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CALL TO ORDER

[Time: 00:00:10]

Mayor Lane: This is Mayor Jim Lane. It is April 7th, 2020 at about 5 o'clock. It's a regular meeting I'd like to just notify everyone were in a special meeting certainly but never the less its also a virtual meeting that we're conducting online in view of COVID-19 request that we stay home, stay healthy, and stay connected. We're accomplishing all of that at this time with this meeting. I'd like to call to order the Regular City Council Meeting to order of April 7, 2020.

ROLL CALL

[Time: 00:00:43]

Mayor Lane: And I'd like to ask the City Clerk Carolyn Jagger to please conduct the roll call.

Carolyn Jagger: Mayor Jim Lane.

Mayor Lane: Present

Carolyn Jagger: Vice Mayor Kathy Littlefield?

Vice Mayor Littlefield: Present

Carolyn Jagger: Councilmembers Suzanne Klapp.

Councilwoman Klapp: Here.

Carolyn Jagger: Virginia Korte?

Councilmember Korte: Here.

Carolyn Jagger: Linda Milhaven?

Councilwoman Milhaven: Here.

Carolyn Jagger: Guy Phillips?

Councilman Phillips: Here.

Carolyn Jagger: and Solange Whitehead?

Councilwoman Whitehead: Here.

Carolyn Jagger: City Manager, Jim Thompson?

Jim Thompson: Here.

Carolyn Jagger: City Attorney, Sherry Scott? I'm going to assume that she's present, City Treasurer Jeff Nichols?

Jeff Nichols: Here.

Carolyn Jagger: City Auditor, Sharron Walker?

Sharron Walker: Here.

Carolyn Jagger: And the Clerk is present.

Mayor Lane: Thank you. Miss Jagger. I'd like to make note of a few things as we conduct our Council meeting virtually, starting with make sure you are in a quiet space with no to minimal background noise. Each time you speak, announce your name to identify your self to listeners and say "thank you" to denote that you are done speaking. Please mute yourself in the lower left-hand corner of the Zoom window when you are not speaking. Be sure to unmute when you begin speaking. Please allow for some delay as slides are loaded to the screen. As a matter of course, I will ask each councilmember individually for questions or comments. After each councilmember has had a chance to speak once, if you have additional questions or comments, please use the Zoom raise hand option, so Management Associate, Megan Lynn can notify me so I can call on you.

MAYOR'S REPORT

[Time: 00:02:39]

Mayor Lane: Let's start with the Mayor's report and I'd just like to start with an item of particular note

in view of the circumstances in which we find ourselves operating right now and I want to extend a great big thank you from the community to the Scottsdale Firefighters Association, the Scottsdale Charros, and the Rotary Club of Scottsdale for their recent generous donation to the Vista Rel Camino, and the many citizens who have made their own donations to help their neighbors during these difficult times. Every day I hear stories of the community stepping up to take care of each other and I thank everyone for showing just exactly why Scottsdale is the best city in the world. You know I'd like to take a minute because of the dire circumstances that we are working and living with on a day to day basis, however you may choose, by prayer, or just thoughts of kindness and of consideration, to your fellow citizens here in Scottsdale and across the country, for those who are suffering with this situation as it has developed over the last several weeks. If we can take a Moment of Silence to consider that.

Mayor Lane: Thank you. One other item, Scottsdale is Arizona's longest running Tree City U.S.A. This year will mark our 38th year with that designation. As part of the requirements to receive that honor, is that I issue the following proclamation and it reads as follows, whereas in 1872 Jay Sterling Morden, proposed to the Nebraska Board of Agriculture, that a special day be set aside for the planting for trees and whereas this holiday, called Arbor Day was first observed with the planting of more than a million trees in Nebraska and whereas Arbor Day is observed throughout the nation and the world, and whereas trees can reduce the erosion of our precious top soil by wind and water, cut heating and cooling cost, moderate the temperature, clean the air, produce oxygen, and provide habitat for wildlife. And whereas trees are a renewable resource, giving us paper, wood for our homes, fuel for our fires, and countless other wood products and whereas trees are a source of joy and spiritual renewal to many, and whereas Scottsdale has been recognized as a Tree City U.S.A. by the National Arbor Day Foundation and desires to continue with its tree planting ways. I now, therefore, W.J. Jim Lane, Mayor of the City of Scottsdale proclaim Friday April 24th 2020, as Arbor Day in Scottsdale and urge my fellow citizens to care for our trees and natural areas and support our city's community forestry program and encourage all of our citizens to plant trees for the future of the next generation. A proclamation for a wonderful day for Scottsdale.

APPROVAL OF MINUTES

[Time: 00:06:14]

Mayor Lane: Moving on to our items of business, our next item of business is the approval of the minutes for Special Meeting Minutes of March 3, 2020, Regular Meeting Minutes of March 3, 2020, and Executive Session Minutes of March 3, 2020. I'd accept a motion and a second. Please say your name before making your motion. Do I have a motion?

Councilmember Korte: Mayor, this is Virginia Korte and I move to approve the Regular and Special Meeting Minutes of March 3rd and the Executive Session minutes of March 3rd.

Vice Mayor Littlefield: Kathy Littlefield, I second.

Mayor Lane: Motion has been made by Councilmember Korte, seconded by Councilwoman Kathy Littlefield. We will now take action by a roll call vote and I will ask the City Clerk to announce each councilmember for their vote.

Carolyn Jagger: Mayor Jim Lane?

Mayor Lane: Yes.

Carolyn Jagger: Vice Mayor Kathy Littlefield?

Vice Mayor Littlefield: Yes.

Carolyn Jagger: Councilmembers Suzanne Klapp?

Councilwoman Klapp: Yes.

Carolyn Jagger: Virginia Korte?

Councilmember Korte: Yes.

Carolyn Jagger: Linda Milhaven?

Councilwoman Milhaven: Yes.

Carolyn Jagger: Guy Phillips?

Councilman Phillips: Yes.

Carolyn Jagger: and Solange Whitehead?

Councilwoman Whitehead: Yes.

Carolyn Jagger: Motion passes unanimously.

ADDED ITEMS

[Time: 00:07:52]

Mayor Lane: Thank you, Items 13A and 16 were added to the agenda on April 1st, 2020, I'd like to accept a motion to accept the agenda as presented or continue the items to the April 2st City Council Meeting. Do I have a motion to continue or accept as presented?

Councilmember Korte: Mayor, this is Virginia Korte and I move to accept the agenda as presented.

Councilwoman Whitehead: I will second it. This is Solange Whitehead.

Mayor Lane: The motion has been made by Virginia Korte and seconded by Solange Whitehead. We are going to take action by a roll call vote again. I will ask the Clerk to announce each councilmember for their vote.

Carolyn Jagger: Mayor Lane?

Mayor Lane: Yes.

Carolyn Jagger: Vice Mayor Littlefield?

Vice Mayor Littlefield: Yes.

Carolyn Jagger: Councilmembers Klapp?

Councilwoman Klapp: Yes.

Carolyn Jagger: Virginia Korte?

Councilmember Korte: Yes.

Carolyn Jagger: Millhaven?

Councilwoman Milhaven: Yes.

Carolyn Jagger: Phillips?

Councilman Phillips: Yes.

Carolyn Jagger: and Councilmember Whitehead?

Councilwoman Whitehead: Yes.

Carolyn Jagger: The motion passes unanimously.

Mayor Lane: The items are accepted as presented in this agenda.

CONSENT AGENDA

[Time: 00:09:41]

Mayor Lane: Moving on to our Consent Agenda items. Item 1 through 13A, I will ask the councilmembers if they have a comment about any of the items on consent. I will start with Vice Mayor Littlefield.

Vice Mayor Littlefield: Thank you, Mayor. I would like to pull Item 10 from consent and presentation.

Mayor Lane: All right. If we are going to pull that, I'm assuming that we pull that and put it in the Regular Agenda?

Vice Mayor Littlefield: Yes, or if it is preferred, we can do this way right through the consent, but I'd like to have a staffer give an explanation of what this is and why we are doing it at this time. We have had a lot of emails from citizens that are concerned about this and I think it would be appropriate.

Mayor Lane: It is a matter if you want a separate vote number one or with the presentation and we will

take the vote afterwards.

Vice Mayor Littlefield: I don't need a separate vote on it.

Mayor Lane: Let's go ahead and then, if we have somebody on staff that can respond to that request, we will go ahead and take an explanation on that at this time.

Bill Murphy: This is Bill Murphy, Assistant City Manager, I can address that question.

Mayor Lane: All right, Mr. Murphy, go ahead then.

Bill Murphy: Kelly, if you wouldn't mind putting up the second slide, please? Vice Mayor Littlefield and members of the Council, we have had some questions come in related to the bond question and the fields specifically and this is to get a design engineering firm confirmed to get some accurate concepts and evaluate some options. The 80 acres on the upper portion of the screen there and the western portion of our 80 acres, that was shown in the bond information. The lower area that you have there is also the land that was also talked about and that is up at the east end of WestWorld, the intersection Thompson Peak Parkway and McDowell Mountain Ranch Road. Kelly, if you can click to the next slide.

So, the highlighted area in red is area that is, there is two private properties that are in there, as well as Arizona state land, and so, those are required as part of the bond discussion that we had looking at an alternative. If you can go to the next slide, please.

So, this is the again, the western portion of the 80 acres, which was shown as a conceptual plan in the bond discussion. We anticipated that we could potentially get 5 to 6 fields in this area. If you can click to the next slide

This would give you again, the eastern portion up here, which we think between there, if we're able to secure private property land and the state land, we would be able to put the additional fields up here. What I have responded back to the various citizens primarily that have come from DC ranch is that we are just looking at these two sites. We are going to have to investigation whether or not we can fit these all in. Obviously, there is some issues that deal with the private property acquisition, as well as the state land. To summarize, the City is going to look through at the process and try and choose which is the best option that we would have and we would definitely come back to deal with discussions with the neighborhood, various stakeholders that are in that area. So, there is nothing tonight that we are deciding on, any final placement of the fields, this is just the design so, we can begin the process of looking at different options because everything at this point right now has just been conceptual plans.

Mayor Lane: Thank you, Mr. Murphy. With that explanation I think it fulfills the request of Vice Mayor Littlefield. With that, I will continue on with the rest of the Council to see if they have any questions on any of the other consent items. Councilwoman Klapp?

Councilwoman Klapp: I have no other questions.

Mayor Lane: Councilmember Korte?

Councilmember Korte: No.

Mayor Lane: Councilwoman Linda Milhaven?

Councilwoman Milhaven: No.

Mayor Lane: Councilman Guy Phillips?

Councilman Phillips: No.

Mayor Lane: Councilwoman Solange Whitehead?

Councilwoman Whitehead: No.

Mayor Lane: We have consent for Item 1 through 13A. Can I have a motion to accept the items.

Councilwoman Klapp: I would like to make a motion to accept Item 1 through 13A on the consent agenda as approved.

Mayor Lane: The motion is made by Councilmember Klapp. Seconded by?

Councilmember Korte: This is Councilmember Korte and I will second that motion.

Mayor Lane: The motion has been made and seconded. No other questions indicated, now, it is time for us to vote. I believe it is the process to have the roll call vote again. I will ask the City Clerk to take the roll call vote.

Carolyn Jagger: Mayor Lane?

Mayor Lane: Yes.

Carolyn Jagger: Vice Mayor Littlefield?

Vice Mayor Littlefield: Yes.

Carolyn Jagger: Councilmembers Klapp?

Councilwoman Klapp: Yes.

Carolyn Jagger: Millhaven?

Councilwoman Milhaven: Yes.

Carolyn Jagger: Phillips?

Councilman Phillips: Yes.

Carolyn Jagger: and Councilmember Whitehead?

Councilwoman Whitehead: Yes.

Carolyn Jagger: The motion passes unanimously.

REGULAR AGENDA ITEM 14 – PROPOSED FY 20/21 OPERATING BUDGET AND CIP

[Time: 00:16:49]

Mayor Lane: Very good, thank you for all of that. Moving on to the Regular Agenda Items 14 through 16. Starting with item 14, this is the proposed Fiscal Year 2020/21 Operating Budget and Capital Improvement Plan. We have presenters Judy Doyle, Dave Lipinski, I believe we are starting with Judy Doyle.

Judy Doyle: Good evening, Mayor, and councilmembers. Well, tonight is definitely one for the history books, presenting our Fiscal Year 2020/21 Operating Budget virtually. This budget was put together prior to the pandemic and we know that changes may be necessary. We felt it was necessary to get in front of you what we had prepared again, knowing full well that adjustments will need to be made. Later in the presentation, I will speak to when we will have any data available.

I will continue to touch on this throughout the presentation and at the end of the presentation, our City Manager will share with you things that he's already implemented to deal with this economic crisis. No action is needed from you tonight. It is an opportunity for you to discuss and possible items that we can incorporate into the final budget that is slated for May 5th. I will be giving an overview of the Operating Budget, and Dave Lipinski, the Capital Improvement Plan.

Like every day at the City of Scottsdale, the proposed budget continues our mission to provide simply better service for a world-class community. Here in Scottsdale and before, during, and after COVID-19, we placed an emphasis on service. We are a service organization that strives to provide high-quality interactions with residents, businesses, and visitors. As I mentioned the budget was put together prior to the health crisis. Staff had completed submitting budget requests and the internal process review was finished and ready for Council review and then, COVID-19 hit.

Uncertainty is a fact of life in our current environment and given that, this discussion is provided to set the maximum limit, which is for our tenured budget adoption slated for May 5th. COVID-19 hit Scottsdale at the peak of our tourism season and the shops and businesses that mean so much to our economy being severely affected. The City Manager plans to speak specifically to this at the end of the presentation and again, this 20/21 proposed budget is meant to start the discussion and set the maximum limit.

Adjustments downward can be made continually for the tentative budget, budget adoption, after budget adoption and frankly, all throughout the fiscal year, we just cannot adjust upward beyond the maximum limits set during the tentative budget adoption on May 5th. This proposed budget reflects months of work by staff across the City to understand our needs and project our resources and develop a plan that accounts for both.

This proposal is presented for your review, again, I cannot stress enough with a full understanding that

as we understand the full impact of COVID-19, adjustments will be necessary. Prior to the unknowns we had prepared a proposed budget that totaled approximately \$1.6 billion, breaking down to \$610 million in operating budgets, about 12 million in grants and special districts, almost 724 million in CIP and nearline \$228 million in contingencies and reserves.

Let's begin with the Operating Budget overview. The focus is on the General Fund which is the largest operating fund and because its use is unrestricted, we find it is the fund that is the most interest for the City's stakeholders. This is a high-level summary of the proposed 2020/2021 budget compared to the current year forecast and the future years through 2024/25 and highlighting the City balances, total sources, total uses, and ending balance.

We prefer to compare to the current year forecast as that is built using the most up-to-date data we had available when preparing the current budget. If we compare it to the adopted budget, we'd be comparing against data that is 15 to 18 months old. Obviously, this year is unique and even the forecast is already out of date. I will touch on the sources and uses in future slides but one thing worth noting here, on the debt service line, with in the uses we make the final debt service payment for the police and fire radio system in the current 19/20 Fiscal Year and we won't have that debt service payment of \$2.5 million payment beginning in 2021.

Our General Fund sources were projected at 338.3 million in 2021. Our top three revenue drivers are sales tax, state shared revenue, and primary property tax. Again, this was prepared before COVID-19. We know that the revenues are and continue to be negatively impacted for the immediate future and this unprecedented situation is causing a great deal of concern for accurate forecasting and the timing of the events and the lack of up-to-date revenue information is creating a great deal of uncertainty as we go to adopt our 20/21 budget. I will speak to when we will have any kind of data on a future slide.

Speaking to what was in the proposed budget when we compared our estimated General Fund sources over the current year, we projected an increase of 600,000. The stormwater fee, a reduction of 3.3 million and this is an administrative change as we record the stormwater directly in the CIP fund, instead of transferring out from the General Fund. Cable T.V. franchise fee has a million dollar decrease due to timing. The 19/24 forecast was artificially inflated as it included a payment in 18/19. Building permits, we anticipate a \$1.2 million decrease due to an anticipated decrease in construction activity resulting in a lower demand for building permits. Part of this is due to all permits relating to Nationwide's have already been issued.

State shared revenue, the Arizona League of Cities initially provided preliminary revenue estimates increasing 7.1 million. The executive director recently sent out an email as it relates to COVID-19 and its impact on the economy and state and local revenues. With the exception of state shared income tax and income tax is an exception and the income tax that we would receive in 20/21 is what was paid two years ago which is 4.1 million of that 7.1 million increase. She said that the sales tax and the auto lieu tax estimates were based on information provided by the Department of Revenue and Department of Transportation using information prior to March and that's prior to the COVID-19 crisis.

It appears these estimates are going to be higher, but it is unclear by how much and when we will receive the information. This chart details the General Fund local sales tax by category. Originally when we adopted the 2019/2020 budget, we forecasted 136.8 million. We revised it up almost 9 million based on the trends that our City treasurer had been sharing with you monthly during his financial

update. For 2020/21 we were forecasting a 1.9 million or 1.3% decrease based on the updated 2019/2020 forecast, so we were preparing for a mild recession. A decrease in year one and then relatively flat in the out years. All of this data was pre-COVID-19 and there is a two-month delay from the time that the sales tax is actually paid until the time that we received it at the City. If the economy feels the impact of the COVID-19 in mid-March, we don't receive that impact until May. In May and June when we have a glimpse of a half of a month and a full month, we will absolutely reassess and revise accordingly and will do so monthly, until we get through this.

We monitor revenue and expenses every month and that will remain unchanged. This slide is to remind folks how we compare to other valley cities in terms of the sales tax rate. It is the lowest among our neighbors. Moving on the property tax and this is a graphic that we like to use to illustrate the City's share of the property taxes. \$0.90 of every dollar goes to other entities, \$0.10 stays with the city, \$0.05 of secondary property tax and \$0.05 of primary property tax. The primary property tax supports General Fund activity such as police and fire and we may also include a repayment to the risk management fund for tort liability payments made during the calendar year and the primary property tax is limited to a 2% increase annually, plus allowance for new construction. The secondary property tax is restricted to repay debt service on voter approved general obligation bonds. The secondary property tax, which again can only be used to repay debt service on General Fund obligation bonds that are outstanding. In 2020/21 we plan to levy 33.4 million but because property values went up, the rate is decreasing from \$0.52 to \$0.50 and of course, staying below the promised rate of \$0.57. The primary levy, which is used by the General Fund is going to increase to 1.1 million. The primary levy includes 1.8 million for the liability and tort settlements and judgments that you have approved during the most recent calendar year.

So, total primary levy of 35.5 million - our total property tax rate in 2021 will remain flat with the total \$1.04 per assessed valuation. This is just a comparison to the same valley cities that we compared the sales tax to. Unfortunately, I don't have proposed 20/21 property tax rates for the other cities yet. So, this is comparing our proposed 20/21 to the others adopted in 2019/2020. I feel it is a good depiction of our placement with the other cities. Gilbert comes in at the lowest rate. We have ranked the second lowest at \$1.04. Chandler is \$1.13. The proposed budget included General Fund expenses at 300.3 million. Again, this was prepared pre-COVID-19 and we fully understand that adjustments maybe likely. We had an increase of 7.51 FTEs compared to the current budget.

The biggest changes worth noting are the reduction of almost 8 FTE in community services primarily as the result of the closing of Palomino Library. An increase of 14.6 FTE in fire and there was a decrease of .4 FTE to reprogram the accompanying funding of two pipeline positions. An addition of six firefighter positions that you all authorized in October for the safer grant and converted existing overtime for funding of six firefighter positions. So, no additional cost was added, so this was done to staffing needs due to the attrition issue due to the significant number of retirements expected in the next five years. And then the addition of three fire engineer positions to operate the fire apparatus purchased through the bond program. I will note in response to the early days of hearing about COVID-19, the City Manager revised packages included in the budget to only contract increases and issues considered mission critical. With the closing of Palomino Library, we will see significant savings to the budget. We have a one-time funding for the upcoming general and primary elections and the funding for the OSHA's assessment and funding to meet fires minimum staffing needs and for training overtime, the majority of which is one-time funding. The fire department would like to upgrade three engines that are up for replacement with an upgraded model that is considered the new fire standard and the funding for the

contract increases with custodial services being the largest increase.

This is a graphic of General Fund sources and uses with a 5-year outlook, again, prepared pre-COVID-19. We expect this to look different once we have data available to make the necessary adjustments. As well as the Ending Fund balance. This too will look different once we have the data to make the necessary adjustments. With that, I can answer any questions you may have or turn it over to our City Engineer, Dave Lipinski.

[Time: 00:34:05]

Mayor Lane: Thank you, Ms. Doyle. I'm going to go ahead and ask our councilmembers if they have any questions on this and I will start with Vice Mayor Littlefield.

Vice Mayor Littlefield: I have comments, but I will hold them until the end.

Mayor Lane: Councilwoman Klapp?

Councilwoman Klapp: I'd like to wait until the end also.

Mayor Lane: Councilmember Korte?

Councilmember Korte: Thank you Mayor, I have one question, I'd like to better understand the \$1.6 million increase for Custodial Services. Can we have some insight on that?

Dan Worth: The \$1.6 million is largely a result of tightening up of the services we're providing with the contract, the increase doesn't have anything to do with enhanced cleaning due to COVID-19, this is regular service level. This is largely a result of low bid contracts, in one instance we terminated a contract due to non-performance, contracts ending and being replaced with newly bid contract, and increasing services provided.

Councilmember Korte: Thank you.

Mayor Lane: Councilwoman Linda Milhaven?

Councilwoman Milhaven: No not at this time.

Mayor Lane: Councilman Guy Phillips?

Councilman Phillips: I'll hold my comments

Mayor Lane: Councilwoman Solange Whitehead?

Councilwoman Whitehead: No questions at this time.

Mayor Lane: Very good. Then we will go on to hear the report from Dave Lipinski.

[Time: 00:37:02]

Dave Lipinski: This is Dave, the City engineer and I can walk you through the capital budget overview. Next slide, please. This year, we followed our standard procedure for the development of the budget. Each division identified their project needs and worked with capital projects and IT staff to ensure they had projects fully defined and costs accurately captured for their submissions. They go through a series of review. One is a General Fund construction review, a technology review and a transportation review group. They are prioritized and moved to the capital management review committee for ultimate prioritization to move forward.

I'm going to walk you through each of the funding sources one at a time. We are going to go through the number of projects submitted and the dollars requested and where we are currently looking to fund projects at. As Judy said several times this is prior to any change in the market due to COVID-19 and any updated forecasts that we had prior to that.

Starting with the General Fund, there were 33 projects submitted totaling 17.8 million. When we adopted last year's CIP, there was a cash balance of \$7 million left in the General Fund. From that time, we've seen higher revenue collections and savings from projects closing and we have seen a large negative change in updated sales tax and interest income forecasts over the next five years. I'm going to get into that a little further in the next few slides. There's a replacement of some general fund projects with the stormwater fee, contract reimbursement for Phoenix fire and one operating side for the police shifting to fully funding their CAD/RMS project. It leaves us with a \$7.1 million for proposed projects.

The CIP General Fund is a net income of excess of \$1 million and two-thirds of the sales tax collected on food for home consumption. So, the changes that we have seen in the negative is largely attributable to the interest revenue forecast over the five years. We have gotten updated projections and they have actually been updated since this time showing that we are not earning interest on the money that is out there, there's also a change in the food tax and the phasing out over the 5 year span that leaves us to the negative adjustment that has to be made before we start funding projects this year. It reduces our starting balance down to 7.1 million. This slide represents projects that were included in last year's adopted CIP. They were either funded in years two through five.

Starting on the top right, you have a cash balance of 7.1 million that we established earlier and there are some minor modifications such as fire station 606 had some budget changes due to market and change of scope. The jail dorm project, there was some of that scope that was moved from Phase 1 into Phase 2 as we got into the project. The WestWorld tent removal was redefined in replacing some of the panels. And the Records Management System and the Bond Project seven at the bottom, there was a change in some of the General Fund associated with that. The record management was on the books prior and now, it is part of the bond and offsets some of the cost of that Bond Project to make sure that we get that completed. What you have here, after reapproving the projects that were adopted last year in the five-year CIP, these were the highest ranked priorities for funding out of the now \$4.8 million balance. The City has a cost shared undergrounding the power lines along Scottsdale Road. The second one there is costs for some of the technology projects in bond 2019. There is a very small cost component that the bond Council has given us guidance on that are not bond eligible, this has to do with the training that has to occur and the delivery of the systems. Not the purchase of the systems themselves. There are two radio projects and the third and the last one listed. They provide coverage to the north end of the City with the new fire station improving coverage up in that area and also, improves capacity.

The rest of the projects that are listed in the middle are considered Y projects. These are considered keep the lights on projects to make sure that the buildings and servers are still working, and police and fire have the funding to provide the services they provide. What this does right now, and again, this is pre-COVID-19, it does show a negative cash balance in the five-year CIP. Coming into this year, we thought moving forward with the negative cash balance that we would be able to balance it out over the next several years and again, we are going to take it back and knowing there are going to be changes in the market with COVID-19.

The next funding source that we are going to look at is the transportation sales tax and this is the .2 percent sales tax and the older of the two transportation sales taxes. Thirty-two projects submitted this year totaling 38.7 million. At the end of last year after the adoption of the CIP, we had \$1.3 million not committed to any projects, some higher revenues collected, the addition of the fifth-year sources of funding provided an increase. We had replacement of ALCP funds with the .1% transportation sales tax on two projects. So, what this leaves us with is \$20.3 million to start utilizing for transportation projects for the .2% sales tax. Financial policy 26 establishes how the .2% is collected and dispersed. 50% is for transportation improvements and the other 50% is for ongoing transportation operation expenses.

These are the projects as ranked through prioritization running down the left-hand side. Those with asterisks have additional funding sources besides the .2 sales tax. A lot of them have grants associated with them. This is a continuation of the prior page, and what it comes down to is we think that we can fund 19.1 million in projects and leave a cash balance like we did in the previous year. If we have any impacts with the COVID-19, we are going to bring it back in the next presentation. This is the .1 sales tax and was approved by the voters in November of 2018 and slated to match all of the City's ALP projects.

Beginning of this year, we had 3.6 million available. The estimate from 19/20 was 14.1 million and the estimated forecast brings in another \$64.5 million of revenue just over the 5-year CIP. So, our beginning cash balance is 82.8 million over the five years. This is describing what the .1% is to be used for as a result of the election. Here we have listed out all of the ALCP projects that are currently included in our CIP and funded over the next five years. This is a continuation and you can see at the bottom. The current forecast over the five years is just over 82 million. We are looking to expend 65.4 million over the next several years. Right now, we are showing a positive variance. There is going to be impact, we just don't know what it is going to be. But it is going to be collected out past the current CIP.

The next funding source is a stormwater CIP fee, there are 5 projects totaling 19.3 million. Beginning this year, we had a 2.2 million cash balance with the estimated revenues for the five-year leaves us a cash balance of 23.7 million. This does include an increase in the fee, if that does not occur, it drops it down to 18.7 million if we keep it consistent over the next five years. The projects that are funded by the stormwater fee. Granite Reef watershed phase 1, Reata Wash, Rawhide wash, and there is a portion of Pima Road. Pima Road has a significant stormwater impact and it is going to require substantial infrastructure to complete that project and the Indian Bend Wash Levy Rehabilitation.

The 2019 projects approved by the voters in November 2019. 3 questions for 319 million. Currently, you have a forecast of 241.5 million within the five years proposed CIP and outside of that, years 6 through 10 you see 76 million and we have already spent 1.4 and the majority of that was to replace the outdated fire department response equipment. The last slide is other funding sources. We don't have the breakdown of all of the projects within these. With estimated budget and the new or amended projects they have in each. The amended projects are approved last year in years two through five that

has some redefinition or funding change associated. With that, we can take any questions.

Mayor Lane: Well, thank you, it's informative. I'm sure that we will have some questions, though. I will just say if the same result is last time whether or not we want to wait until a final conclusion, but I will quickly go ahead and ask if there are specific questions from David's presentation from each of the councilmembers again. Vice Mayor Littlefield?

Vice Mayor Littlefield: No specific questions, thank you.

Mayor Lane: Councilwoman Klapp?

Councilwoman Klapp: No questions right now.

Mayor Lane: Councilmember Korte?

Councilmember Korte: No, thank you.

Mayor Lane: Councilwoman Milhaven?

Councilwoman Milhaven: No, thank you.

Mayor Lane: Councilmember Phillips?

Councilman Phillips: No.

Mayor Lane: And Councilwoman Whitehead?

Councilwoman Whitehead: No questions.

[Time: 00:51:05]

Mayor Lane: Very good. I have one question and it comes from the financial policy number 26, which is on your slide 16. We have dealt with this through the years, a number of years as far as the allocation of funds that are coming from the 0.2%, as you described it, the older privilege of tax revenue for the transportation improvements. I know for several years now it has been at 50%. What exactly are we talking about that no more than 50% is allocated to transportation improvement operation expenses? Are we talking about City Staff and the department cost or costs in the operation of mass transit? If you can give me some more background. It does say no more than, but how does it actually break down?

Dave Lipinski: Mayor Lane, I have to defer to Judy Doyle, I don't get to spend that half.

Mayor Lane: Okay, so you don't see it, Ms. Doyle if you have a quick answer for that. It is just that often times it went to administration. I presume that's what we are talking about here.

Megan Lynn: Mayor, I want you to know that we have a hand up from Dan Worth, as well.

Judy Doyle: I will defer to Dan Worth, thanks.

Dan Worth: The half that goes to operation expenses goes to City Staff, and a substantial portion goes to transit, as well as some of our maintenance costs that we don't receive enough from the state to cover.

Mayor Lane: Got you. Now, when we added the additional 0.1% on a temporary basis, it is specifically going to projects only. Is that correct, Dan?

Dan Worth: Mayor, that is correct. It is specifically only going to projects and specifically to ALCP projects for our local match.

[Time: 00:53:44]

Mayor Lane: Thank you. With that, we will move on to, I presume, the City Manager, Jim Thompson.

Jim Thompson: Good evening, Mayor, and members of Council. Can you hear me?

Mayor Lane: Yes.

Jim Thompson: I have two slides and I want to cover some of the things that we have been doing to date. As you all know, the COVID-19 crisis that we are currently in, we have a number of uncertainties. Uncertainties as to impact, uncertainties as to time. One of the things that Judy brought up, which I think is important is that we will not see our March numbers until the first part of May. March, May, and June are the last months of this fiscal year. Prior to COVID-19 and the impacts associated with it, we were actually running ahead. Even though we lost half of March, which would normally be one of our better months, we were still running ahead for the fiscal. So, we don't know what that impact is going to be at the end of the fiscal, if we are above budget or below budget. But knowing that, we are going to see a major economic impact from that, we have made adjustments already. As each day goes by, we are reassessing where we are at. Going to talk about that on slide two.

We made some cuts to the preliminary budget and we had requests that totaled 14 million additional items. We reduced that substantially down and the items that we retained in there other than the 1.6 million for the contract for janitorial services, the others were with fire and the upcoming retirements to be able to provide the same level of service as we start to have turnover for retirements in the area of fire. In addition, we held 194 of our vacant positions. It totals 6.8 million a year.

More positions will be held, as vacancies occur, whether it be through retirement or other purposes but filling critical public safety positions out there. We have 60 of those we are currently in the process of filling. The 194 is going to be currently held and as noted, there may be some additional to that. At this time, we have those positions froze. Deferring the third year of the three-year market catch up and any performance increases, those have been put on hold. We have notified staff that as of July 1st, when we normally do our market adjustment and those eligible for performance increase could have received up to a 3% increase, those matters have been put on hold. I will come back to Council if we see improvements in the marketplace or changes in the marketplace, but there is so much uncertainty. But prior to the release of those, we will come back to Council and have that discussion.

During this time, we have redeploying our staff into emergency assignments into areas that we have need. Many have heard what we have done. We are looking at the next item, reducing expenses,

including contractual expenses. We are relieving our self of the contract assistance that we traditionally have done. We have redeployed individuals to areas where we have a greater need because of the existing COVID-19 and examples of that would be deployment of our meals to our seniors and redeployment in the call center that just opened up yesterday to serve small businesses and those having questions about any of the economic stimulus that came out of the federal government.

We are also reviewing all of our contracts currently to see which other ones we could reduce down or eliminate going into next year. We suspended the trolley service due to low ridership and the COVID-19 risk. The constant cleaning for the few riders we were experiencing on the trolley once this hit. That saved us 1.4 million through the end of the year. If we don't reactivate the trolley service through June, we are going to have a 1.4 million savings just from that. And then, we are also currently starting to work on several contingency plans for our final budget to come back and work through as this crisis continues.

We are looking at both what we call a low impact, medium impact, and high impact. We are going to have contingency plans for all three scenarios. We know that we are in high impact mode because one of our biggest industries have been shut down as well as some other that have been impacted. We are preparing accordingly for that. We may see changes to a medium to a low and it maybe a high. That's the situation that we are in right now. We've made some significant cuts and we were running a little bit ahead of our budget for this fiscal year. The true impact is going to be the last month and a half of this fiscal year and our collections for May will be for March and we believe that for the first part of March, we had a pretty good month and midpoint of March that drastically changed and April is going to be off of what we have seen in previous years and that's going to impact our June revenues relative with the sales tax, which is our largest revenue coming into the City. With the final budget, we are going to come forward with additional changes to the budget and forecast. However, being the fact that we are just going to get March's numbers for that it will be challenging. The budget sets the ceiling not if we have continual impacts, we certainly will not spend to that ceiling. We are going to make reductions along the way to ensure that whatever revenue we have come in, we won't over expend those revenues that are available to us. That concludes my presentation.

Mayor Lane: Thank you, Mr. Thompson. I may have some questions myself, but I'm going to go ahead and ask each of the councilmembers, at least, in the first round as to what questions or comments they may have as it is right now. I will start with Vice Mayor Littlefield.

[Time: 01:01:43]

Vice Mayor Littlefield: Thank you, Mayor. First of all, I would like to commend our City Manager and staff on the quick response they have made and given to our citizens in an attempt to try and control this contagion. It has been tremendous. Using previous data points to try and estimate the future incomes and needs before the impact of COVID-19 were considered obviously is making this budget look a little outdated already. However, it makes me feel a little comfortable hearing that because I was looking at it and reading through the budget materials and thinking, this is way too optimistic. So, I'm glad to hear that you agree with me and this is going to be something that we go back to.

I suggest at this point, that we consider a few things on the revenue side to rewrite an old saying, as the City goes, there goes the county, and there goes the state. I would anticipate their revenues will also drop considerably and we should be anticipating for that with the monies we may be getting from them.

When people lose their jobs mortgages aren't being paid, and property taxes not being paid. I saw in the newspaper that Phoenix is anticipating a 25% budget drop and that's significant. We need to ensure that we have the funds to pay our current budgetary needs. They are going to be temporary, but I suggest that we go slow until we can adequately determine how bad this is going to be, how long it is going to be, and what the cost to the City is going to be. For a tourism driven economy such as ours, I don't know if 25% is enough of a drop. Right now, we are a tourism city with no tourists. It may get better in the coming months or worse. We just don't know. I'm not a doom and gloomer, but my conservative philosophy is to plan for the worst and hope for the best.

There can be no sacred cows as we go through the budget and look for funding sources to pay our employees and meet our bills. I think that nothing should be off of the table at this point. I have a steppingstone kind of scenario that I have used and sometimes helps, as we estimate our revenues and if we estimate our revenues to drop 10%, which 10% of our expenses are going to be in line to be cut to address that income loss? Perhaps a review with the Charter officers and each department head would be in order. If we can use the money we have been saving to pay our police and fire pension liabilities, that at least gives us an emergency funding source. However, we need to recognize there is a cost to do that, since those liabilities won't go away and eventually, they will have to be paid. I don't envy you and your staff, Jeff, it is not going to be fun. But I do believe that we are going to have to develop some kind of roadmap going forward for what may lie ahead. Thank you.

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

[Time: 01:06:07]

Councilwoman Klapp Thank you, Mayor. I would agree with many of the things that Councilwoman Littlefield has touched on. I do have a thought and I understand this budget was put together pre-COVID-19 and we really won't have good numbers until May, but because some things are changing here, even in the presentation today, will we be able to see any kind of a revised budget before we have our meeting in May? Because that's the time that we are going to make preliminary approval. I'm concerned about if we are going to look at any changes in numbers, as rudimentary as they may be between now and then or are we are going to have to wait until May to see anything revised. One of my questions is, are you proposing starting up the trolley again July 1st or not? I know it is shut down right now, but you alluded to the fact that it is potential that it may not start up again. And the 194 positions that are on hold or as you call frozen, are those out of the budget or still with the budget numbers with the thought that we may fill them later or actually removing them from the budget to reduce our expenses. As far as salary increases are concerned, I believe that all of the potential salary increases are in this budget and will that number be revised in any way in any potential budget by some number if we are pushing out the date that any salary increases would occur. Those are the questions from the top of my mind from the presentation that the City Manager gave just now.

I believe it would be helpful for this council to have a step in between this meeting today and the one in May. Some of the concerns that I had, and I know there were numbers based on trends that were all pre-pandemic. But the increases in hotel/motel sales taxes and retail and department stores and they were all increases in the Operating Budget and I don't believe those are going to occur. And so, those are numbers that need to be reviewed as soon as possible to see if we can get a handle on what we think they are going to be because we know they are not going to increase. There has to be some adjustments to those numbers and based on what we know today, what can we do to make some

projections as far as revenues are concerned.

Something that I was very concerned about that relates to the salary increases. Now, I want to see us to be able to give people salary raises, they certainly deserve it, but the timing is the big thing. What time would they occur? I'm very concerned that we would be looking at a potential of giving raises and then having to at some point eliminate jobs and that's a scenario that I wouldn't feel comfortable with. I talked to the City Manager about this and at no point should we be talking about eliminating people and giving raises. There are no cuts in this budget as far as people, except for vacant positions. I very much appreciate that and I am very interested in that everyone is able to hang on to their jobs so all of the services that we are providing continue and I certainly hope that we can do anything that we can to not impact our employees in the future, at least, for this next budget year. Thank you.

Mayor Lane: Thank you, Councilwoman Klapp. Next is Councilwoman Korte.

[Time: 01:10:55]

Councilwoman Korte: Thank you, Mayor. So, we have all been home for a long time and we have been able to keep up with current events and several economists here in Arizona have come out and predicted anywhere from a 23 to 25% economic contraction for Maricopa County. Those are staggering numbers and something that we don't want to see, but I think that we need to plan better for it. Particularly, because we are a tourism-based economy and given that 35% of our economy is tourism-based, I think that we are particularly vulnerable to this economic contraction.

So, I would like to see an overall, given that we can't control our revenues, the only thing that we can control is our spending. I would like to see just tonight, an overall 10% decrease in the budget going forward to decrease that maximum spending authority. And I think that shows good faith with the community. And knowing that it could even go deeper than that. At some point, we are going to have to look at our reserves and decide how and when and how best to use that reserves. But I think tonight, we need to show good faith with the public and at a minimum, just reduce that overall budget by 10%. And moving forward into more accurate numbers in May and June. Thank you, Mayor.

Mayor Lane: Thank you, Councilmember Korte. Councilwoman Milhaven.

[Time: 01:13:14]

Councilwoman Milhaven: Thank you, Mayor, I would like to thank the staff for moving quickly to adjust the budget and hold vacancies and do what they can. It is an amazingly uncertain time and I want to thank the staff for their swiftness and service to the community. I have no specific questions. Thank you.

Mayor Lane: Thank you. Councilmember Phillips.

Councilmember Phillips: Can you hear me?

Mayor Lane: Yes.

Councilmember Phillips: All right, not to reiterate everybody, but we don't know how long this COVID-19 pandemic is going to last, and I don't think that we need to make it any harder on our

residents and businesses than we need to. The way that I'm looking at it, number one, I would like to maintain last year's fiscal budget for this year. I do not want to vote for any rates or fee increases especially the stormwater fee. I do not want to vote for an increase on the primary tax rate and I would like to use the unreserved fund balance as a rainy-day fund to pay any liabilities in the interim and I feel that we may need to postpone some bond projects until we fully understand the COVID-19 virus and the full impact on our budget and subsequent property taxes. We can back off the Palmeraie underground expense if the contract allows for that for now. And I believe we will get through this as a city government and as a community. If we have to tighten our belts at this time, that's what we have to do, and I think that we'll be fine. Thank you.

Mayor Lane: Thank you. Councilwoman Whitehead.

[Time: 01:15:24]

Councilwoman Whitehead: Thank you. And I agree with much of what everybody said. I also want to thank the City Manager, the charter officers and the staff for everything that has happened over the last couple weeks. I definitely support the idea of freezing salaries and I appreciate there is a lot of support internally for doing that because that prevents us from taking away positions. I think that's important as a service organization.

I also think it would be nice to have and I realize this budget was done before COVID-19 and it is a maximum spending, so I'm fine with it. But what I would like to see is some scenarios from staff for the different possible cuts to our budget. So, the 25% that Phoenix is anticipating just to get an idea of where we are going to make up. What are we going to cut to make up for that loss of revenue? I agree with Councilman Phillips that the undergrounding of the lines, that was on my list too. I would like staff to give us something between now and May of what we could be looking at and give us a chance to digest it and ask questions. That's it. Thank you.

[Time: 01:16:52]

Mayor Lane: Thank you, Councilwoman Whitehead. I certainly would second most all of the comments that have been made and certainly as it relates to the experience that our community has had with City Staff and management in confronting and working on a very dedicated and ongoing basis. An emergency that is unprecedented and frankly, is one that we are grappling with how we would get our arms around an emergency of this type employing the emergency declaration, since it is a very different kind of crisis.

With all of that being said and really with great credit to the entire institution here at city hall, I think that I'm very proud to have been associated with and I'm sure that our citizens, when they are made aware, they understand exactly what kind of folks we have working here in city hall and managing this great enterprise.

I'm going to draw upon a little bit of what our primary mission is here. Certainly, primary from the standpoint of safety and continuum and livelihood and how our entire city will survive, and it will survive, but it is probably one of the most dramatic changes in what our requirements are going to be in order to maintain critical infrastructure functions. Of course, public safety, first responders, and water treatment, and sanitation and even government itself is considered critical infrastructure function and this is on top of critical services that keep people going. So, we are thinking of what is happening right

now and what maybe happening in the future. There is a two-year delay on the 70 million of the shared tax revenues and what is going to happen when that comes around and hopefully, we are fully recovered so that hit and it can be substantial in the 20 to 30 million dollar range.

You know, in 2009, when we had the Great Recession and it was actually from 2008 to 2012 to 2013, that it strung over, the lowest point they received anything in that time, September 2009, week over week, it was down 25.3%. That's the tourism mark. And tourism was a greater percentage of what our economic engine has or greater part of what our economic engine than is today. I don't have a percentage on that. But the impact was immense when it was 25.3% down in the lowest week they had. Now, they keep stats on this, and they follow it going into that low point and going out of that low point. We all know that stayed fairly low for quite some time. But nothing in comparison, if I use the same benchmark, at 35% of our economic engine and now, it is off 69.5% in the lowest that we have seen to this date and that was the week of 3/17. And so, we are going to have to monitor that and there is a lot to learn as that is concerned and it maybe exclusive or unique to the City of Scottsdale versus even the rest of the county that it is a significant portion and has immense impact on just about every other business in town. That 69.5% is probably unprecedented in the City's history as far as a drop off in that particular area and how it relates to sales tax in general is probably pretty high as well. We only need to look around and see what is going on with our restaurant industry, of course, is shut down for the very most part and the bars and the entertainment areas. Almost all facilities that involve any kind of entertainment of more than ten people are closed and a lot of essential businesses and we are modifying that to make sure that we are complying with the social distancing requirements from the Governor office and the CDC. I'm guesstimating I suppose, but one of my concerns that we have here at hand, we have no reason to be accepting a budget that is on this basis. And I don't think that anybody is really suggesting that. But at the same time, it is going to be incumbent upon us before we accept any budget that we have a working knowledge that we see where this is going and for long and the consequences in favor of it. I'm not in favor of holding things as line items until this works out.

In fact, I have already responded to in public as to the kinds of the things that we have been doing and I had to explain away that we are going to be looking at a budget that didn't reflect any of those things. There was an ask for a quantification, and I told them, what I'm saying here, we are going to be looking at the number's week to week, as best that we can. Remembering everybody that we have been disarmed in our ability to analyze our own sales tax collection and years ago, there is nobody to blame for this, but in an effort to consolidate costs and make things for efficient, the State of Arizona now handles all of our sales tax receipts, we are in a blind spot for a month and a half, whereas when we collected our own we had a much quicker way to react. What happened in 2009 - 2012, we came into that budget year 2008-09 where we just made some massive increases in our cost and pay and infrastructures and we didn't react quickly enough on the basis of something that was in the lead at the time and that was the state's budget. We followed their lead. Now, I haven't even looked at what the state passed here maybe a month or so ago.

But nevertheless, we fell into the same trap as they did, and we had \$50 million in unallocated reserve and we had some money that we put into the CIP because we had surpluses. Most if not all of that money was gone in almost a year. We had to cut and cut pay with no increases for a couple three years. We are going out of something far different than what we have now. We have a different economy. But we have some added not only uncertainties, but times of reaction that we might see, not only in our primary industries, but other industries in town. That's a damage, certainly to the tourism industry and in the sense that some probably won't return from the sense of restaurants and that, and maybe if it is a

robust economy, they are going to be replaced by others, but there is going to be some damage in the capital market for a while. Just the idea that the psyche of our tourists and maybe even our population will be a little bit different about traveling, about being in crowded places, big events.

I hope that some of that will be healed rather quickly, but as I look around right now, I can see this might be something to might take a while to wear off, as far as its impact on people. My message is this, we do have a history of responding to these kinds of things. Sometimes good and sometimes not so good, but bottom line, we worked hard to rebuild and do it in a good style, but it took time and there were sacrifices that were made. Again, a credit to a great organization and crew and staff here in the City, they understood. They understood even the visibility of it and so many people devastated and the actions that had to be taken to thwart the spread of the COVID-19. I would hope that sometime between now and May, we have a true forecast to the best that we can assemble. And believe me, I think that there have been times that we have worked with less than what we have at hand right now and put it together in a form that is going to make some sense and something that we will feel good about approving. I think that's going to be important. I don't know maybe others feel differently. Myself, I am not going to feel comfortable going into this with a few things that we are thinking of doing and leave them in there and hope it works out. I'm very, very inclined to approach this as professionally as we can with the least amount of exceptions to it and hopefully, a budget that is going to hopefully sustain us through the next fiscal year and a recovery path that we are going to be proud of and working hard to maintain and all of our infrastructure and critical functionality and our critical services, the vast majority that are out in the private sector, but we play a role in it, as well. There are going to be a lot of changes, I'm sure, with what we are dealing with. My request would be that we schedule something come to this Council before the next tentative budget in May. I'm not sure exactly what day it is in May. But before that date, something that we can see that we would be looking at in May. Not just some commentaries and the other thing and I'm slightly disappointed and some of this is quick to run up and even in the quantification of what we are talking about and with any one of these things.

The trolley is indicated 1.4 if we take it through the end of June, which is probably more than likely. The reduce in the contract expenses and if that is contract with personnel and contract with firms with services rendered and what that might amount to. Certainly, the deferral of the pay increases and for the General Fund it is 7.5 million for the year and overall, \$9.5 million for the year. We can pretty much do some quantification of that if it is something that works into the budget. That's my true desire. I'm going to feel that it is going to be something that will probably make all of our councilmembers and community feel better about what we are talking about and where we are going and what kind of responsibility we are taking to ensure that we move forward in a good and consistent way with our community and we have a very important role to maintain as far as staying with them and being with them. I don't know if there is guidance from everyone involved. There is a lot of consistency throughout, but I hope that we can frame it up that way to the City Manager. I hope that we can be able to get something together that we are going to be able to see ahead of time and it is going to be based upon what we can certainly understand. I know that a lot of people have talked about that it is anecdotal and it is important that we get down to some real analysis and I think that we can do it. That essentially closes that out.

But if we were to take an action on this particular one and I would make a motion if that's appropriate in this particular case that we work to get a renewed and as calculated and as appropriate a forecast of tax revenue receipts that are anticipated for a relook and a rework of the budget on a firmer standing. So, we have a bit more to know what we are talking about.

Megan Lynn: Mayor Lane, I have a hand raised by Vice Mayor Littlefield.

Mayor Lane: Thank you. Vice Mayor Littlefield, would you go ahead.

[Time: 01:31:36]

Vice Mayor Littlefield: Yes, Mayor, I think that your suggestion is very good one and I would second that and the reason that I put my hand up is that I would like an intermediate presentation before we go with a budget adoption. That's not a cruel and unusual punishment, it is necessary at this time and we need a better handle on what we need to have to go ahead and have a look at what our operating budget is going to be.

Mayor Lane: I think that's an excellent add and will add it to my motion. If there are any other questions, I wasn't going to poll at this point, but if it is desired or anyone that would like to make any other comments.

Megan Lynn: It looks like we have some hands up by Councilwoman Klapp and Councilwoman Korte.

Mayor Lane: We will start with Councilwoman Klapp.

[Time: 01:33:26]

Councilwoman Klapp: Yes, I agree with the motion and the second. It seems like you are going down the line that I am, and we are going to have another meeting. Are we going to try and come up with a date for that meeting? It is going to have to take place before the May 5th meeting, so the latest possible time to do it would be April 28th. Did you have a date in mind?

Mayor Lane: I did not. I could to leave that for the City Manager because I want to allow for as much time as possible to get a renewed forecast in place and the analysis of the very items that the City Manager has lined out for us in his last presentation here and see how they would plug in. A meeting versus a presentation is probably very appropriate and for transparency for the public, as well.

Councilwoman Klapp: That's what I'm thinking, we need to schedule another meeting. I would ask the City Manager if he has any thoughts on when we can do that.

Mayor Lane: Mr. City Manager.

Jim Thompson: We can push the tentative date back as well. I can look at the latest time frame to push the tentative time frame back. We have to have the budget in place by July 1st and by the end of May to have it in place, allows us that 30-daytime frame if in fact, we need to have that. Of course, the dates were all prepared pre-COVID-19 and we tend to get it out there as quickly as we can, and we are one of the first cities to go out there with our tentative budget. We are usually ahead of everyone. Maybe we come back on the tentative date, the May 5th meeting and give you a presentation of the tentative, tentative final budget and work from there. Just a couple of other notes if I may, associated with timing of it. All of the items that are brought up, I appreciate all of those and some of the guidance provided. We also talked about our undesignated and unreserved fund balance and Mayor, you mentioned the

time frame when we went into the Great Recession and what we had on the books. We have upwards of 60 million that is not reserved, and we have designated a portion of that to the police and fire and whatnot. We have built that up over the last three years with designation for pensions in the future and some of the costs assuming that. We also have some things if we continue on with some of the things that I noted this evening there is substantial savings if we earmark that we are not going to do that for the 6 months of the year. The greatest challenge that we have walking in is the revenue side and knowing what those look like. We just don't know. We will do our best and have multiple scenarios and make sure that we have a balanced budget and multiple for talking points of May 5th if that's okay.

[Time: 01:37:24]

Mayor Lane: Mr. Thompson one of the things from the past years and extrapolating off of current data and I realize that we don't have a current trend here. We are probably off of the number of the 69.5% as I mentioned before, it is probably lower than that. But we don't know that we have a low point as far as the low week yet. We should be able to determine if we have hit the low possibly. We are talking about comparing week over week and month over month going into the summer. It is all going to be relative with the comparison, but starting out where it is right now, we have a pretty good indication that it is going to take a little while for this to recover. The balance of this calendar is probably at a minimum. From there, we don't know exactly where we might be at that point in time. We might be healthier, but not anywhere close to where we were the first quarter of this year. The first quarter of the calendar year. So, I think that all of those things have to be considered certainly. And I think that the timing that you are talking about, since we actually have a little bit more time and since we have so diligent in getting out there early on it, let's take that time to know where we are going. We can use some trends and industry models. I know that industry by industry, they are all plotting a recovery path of how they see it. We can get some indication that can give us a pretty good indication for us being a little bit tourism top heavy still, but not to the extent that we were in 2009. We have a few things that we have to muscle through, and I think that we can do it. Would you call it the preliminary preliminary if it is May 5th? Let's shoot for the preliminary preliminary. If I'm using your terminology. If I'm not, please forgive me. If we have to add that to motion, I'm happy to do it. I'm sure the second is probably okay with that as well. Vice Mayor Littlefield?

Megan Lynn: We have a hand up by Councilmember Korte and Councilman Guy Phillips.

Mayor Lane: I just want Kathy to confirm that the timing that I'm talking about is good by her second.

Vice Mayor Littlefield: Mayor, yes, it is.

Mayor Lane: Okay. Next to Councilmember Korte.

[Time: 01:40:41]

Councilmember Korte: Thank you, Mayor. One of the rock and hard spaces that we are in is that we are not going to have any of the March data until May so to schedule anything in April or early May, is too early to give us some data to work off of, so that's one of my concerns. We know that the forecast of 25% and we know that our revenues are going to be down. I believe that we go into the next budget conversation in May with beginning with a 10% reduction in that maximum spending authority and I would like to add that to the motion.

Mayor Lane: Virginia, if I might and since it is my motion, I would much prefer they gather as much information and if 10% is where they feel they land, that's fine. But the information that I'm using is industry information and it is local information, but not tied to the sales tax, they are talking about the level of activity. That 69.5% is strictly from the hotel and lodging industry on their benchmark issues on the week by week basis. I think that's a pretty good indication and if you want to extrapolate that over using some calculation that it only representing 35% of our economic engine, you might consider how it transfers over to other lines of services and product that won't be purchased and/or used as a consequence of the 35% portion of nearly a 70% drop in activity.

I would prefer that the staff and the City Manager and Treasurer work out as best they can a program to try and put a number to this that's going to keep us from burning off whatever reserves we might have and putting ourselves in a much more dangerous situation in the upcoming months. If we don't do a good job at calculating where we are, we are going to run a deficit, might run a deficit over and above what we have calculated with this and might have to be on a moment by moment basis change and I would rather avoid that. Better see it hard on the front end and be able to celebrate six months from now and say, we are in much better shape. We don't want to go crazy and get as close as we can. I would much rather be on the winning side of this equation than the further damaging side. Maybe I went on a little bit on that. But essentially, I'd like to see them work on it. If they come up with that conclusion, that would be one thing.

Councilmember Korte: Mayor, with all due respect, I think that you are misinterpreting what I'm proposing.

Mayor Lane: I see.

Councilmember Korte: Our citizens are experiencing a lot of pain whether they have lost their jobs or furloughed, staying at home, kids aren't going to school. And for us to present a budget that does not show any type of decrease, I think is not in good faith.

Mayor Lane: Oh, you must be misunderstanding me. I'm not suggesting that we don't show. I'm concerned that we have a budget out there right now.

Councilmember Korte: Allow me to finish. All I'm suggesting is that as we move forward in good faith that we move forward with a 10% reduction in the maximum spending authority by the City Manager. We know it is going to be more. We know that. But that is in good faith to our citizens to illustrate that we are sensitive and willing to make the hard decision moving this city forward.

Mayor Lane: Well, as I say, I will leave the motion as I presented it, because I do believe it is something and we can make that statement that it is going to be at least, 10% if we wanted to say that. The main thing is that I do share your concern with regard the fact there is a budget out there right now that doesn't reflect anything of the reality of what most of the rest of the City is living with. I think that we are trying to go to the same place, Virginia, I do. I think that we'll get there, and we'll be fine. We'll need to communicate from this meeting. I think there are some reporters that are on the line right now. I think they'll get the gist of what we are accomplishing, and I think that it is a thoughtful way to go. Virginia, I'm sorry, are you complete then?

Councilmember Korte: Yes, thank you.

Mayor Lane: Councilwoman Milhaven.

Councilwoman Milhaven: Thank you, Mayor, I have nothing further.

Mayor Lane: Okay, thank you, Linda. Councilman Phillips?

[Time: 01:47:45]

Councilman Phillips: Thank you, Mayor. I want to bring up an order that it is a presentation and not a matter to make a motion and vote on it. If you want consensus, I can understand that.

Mayor Lane: Yeah, I hear what you are saying, but one of the things that yeah, it is a misstatement on my directions here as action versus direction. Yeah, I agree with you. So, it is more of a consensus.

Councilman Phillips: Okay, and as far as I'm concerned, I don't feel like staff is going to have enough time to get anything anywhere near what we are going to have for a budget in that short of a period of time to give us anything to work with anymore they are going to at a regular Council meeting. Unfortunately, we just don't know how long this is going to last. We are thinking it is going to be over in May, it might not be over until August, or God forbid, the end of the year. We just don't know. It is going to put strain and pressure on them to tell us something they might not be confident with. So, the best they can do is come up with a best possible scenario and we will go off of that and that's the best that anybody can do.

Mayor Lane: Thank you, councilmember. I understand what you are saying, but it is incumbent on us to put a budget together, we have to go to that end, we have a legal requirement for that. Councilwoman Whitehead?

Councilwoman Whitehead: I have nothing to add, thank you.

[Time: 01:49:55]

Mayor Lane: Okay, very good. Thank you very much Mr. Thompson, I appreciate all that you've been doing this past year and into this as it is. I don't know if you have ever seen the kind of thing that we are dealing with right now, but the basic premise of what we have to get accomplished as a city, I think that you know very, very well and whether things are primed or perfect as we move forward, we do have that obligation and we are going to adjust to it so we don't get ourselves in any kind of further problem. I just want to thank those members of staff and the fire department and the union who have indicated their understanding about what the situation is and where we go forward. And so, I think that we are a great community, but we are an equally great organization here at city hall and all of the people that work here for the City and all of the management that guide us through all of this. So, thanks for that. Well, I'm going to say that I probably, and I will ask you Mr. Thompson, whether or not you got a consensus of opinion on this?

Jim Thompson: Mr. Mayor, thank you and members of Council, yes, I do.

Mayor Lane: Okay, thanks very much. So, this next instruction I have here is not applicable.

REGULAR AGENDA ITEM 15 – SCOTTSDALE PUBLIC LIBRARY LATE-FINE FREE

[Time: 01:51:51]

Mayor Lane: Our next item is our Item 15, which is the Scottsdale Public Library late-fine free. Our presenters are Mr. Bill Murphy the Assistant City Manager and Kira Peters the library manager. Mr. Murphy, do you want to take the lead?

Bill Murphy: I'm going to introduce Ms. Peters and have her start off.

Mayor Lane: Thank you Mr. Murphy, welcome Kira.

Kira Peters: Thank you Mayor. Good evening, Mayor Lane and members of Council. Kira Peters, Library director and nice to be here with all of you tonight. Before I jump into the presentation of late-fine free and I want to give a background presentation on why this has been a hot topic in the library world. The ALA urged libraries to scrutinize the practice of imposing fines on library patrons, one of the most significant reasons is that the monitorization of library fines creating a barrier to the library services. So, along with the Library Board, leadership has spent a significant amount of time researching the fine free initiatives across the country and evaluated Scottsdale's specific information as it results to fines. The results were shared and discussed at two Library Board meetings. I would like to read a letter from the library chair, Ms. Collins and I have the honor of reading the comment from Library Board, Chair Collins now, if I may.

Mayor Lane: Certainly.

Kira Peters: From Chair Sheila Collins. My name is Sheila Collins as Chair of the Scottsdale Library Board, I'm here to ask you to support our proposed late-fine free. We have studied this for two years and the majority of libraries around the country have adopted the practice of late-fine free and many patrons assume this is standard practice. We in Scottsdale are committed to being a welcoming community and access to library resources is among the great services to the members of our community. Late fines serve as a deterrent to many. Such elimination does not abdicate personal responsibility for all fines which would still be levied for lost or damaged library materials. Other programs such as amnesty periods support our access goals that don't supplant the need for the late-fine free policy. In this period of uncertainty and change, access to library materials assumes a greater importance to Scottsdale neighbors and citizens and evidenced by the resident's comments that you have received and the enthusiastic support from the library community. The time for action is now. The Library Board respectfully requests your support. That concludes the letter from the Library Board letter of the Library Board chair. At this time, I would like to introduce the assistant City Manager, Bill Murphy to begin the presentation.

Mayor Lane: Thank you.

[Time: 01:56:23]

Bill Murphy: Good evening, Mayor Lane and members of the Council. If I can get the next slide up there, please. I think that it is important that we explain the definitions in case there might be confusion

of fines and fees.

The fees are fees that are established based on the cost of what it costs to replace the materials that are damaged or lost. We currently have a hold for interlibrary loans that are not picked up, those are at a dollar and we submitted them to be removed this year. Lost or damaged materials can come from the kits that we have for our parents to take home to their children to utilize, disks that are damaged would all be under a fee.

The fines are simply the fines for the materials that are checked out and the library gives a specific time frame to use and a due date and return. If not returned, the fine is assessed. If the fines reach \$10 in our library, their library card is frozen and additional information is unable to be checked out. If it is \$25 in fines, those individuals are turned over to our collection agency.

So, this map is to kind of depict for you where the library has grown. This is a conversation that has been going on for a lot longer and I read the Colorado State University Master's Thesis that goes back to the mid-80s that librarians across the country were talking about library fees and fines of what should be and shouldn't be happening. The green are fine free communities, the orange represents fine free for juveniles, the red is for areas like ourselves that aren't fine free. The green locally for us is the City of Phoenix Maricopa County library that includes Fountain Hills, Gilbert, Anthem, and Queen Creek and a lot has been written how the fines and fees compared to how other cities have done those and it is important to take a little perspective on what we use to benchmark similar cities for us. Some late-fine free cities that are similar to us in size. To Scottsdale would be Gary, North Carolina. Irving and Plano, Texas. Both areas with four branches. But the non-fine free areas now that are currently similar to us would be Bellevue Washington with five branches and Henderson, Nevada has three, so they are both in the same boat as us in evaluating this topic.

Kelly Kuester: I hear you Bill, it is technical difficulties on my end.

Bill Murphy: That's okay, we are not going anywhere.

Kelly Kuester: Thanks for the support.

Bill Murphy: This slide depicts the total fines and fees that are currently outstanding for us. If you go to the top line, \$504,000 those are our fees that are outstanding right now. The fines represent, in the lighter pink color, 440 and we have a collection agency that helps us to return some of those books. These are the fines and fees that are currently on our books right now today. Next slide, please.

This is to depict something for you just because we have had some new software that we developed in 2014. We had a software that we utilized before and they were unable to break out the media types that we had. So, the books, DVDs, music CDs and the audio types that you see on the left. Since 2014, these numbers represent the lost damaged fees, late fine fees and the DVDs include not only what you envision a regular DVD, but TV series like something like "Friends" and some westerns that we have had out. When we lose one of those disks, it fouls up the series that someone might want to see. This is again, tracking each of these items. One thing that I will note that Judy noted in the budget. With the DVDs, we have reduced the DVDs budget by \$100,000. And I should clarify for that last slide too, just so you know, the DVDs can be up to ten times gone through in a time period of rental versus a book that maybe only in a year get through 3 to 4 times. So, there is a lot more handling that goes on with the

DVDs. This is our updated blocked library cards that we currently have. We have 7,600 that we have blocked right now. Part of what we started on April 1st is our amnesty program and the largest area, 4362 number represents the civic center. With Palomino is the least of the cards that we have right now. When we have someone take out a card, we ask that they renew it annually and there maybe times that someone does not do that. We do not purge that particular file until two years with no activity. Just to give you a reference to that as well.

There's been a lot of discussion throughout the country as to what is the blocked age group and children being denied the opportunity to get books as well as seniors. This graphic shows that adults are 76% of what we have blocked currently. We have the juveniles broken up into age groups and the last age group, sophomores to seniors in high school, a majority of what they are checking out is the DVDs as opposed to books. So, the operating budget we have for the library is a little over \$9 million. We have nearly 400,000 items in our collection and from the very first slide that I mentioned to you, the \$504,000 represents 5% of the unreturned materials that we currently have outstanding. So, the library patrons right now are accumulating fines two times the fines more of what the fees are now currently. In the last three years, we have averaged 64% of the community that have paid the fines. Lost damage fees were less likely to be paid at around 44%. The fees have been consistent over the last three years that we have been tracking those. We have seen that the fine collection has decreased due to the fact that the library has really promoted the e material and it represents 25% of what is actually used at this point.

So, we threw this map in here for you to take a look and the other issue that is raised about fines and fees and obviously, in your neighborhoods and communities and where low-income maybe. As you can see on this map, we have blocked cards throughout Scottsdale. Obviously, a majority are represented down at the lower end with our two biggest libraries with civic center and up at Mustang. Again, the City of Scottsdale does have individuals not only throughout the south area and the midsection of town and up north where people are experiencing poverty level conditions. This map is to depict that for you and balance both sides of the photo. So, the overall fine changes for 18/19 is \$161,000 so the revenue collected has decreased from 8 to 14 percent if you take a look at the graph on the left in the last three-year period. The e-materials represent 25% of our current circulation. 64% of our fines are paid at this particular time. I'm going to let Kira tell you about our amnesty program that we started April 1st and it is an option for us to consider tonight with the Council.

Mayor Lane: Thank you, Mr. Murphy. Ms. Peters.

[Time: 02:09:00]

Kira Peters: Thank you very much, Mayor. We are running an Amnesty Program despite the library building being closed. We are still moving forward with this Amnesty Program. The goal is to get the cards unblocked, our materials back, and we want to collect data from our users and what is happening in Scottsdale. Right now, we have waived and about 58 cards have already been blocked in the first week of our Amnesty Program. Despite the library being closed, we are still getting materials back and we are waiving the fines, so they can continue to use the library. That's what is happening with the Amnesty Program. I wanted to make sure that we mentioned that here this evening.

So, as we wrap up this presentation, the options to consider for Mayor and Council is either to adopt a motion to direct staff to continue the library's Amnesty Program through May 31, 2020, and report back

to Council with Scottsdale community specific results relating to the impact of the fine elimination or adopt Resolution No. 11745 authorizing the Scottsdale Public Library to become a late-fine free library effective July 1, 2020. That concludes the presentation on the late-fine free at the library.

Mayor Lane: Thank you for the presentation. Now, I will ask the councilmembers one by one if they have any questions. I will start with Vice Mayor Littlefield.

Vice Mayor Littlefield: No questions.

Mayor Lane: Councilwoman Klapp?

Councilwoman Klapp: No questions.

Mayor Lane: Councilmember Korte?

Councilmember Korte: No questions.

Mayor Lane: Councilmember Milhaven.

Councilmember Milhaven: No questions.

Mayor Lane: Councilmember Phillips?

Councilman Phillips: No questions.

Mayor Lane: Councilmember Whitehead?

Councilmember Whitehead: No questions.

Mayor Lane: Okay and I don't really have any questions myself on it, except to say that it seems to be an easy deal to take a look and see how this program works out and its degree of success before there is any elimination or rather late-fine free. I'm interested if anybody has any further thoughts on that themselves? Hearing none, I'd ask for a motion.

[Time: 02:12:34]

Councilmember Korte: Mayor, I raised my hand, but they didn't see it, this is Virginia Korte. I would like to thank the library staff for bringing this forward and thank the library board for being as committed and passionate about this adoption. Thank you for your perseverance library board because I know you have been working on it for a couple of years. With that, I would like to move to adopt Resolution No. 11745 making Scottsdale Public Library a late-fine free library.

Councilwoman Klapp: I would like to second that motion, please.

Mayor Lane: Thank you, Councilwoman Klapp. Any other comments? Then we are ready to vote on this measure. I would also want to lend my voice to the fact that libraries are an important institution for our City and become even more important every day and anything that we can do to facilitate greater use

and comfort and the use of them is a positive situation. Personally, I was somewhat impressed with the Amnesty Program. And I would say that I really have no problem with that being continued, but it is not a hard or fast item for myself. With that, we have a motion made and a second. Motion made by Virginia Korte and seconded by Suzanne Klapp to adopt Resolution No. 11745. I will go ahead ask the City Clerk, to announce each councilmember for their vote.

Carolyn Jagger: Mayor Lane?

Mayor Lane: Yes

Carolyn Jagger: Vice Mayor Kathy Littlefield?

Vice Mayor Littlefield: Yes

Carolyn Jagger: Councilmembers Suzanne Klapp.

Councilwoman Klapp: Yes

Carolyn Jagger: Virginia Korte?

Councilmember Korte: Yes.

Carolyn Jagger: Linda Milhaven?

Councilwoman Milhaven: Yes.

Carolyn Jagger: Guy Phillips?

Councilman Phillips: Yes.

Carolyn Jagger: and Solange Whitehead?

Councilwoman Whitehead: Yes.

Carolyn Jagger: Motion passes unanimously.

Mayor Lane: Thank you, that does complete that item and thank you to staff for the presentations and explanation.

REGULAR AGENDA ITEM 16 – SOUTHBRIDGE TWO REQUEST TO REPEAL

[Time: 02:15:40]

Mayor Lane: The last agenda item for this evening is Item 16, the request for rezoning to repeal Ordinance No. 4422. We have Mr. Randy Grant, Planning and Development Services Director to present.

Randy Grant: I know it is a late evening, I will be brief. This is a series of actions that would repeal the

ordinances that were previously approved in December of last year on the zoning and abandonments and authorize the Mayor to terminate two contracts for the Development Agreement and Purchase and Sale Agreement for the two properties associated with Southbridge Two. I will go through a couple of background slides to give you some context.

I think that we all know where the area is, it is ten acres on the west side of Scottsdale Road. It was initially segmented into four project areas. This is what the Council approved in December. It included a rezoning for approval and approval of the development plan, abandonments, a Development Agreement, Purchase and Sale Agreement. A subtle but important distinction to note here that the action here is not rezoning the property. The action is repealing the ordinance that was previously approved authorizing the rezoning into what the development plan includes. But that zoning never took effect because of the referendum and this action is simply repealing the ordinances, it is not a rezoning action on its own.

The project included a mixed-use. I'm not going to go through all of this. It included a potential hotel, office, retail, and restaurant. This would essentially keep the zoning that was in place prior the Council's action in place. It will repeal the prior rezoning approval and as I said, terminate the development agreement that was approved at that time and the Purchase and Sale Agreement that was approved at that time. That concludes the presentation that I have. I would be happy to answer questions. Thank you.

Mayor Lane: Thank you, Mr. Grant. I will go ahead and go down the list of our councilmembers. I will start again with Vice Mayor Littlefield; do you have any questions or comments on this action?

[Time: 02:18:56]

Vice Mayor Littlefield: Yes, Mayor, I do. I will not be supporting this resolution this evening. By nullifying the resolution to allow Southbridge Two to be built, would be denying the citizen's right to vote. The right to vote was gathered legitimately by gathering enough signatures to put it on the ballot. Over 17,500 citizens signed the petition in only 28 days, and it was unheard of in a herculean type effort. Some signature gatherers endured lies and character attacks in order to achieve the result. Some had to appear in court to defend themselves for doing what was their political right. In my opinion, strikes a new low in this political process.

There are approximately 175,000 registered voters in Scottsdale. 10% of our voting population signed the petition. Although, we can pretty much guess how those people would vote if allowed to vote. We will never know how the other 90% of the population would have voted. Their votes are going to be denied. I'm sure this is going to pass tonight, but it has no favors and does no favors to the basic political rights of our citizens and those who stand over the charter officers of the City government. It sets a terrible precedent.

We are supposed to represent our citizens. Not Mr. Unger, not the Charter officers, not the developers and not even ourselves. By doing this, we are undermining the basic premise of our Government going forward, a check and balance system that holds everyone accountable through a ballot vote. I will not do that. Citizens earned the right to vote and they should be allowed that vote. I also believe it is very much illegal to do this under the Arizona constitution which says if a referendum has at least 100% of the minimum number required by the constitution, the initiative or referendum shall be placed on the

ballot in a manner applied by law. Shall means mandatory. I saw nothing in the constitution to say that a City Council could deny this citizen vote and remove it from the ballot. I see a very fearful possibility that citizens will no longer think they have the ability to force a vote by referendum or initiative after enduring all of the work and personal attacks by to have one. This could weaken our citizens willpower to go through the steps needed and especially if they see a Council can deny their voices at will by simply a vote on the dais.

Again, I will not do that. Citizens tonight if you signed a petition asking for Southbridge Two, you have won a victory of sorts on this particular project. I'm glad that you won it. You earned it and deserve it. Know that it now comes at a huge price. If Council believes that it would lose a vote in the future, they can simply deny the citizens vote and wiping the entire mess under the table and pretending it never happened like they are doing tonight. If it passes this evening, you will no longer be certain to achieve a vote on an issue, even if you successfully run a referendum. None of the citizens that didn't sign the petition will be heard or can they be heard now. They are silenced. Who knows, they might have voted for Southbridge Two, although that's not the predominate opinion of this Council. We will never know.

Finally, one last issue. The citizen vote is denied by saying it is going to cost too much money to put it on a vote. It is true, I do not deny it, a vote will cost taxpayer money to put it on the ballot. It will. Taxpayer money. Money paid by you, the citizens, the taxpayers to maintain and run the City for your benefit. That includes protecting your rights and more specifically, your right to vote. If we undermine that right tonight, I believe it will reverberate throughout our community very loudly. Sometimes the right to vote is something that we just take for granted. That right should never be preempted by Council or anyone else. In fact, it is our duty to protect that right by all costs. That's our primary duty as a Council. I swore an oath to do so. To the best of my ability, I will do so. Citizens earned this vote and I will vote for them to have their vote. Thank you.

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

[Time: 02:25:19]

Councilwoman Klapp: Mayor, I have a question for the City Attorney.

Mayor Lane: Okay.

City Attorney Sherry Scott: I am here. I am hoping that you can hear me this time.

Councilwoman Klapp: Yes, I just want you to give an explanation to us and the people listening what is the legal right of the Council in this case. Are we doing something illegally?

City Attorney Sherry Scott: No. My opinion is that the Council has the ability and the right to repeal the ordinance that has been referred. I understand Vice Mayor Littlefield's position and her reading of the constitution and she did read that correctly, but there's you know, there's more than one law in place here.

In fact, we have reviewed this issue and analyzed it in detail and one of the clearest authorities that I could cite is from an Arizona Attorney General opinion in 1982 where a very similar matter was being reviewed. The Attorney General at that time and her conclusion stated when the subject matter of the

referendum has been repealed, any vote on the measure would be without legal effect. Therefore, we think that the referred measure should be omitted from the ballot. The same rationale applies also to the preparation of the general election publicity pamphlet.

So, without going into a lot of detail about the legal analysis, basically, it is that when sending a referendum ballot measure to the electorate would be without any legal affect, the council doesn't have an obligation to send it and they can repeal the ordinance and by doing so make it a moot point. I'm citing you just one authority. There are others. I feel very confident in our legal analysis on this point.

Councilwoman Klapp: Thank you. So, I appreciate the legal opinion because this has come up time and time again about the fact that this has to go to the ballot. If the developer has come to us and told us that he cannot move forward on this project. He has not even been able to purchase some of the properties that are involved in this project, as well as that he is willing to give up his ability to purchase vacant land that was part of this project and separate from the language that was going to be on the ballot. I believe this is an actual win for the people who opposed this project. I know they wanted to go to the ballot, but as the City Attorney just said, it is a moot point. There is no ability for the developer to do anything this with this project. The best course of action is for us to repeal the ordinance and the associated resolutions and take back the Rose Garden property and have him go back to the previous zoning that he had on this property and give up all of his property rights and we can move forward because there is nothing that can be decided at the ballot. That's basically what I have to say on it at this point. I will let others talk.

Mayor Lane: Thank you. Councilmember Korte?

Councilmember Korte: I have no questions. Thank you, Mayor.

Mayor Lane: Councilwoman Milhaven.

[Time: 02:29:29]

Councilwoman Milhaven: I think this is a very, very sad day for Scottsdale. This developer has done an amazing job. Done more public outreach than any project that I know of in my history, made more, no developer ever made, more accommodations and provided more benefits to this community to this developer and it is shame that a project of this quality is not going to happen in our community. If anyone has been victim to innuendo and falsehoods, it is the developer here. It makes me very, very sad.

The PAC that collected the signatures was called committee for preservation of Old Town. I'm frankly quite surprised that the folks that supported the referendum don't see this as the victory because not only is this project not happening as was their desire, but this referendum will have a chilling effect and dampen any investment in our downtown. So, the folks that want to see Fifth Avenue and Old Town stay exactly as it is, they are going to get exactly that. I'm surprised to hear folks say that this is inconsistent with the referendum.

It was not about creating a vote and asking the broader community. That's not the way that it was sold. I typically don't question people's motives. But if the point was not just to stop the project and folks are not seeing this as a win, then I can only believe this is a political ploy and a political machination and it

makes me very sad that our community is going to be hurt by it. You know, we are going to face a depression and a recession here. Who knows how bad it is going to be and certainly it is going to be a long time until we see anyone investing in our downtown again and I think this is very sad.

Mayor Lane: Councilman Phillips?

[Time: 02:32:00]

Councilman Phillips: Thank you, Mayor. I do have a statement. My understanding is that the purpose of a popular referendum is to allow a group of citizens to overrule the legislative body's decision they disagree by bringing the legislative vote to a general election where the popular vote can decide the outcome. The idea that the same legislative body can undermine the referendum process is a trampling of voter rights. Nowhere in the City or state statute does it allow a body of government to overrule to take away the vote. There is no such choice in the statutes accepting the recall referendum that is separate from popular referendums in the statutes. I fully understand the mechanical and the cost behind trying to remove this referendum but by doing so we will be in direct violation of state statutes and what I believe is worse, the trampling of the voter rights in this matter. The law is the law. In this case, we must adhere to the law, which is in this case, a ballot voter election in November.

Mayor Lane: Thank you. Councilwoman Whitehead.

[Time: 02:33:43]

Councilwoman Whitehead: I have received a lot of emails and I want people to know that the motion that is being voted on today is quite different than what appeared on the agenda a week ago. I was very involved and other colleagues of mine were very involved. The agenda item from a week ago was not a complete repeal. It removed the zoning aspect, but still kept the City obligated in a contract to have to sell the Rose Garden should the developer had wanted to move forward on that and other parts of what was approved. So, it was a partial repeal of what we voted on in December. Besides that, being messy, it also did not fully protect the citizens and it did not achieve what the people behind the referendum wanted to achieve.

I wanted to say that the first person that I called when I reviewed the agenda item was the developer himself and I told him that I absolutely felt that was frankly under handed. I did not support having a partial vote that then took away the right of the voters to vote without fully accomplishing what it was they were trying to achieve. I will give a lot of people credit including the developer for allowing the change to this agenda item.

What we are looking at tonight is an agenda item that repeals everything. So, those behind the referendum get what they wanted to achieve. I'm very pleased about that, because either way that the vote goes tonight and those who were victorious in the referendum or in the courts are going to achieve their desired outcome from reversing the vote from December. And so, I'm very pleased about that. I'm not talking legal and I'm not going to challenge any of the legal opinions here.

But I couldn't get past the fact that we have these volunteers and these residents that did collect 17,000 signatures and it was validated and then, they were challenged in court. They were victorious there. I feel very uncomfortable about a City Council denying a public vote that they earned legally. And so, I'm

grateful that the developer worked with everybody on staff. I think that this motion does achieve what the backers of the referendum wanted to achieve. But I'm not going to be the one to deny a public vote. I feel that the residents should always feel empowered to challenge us.

I want to add one more thing, what Councilwoman Milhaven said, I'm not seeing any freeze in interest in developing in downtown or anywhere else in Scottsdale. I have had a number of meetings with different developers over the last month. I think that something went terribly wrong with Southbridge Two, but I don't think that it is in anyway indicate of a developers ability to succeed here in downtown and I don't see any loss of enthusiasm and I'm grateful for that. Thank you.

[Time: 02:38:25]

Mayor Lane: Thank you, Councilwoman Whitehead. I will add that I think there is a little bit of a simple conflict between how the constitution states that the referendum shall go to the ballot versus a developer or individual potentially being forced to do something that he either is not able to or has no desire to. It is subject to potential loss of deposits and that he may have been engaged with he and his partners and all things work into his business deal. He has exposure beyond what he may have spent in the process itself. It is unfortunate because there is a conflict in the way that it is being legally described.

I don't know where it is or somehow or another and in order to affect the desired result was in the promotion of this referendum and everyone knew exactly it was to reverse this action and it accomplished exactly that. To drag, if you might put it this way Mr. Unger through a torturous routine, me may not be in a position to be liable if we were to release him from this.

I don't know what the City Manager has done in working out the details of the release. It is at Mr. Unger's request. To tell him no and you are going to have to go through this and irrespective of what it might do to you financially or mentally and whatever motivations, the public has the absolute right to drive somebody into a position that he may not be able to do and he's willing to take the consequence of the loss. I'm sure there is significant loss in this. I'm in favor of accepting the repeal with all of the function that are within it. With that, unless there are any flags or hands up.

Megan Lynn: I wanted to make you aware that Vice Mayor Littlefield had her hand up, but it looks like she has put that down. I wanted to bring that to your attention in case.

[Time: 02:41:28]

Mayor Lane: All right, very good. With that, I would accept a motion to adopt Ordinance No. 4449 authorizing the repeal of Resolution No. 4422, adopt resolution No. 1775, authorizing the termination of the Development Agreement and adopt Resolution No. 11776 authorizing the Purchase and Sale Agreement. With the Scottsdale Canal Project, LLC. Do I have that motion?

Councilmember Korte: This is Councilwoman Korte.

Mayor Lane: Virginia?

Councilmember Korte: Yes, so moved.

Megan Lynn: I have a hand raised by Councilwoman Milhaven.

Councilwoman Milhaven: I was going to make the motion, so I will second the motion. Thank you very much.

Mayor Lane: Thank you, we have the motion made by Councilmember Korte and seconded by Councilmember Milhaven. With that, unless there is any further comment.

Megan Lynn: I have a hand raised by Sherry Scott.

City Attorney Sherry Scott: Pardon my interruption, Mayor. I just want to make sure that the motion was to adopt Resolution No. 11773 in its entirety that it included that resolution in its entirety.

Mayor Lane: Okay, very good. It's added. I might have just added to the language that is indicated in our Council agenda. In any case, very good. That certainly would be the intention. With that, motions are made and seconded. I think that we are ready for a vote. If I can ask the City Clerk to announce each councilmember for their vote.

Carolyn Jagger: Mayor Lane?

Mayor Lane: Yes

Carolyn Jagger: Vice Mayor Kathy Littlefield?

Vice Mayor Littlefield: No

Carolyn Jagger: Councilmembers Suzanne Klapp.

Councilwoman Klapp: Yes

Carolyn Jagger: Virginia Korte?

Councilmember Korte: Yes.

Carolyn Jagger: Linda Milhaven?

Councilwoman Milhaven: Yes.

Carolyn Jagger: Guy Phillips?

Councilman Phillips: No

Carolyn Jagger: and Solange Whitehead?

Councilwoman Whitehead: No

Carolyn Jagger: Motion passes 4-3 with Mayor Lane, Councilmember Klapp, Councilmember Korte, and

Councilmember Milhaven voting in the affirmative and Vice Mayor Littlefield, Councilmember Phillips, and Councilmember Whitehead dissenting. Thank you.

MAYOR AND COUNCIL ITEMS

[Time: 02:44:43]

Mayor Lane: Thank you, that completes that item and I'm going to move on the Mayor and council items. I'm going to ask the councilmembers one by one if they have any items. I will start with Vice Mayor Littlefield.

Vice Mayor Littlefield: No.

Mayor Lane: Councilmember Klapp?

Councilmember Klapp: No.

Mayor Lane: Councilmember Korte?

Councilmember Korte: Yes, Mayor. I do have something. This is a proposed program to support our employees. You know, our employees are our most important asset of this city and we are a service organization and it is our employees on the front line that are taking big risks right now with the COVID-19 crisis going on. They are facing all kinds of new challenges whether it is domestic violence or the homeless camp on civic plaza and not to mention health issues and financial issues and really disruptions to our normal lives. So, I'm asking that we recognize their efforts and ensure they are protected. I would like to ask the City Manager to develop a presumption for care and sick leave program. And this would ensure that if a public safety or a service employee contracts COVID-19, it is presumed they contracted it in the line of duty and then, their care and leave would be covered in a manner similar to Worker's Comp. I request support in this at directing the City Manager to develop a care and sick leave program and identify a source of funding and return to Council with a plan as soon as possible.

Mayor Lane: That would be the motion, I presume.

Councilmember Korte: Yes.

Mayor Lane: Do we have a second for it?

Councilman Phillips: I will second it.

Mayor Lane: Councilmember Phillips seconds it. And any further comment and to be agendized at a further date determined by the City Manager, I presume?

Councilmember Korte: Yes, as soon as possible.

Mayor Lane: If there is no further comment, we are ready for a vote on that. I ask the City Clerk to announce the councilmembers for their vote.

Carolyn Jagger: Mayor Lane?

Mayor Lane: Yes

Carolyn Jagger: Vice Mayor Kathy Littlefield?

Vice Mayor Littlefield: Yes

Carolyn Jagger: Councilmembers Suzanne Klapp.

Councilwoman Klapp: Yes

Carolyn Jagger: Virginia Korte?

Councilmember Korte: Yes.

Carolyn Jagger: Linda Milhaven?

Councilwoman Milhaven: Yes.

Carolyn Jagger: Guy Phillips?

Councilman Phillips: Yes

Carolyn Jagger: and Solange Whitehead?

Councilwoman Whitehead: Yes

Carolyn Jagger: The motion passes unanimously.

Mayor Lane: Mr. Thompson, you understand of course, the directions that have been placed in that motion?

City Manager Jim Thompson: Yes, sir, Mr. Mayor.

Mayor Lane: Very good. I think that does complete our work for this evening. I want to thank everyone who has participated in either presentations or information imparted to the Council and for all of the hard work that has come into this meeting and for the product that we are going forward. We are going to look forward to further refinements.

ADJOURNMENT

[Time: 02:48:57]

Mayor Lane: With that I will accept a motion to adjourn.

Vice Mayor Littlefield: So moved.

Councilwoman Klapp: Seconded.

Mayor Lane: Motioned and seconded and we are adjourned. Thank you very much.