should not be closed to touched until we finished acquiring all the land. I understand there are still some parcels of land within the boundary that we can explore purchasing. I understand they are quite expensive, but I feel like moving to the DDC Desert Edge before fully having all the land acquisitions and finishing the preserve, is somewhat troubling.

Second, I think the money should be set aside to take care of the Preserve forever, in the form of an endowment to help the McDowell Sonoran conservancy. Because over the last 25 plus years they have given irreplaceable services to the city of Scottsdale and a lot of loyalty and they don't get any money from the city currently. There's nine programs that are run through conservancy. Just of the hike, bike, and horse patrol logs over 18,000 hours preserve, and I don't know how the desert keepers mentions in the Desert Edge DDC plan can replace 25 years of volunteers and all of those systems put in place and who pays for desert keepers. 650 volunteers who currently care for the preserve, you know, in my estimation, just the patrol program and those 18,000 hours, it will probably cost the city about \$1.3 million to preplace just that one program. The conservancy already partners with A.S.U. and currently in the conservancy, they teach interpreted guidance tours and construction and maintenance and science-based conservation of 749 species of Flora and fauna.

Basically my point in all of this, I feel like the DDC is hacking ideas that are offered through the conservancies to make them bigger and more contrived and I feel like there are some things that can never be duplicated with an augmented reality. The conservancy events are all free and there's an event almost every single day. I feel like requesting this to be off the Preserve is still my position or public votes and then I just feel like the conservancy deserves a little bit more love and help from the city of Scottsdale. Thank you.

Mayor Lane: Thank you, Ms. Kitchen. Next, Ralph Foley.

[Time: 00:12:12]

Ralph Foley: Well, Mr. Mayor and city councilmembers. My wife pointed out to me that item 4 on the agenda has some information, Mr. Mayor so if you would like me to proceed, I can. If not, I would say thank you very much for the opportunity.

Mayor Lane: That's fine. Either which way you like. I appreciate that you identified the item that addresses your issue.

Ralph Foley: My wife's much smarter than I am. So she pointed it out. Thank you. I appreciate that very much. Thank you for allowing me to speak.

Mayor Lane: Certainly. Thank you, Mr. Foley. Next is Paula Rudnick.

[Time: 00:13:01]

Paula Rudnick: My name is Paula Rudnick. Live at 8029 East Granite Pass Road in Scottsdale. I have many issues with the DDC, the Desert Edge. They want to build a building on a Preserve that is one issue.

Number two, they present a budget that has many points that don't make sense, and when we ask questions by the tourist commission or the planning board, the DDC can't answer the questions. Doesn't even have a concrete fact to support their statements. Where are they going to get people to come and pay admission? Advertise they say? That costs money too. So you are balancing advertising versus getting more people to come. They base also their marketing on the Tucson preserve and also the one living desert in Palm Desert. The Tucson one gets 35% of its residents to attend. They are never going to get that in Scottsdale. They are basing it on 9% that the botanical gardens get. They use the Living Desert in Palm Desert as a comparison. The one in Palm Desert is totally nonprofit. They take no tax money. All the revenue comes from donations or grants that they get, and admission. No tax dollars are spent to run that facility.

Scottsdale's using tax money to manage the museum of the desert -- of the west. They are under performance now. \$1 million under budget. How is that going to compare to the DDC?

But the main issue is the citizens of Scottsdale want to vote on this issue. We want a very simple vote, yes or no. Nothing complicated. No other legal jargon in the vote. Yes, we want it or no we don't want it. That's all we are asking for is to let the citizens of Scottsdale vote. Thank you.

Mayor Lane: Thank you, Ms. Rudnick. Next would be Jason Alexander.

[Time: 00:15:20]

Jason Alexander: Hello, Jason Alexander. 9976 East Jasmine Drive. I represent the No DDC organization. Ms. Milhaven, two weeks ago, you broadly characterized groups within the DDC opposition as mean, nasty, liars, and terrorists. You claimed groups were calling DDC supporters Nazis. I and multiple others have asked to you provide a single example of this insult, and have you

not. I believe you are falsely claiming groups of people in an effort to disparage the entire opposition to the DDC. I believe you are doing this intentionally, and then draping yourself in the banner of civil dialogue as an excuse to marginalize the 96% of the citizens who want a public vote. The only person who I know of who used the word Nazi was Sam Campana when she referred to me that way in March. I have audio and a firsthand email report of that incident that was written that very day.

What do you have? Prove that there are groups of people who oppose the DDC who are actually saying this or please retract your false statements. You have been calling your citizens terrorists for commenting on Yelp. That they won't support businesses who support of the DDC. This is not terrorism. This is an insult to victims of terrorism and it's intensive for you to use that term for a cheap political shot. These are Scottsdale residents speaking with their dollars. And a vocabulary businesses can understand. It doesn't get more American than that. They are not saying the food was terrible. They are not saying there were bugs in the room. They are not lying. They are not systemically committing crimes and they are not signing people up for accounts that they never signed up for. They are saying, support a vote or I won't support your business.

These are voters. These are not terrorists. We have tried in our group to send the message of being polite but aggressive, to elevate the conversation. So, please, join us and please stop intentionally painting those opposed to the DDC in the worst of terms or back up your inflammatory claims. Thank you.

[Time: 00:17:45]

Councilmember Milhaven: Mayor, may I respond?

Mayor Lane: Yes, you may. Since you were named specifically.

Councilwoman Milhaven: In my comments in the meeting you are referring to, I mentioned that there are some of the opposition of DDC who have been respectful and thoughtful in sharing their point of view and that there were others who are behaving in ways that I find abhorrent. If you -- if folks have not put in false reviews, I am not talking about you. If you have not called somebody a Nazi, I am not talking about you. Mr. Alexander, I would like us to discuss this subject matter of the Desert Discovery Center and stop making personal attacks.

I have a letter here, Mr. Alexander, from Mr. Geddy from last March when you first accused Sam Campana of being a Nazi and I will read this letter in part. It says my name is James Geddy and I'm the president of the Community Council of Scottsdale. It's been brought to my attention that you have received a letter from Jason Alexander of the No DDC group. It's filled with so many half-truths and untruths I felt I must respond. He goes on to talk about there was some question as to whether or not they could debate after that conversation -- after that paragraph he goes on and say the use of the word Nazi, I believe that I was the primary contact between the Community Council of Scottsdale and Ms. Campana. I can't recall this word ever being used. Shame. He goes on to say and the list of half-truths and untruths could go on. This letter was initiated because Mr. Alexander's letter contains so many errors and bad innuendo, I felt I have to respond. Perhaps the No DDC folks need

to be taken out behind the wood shed.

I will stop making personal attacks, sir, when you stop making personal attacks. Thank you.

Mayor Lane: Thank you, Councilwoman. The next request to speak on public comment is Emily Austin.

[Time: 00:20:02]

Emily Austin: Good evening. My comments pretty much piggyback what Mr. Alexander just said. So be ready. My name is Emily Austin. I live in Scottsdale, but not by the Preserve.

On numerous occasions, I contacted the city council and the proponents of the DDC. In particular, Councilwoman Milhaven did not respond. She sent an email to my fiancé, stating that we must have respectful dialogue but how is that possible when she doesn't respond to my emails. Ms. Milhaven also stated in her reply that some opponents of the project have been respectful but others have referred to supporters of the DDC as Nazis. She said there are no words to adequately condemn trivializing this horrific period in the world's history. I agree. The Nazi assertion is reckless and abhorrent. I even emailed the councilwoman requesting proof that proponents of the DDC were called Nazi.

It's shameful that it's being spread verbally and in writing. As a matter of fact, 45 people, including Councilwoman Milhaven and Korte signed their names to an editorial in the Scottsdale independent labeling many opponents as economic -- economic terrorists, bullies, liars, and, of course, the claim that they have been called Nazis. It's not honorable to make such claims.

Just as I won't judge major supporters of the DDC because Larry Kush called me a liar and accused me of spreading fake news over our differing interpretation of the word "improvement." My ethics complaint over Mr. Kush's intensive behavior was thrown out. It's time to expose the names of people who called proponents Nazis or stop using this offensive and possibly false claim, putting a black eye on Scottsdale citizens causing even more division.

I want to make it clear that John Swaback did an amazingly impressive job designing the edge, but it should be smaller and located outside the Preserve. Virtual reality exhibits can be anywhere. Councilman said they approved of the project. 300,000 projected and 60 evening events including music and alcohol, I believe voters would have unequivocally voted no. A recent up biased survey showed that 33% of the Scottsdale voters are in favor of the Desert Edge and 60% oppose it. 300,000 visitors a year is pie in the sky, which would fall on the shoulders of Scottsdale citizens, if it falls short.

Please put the edge on the ballot and give Scottsdale voters a simple yes or no vote. Thank you.

Mayor Lane: Thank you, Ms. Austin. That completes the public testimony at this point in time. We do have a request at the end of the meeting for one additional.

ADDED ITEMS

[Time: 00:23:31]

Mayor Lane: So our next order of business is to consider the supporting materials for item number 18, which is our regular agenda item. Council capital improvement plan subcommittee update and recommendations. Those supporting materials have been added to the agenda less than ten days prior to the meeting and that necessitates myself to request a vote to accept the agenda as presented or to continue the added item to the November 13th, 2017, council meeting.

Vice Mayor Korte: Mayor.

Mayor Lane: Yes, Vice Mayor.

Vice Mayor Korte: I move to support the agenda as presented.

Councilwoman Milhaver: Second.

Mayor Lane: The motion has been made, and I believe seconded by Councilwoman Milhaver. So we are then ready to vote for that added item to remain as presented on the agenda. All in favor indicate by aye and opposed by a nay. It is unanimous, 7-0. To accept it as presented.

MINUTES

[Time: 00:234:33]

Mayor Lane: Next item of business is request to approve the work study session minutes of September 26th, 2017. Do I have such a motion to approve?

Vice Mayor Korte: So moved.

Councilman Phillips: Second.

Mayor Lane: The motion has been made and seconded. To approve those work study minutes. All of those in favor, please indicate by aye and register your vote and those opposed with a nay. Aye. Those minutes are accepted. And voted unanimously.

CONSENT AGENDA

[Time: 00:25:03]

Mayor Lane: Move on to consent items 1 through 17. We have no cards or requests to -- for comments or questions on those items, unless there's an item or question from the council, I would accept a motion to approve.

Vice Mayor Korte: Mayor, I move to accept consent agenda items 1 through 17.

Mayor Lane: The motion has been made by the Vice Mayor and seconded by Councilman Smith for consent items 1 through 17 to be accepted. All those in favor, please indicate by aye. Those opposed with a nay. Unanimously accepted.

If you are here for any of those consent items, you can certainly stay with us or you can leave quietly.

ITEM 18 – COUNCIL CAPITAL IMPROVEMENT PLAN SUBCOMMITTEE UPDATE AND RECOMMENDATIONS

[Time: 00:24:47]

Mayor Lane: Move on to our regular agenda items and our next item is item 18, and that's the council capital improvement plan subcommittee update and recommendations. And we have Mr. Worth here, our public works director.

Well, Mr. Nichols if you are not on here -- Mr. Nichols, our esteemed treasurer.

[Time: 00:26:17]

City Treasurer Jeff Nichols: Mr. Mayor, Vice Mayor Korte, members of council. Here before you today to talk about the actions taken to date, as soon as we get the -- so first of all, actions taken by the CIP subcommittee since they formed on February of 2017, one the first things they did was review the 2017/18 CIP budget. There were some minor or slight adjustments made to that budget in that review process.

The next thing, one of the other things -- these are all items they discussed possible future funding sources that. Included pay-go funding, excise tax as a possible, possibility of bonds, and it was clear that the CIP subcommittee wants us to look outside the box, so to speak for funding sources but also review best management practices by other municipalities. Bottom line, my opinion is there is no silver bullet. I believe that the amount of infrastructure that we will be looking at is significant, but we'll get to that point towards the end of this presentation.

They reviewed the project prioritization criteria for those of you not familiar with it, construction projects have seven criteria that they are weighed on, technology projects have six criteria, they have opined on those criteria and they talked about weighting some of them, if not all of them. They reviewed the Bond 2000 program. When we found out for the bond 2000 program, quite a few of the projects that were presented in 2000 were completed. The vast majority of the bond 2000 projects were completed. We are still working on a few, but it was an impressive list of projects that were completed over time.

They discussed the historic use of pay-go and for that, I will take you back to fiscal '07/08, when at that

time the council transferred \$47.6 million into the general fund CIP. This last -- in '16/17, the actual is only \$5 million.

This year we are taking action here tonight to ask you to do some transfer, but to date, I don't believe there have been any. And we are exploring matching funds and their impact and we say this because we have an arterial life cycle program I know you are all familiar with. We need to come up with about \$71 million to get \$172 million match from prop 400 funds, and we also have some significant flood control projects that have some fairly large matching funds associated with them as well.

The priority items for discussion moving forward, we're looking at the fiscal year '18/19 CIP process to give you an idea of how long this stretches over for staff, the kickoff was in September of this year. The construction review team will finish up their review in November -- on November 28th. The technology review team will complete their review on November 29th, and the executive team review will go from December 6th through December 13th. And out of that will come a product that will be going forward to the CIP subcommittee beginning in January and February.

We reviewed the financial policies and governing guidance of them, there's five. There's the operating, the capital management, the debt management policies, reserve management, and financial reporting. Total of 47 different policies that guided our action during the budget process. We are looking for the best use of general and transportation fund balances, the undesignated, unreserved balanced. That's some of the action you will be taking later this evening.

We are looking at a communication plan. Staff is working on not only a communication plan where I will provide a quarterly update to council on the status of the CIP program, but we will also have a communication program for the citizens to make them better aware of the improvements that are being done within their community. One of the changes that has currently been done is a sign at project locations, informing citizens of the project, what it is, where the funding comes from and how much it is.

We are looking at the long-term capital needs. That's as I said, once staff is done with theirs, staff will bring forward to the subcommittee in January and February and it's a compilation of projects that we looked at over the years. It began in 2009 when city staff identified their wish list or all-inclusive list of capital projects. It continued with the bond task force in 2012. The bond task force in 2013 refined that list, and then we had some bond programs in 2013, we had a bond program that went to the public 2015, we had a bond program that went to the public.

The action you took tonight to sell the debt related to those two programs that passed out of the six that were presented. So we brought all of these requests together and to include other emerging needs, the Scottsdale mall, stadium improvements, parking lot solution in the northeastern part of the city where we have some fairly large events and we need to look at that as state land gets ready to either sell or lease their land. We need to come to some alternatives. So we're putting that whole list together to look at the long-term capital needs to see what we can fund.

Another issue that we are dealing with that we want from the CIP subcommittee and eventually the

council, may be a policy around the pavement condition index. Again, using the PCI, anything above 85 and above is excellent. 75 to 84 is very good. Good is 65 to 74, fair is 55 to 64, marginal is 40 to 54, and pavement condition index below 40 is poor. So we want a policy from council eventually to say, what do we want the streets of Scottsdale to look like? If it's 85, that's a cost. If it's 75, there's a cost related to that.

The items pending discussion, as we go forward, we are reviewing current assets and depreciation. We will do this by fund, by asset type, and by funding source. We are looking at a possible sinking fund for -- syncing fund for assets. We have one for vehicles and computers do. We have other programs with syncing funds and some other types of equipment whereby we can charge a rental fee, and collect those monies over time so when they need to be replaced we have the funding to replace them.

We are going to give the monthly quarterly spending reports to council. That's part of the overall communication plan. We need to consider CIP operating impacts. We go out here and we build these buildings, and we don't always -- even though our financial policy state will include the operating impact for a lot of these capital projects, unless they are significant, we normally look to the departments to absorb them within their current budget. We need to be careful about doing that.

We are looking at public art, not only the 1% for public art but the downtown cultural trust, the area within the downtown where there's a retirement for private development to contribute to the downtown cultural trust, and we're looking at LEED certification and by that, we will review and understand the impact of the program, you know, what it's costing the city and what we are getting for that.

So my closing remark the activity to date that the CIP committee has done. It's getting ready for the planning that will be taking place in January and February, figuring out what the total needs are of the capital needs within both the general and transportation fund, in particular, and then what our current ability is to deliver on those needs, and what the deficit is. And then how do we approach that? So we are leading up to that.

And at this point in time, unless have you any questions, I would turn the presentation over to Dan Worth, the public works director.

Mayor Lane: Thank you, Mr. Nichols.

[Time: 00:35:18]

Public Works Director Dan Worth: You are going to challenge me by making this come up one bullet at a time. Good evening, Mayor and council. The last two slides I will present to you are five project specific recommendations that come out of the CIP subcommittee that we're presenting to you for consideration by the full council tonight.

These were five specific recommendations that they agreed to at their late September meeting. Four

of them involved uses of unreserved fund balances and one is a modification to a scope that's already approved and within our five-year CIP. The four projects involved use of undesignated, unreserved fund balance. Two of them you see here are general fund, fund balance uses, general fund projects.

The other two that I will show you are transportation fund projects. We have undesignated, up reserved fund balances in the general fund and the transportation fund. All four of these projects are projects that leverage funding coming from other sources in the case of these two projects, funding coming from the Maricopa County Flood Control District, as well as from the city of Phoenix in the case of Rawhide Wash.

The transportation project that I will show you, are both on the MAG ALCP where 70% of the project funding comes from regional transportation sales tax funding. So Jeff alluded to that in his presentation. The subcommittee has put a high priority on trying to come up with those matching funds for the transportation ALCP projects to bring that money back to the city. The Flood Control District funding is very similar.

The first of these two projects, Rawhide Wash is not currently in our CIP. We have identified it as a future project that's on the horizon. The County Flood Control District has been conducting an area drainage master study, of what they call the Pinnacle Peak west area. That is an alluvial fan. You remember we had a presentation about alluvial fans when we talked to you a couple of months ago in July about the Reata Wash, the next item on here. Pinnacle Peak west, that an alluvial fan. And this is the same challenges and it can pose a lot of risk to different areas.

The study the county has conducted is to propose a project to contain that flow and channelize it. It's about a \$19 million project. The alternative that is actually under consideration. That \$19 million, if the project goes forward would be paid roughly half by the County Flood Control District and the other half would be split between the two municipalities that benefit the city of Scottsdale and the city of Phoenix. We are negotiating what that split would be right now, between the city of Scottsdale and the city of Phoenix, if we can arrive at a satisfactory split on the funding, based on who benefits, then we go to the next step, negotiate an intergovernmental agreement with all three parties, including the district, and bring that forward for council approval.

Our current assessment of the benefit that we get from this project, if our payment is proportionate to the benefit, we are looking at somewhere between \$1.8 million and \$3.2 million is what the city of Scottsdale's overall cost would be. We are pushing for the 1.8, the \$2 million, if you were to approve that, would give us the ability to -- to show Phoenix and the district that we're serious about doing the project. We have it funded. It would cover the costs, plus the staff costs to administer the project if the negotiation ends up at a higher number, we would obviously have to come back and obviously ask for more. This amount would allow us to proceed through those discussions and the initial design of the project with our project partners.

[Time: 00:39:30]

The second item, Reata Wash flood control, I mentioned July sixth, we had a work study regarding the

Reata wash and the potential flood control project. I told you about a project that would range in \$45 million to \$65 million. The direction you gave to us at that point was to move forward with a 30% design. We told you we would come back and give you the details before we proceeded. We told you at the time that that 30% design would cost us, we estimated at about \$650,000. And it would allow us to submit a request for conditional letter on that provision to FEMA, that would essentially approve the concept. Before we proceeded to a full design.

Since then, we have been talking with our consultant. We have been talking with the Flood Control District, the Flood Control District -- well, let me back up. You also gave us additional direction at July 6th at the work study, in addition to proceeding to the 30% design, you told us to look at some alternatives. You told us to look at some things that we could do to potentially mitigate the aesthetic impact, primarily the impact some of property owners that are immediately adjacent to the wash, in the upper portions of the wash. That -- the additional alternatives and some of the discussions we had with the County Flood Control District, that's urging us to do some additional modeling explains the difference from the \$650,000 that we presented to you in July and the \$1 million that we are talking about here.

If we end up spending less than \$1 million, that balance would remain to pay for any future work that would be necessary as we move forward in the project but we feel that is a good number to allow us to award a change order in our design contract to bring us the 30% design, and do that conditional letter of that provision, as well as look at some of the alternatives. So those are the two general fund undesignated bond transfers for a total of three. The current undesignated fund balance is in the range of \$16 million according to our current year project.

[Time: 00:41:43]

The transportation fund projects two projects are also in the MAG, arterial life cycle program, Happy Valley road has been in the five-year CIP. It's now out of our five-year CIP. This is a project where we had intended to use proceeds from a bond question that failed in 2015. So we currently do not have the match, although there's obviously a lot of interest in getting this project done. I'm sure you have all heard a lot of citizen interest. This is to add a lane of travel in each direction between Pima and Alma School. It's a \$10 million project, MAG has \$7 million allocated in the ALCP and our match is \$3 million. It's currently outside of the ALCP. If you approve this transfer, we would be able to talk to MAG about bringing their funding forward again. So that we could address this project and get the design underway and get it built within the next couple of years without waiting five years.

The Pima road project is a \$22.8 million project total. MAG is allocated \$15.9 million. Our match is \$6.9 million. We currently have \$2.56 million budgeted. In the current fiscal year, we are doing some design work and proceeding with that project. MAG moved forward the funding. Their allocated funding for construction, into 2018/19, 2019/20.

Last year's CIP, we with respect worried about building it any time soon because the bulk of the MAG money was outside the window but they moved it forward. We have to come up with the rest of our match which is \$4.4 million to bring us to the total \$6.9 million match. \$6.9 million, our share of a

\$22 million project. The two add up to \$7.4 million. Our undesignated unreserved fund balance in the transportation fund, the transportation sales tax funding is somewhere in the neighborhood of \$9 million. So this uses a good portion of that.

And then the fifth specific project recommendation that the subcommittee approved and asked us to bring forward for the full council is a modification to the scope of the renovate vista Del Camino park/Indian bend wash project. This is a \$23.5 million project that we have spread over five years, largely general fund funded, although there is some bond 2000 funding in this year's budget that has been allocated to the project. The current scope statement says that we are going to reconstruct the vista Del Camino lakes and improve the multiuse paths, restrooms, Ramadas and playgrounds. It's all still very much in the works but what this proposal is, is to take some of that existing funding and this year -- and we have \$2.2 million in current year funding and use that to do what we really ought to do up front on a project of this magnitude and do a master plan and it's also asking to -- or suggesting that we expand the scope of that master plan and include the area all the way up to Thomas Road which includes El Dorado Park and it includes Coronado golf course.

The thought would be that there may be some things that we can do in that entire area, from McKellips Road to improve connections with the local communities, with street connections, path connections, to improve the appearance, the aesthetic appearance along the edges to enhance some of the neighboring properties and give them more of an asset. And this would give us the ability to just go through a master plan effort to identify some things that we may not be thinking about, that might have value for the community. It would be an opportunity to go out and ask the community good the things that they would like to have in the Indian bend wash, April opportunity to put some serious planning into improving that asset. The master plan will then guide the spending of the rest of the funds over the five years of the CIP, could possibly change some of the intended uses and could possibly even generate some additional projects that we may want to consider as we move forward into future, but the idea is to do a coherent plan, rather than just focusing on the infrastructure, which is largely what the existing project was focusing on.

Again, no change to spending. We would do that within the currently approved \$2.2 million in fiscal year '17/18.

So those are the five specific project proposals coming from the subcommittee. I would be happy to answer any questions or provide any other information that you may need.

[Time: 00:46:48]

Mayor Lane: Thank you, Mr. Worth. We have one request for public testimony. I will go ahead and go to that first and we may have questions after that, but if you would like to take a seat, we can go from there. And it would be Alex McLaren.

Alex McLaren: Mr. Mayor, members of the council, my name is Alex McLaren. I'm also a member of the bond commission that the city council established to look at the two questions that were approved in the 2017 bond election. I would like to commend the council on setting up the CIP

subcommittee. They have done an awesome job. I would like to commend them for what they have done. I think Jeff gave a great overview of the depth they have gone into, of studying the overall question. I would also like to thank staff who have obviously done a lot of the leg work.

I have attended a lot of the meetings. Over the summer I was away and so I didn't attend meeting, but I have attended a lot of them. So I would urge people who are interested in the capital improvement program to look on the city -- to look on the city's website there. Is a link to the CIP subcommittee. You can get all of the information that gets presented to the -- to the subcommittee. You can come to the meetings. They are generally in the little conference room, but I would urge people to do that to look at the -- to look at the agenda and look at what's coming up.

I think Mr. Nichols explained that the process at the moment is city staff is going through all of their submissions for the upcoming CIP. Those will go through city staff review over the next month or two, and then in January, the subcommittee is going to be looking at all of the projects that have been developed by the staff and taken -- and take those into account and see what the need is and how we could possibly fund those. So I would urge people to look at that.

Just as a matter of deja vu all over again, when Dan was talking about those projects, the Reata Pass Wash, and the Rawhide Wash, and Pinnacle Peak Road and Happy Valley Road, those are all projects I worked on 20 years ago, and so it was -- it is deja vu, but I would urge people to get involved, and to see what the needs for the capital improvement program are. Thank you.

Mayor Lane: Thank you very much, Mr. McLaren. That completes the requests to speak on this item. I will look to the council and we will start with Vice Mayor Korte.

[Time: 00:50:00]

Vice Mayor Korte: Thank you, Mayor. I want to commend staff for the work that -- that we have all done, but staff has really done a lot of the research for the CIP subcommittee of the council. This has been great discussions and more great discussions to come as we look at all of our needs and Whittle down what, shall we say, this community can absorb as far as capital improvement projects and some type of bonding, additional bonding. So thank you staff.

I know our hard work is going to begin in January, and we intend to have those recommendations to council, I believe, by April -- April or May, right, Jeff?

City Treasurer Jeff Nichols: At least by then, Vice Mayor.

Vice Mayor Korte: So with that I move to adopt resolution, 10931, 10932, 10933, 10934, and 10944.

Councilman Smith: Second.

Mayor Lane: The motion has been made by Vice Mayor Korte, and seconded by Councilman Smith. Councilman Smith, would you like to speak toward it?

[Time: 00:51:24]

Councilman Smith: Thank you, Mayor. What you are seeing tonight is the result of a lot of work and particularly on the part of staff and I echo what Councilmember Korte said in that output. This is not an insignificant amount of time. We come for our hour and a half meeting but they prepare many, many more hours preparing for it and it's not lost on us.

To the rest of the council here, I would just add by way of explanation. Four projects that are coming to you, two to be paid for out of unreserved fund balance. General fund and to be paid for out of the unreserved fund balance of the transportation fund, are being brought to you as the -- in our judgment, the highest and best use of these dollars, and that, I think is explained but it's worth emphasizing all of these have huge matching dollar benefits to them from various other funding sources. So we are getting for the citizens and for ourselves, the greatest bang on the buck.

The other thing I would say as a reminder to all of our colleagues here on the council, these projects are being paid for by the unreserved fund balance. You have financial policies that govern the unreserved fund balance and the financial policies for both the transportation fund and the general fund, established that the council -- that the monies that are left there, and I think Mr. Worth said there's about \$16 million left in the general fund unreserved fund balance and another nine in transportation fund balance, \$25 million between them. These monies are intended to be swept into the CIP project bucket.

They are intended to be used for these kinds of projects. Unless you decree otherwise and, of course as a council of seven, we can decree otherwise that we want to hold on to some. Monies for a rainy day or whatever, but I urge at some point in time for the council to consider actually affirmatively saying what they want to do with the money that has not been swept out of there. We accounted for \$10 or \$11 million perhaps to be spent out of there but the budget balance remains and it sort of hangs in limbo awaiting council direction.

So the point is, I certainly approve these five uses of the money, one of them to redefine the scope of work on a project. I would support even more and we may bring more to you in the near future. Thank you, Mayor.

Mayor Lane: Thank you, Councilman. Councilwoman Littlefield.

[Time: 00:54:24]

Councilwoman Littlefield: Thank you, Mayor. I would like to request that we have a separate vote on numbers two and three and then on numbers four, five, and six together. And I have a very specific reason for that. I have a problem voting for \$3 million --

Mayor Lane: Let me ask you, I'm sorry, councilman, if you want to put that in the form of an alternative motion.

Councilwoman Littlefield: Yes, I would please, I would like to make that an alternative motion to vote for two and three together, and four, five, and six together in separate votes.

Mayor Lane: Okay. That's the alternative motion. Failing a second, it dies for lack of a second.

[Time: 00:55:06]

Councilwoman Littlefield: Okay. Then I will just continue on. Thank you. I have a problem with voting for the \$3 million for the general -- from the general fund balance to be set aside for these two projects.

Last week, I had spoken in a meeting with the county commissioner, Mr. Chucri and several of his top staff, including Bill Riley, the general manager for flood control for Maricopa County and for others who specialize in the water and the flood control issues there. And we spoke with Mr. Massoud as well. They created for me some serious doubts for these projects right now, maybe not later but right now, and that is that the current rules and regulations from FEMA in this kind of flood control issue, how that compares with what we want to do and if we are in compliance with them.

According to several of these members, our current plans may well conflict with current regulations, requirements and needs from FEMA. Mr. Massoud spoke very knowledgeably regarding FEMA regulations and how this area is affected by them. He was one of the original writers of the rules for FEMA, and he knows flood water contracts and issues extremely well.

Talking about money, the city has withdrawn its request for county funds according to the county. The county says it has withdrawn funding for these projects. So there is no matching money. Last I heard, the total estimated cost for the Reata wash was about \$45 million and the county was expected to pay about half of that, or 22.5. That money is now unavailable to our use. Should the city decide to go it alone, I would like to know where that additional \$22.5 million is coming from and where we have that stashed away. What other projects will not be done because this money is no longer available to them?

It is my understanding with the conversation with the county that I had, that it will be at least a year before any county funding will be considered much less assigned. It will determine if the specialists determine if it's needed under FEMA rules and if they are compliant with current FEMA regulations. These are people who specialize full time in water and flood control issues, and they understand them. They have been doing this for years and they take their responsibilities to the county citizens extremely seriously. They are specialists in this area.

These projects would be extremely expensive. I do not believe the city has the funding to implement them without the additional debt.

So both for financial reasons and for the safety reasons should these plans not comply with FEMA rules and regs, I believe we should table these two items until we can get a completed independent report

showing the needs and the recommendations as per FEMA's current rules and regs. That's why I will not be voting for these two. Thank you.

Mayor Lane: Thank you, Councilwoman. Councilman Phillips?

[Time: 00:58:26]

Councilman Phillips: Thank you, Mayor. First, I would like to say that -- chiming in with Councilman Smith, that staff does an amazing job giving us information in the subcommittee meetings and I have learned a lot, and I really appreciate that as you said, you know, we spend an hour and a half and they spend another 20 hours after that. So, you know this is added to their plate and nobody complains. They do a great job and really helped us out. So I really appreciate this work from staff.

One other thing, I don't know who did the graphics on this, but it's pretty cool. I mean we can do this in the financial update as well. It keeps us awake.

As far as Councilwoman Littlefield's comments, maybe perhaps she was expecting me to second that. The reason I didn't second it is, again, because I'm in the CIP subcommittee and I understand the value of this, and where this -- the direction that this is going. I was in the same meeting as her, and I have the same concerns as her. And those talks are going to continue. But this money especially for the rawhide wash, that needed to go forward and the other \$1 million for the lower half of the Reata wash, I think needs to go forward too as well. And this also provides us the chance to get this report to FEMA and it's a report that we are working on as we speak. So that's why I didn't do that.

But this is an ongoing talk. It's not over yet, like she said. It's not even going to come to FEMA within a year. You know, they are not going to be working on it. So we have plenty of time to go over best practices as far as that goes.

So, again, I wanted to just thank staff for all they have done. I feel like we worked pretty hard and we have gone over a lot of items and we are going to continue to do so and I think this is really going to help our upcoming budget, and as far as any increase or a tax or maybe perhaps another bond election or perhaps a little of both, I think we are going to come up with the best value for our citizens and that's what they expect for us to do and that has what we work hard to achieve. Thank you.

Mayor Lane: Thank you, Councilman. Councilwoman Milhaven.

[Time: 01:00:57]

Councilwoman Milhaven: Thank you. I have a question for staff, not having been part of the subcommittee or at this count e meeting, could you respond to Councilman Littlefield's concerns? I heard her talking about not complying with FEMA rules, and then also lack of county funding being of concern and perhaps you could help us understand what your position is on those.

Public Works Director Dan Worth: Mayor, Councilwoman Milhaven, we will comply with all FEMA rules. That's the purpose of the study. That's the purpose of developing the conditional letter in that provision request, it's a FEMA process and we do that to get FEMA's blessing on our intended project. We're absolutely going to comply with FEMA regulations all the way through this process for both projects.

As far as the funding that's absolutely a true statement. The county has not allocated any funding in the five-year CIP for either of these two projects. Councilman Littlefield mentioned that she pulled their participation and it was in one project. The Pinnacle Peak south was initiated in 2011 or 2012, and we were at a point in that study where because of the history and the sensitivity to the issues, the city wanted to manage the public outreach.

We wanted to manage that process ourselves in very deliberate manner. We didn't want to go forward aggressively with the county's proposed timeline. So we talked with the district and they agreed that they would step back while we went through the development of the study that we presented to you in July, with every intention, because of the benefit of the project of coming back in and being a funding partner.

My most recent discussion with the general manager of the district, Mr. Wiley, he still feels that the magnitude of the potential benefit, the magnitude of the areas that are affected by the project, the regional nature of the project, it will rank very highly in their scoring system when they develop their capital program and it will be at least a year before they can consider adding that to their capital program, that is simply because they are on an annual CIP development cycle just like we are. But they do feel it will score highly and it's very much a candidate to be included in their CIP.

The Rawhide Wash project, understand that supervisor Chucuri has expressed a great deal of support for it in the past. It will free up a lot of potential development on the side of the Phoenix portion and it will help an existing development on the corporate limit. But it's looked upon very favorably by supervisor and the district. They wouldn't be proceeding with the discussions with us about the cost split if they didn't intend to participate in the project but absolutely true, it's not approved funding. It's not in their CIP right now.

This funding that we're asking for your approval for will -- will -- you know, we'll bring that to the table in a three-way negotiations over the I.G.A., and it would clearly indicate that we intend to go forward on it but we won't go forward unless the other partners bring theirs to the table as well.

Councilmember Milhaven: Thank you.

Mayor Lane: Thank you Councilwoman. Councilwoman Klapp.

[Time: 01:04:31]

Councilwoman Klapp: Well, I appreciate the explanation because, you know, I have to rely on my fellow councilman here who is a CIP committee member to recommend to the rest of the council what

we should be moving forward on, and so I'm going to respect their recommendations that they have set through many, many, meetings to discuss all of these projects and I won't try to second guess all the other things that could be or should be possibly done in order to assure that the money will come to us. You have helped me better understand the process here and I believe that setting aside the money now might help ease the process along.

So I will be supporting the motion from the perspective of I appreciate the work that the three people have done on this subcommittee. The reason it was formed was so that the rest of us could get the benefits of discussion without trying to have a council meeting every time we wanted to go over a CIP budget. So this is very helpful to me, to be able to look at the recommendations and have them spend all of that time and whittling it down to four or five projects that make sense for us to use from the unreserved fund balance. This is a much better process than we have used in the past where we are putting money into -- into the CIP, where we are not even sure how we will spend it.

In this case, I think we have some very good information to tell us that these are the most important projects that should be funded from the unreserved fund balances of both the general fund and the transportation fund and I appreciate the work that was done. So I want to support the CIP committee and agree with their recommendations.

[Time: 01:06:15]

Mayor Lane: Thank you, Councilwoman. You know, I would want to say, number one, thank you, really, to the subcommittee. When I asked them to join this subcommittee for review of the CIP, I realized it was quite a task. And I know that they picked it up and went with it very, very hard.

I certainly agree 100% that whatever they do translates into multiple hours, probably tenfold of anything that the staff has to do in conjunction with it, but it really has been impressive, as far as I'm concerned the tact, the strategy and the structure in how we came about with this. And I think it's left us with a great deal of conference and a review of the prioritization, the importance, the need, all of those things that Mr. Nichols referred to as well, as far as how do you -- what's the criteria for that need. I want to commend and maybe it's more difficult than they may have portrayed here to us today, as far as just getting down to, it but it's great product. So thank you for that.

The other is that, you know, we do have some folks that have a vested interest sometimes with some projects like this. When you talk about drainage and you talk about these kinds of projects, the Reata Pass Wash or the -- what have we got, the two -- the Reata Pass and Rawhide. Obviously on the Rawhide side, it's a commitment that we have made on Scottsdale Road in large part, so a lot of what has -- the effect is and that's why the split of interest and of cost with the city of Phoenix. But in all cases, these protect our citizens from the advent of an alluvial fan flooding which puts everybody's property -- not everybody, but everybody who is in that area of things in jeopardy and also requires them to purchase significant amounts of flood insurance that can be alleviated.

I'm not sure exactly what the net effect will be on some of these monies but ultimately that's what the intention is. It also covers a base and sometimes a changing environment that we have with our

drainage, our natural draining. And so we -- we try to stay as natural as we can but at the same time, we need to protect our citizens particularly as an alluvial fan or in a wash, somebody rolls a boulder in the wrong place and suddenly your foundation is gone. But the fact remains these kinds of projects are critically important. But sometimes people who are along the area that's affected by the development of solutions enlist the services of others to try to get involved with FEMA. Sometimes actually circumventing the city on occasions. There's a pretty long history of some of this conversation that was alluded to earlier.

I certainly support it, but the motion to accept these items, as has been indicated, and I want to commend really the subcommittee for their work and frankly staff as well. I think this was a great effort and thank you very much.

Vice mayor, would you like to speak again?

[Time: 01:09:30]

Vice Mayor Korte: Thank you, Mayor. Excuse me.

Mayor Lane: I thought you were getting choked or something.

Vice Mayor Korte: This blew off. I wanted to emphasize that our CIP subcommittee takes our responsibility very seriously and so does staff. We have a responsibility to review all of these projects and we have a critical dialogue and we spent a lot of time on this. So I want to thank my fellow committee members, Councilman Smith and Councilman Phillips for taking this process seriously and bringing forth what we believe are the best solutions with limited funds and so with, that I call for the question.

Mayor Lane: Thank you. I don't think there's any need to vote on the call for the question. So I think we're set on that. We are ready then to vote. All those in favor indicate by aye and those opposed with a nay. Aye. It's 6-1, with councilwoman Littlefield opposing. Thank you very much for the input. And for staff, again, and for our subcommittee members as well that. Completes that item, 18.

ITEM 19 – MONTHLY FINANCIAL UPDATE

[Time: 01:10:56]

Mayor Lane: I will move on no item 19, where we truly do have our illustrious treasurer, supposed to be podium first and only. Mr. Nichols good to have you back again.

City Treasurer Jeff Nichols: Mr. Mayor, Vice Mayor Korte, members of council, thank you very much. Councilman Phillips, unfortunately, this presentation won't be nearly as exciting as the last one, but I did look over to Kelly Corsette and he was going like this, because he was the one that helped me with that presentation.

So general fund operating sources, the first report for this fiscal year, as you can see depicted here in the picture. Actuals are exceeding budget by a fairly significant amount. We'll get to the figures to date and an explanation for that, as far as the taxes local, you see the \$1.5 million favorable variant, 5%, I will get to that in a moment. Some of the other revenues that we're also seeing favorable variances, the state shared revenues. 9 state shared sales tax and we are seeing a favorable variance of \$1.6 million with that.

Building permits, you see a favorable variance of 1% or \$500,000. The single family residential permits for new construction is up, multi family is down a little bit and we also have a lot of permitting in the southern part of the city on renovations.

Some of the other -- the charges for services, again we have some revenues that were earned in '16/17, by that earned I mean the events took place in '16/17, we did not receive payment for those events until '17/18, so it's causing a positive variances in charges for services category as well. On the licensed, permits and fees a favorable variance of 17% or \$400,000, and that's basically due to the fire department's training program, and training people to be paramedics so that when they get put in the ambulance, when they go to the scene of an accident or incident, when they put the paramedic in the ambulance we get 100% cost recovery from that. So that's a positive for the city, and then you see our interest earnings up a little bit, \$100,000 or 18% positive variance.

You go to the -- again, all the different tranches of sales tax, the miscellaneous retail, dining, entertainment, construction, again the vast majority of them depicted are positive variances that we're seeing. I want to point out that the biggest issue related to this, again, we go back to our collections with ADOR and what we are seeing is the unpredictability of how long they keep a month open. So during the month of September, they kept the payments -- or during the month of August, for August receipts they kept September open for quite a long time after the end of the month of August. And so we have received more payments in the month of September.

You know, we have only been at this now going on eight months, and with ADOR doing the collections, I report that, you know, I believe we are getting the majority of the revenues that the city is due. We are certainly getting next from the largest taxpayers. We have a way to follow that. We are still working with ADOR to iron out the kinks.

One of our staff found an issue with a payment from ADOR that was a business from the city of Phoenix, corporate city limits but they have a Scottsdale address. Somehow that business -- I don't know if they changed accounting firms or changed accountants we are not sure, and we started getting that remittance in our receipts. That is a good thing but it's hard when you have to do the things that are right and.

We are seeing a more positive attitude from ADOR staff, especially at the top at the director level. We are seeing them more engaged and reaching out to the city and that's a double-edged sword to us in my opinion because we are paying for them to perform these services to us and it seems now the expectation is they really want to partner with all of the nonprogram cities that they have taken over

these payments for. So we will continue to work with them because in our best interest to do that.

Some of these favorable variances are caused by the timing when compared to budget. Looking at some of the general fund operating uses by category, again, mostly favorable variances within the uses category as well. You look here, \$1.3 million total favorable variance within the contractual services, the \$900,000, we have some banking services that are costing us a little bit less than we had budgeted for saving bus \$200,000. We had about a \$300,000 positive variance in admin services. It's just a timing issue.

We also have a favorable variance in miss public safety and it's the payments for county jail for the last two months are not going to be made until October. So that's committing a favorable variance within the contractual services.

Again, you look at the use by personnel services, again, favorable variances. We're having a lot of part-time workers, community services. We are not filling as many positions as we have budgeted about a \$200,000 favorable variance in the community services, but when you compare if you look at the pay period, one thing you will notice is we have significantly more \$50.9 million in actual expenses versus the actuals for '16/17 and that's because there was more pay period in '16/17 and so taking that into account as well.

But overall favorable variance in the salaries and if we look at it by divisions, again, everyone with the exception of public works having a positive variance and the reason for that within public works is a timing issue. I mean, they expected to do some things and they some things pop up that they had to address and they haven't gotten through their total program.

So in total, we thought at this point in time, we would have an unfavorable by budget \$5.2 million unfavorable variance bunt it is a swing, a favorable swing of \$5.8 million for the first quarter of this fiscal year and with, that I would take any questions you may have.

Mayor Lane: Thank you. Yes, we have a comment or a question from councilman Smith.

[Time: 01:18:12]

Councilman Smith: Thank you, Mayor. Can you go back to the slide where you had the pay period, six versus seven. So in 2016, you have seven pay periods, but now you have six. You were explaining the number being higher. I don't get it.

City Treasurer Jeff Nichols: It was just pointing -- councilman Smith, if anyone was looking at why our actual costs are increased over '16/17, I just wanted to explain that there were only six pay periods this fiscal year. I was just pointing that out.

Councilman Smith: But I -- okay. I mean, in fact, our costs would be less having six pay periods versus seven last year but I mean they are higher by \$3.2 million, but you are saying they would be higher still if we had receive pay periods, is that the message?

City Treasurer Jeff Nichols: That's correct, sir.

[Time: 01:19:05]

Councilman Smith: One other question, I don't know that you need to go back to it, but you said we had a favorable variance on interest income for these three months. What is the -- what interest rate are we earning on the city's available and investable cash?

City Treasurer Jeff Nichols: If you look at our -- Councilman Smith, if you look at our total portfolio, it's a little less than 1.2%. If you look at our core portfolio, which is a little bit longer in duration and takes out some of the deposit accounts that we have that earn less, that's at about 1.4%.

Councilman Smith: Okay.

City Treasurer Jeff Nichols: You look at some of the other beings that we have, .89 on our CDAR account, as low as .18 on our balance with the bank that does our banking services.

Councilman Smith: Thank you. Thank you, Mayor.

Mayor Lane: Thank you, Councilman. Judy, did you want to chime in I noticed you hit that treasurer's button.

Budget Director Judy Doyle: Yes, I did, Mayor. I was going to comment on slide number 5, you inquired about the seven pay periods versus the six pay periods and if you look at the personnel services, maybe go to the next slide, Jeff. There we go. If you look at personnel services our salaries, those are lower, however it's retirement that is driving that increase, and that's related to that hall-parker case payout that we had for our sworn public safety and elected officials.

City Treasurer Jeff Nichols: Thank you, Ms. Doyle.

Councilman Smith: Thank you. Good explanation.

[Time: 01:20:47]

Mayor Lane: Thank you then on that. One overall comment Mr. Nichols, if I might. We have obviously -- and you have been on the front line in the trenches with the department of revenue for a long time now. One of the consequential effects we have here is with that inconsistency, we really can't develop any kind of trend line, anything that really can decipher where we really are month to month, as far as whether we are getting better, which we are getting worse. It has had a damage effect as far as just our analysis of things.

City Treasurer Jeff Nichols: Mr. Mayor, that's absolutely correct. With so few months of data, it will be literally months, if not years from now until we can do budget to actuals to have a reasonable

comparison to what we expect to happen, versus what actually happens.

Mayor Lane: Yeah. And when you say they are reaching out, if they are reaching out for suggestions, we will might want to give them that one to see if they can have some consistency on it, but in any case, I just thought I would mention that because it makes it harder, I know for you and certainly even for us as we try to analyze exactly how the economy is going for us.

City Treasurer Jeff Nichols: And I appreciate that. I also have more faith in the city of Scottsdale staff to come up with the budget figures in total, and I do believe that towards the end of the year, we will find out that we are pretty spot on like we always are.

Mayor Lane: Oh, very good. Thank you. Seeing we have no further questions, thanks for the presentation. Riveting as usual.

PUBLIC COMMENT

[Time: 01:22:31]

Mayor Lane: We have one additional request -- that does complete our regular agenda for this evening and we have one public comment request from Janet Leopold.

Janet Leopold: Mayor, Vice Mayor and city councilmembers, thank you for the opportunity to speak tonight. My name is Janet Leopold. I live at 11198 East Laurel Lane in Scottsdale. I have been a citizen of Scottsdale for over 35 years. I have voted yes on every tax proposal for the acquisition of land for the preserve, believing that it was for exactly that, the acquisition of land to be preserved. I have hiked in many of the areas long before there were any trailheads built. So I'm very familiar with much of the Preserve.

Never did I believe when I voted yes on these tax proposals that it would be for a designated -- the Desert Edge with alcohol and night events on a regular basis. There are many concerns that I have with the current proposal, however, the one I would like to speak tonight about is the A.S.U. involvement. I'm not commenting, excuse me, on the validity of the Global Drylands Institute, but I am commenting on the financial commitment that is being requested for Scottsdale taxpayers.

The president of A.S.U. is the highest paid public university president in the nation. In addition, he's over \$1 million. The football coach is paid over \$3 million a year. And just recently, A.S.U. has approved the last portion of their upgrade to Sun Devil stadium for a total cost of over \$300 million. And yet Scottsdale taxpayers are expected to foot the bill for their pavilion at Desert Edge at approximately \$10 million. This is not something I ever voted for.

And lastly, I ask one more thing that you will let the Scottsdale taxpayers vote on this issue. Not many different options, just yes, we build it, no, we don't. Thank you very much.

Mayor Lane: Thank you, Ms. Leopold.

That completes public comment or this evening and this part of the agenda. No petitions or mayor council items. None indicated.

With that then, I would thank everybody for being here, for your input, your attendance and thank you to staff for your input and attendance as well.

ADJOURNMENT

[Time: 01:25:32]

Mayor Lane: With that, I will ask for a motion to adjourn.

Councilwoman Klapp: Move to adjourn.

Vice Mayor Korte: Seconded.

Mayor Lane: A motion has been made and seconded. All those in favor, please indicate aye. We are adjourned.