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CALL TO ORDER

[Time: 00:00:03]

Mayor Lane: Microphone might help. Good afternoon. It's nice to have you here. Thank you, all. I would like to call to order, the July 2nd, 2015 council meeting. This is a regular meeting. We will start with a roll call, please.

ROLL CALL

[Time: 00:00:12]

City Clerk Carolyn Jagger: Mayor Jim Lane.

Mayor Lane: Present.

City Clerk Carolyn Jagger: Vice Mayor Linda Milhaven.

Vice Mayor Milhaven: Here.

City Clerk Carolyn Jagger: Councilmembers Suzanne Klapp.

Councilwoman Klapp: Here.

City Clerk Carolyn Jagger: Virginia Korte.

Councilmember Korte: Here.

City Clerk Carolyn Jagger: Kathy Littlefield.

Councilwoman Littlefield: Here.

City Clerk Carolyn Jagger: Guy Phillips.

Councilman Phillips: Here.

City Clerk Carolyn Jagger: David Smith.

Councilman Smith: Present.

City Clerk Carolyn Jagger: Acting City Manager Brian Biesemeyer.

Acting City Manager Brian Biesemeyer: Here.

City Clerk Carolyn Jagger: City Attorney Bruce Washburn.

City Attorney Bruce Washburn: Here.

City Clerk Carolyn Jagger: City Treasurer Jeff Nichols.

City Clerk Carolyn Jagger: City Auditor Sharron Walker.

City Auditor Sharron Walker: Here.

City Clerk Carolyn Jagger: And the Clerk is present.

Mayor Lane: Thank you. A couple of items of business. We do have cards if you would like to speak on any subject on the agenda and/or for public comment. It's the white card that the city clerk is holding up over her head. We do have cards that are yellow in color, if you would like to give any written comments on any item that's on the agenda and that card is being held over her head at this point in time as well. We do have Scottsdale Police Officer Dave Shurr and Detective George King are here to assist you and they are immediately about 11:00 off my left shoulder here. And we also have -- if there are medical emergencies, we do have -- I think we have a representative of the fire department here, if we have any need for assistance for that, he's at the back at the Kiva for that. We do have facilities for you that are marked under that exit sign and that's if you have need for those, for rest room facilities, and that doesn't mean that it's outside, but it is inside.

PLEDGE OF ALLEGIANCE

[Time: 00:01:42]

Mayor Lane: This afternoon, we are honored -- in the honor of independence day this weekend, we are pleased to welcome the Grand Canyon Chapter of the Daughters of the American Revolution. If you could please stand for the pledge with us.

Grand Canyon Chapter, Daughters of the American Revolution: I pledge allegiance to the flag of the United States of America, and to the republic for which it stands, one nation under God, indivisible, with liberty and justice for all.

Mayor Lane: Ladies, if you would like to tell us a little bit about the organizations and introduce yourselves, that would be great.

Kathy Shields: I'm Kathy Shields and I'm the region director of Grand Canyon, Daughters of the American Revolution, and I don't know -- if you don't know, it's -- anybody can be in it, a woman, who can prove direct lineage back to an American Revolution patriot. And this is Terry Mott and she's actually -- she's an honorary chapter regional director of Grand Canyon but she's also the state vice region, Arizona society. And then we have Stephanie Topp who is an honorary chapter regent and honorary state region of Arizona and then Diana Ramby who is a fairly new member but very active and very excited about Grand Canyon.

Mayor Lane: Thank you, ladies. And thank you for the great work that you do in keeping in touch with our American patriotic history. Thank you. Now we have Dr. Bruce Johnson who is pastor at Scottsdale Presbyterian Church to provide us with an invocation. Pastor, welcome.

INVOCATION

[Time: 00:03:57]

Dr. Bruce Johnson: Thank you, Mr. Mayor. Let's pray. Great God, on this week when so much focus has been on things that divide us, we thank you for the things that bring us together as a community. We thank you for freedom. We thank you for peace. We thank you for family and friends and home and we thank you for our home here in Scottsdale, for its citizens and for its leaders. Lord, we thank you for this weekend when we can remember our freedoms, thank you for the chance many of us will have to have a break and thank you for those who will be working this weekend to make sure that we are safe. Thank you for our police officers and firefighters and emergency room workers and so many others that will be working for us this weekend. And Lord, we pray that you would watch over those who are traveling and watch over our brave women and men of our armed forces, both those close to home, those far from home and those in harm's way. We pray that your wisdom would fall afresh on our city council as they deliberate different things, as they work together as they practice courage and looking at not only what is politically expedient today, but what's in the long term good for all of our citizens. And, Lord, as our city's namesake, chaplain Winfield Scott prayed for us for those great ideals that he thought would be beneficial for us as a community. We ask you, again, for those same ideals that they would grow within us, fortitude and prudence,

temperance and justice, faith, hope and love, not only that we would be better but we would be better by one another, and by our grace, lord, all of these things we pray in our great name, we pray, amen.

Mayor Lane: Amen. Thank you, pastor.

MAYOR'S REPORT

[Time: 00:59:59]

Mayor Lane: A couple of items of note. If you hadn't noticed this Saturday is the 4th of July. And I hope that you will all join me at the WestWorld of Scottsdale to celebrate that great Independence Day. This year's family friendly celebration will take place in the fully air conditioned north hall and will feature food and entertainment, fireworks and a kids' play zone. The event runs from 2 p.m. to 9:30 p.m. and general admission is \$12. Scottsdale residents get half off general admission by buying advanced tickets online at www.westworldaz.com. I hope so see you at this great event. The fireworks is outside. Everything else is in the air conditioned building.

PRESENTATIONS/INFORMATION UPDATES

Mayor Lane: Well, in honor of the 4th of July holiday, Commander Henry Glaudel and the Military Order of the Purple Heart is here to present a plaque to the city of Scottsdale, a Purple Heart City in recognition of sacrifices made by men and women who have given so much to secure their freedoms that we all enjoy here today. Welcome and thank you for being here, gentlemen, and we very much appreciate it. If you would like to -- Henry, if you would like to make a few comments.

Commander Henry Glaudel: Mayor Lane, city council, thank you for having us here this evening. On August 7th, 1782, General George Washington established the badge of military merit. It was a cloth badge with the figure of a Purple Heart in cloth. You have one in front of you. During the Revolutionary War, it was awarded to only three soldiers. After the war, it fell into disuse until February 22nd, 1932, the 200th anniversary of Washington's birth when General Douglas McArthur announced the reuse of the Purple Heart as a medal to be awarded to those killed in action or wounded in action against an enemy or hostile force. Since its restoration, over 1 million Americans have been awarded the Purple Heart. The Purple Heart is the oldest and most cherished of all the medals awarded and the costliest in terms of life and blood.

Over the last decade, there has been a movement to recognize those men and women who have been awarded the Purple Heart. I-40 is a Purple Heart Highway. More recently, there's been a movement to have cities recognize the sacrifice made by Purple Heart recipients by declaring themselves as Purple Heart Cities. Scottsdale is first city in Arizona to do so. Thank you very much. Since then, several Arizona cities have declared themselves Purple Heart Cities. Last month, Santa Cruz County declared itself a Purple Heart County and now every county in Arizona is a Purple Heart County. We are first state to have every county in state to be Purple Heart County. We expect Governor Ducey to announce Arizona to be a Purple Heart State.

We have one female patriot member. Our purpose is to help veterans and we are honored to do so. Over the last year, we have helped place over 300 homeless veterans into housing and each year we sponsored dinners for veterans who are residents of the Arizona State Veterans Home. We are proud of our accomplishments and we are most grateful that Scottsdale has recognized the sacrifices made by Purple Heart recipients by proclaiming itself a Purple Heart City. So this end, we are proud to present this plaque to the city of Scottsdale and we hope that you will display it proudly.

PUBLIC COMMENT

Mayor Lane: Thank you very much for that. Next order of business is public comment. We have no requests for public comment at this time. So I will pass by that.

ADDED ITEMS

[Time: 00:10:58]

Mayor Lane: We have some added items. Consent item 10A and Regular item 12A were added to the agenda June 25th, 2015. So I would request a vote to accept the agenda items as considered, or to continue the items to the next scheduled.

Councilwoman Klapp: Move to accept.

Mayor Lane: And that was Items 10A and 12A.

Councilman Phillips: Second.

Mayor Lane: We have a first and a second. I think we are then ready to vote. No further comment. All those in favor of accepting the agenda as presented, please indicate by aye. It's unanimous 7-0. So they will stay on the agenda as stated.

CONSENT AGENDA

Mayor Lane: So we now have with the addition -- well, actually with those items on there, with the one item of 10A. We have Consent Items 1 through 10A. We do have a request to remove item 10 from the consent agenda and that item is a fiscal year 2015/16 organizational strategic plan and a request to adopt a resolution adopting the organizational priorities for fiscal year 2015/16 and directing staff to implement the priorities and provide regular updates on the progress of implementing these priorities. This item will be taken from consent and they will move it to regular agenda at the request of Councilwoman Korte. So I have no request to speak on any of the consent items that are indicated of items 1 through 10a, absent item 10, unless there's some comment on it, I would accept a motion to accept.

Councilwoman Littlefield: Move to accept.

Vice Mayor Milhaven: Second.

Mayor Lane: Motion has been moved and seconded. No further comments. We are ready to vote. Aye in if you approve and nay if you disapprove. It's unanimous approval of those items absent item 10 which has been moved to the regular agenda. So we will move on to the regular agenda. If you are here for the consent items, you can certainly stay with us, or even now move forward in your seats if you would like. But nevertheless, you know, otherwise we will proceed with the one item, immediately the item 10 on the regular agenda.

ITEM 10 – FISCAL YEAR 2015/16 ORGANIZATION STRATEGIC PLAN

[Time: 00:13:38]

Mayor Lane: And by the looks of it, do we have someone on staff -- I do see Brent who is indicated as a contact on this, moving towards the podium if you would like to give us a presentation on that, and I actually will ask Councilwoman Korte if you would like a presentation on it.

Councilmember Korte: Brent, just a brief presentation, and asking when was last time that we got an update on the advancement of these strategic goals?

Assistant to the City Manager Brent Stockwell: Sure. Mayor Lane, members of council, Councilmember Korte so if you remember back to February 24th, council had a work study and you discussed each one of the priorities in the organization's strategic plan and gave us some direction on what to change in the priorities. And then also, some additional objectives to include or some additional language to change as part of the objectives and so what we did is we went a staff team of the champions of each one of those different areas met and looked at the discussion and the -- all the discussion that happened on February 24th, and we made those changes.

The two primary changes were in the first one where the council desired to state that we were continuing to work to do the McDowell Road revitalization and also to use SkySong as a partner in that effort. We made that change. The second one was related to the economic development strategy because that had already been adopted. The prior -- I think at the prior meeting, we changed that to carry out the economic development strategy. What we do on each one of these, is there's more detail below the priorities and also the objectives and on a quarterly basis, we update all of those. We send that out to the council. We also post it on the city's website. So if anyone is interested in looking at that, if you go to mayor and council and if you go to the goals or the priorities page, all of the updates are there.

Councilmember Korte: Thank you, Brent. And when were those updated presented to city council? Is that not part of the process, is to present those updates?

Assistant to the City Manager Brent Stockwell: Well, Councilmember Korte, two things, as part of the packet of the February 24th meeting, we provided that update and it was in a fairly thick packet that was presented to you but we didn't go through each of those items one by one and then, gosh, about a month after that, in an email to the council, and to the organization, we gave those details out. In

addition, what we try to do is do work study sessions from time to time on each one of the priorities and so I can't recall off the top of my head the last time we did that, but I know we were working to get one scheduled on tourism and transportation and other items like that.

Councilmember Korte: Well, I guess that speaks to what I'm trying to get at, Brent, I can't remember the last time we did it either, and I think -- so the council back in 2013, spent a lot of time and to create the strategic plan and sometimes I think it's just kind of put on a shelf and we continue to go throughout our day every day and every month doing things that we need to do but perhaps it's not necessarily threaded with the strategic plan. So, you know, take, for example, the very first one, which was the top priority and that was continue working with residents, businesses and SkySong to revitalize the McDowell Road corridor. What specifically have we done to revitalize that? You know, the market has certainly been favorable to this area, and, you know, how nice it is for government to say, get out of the way and let -- and let the private sector revitalize McDowell road but perhaps it's time for us to say, okay, what -- you know, some of these empty car lots, some other vacant spaces, what do we really want to see there? You know, we have, shall we say -- some may say too many multifamily residents. I say good for us. We need housing options but specifically, what we really want to see and what tools and what processes are available to us to influence these future uses? And I think perhaps it is -- it's time for us to schedule a work study session on McDowell Road, and have it driven by such, you know, the planning department, hi Randy, and the economic development department and talk about what the tools are and what the conversation is going on and what processes are available to influence that.

Assistant to the City Manager Brent Stockwell: Mayor Lane, members of the council, Councilmember Korte, certainly we could study a work study session on that in the fall. I do know a couple of things that I will add to that. We try every time we have an item that's related to the strategic plan, like the fee reduction plan for the McDowell road revitalization area that the council approved earlier this spring to highlight that item and remind you that there's a connection between that item coming forward and the priority your strategic plan. I know there are a number of items coming through in the fall that are related to that similarly. I know we are working to get a work study scheduled on tourism, a presentation on how we are accomplishing the economic development strategic plan, and in part we kind of look to your guidance too. And if you feel, you know, as we give those quarterly updates, there is something that you want to talk about or want a presentation on any of these items, we can certainly schedule that. Otherwise we keep moving forward on these items and we make sure that we are accomplishing all the detail that lies below this.

Councilmember Korte: This is something that I would like to see and perhaps I will bring it up at the end of the regular agenda to ask the opinion of the rest of the council to see if they would like to schedule a work study session on McDowell Road. Thank you.

Mayor Lane: Thank you, Councilwoman, thank you, Brent. If that is in answer to the questions do we want to have a separate vote on that? Well, we will have a separate vote on this.

Councilmember Korte: It would be appropriate to bring it back after the regular agenda or --

Mayor Lane: It's item 10. If there's some consideration for the mayor or the council item at the end, that's a separate item all together. We wouldn't be through this. We would be instituting some type of work study on any of the priority items that are indicated. So somebody would like to make a motion on this item?

Councilmember Korte: Yes, I would like to move -- request the staff to schedule at --

Mayor Lane: No. No. I'm sorry. This is item 10. That's not on the agenda. That's something you might address at the end of the meeting.

Councilmember Korte: Excuse me. I'm with you.

[Time: 00:21:19]

Councilwoman Klapp: I make a motion that we approve item 10 on the consent agenda.

Councilmember Korte: Second.

Mayor Lane: A motion has been made and seconded for item 10, for approval. No further comments, seen and thank you very much, Brent. I think we are then ready to vote. Awe of those in favor, please indicate by aye and register your vote. Opposed with a nay. It's unanimous then, 7-0 and so item, the consent item moved to regular -- the regular agenda is now cleared.

ITEM 11 – GRAPHICS BUILDING REAL PROPERTY EXCHANGE AGREEMENT

Mayor Lane: So we would move on to our next item of 11, which is the graphics building real property exchange agreement. This is a request to adopt resolution 10160, authorizing agreement number 2015-156-COS with 7363 LLC to exchange the city-owned graphics billing located in the southeast corner of 2nd Street and 75th Street for two noncontiguous vacant parcels located at the northwest corner of McDowell Road and 77th street. And we do have Mr. Earle here to give us a presentation on behalf of staff and thank you very much.

[Time: 00:22:28]

City Engineer Derek Earle: Thank you, Mayor Lane and members of the council. I would like to provide you a short presentation on this transaction. The transaction is two properties, one owned by the city and a pair of properties owned by a private company. This is available under the 221 portion of the city code as a property exchange.

The properties we are interested in. The city owned property that we commonly refer to it around the city as the graphics building site. This is located at the corner of 2nd Street and 75th Street, just to the east of the courts building/library. It constitutes four parcels. We purchased this property, the initial parcel in about 1972. The second piece of property that is under consideration that would become city-owned property, are actually two parcels. We call them the McDowell berm parcels.

This is about 30,000 square feet of land, about .7 of an acre. These are located on the north side of McDowell Road, on the north side of McDowell Road just east and just west of the Indian Bend Wash. These parcels have been discussed previously in terms of the McDowell Road strategic plan as one possible way to help contribute to the revitalization of McDowell Road by modifying these parcels down to Indian Bend Wash.

As far as the property transaction, the city will receive out of this, it will receive two parcels that we called the berm parcels on McDowell Road, plus we will receive a cash payment of \$1,865,000. I will explain that more in just a second on the next slide. What the city will be doing is conveying that excess property, again what we call the graphics property, just over an acre of property. It will be conveyed to the buyer in an as is condition with at buyer accepting all environmental risk on this particular piece of property.

The financial portion of the transaction, if you look at this chart, starting on the middle column, where it says graphics property, we had the property appraised. The appraised value came in at \$2,045,000. That's roughly 37,000 per square feet. It's roughly 55,000 square feet. It's currently occupied by a warehouse storage building that was built in the early 1950s. The buildings are pretty close no obsolescence.

The McDowell berm parcels, what we have used as the value on these parcels is \$180,000. The reason we have used that value is they were purchased in a trustee sale in December by the current owner at \$180,000. Anybody in real estate will generally tell that you the best comp in real estate is the most recent transaction on that market property. There are two parcels, roughly 30,000 square feet.

If council chooses -- if council does approve this transaction tonight, we do have some provisions in the agreement. We will be maintaining an easement on what we call the graphics property, that's able to access the city parking. We will receive the net payment of \$1,865,000 that represents the difference between the two values. If I wasn't real clear, we will go back to that slide. The \$1,865,000 is the difference between the value derived of the graphics property, versus the value derived for the berm parcel.

Finally, of course, we will turn over all maintenance and operation of the graphics buildings to the buyer. The transaction will be slated to close in mid-September of this year. And with that, mayor, council, I will be glad to answer any questions regarding this issue?

[Time: 00:26:37]

Mayor Lane: Thank you, Derek. We have one request to speak on this item and it is -- I believe, it's Brian Krob.

Brian Krob: My name is Brian Krob. I live in Scottsdale. I'm a user of the park, and I just wanted to say that, you know, this -- the city's kind of getting these two parcels really benefits the users of park and the city. Their location is perfectly adequate for having street access as well as access to the

park. So an amenity that is city borne would be kind of ideal there. It would be more attractive than having more of a commercial type of amenity there that would just play off of the adjacent businesses and it would be something that would be an amenity for all of the users of the park. So I just wanted to make the point that it's just a more attractive element for the city to have those two parcels.

Mayor Lane: Thank you, Mr. Krob. That was the one and only request to speak on this item. We have some requests from the dais. I'm sorry, staff has -- Mr. Grant. I'm sorry.

[Time: 00:28:04]

Planning and Development Services Director Randy Grant: Mayor, I wanted to tag on this was one of the critical objectives strategic actions that was part of the initial set of critical objectives and so just to indicate you to that we are in the process of carrying those out.

Mayor Lane: Very good. Thank you, Randy. And so with that, though, we have some questions or comments from the dais here and I will start with Councilwoman Littlefield.

Councilwoman Littlefield: Thank you, mayor. When I saw this come on our agenda, I went back to the previous meeting that -- where these berms were discussed and listened to what had been said and at that time we decided not to do it for various reasons but I also noticed that they had a number of comments regarding the amount of grating that would be required on this, the gravel is all going to have to be picked up. There will be quite a bit of landscaping and work done to make these berms look good and be presentable. Do you have an estimate cost of what it will cost the city to bring these berms into compliance, not only with our own codes but to make it look good with part of the park? And is that what you plan to do with this, making it part of the park?

City Engineer Derek Earle: Mayor Lane, Councilwoman Littlefield, there were some ballpark estimates that were done months ago that have not been run through capital projects. You know how I am about quoting numbers that I haven't looked at. Those numbers approached were in the high six figure, approaching \$1 million. Now, what we would really do on this parcel, we would go back working with planning who would be our primary client on this, and determine the best use of these parcels, that being some type of landscaping access to park, some type of enhancement to that, and look at the most economical development and bring them back to council as a formal capital project for approval. So aside from the fact that we have a broad intent of how it would be used we haven't looked at the specifics of that yet and that would be the next step.

Councilwoman Littlefield: Thank you.

[Time: 00:30:16]

Mayor Lane: Thank you, Councilwoman. Councilman Smith.

Councilman Smith: Thank you, Mr. Mayor. Well, I have a comment and a question. The comment

is I notice in reading through the council report that there is no signature here other than that of Dan worth, presumably acting on behalf of the city manager. Speaking only for myself, I had made a comment in the past that when we have a real estate transaction, a disposal of city assets, I want to see an opinion from the city treasurer. I would like to be reassured that the city treasurer is even involved in the negotiations and discussion of such items, and if not -- and if not signing the council report, I know he is not here tonight. I trust he's listening to us wherever he is. I would like a separate city treasurer report. The reason we set up the city treasurer was to provide council with independent advice on matters of particularly important financial matters of the city and I think there's nothing more important than the sale of assets like this.

Regarding this transaction, in particular, though, I guess I have to say I think it's properly a good deal, but I wish we had been able -- I wish you had brought it to us in a -- what I call a more formal process. Citizens expect when we are going to get rid of public assets, like buildings like this that we are not going to skirt the process of having a public auction. There's nothing that determines the value of a property more definitively than a public auction to one and all. Sometimes we skirt that because we say there's a buyer next door who is interested and we have a little special escape clause in the ordinance, Section 221 that allows sale to adjacent property owners and then other times we do what you are doing tonight and we talk about we are going to exchange the property. And I think it may make sense to you, but to the lay public, trading a \$2 million piece of property for a \$200,000 piece of property and getting the difference in money, that's not an exchange. That's -- I mean, you might as well change it for a \$10 piece of property. There ought to be some limit, you ought to be trading comparable properties for comparable properties.

And I think the manner which you brought it to us is -- it may be legal, but it just doesn't smell right. And we could avoid a lot of these bad smells if we just followed the process of holding a public auction for public properties. That's -- that's the end of my speech, I guess, but I would like for you, Mr. Earle to respond to us, why did you consider it necessary to do an exchange rather than a straightforward public auction of this property? Bearing in mind the things that Councilwoman Littlefield mentioned from the earlier meter, we were not all that keen on having these two determines in the first place and it will cost \$1 million to fix them up maybe, plus or minus. We haven't even determined what the best use is going to be. So why did you follow this process?

City Engineer Derek Earle: Mayor, Councilman Smith, generally, when we look at these types of properties for disposition, our preference tends to be towards getting the most competitive pricing and that's usually at auction, unless there are compelling reasons and then by the nature of the transaction, that would benefit the city. For example, if you recall when we traded the H.R. building with the Scottsdale School District and traded that for Apache Park, they were basically two properties that really benefited the city. The Apache park benefited a drainage project that was key to us and the sale of the H.R. building was important as well and we were right close not price value in.

This particular circumstance, there are several characteristics of the transaction that we believe this is the best approach. Number one, although I did hear your opinion, I do believe there is still some interest in obtaining those parcels on McDowell Road for the enhancement of the McDowell Road. I understand there's a potential capital project coming down the road.

Secondly, the property that we will be selling and conveying does have some environmental challenges. It has a history of challenges going all the way back to the North Indian Bend Wash super fund days and tied into that is the fact that the appraised value, we first of all received an offer at full appraised value and secondly, that appraisal I don't really believe took into account the fact that there is a negative environmental history on this property. The seller or the buyer, excuse me, is aware of the situation and he was willing to pay full appraised value. So therefore we believe this was the best approach to this property.

If it had gone out to the auction, the presence of some of the environmental challenges on this property and the history on it, probably would have had a significant impact on the competitiveness of this out in the market.

Councilman Smith: I hear what you are saying, and I don't know whether you realize how contradictory it sounds in a way. You are saying that it has liabilities and we're afraid that would impair the sales by you, but we, in fact, have a buyer who knows of the environmental liabilities and is perfecting willing to pay the price and maybe we got lucky and God made two people like him and we could have a bidding contest. I think for projects like this, these kinds of transactions, I will call it sneaking through an exchange to acquire another property or avoiding the public process is not the most transparent way to dispose of city properties. Thank you, Mayor.

[Time: 00:36:35]

Mayor Lane: Thank you, Councilman. Councilmember Korte, please.

Councilmember Korte: Thank you, Mayor. Well, I support this transaction. We have two motivated people, organizations to make this happen. And as you said, Derek, that there are motivations beyond just the face value of the numbers to move forward with this. It is one of those implementations that supports our strategic plan. You know, that's key. It is also one of those small but mighty actions to improve the McDowell corridor.

These berms, I have witnessed, I have watched these berms grow old and rocky and weedy for about 40 years. And if we can improve those spaces that bookend that bridge, improve the view, perhaps make some pocket perks there to make some better access to the Indian Bend Wash, I think it makes much more livable space in the southern part of our city and plus that we control the usage. You know, the last thing we want is the tire shop to the west of the bridge to use that as a parking lot and that certainly is one of those potential uses is a parking lot. I would much rather see great access area into the Indian bend wash and some shade and treatment and a livable space, rather than asphalt. So I will be supporting this.

[Time: 00:38:30]

Mayor Lane: Thank you, Councilwoman. Councilman Phillips.

Councilman Phillips: Thank you, Mayor. I don't know if I'm going to come off any better than Councilman Smith, probably not. I have my own list of questions and it starts with these two berms, you said they were purchased by Mr. Frenkel at an auction, how did that come about?

City Engineer Derek Earle: These went to a trustee sale in December of last year. To my knowledge, he was the only one who made an offer at the trustee sale.

Councilman Phillips: So who owned it before.

City Engineer Derek Earle: I hear it was a gentlemen who passed away and the property was left to a trustee.

Councilman Phillips: Because it's very curious. When you look at this property, in fact, I think Brian has some pictures of it. That is the corner of McDowell, before you get on to the property. This road right here, that's where the tire store is. So you are looking east. That's the first berm in the front there. And that's the other berm and so now you are looking west. Those are the two.

This is a good picture because it shows the Indian Bend Wash right there and right on the other side is where the skate park is. Now, I would think back when we did the Indian Bend Wash, that these berms were made on purpose, because this is what funnels the Indian Bend Wash underneath the McDowell bridge. I'm sure it was engineered for such. It's curious why someone would own that property, would you think either the city or the county would have owned it or we would have taken it by eminent domain. I don't understand how someone could have owned both sides of this wash back then. Does anybody have a clue as to how that happened?

Senior Real Estate Manager Martha West: Councilman Phillips, I'm Martha West, and I do have some information for you. In our research to determine how we came to acquire the berm parcel, what I learned is the property that we acquired for the Indian Bend Wash had two exclusions. So the existing owner, what became that portion of the Indian Bend Wash was retained by the existing owner if that helps you.

[Time: 00:41:30]

Councilman Phillips: I suppose it does and nobody likes to talk about eminent domain. It seems like hindsight that we didn't do anything. Now look at where we are at, we have two big piles of dirt on either side of it, we have nothing. I see this as valueless property. I don't see how you can build anything on it. I think you need the Army Corps of Engineers to come and tell you, you know, maybe you are lucky with 100 square foot of something buildable because it's right next to the wash. It's right next to the bridge. It's right next to the road, you know, there's too many easements, too many restrictions. It's just worthless property but it's good for the city because it's by the park. So I can see why someone would want to buy it and use it for a bargaining chip later but I don't know why we didn't get it at the time, you know, why we didn't maybe bid on it at the trustee sale or what happened there.

Now, on the other side of the coin, you come to our city property, and you are talking about this is a super fund site property. Why is that?

City Engineer Derek Earle: Mayor, Councilman Phillips, a previous tenant on the property -- not a tenant, a previous owner of the property had essentially created a cesspool, an underground waste bin and that contributed to the -- some of the groundwater contamination in the Indian Bend Wash area. This is one of the items that was identified as contributing to that. Final closure has not been received.

Councilman Phillips: And what would you consider the cost of the final closure?

City Engineer Derek Earle: I'm sorry, mayor, Councilman Phillips, could you please repeat your question?

Councilman Phillips: What would you consider the cost as the final mitigation of this property?

City Engineer Derek Earle: We don't have an estimate on it right now. There's essentially a vapor system that's been in operation for years. Motorola is currently responsible for completing that, correct? For completing the remediation on this property.

Councilman Phillips: Motorola is doing the remediation? You said?

City Engineer Derek Earle: I'm sorry, councilman, I heard an echo at the same time of your question.

Councilman Phillips: You said Motorola will do the remediation on this.

Acting City Manager Brian Biesemeyer: Mayor, Councilman Phillips, Motorola -- I don't have the entire environmental story because I'm not the environmental expert. So I'm kind of giving you a 50,000-foot level. But Motorola ultimately took over the responsibility of final remediation of this property. The property in essence, most of the issues associated with the cleanup have been done. The city, when we owned the property, built a parking lot over the top of the property. And that essentially capped it off to the satisfaction of the regulatory agency. If the property is disturbed at some point in the future, it will require whoever chooses to do that, be it us or future owner of the property to coordinate with EPA and other agencies as part of the -- as part of whatever development they choose to do.

Councilman Phillips: Okay. So nobody knows what that would entail or the risk or how much that would cost?

Acting City Manager Brian Biesemeyer: Mayor and Councilmember Phillips, this site is known a little in the fact that the water resources monitors some of these areas. And I do know that while I'm not the expert on this, that the risk is truly if somebody redevelops that. Right now, as a capped facility, it is fine and it is figured to be so by the regulatory agencies. It's only the risk of somebody redeveloping and they found something there. We don't believe there is something there, but

there's always the risk that somebody could go and find something there and so that is the environmental risk. If it's redeveloped in any form, and there's digging on that facility, then there's a potential risk and that is the liability that Mr. Earle was talking about.

Councilman Phillips: Okay. So I can see anybody that wanted to purchase this property knows that they are going to assume a liable. And so they will have to weigh in what they think that liability could be as far as what they think they could get from this property if they came back to council and rezoned it for, let's say a multilevel housing. So if they figured they can build a six story multifamily housing project here and could make \$100 million off TV and they figure remediation will be about 5 million, then it sounds like a good deal, then I think they will I will try to purchase the property.

So I'm kind of with Councilman Smith here in the idea that \$37 a square foot is just bargain basement giving it away price. And although I know Mr. Biesemeyer said that our city manager knew about this and talked about it, I sure didn't talk to him about it and I can't believe that he would go along with this deal. It's kind of a shock to me. The fact that there's no treasurer or city manager report that goes along with this, I don't think this is a good idea for us to be -- to be doing this project at this time, this land swap that you are talking about.

I would like to move to delay this, until we get the treasurer and the city manager's input on this project and whether or not it's a good idea, especially as far as the value goes because it doesn't look like it to me. So that's a motion.

Councilman Smith: I would like to second that.

Mayor Lane: A motion has been made and seconded by Councilman Smith. Would you like to speak to that?

[Time: 00:47:10]

Councilman Smith: I will speak to it and stand by all the comments that I said before. The only thing that I heard in conversation that is additionally enlightening is we were told that part of the motivation for this, part of the motivation to go with the private appraisal and sell it, call it an exchange of property and not go through the public auction process, is because staff had an opinion that the appraised value was, I will call it low balled for the environmental risk. But all of the conversation I'm hearing is that we don't have a clue what the environmental risk is. I don't know if Motorola is responsible or we are responsible or the new buyer. So I am concerned that we are doing this transaction without a public auction, based open a staff opinion that the appraised value is -- is the best that we could get, and I really -- I kind of like the transaction. So I don't really want to vote against the transaction. That's why I think maybe a good solution is to defer to some future date when we can answer some of these questions a bit more definitively or follow the process. Thank you, Mayor.

Mayor Lane: Thank you, Councilman. I think -- and I think the situation with regard to who is responsible for remuneration of that property would be the property owner, if it's disturbed. I think

that's what Mr. Earle was talking about. That's the property itself. Motorola is involved as I'm sure Mr. Biesemeyer knows as well, that they are responsible for the superfund cleanup on 9 aquifer and, of course, they are engaged in that process throughout our city and a lot of different areas. And, of course, there were other companies involved, but that's the principal one. Great progress has been made. As far as this property is concerned, it is subject to a cleanup of the ground that sits under whatever cap we put on it. So that's -- and maybe it's subject to some question as to what they could have or would be to clean it up, but that basically is still there.

I think that one thing I would want to at least say to our staff on this, and this is notwithstanding maybe some concerns about transparency and whether or not this should have been an auction or not, the process is legal, certainly. And when it's in the city's best interest as Mr. Earle has indicated on both sides, I'm talking about this property specifically, which this council has addressed on a couple of different occasions. That it was something that we would like to be able to add to the park, almost in correction to Councilman Phillips' comments that we didn't get it in the first place. So we have a chance to remedy the situation.

Its value, one way or the other strikes me as being somewhat minimal but at the same time if it's zoned commercially and could be developed commercially, that could be a valuable piece of property to somebody. The city has an opportunity to get that and add it to the park, and it's a request or I should say is -- is a public testimony indicating that would be a good thing, I think is a good thing. So the efforts to get these parcels as this council may be a somewhat smaller, different former requested to be done as a priority for the McDowell road enhancement and for the park. I think you are in process with that. Could you just re-vegetate this property and add it to the park if we wanted to and that may be an enhancement certainly over what we have now and in some people's mind, certainly not having a commercial developed with a coffee shop or something else.

So it remedies some of what I think Councilman Phillips' objections were to what they did 30 or 40 years ago and not acquiring the property in the first place. That's really not what we are here to discuss. What we are here to discuss is what's best with the city on all counts. Acquiring the proper, disposing of property, which is also part of what this council has directed staff to do, and trying to book down the land bank that we have, the property we don't use and is no longer on the tax rolls and all of those things that go against our tax basis in this property is also a good thing. I think it's a good transaction.

I wouldn't say that I would necessarily think that -- maybe there is something we need to look at as far as our policies are concerned with regard to whether we trade a \$10 piece of property, versus \$4 million piece of property and don't take that to an auction. I don't know the law in that regard, but I think in this particular case, we are -- we've got two things that we are doing in accordance with our strategic plan with regard to the city, with regard to capital improvement funding and that's, of course, 2 million or nearly \$2 million that would be added into the C.I.P. on the basis of getting this property sold. And then, of course, acquiring at the same time something that we were looking for. So in that sense, even though there may somebody other finer points of concern and maybe skepticism and maybe even worse than that, I think this sounds like it's a good deal. I think we should go ahead and do it and I would be in favor -- not in favor of the motion that's on the table right

now. Councilwoman Littlefield.

[Time: 00:52:51]

Councilwoman Littlefield: Yes, well, I'm in favor of the motion on the table right now to delay, not to deny. Like Councilman Smith, I like the idea of this. I want to vote for this, but we are indebting the city for almost \$1 million for these two pieces of property, that we don't have a plan. I think we need to have something to come back a little bit more specific on what we want to do with these things.

Mayor Lane: Excuse me.

Councilwoman Littlefield: I believe it's a good idea to have them, but I don't think that we have finished the work that we need to do before we vote indebting our city to that extent of putting on the kind of agreement that we are going to be taking these and doing something with them. That's fine, what will we be doing and what is the cost going to be? Thank you.

Mayor Lane: If I might, just so we are clear on that. You are talking about indebting the city by virtue of a liability to develop the property. Not to re-vegetation but to develop it somehow or another.

Councilwoman Littlefield: Yes, the future cost of doing something with these two berms and not just having them sit there like they are now.

Mayor Lane: Okay. I just wanted to make sure that we are realizing the net effect is nearly \$2 million.

Councilwoman Littlefield: Right, mm-hmm.

Mayor Lane: Councilman Phillips.

Councilman Phillips: Thank you, Mayor. Since you called me out, if you look at these two pieces of property, there's no commercial value. You can't build something to Councilwoman Korte's suggestion that they want to put a parking lot. The berm is 200 feet higher than the parking lot at Big O Tires. That's not going to happen. There you go. That's a great little thing going on there. So you would just about have to level that and I think to level that is going to cause a problem with the Army Corps of Engineers as far as flood control goes with the funneling of the Indian bend wash underneath the bridge. The reason there's no development on these properties is you can't develop open these properties otherwise it would have been done already. I don't understand that argument.

Along with Councilwoman Littlefield's comments this will cost 1 million to fix up, that's ridiculous too. I really see -- and I would love for the city to have this property. I just don't like the deal that we are dealing with and I would like to hear some more input from the city treasurer and the city manager. This is why I just asked to delay this. I didn't ask to kill it. But the whole idea of us doing anything

with it is basically putting gravel and, you know, a couple of shrubs or something like that, where we can ask council to put a statute on it or something. Other than, that there's not really anything you can do with this property. Thank you.

Mayor Lane: I'm sorry. Thank you, Councilman. Well, we have a motion on the table to continue this until some additional date when this can be reviewed by -- as was indicated by the motion by the city manager and the city treasurer. So that's the motion on the table. I don't see any further comment on this item right now. So all of those in favor of the motion as it is right now please indicate by aye and those opposed with a nay. Nay. That motion fails 4-3 with Councilwoman Littlefield, Councilman Smith and Councilman Phillips proposing. So absent that motion, I would accept a motion to accept it, if there was one out there.

Councilmember Korte: Mayor.

Mayor Lane: Yes, Councilwoman.

Councilmember Korte: Mayor, I move to adopt Resolution 10132 authorizing amendment number 2013-to April IGA number 201-3049-COS between the city and -- am I reading the right one? Yes I am. The city and -- no, I'm not. I'm reading the wrong one. I'm sorry. It's here. It's on Mr. Smith's tree right here. So I move to -- I apologize. I move to authorize to exchange the city-owned graphics building property located at the southeast corner of 2nd Street and 75th Street for two non-contiguous vacant parcels located at the northwest corner of McDowell Road and 77th Street.

Councilwoman Klapp: Second.

[Time: 00:57:54]

Mayor Lane: Motion has been made and seconded. Would the second like to speak toward it?

Councilwoman Klapp: Just very briefly that these two berms important to the revitalization of McDowell road and I have personally talked to the city manager about these two parcels and he has told me of the opinion that the city should own them and we should be able to use them in some way to energize the street. That's the whole concept of McDowell doesn't have enough connections to parks and amenities, just by virtue of the way it's grown over the years, if these two parcels were sitting up in the northern part of Scottsdale in an airpark area, I think this would be a lot of neighbors saying, gee, why don't we have this as part of the park? I don't think there's been enough thought placed in the -- most recent history of the McDowell Road to consider that these really are ugly berms on McDowell Road that do detract from the beauty of the area, and there is a beautiful area on McDowell road as well.

And so it is my feeling that we do need to have these berms and we -- as was suggested, we could just plant grass and it would make it look so much better than it does today and would tie to the park. So obviously we will wait to see what the staff recommends the cost would be, with whatever we do, but I don't think there's any intention for this to be commercial development. It's in some way going to

tie with the park and I think that's a good use of the property. It's a good direction for us to take, and is in keeping with our goal to revitalize McDowell Road. So I think the great opportunity for us to acquire the land and to also get rid of land that will not ever use and if some developer wants to take this land and find a way to develop it and deal with all the environmental issues on it, all the better. Thank you.

Mayor Lane: Thank you, Councilman. Mr. Washburn.

City Attorney Bruce Washburn: Thank you, mayor and I may have -- this may have been in the motion and I missed it, in which case I apologize. I want to make sure that this includes the adoption of the Resolution 10160 which is the way in which we accomplish the exchange authorization.

Councilmember Korte: Thank you. It did not. I didn't have a chance to get there, but it does include adoption of Resolution number 10160.

Councilwoman Klapp: Yes, and I accept that as the second.

Mayor Lane: Very good. There's no further comment. And we have the motion to approve and seconded open the table. All of those -- we are ready to vote. All those in favor, please say aye. Reverse the order. We do have 4-3 on this, with Vice Mayor mill haven, Councilwoman Klapp, myself and Councilmember Korte in for this motion. So that completes that item. Thank you very much for the input by staff. Mr. Earle, thank you. And from all the conversation and the deliberation on it.

ITEM 12 – BENTLEY SCOTTSDALE POLO CHAMPIONSHIP WESTWORLD EVENT AGREEMENT

[Time: 01:00:26]

Mayor Lane: The next item is 12, and that's the Bentley Scottsdale Polo Championship WestWorld event agreement. This is resolution 10083, authorizing contract 2015-1040-COS with Scottsdale Polo championship on October 24th, 2015. We do have Mr. Brian Dygert at the podium.

WestWorld General Manager Brian Dygert: Good evening, Brian Dygert, your general manager at WestWorld. I'm here to talk briefly and fast about the 2015 Bentley Scottsdale Polo championship produced by the Polo Championship LLC. I do want you to be aware of the fact that Mr. Jason Rose is one of the partners and managing member. He's the producer that we deal with all the time. He's here to speak, as well as answer any questions that would be parent of his part of the equation.

This is a one-year contract. It's for October of 2015 only. There are four unique business terms; really, there are three. The reason the base use fee is listed in here, only because the council contracts are written and outlined in such a form that it's a permanent piece. It was not a negotiated conversation. It is basically straight up rent. It's a one-day event with three move-in days and one move out day.

The two negotiated business terms and the primary driver of why this contract needed to see the council is the food and beverage and the alcohol share of revenue. It is a 5% credit back from the producers from the gross sale of foods and this is on the WestWorld side of the equation. So the 20% equation that WestWorld receives on food sales. 5% would be going to the producer, and therefore, WestWorld would be receiving 15%. The third line is 15% credit to the invoice to the growth sale. Again, WestWorld's vendor and WestWorld receives 30% of gross sales open the commission, and 15% of this, would be credited and going to the producer and therefore WestWorld would be receiving the other half, which is also 15%.

The paid parking is unique and it's only unique because of the situation. It should be fine, but it is unique because of the situation that has brought us to this point in time. It is done at a \$2.50 per ticket told. That's different than normal because our normal process is \$5 per vehicle.

There is a piece in this entire process that I do want to make you aware and it's in the contract and still remains in the contract. But for months there was a lot of work to put two events to go on the same weekend in the same space. A jazz festival which was three days and the Polo festival, reduced to one day on Saturday, and because of all of that work, that was the most practical solution for that, for all parties. At the very end of this process, which was when we were ready to sign contracts and file with the clerk, the jazz festival decided not to fulfill the rest of the terms and so they don't exist. The contract stayed true and so this is what we resulted in. Between WestWorld and the producer, we did spend -- and the legal department, we spent a significant amount of time talking about the paid parking piece and whether or not we needed to change it back to the original or we were okay staying for the practical standpoint we all decided it was in everybody's best interest to stay put, from WestWorld's standpoint, I think we are all fine.

Brief history on the event. This event started in 2011. It was a great idea. Mr. Rose was part of that idea, creating it. It ran in the first year, Mr. Rose was primary and highly responsible for all the creation of the Polo event the first year, but it actually ran to the local Scottsdale Polo club and their contract. In 2012, it took a more formal approach. Mr. Rose had created the LLC that's the production entity for this event and then each year, he has been -- we have been signing a one-year contract each year, '12, '13 and '14 and that's that what we have been doing. This is the revenue to WestWorld and its historical piece, '12, '13, and '14s are actuals. It is total.

So as WestWorld would look at a given event -- and I can answer details if you have them, I tried to keep this somewhat straightforward and as simple as I could. 2012 and 2013 were standard, normal contracts in those days before the TNEC was expanded, the exclusion, but sell makes reference to special events liquor licenses which in 2014, those basically stopped. There are no more special event liquor licenses at WestWorld, except for two, which is -- it's the Barrett Jackson and Arabian horse because of the long term, those are the only two that exist. So from 2014 moving forward, special event liquor licenses do not exist at WestWorld anymore. In this particular case, and what you will see as a variable is the moving piece and a lot of it is in the alcohol sales because of the type of social activity that this particular event creates. The difference in all of those is fundamentally the amount of event days. You will see in 2012, it was one event day. And last year, last fall, it was two event days and then again, he's returning with 2015 as a plan and I would let him speak on the details,

if you have questions about that. But in 2014, it focused with one event day.

Again, a point what's important here is the fact that we were trying to create two events in that same weekend space, Saturday a very -- Saturday, during the day, Polo would be the championship and it is well received and well attended and it's a big event, but with Friday evening, Saturday evening, and Sunday evening, we were trying to also put together the jazz festival. It doesn't come to fruition. So we -- this is the results and the continuation of the relationship between WestWorld and Polo championship.

The difference in '14 and as we move into '15, fundamentally it's in one place. In '14 is when the exclusive food and beverage contract was extended. The TNEC was opened away we went with that whole piece. '14 was everything -- everything was standard, normal, whatever you want to call that. In '15, at the producer's request, and that's where the revenue share comes into play, because of the type of the event, and the high consumption from the consumer's standpoint on food and beverage, the producer did request we spent a lot of time working on this and putting this contract together for you. But that is now what's different, which was that 5% credit back on food and 15% credit back on alcohol. If you have any specific questions, I would be happy to provide more or less of those. If you need Mr. Rose to speak --

[Time: 01:09:12]

Mayor Lane: We do have one request to speak from -- for public comment and it is from Mr. Rose. So if you could stand by, Brian, we'll undoubtedly have some questions. Jason Rose.

Jason Rose: Mayor, I will single out Councilwoman Korte, you always give me a hard time for my shirts. I want you to know that. I want to start with something that Mr. Dygert mentioned. The jazz association, they didn't like the terms, they bailed and went to Rawhide. We are happy to live by the terms that were associated, over six months.

Real quick on the event, it's our fifth year. Two years I met with the coach from the University of Virginia, the best college Polo team in the country and he said, I can't believe what I'm seeing here. You have more people than the United States Open in Wellington, Florida, has. That speaks to the diversity of the event, and the way we have gone about marketing this event. And it has been a success. Last year, the United States Polo Association couldn't figure out what we were doing here in the desert and decided to have its annual meeting at the Valley Ho because they were impressed by the diversity and the crowds.

What's new this year? We always challenge ourselves to make it different. We have the Phoenix Symphony coming out. We have high tea with the Phoenician. We have an expanded art auction. It sold nearly \$1 million worth of paintings by Larson Art Gallery in downtown Scottsdale. We created a unique environment out there that keeps growing. They even have a Picasso that's commissioned to the art auction. We are bringing in for the first time, the Aspen Valley Polo Club, that does Polo in Central Park for Donald Trump and has one of the best Polo players in the country on its team. We are bringing in a team from Cabo, Mexico.

Over the last four years we have seen what works and what hasn't. We met with the city manager shortly after our event this year. And we said, one of the things that we are doing is spending a ton of money marketing and bringing a lot of people to WestWorld and getting zero from food and beverage and that doesn't work. We have no qualms with the parking fees and we have no qualms with the rental fees, the stabling fees, those are perfectly fine and I think Mr. Dygert will tell you that we pay our bills quickly. For us to get zero, is very, very challenging from a business standpoint it's an event that relies on sponsorship and ticket sales. We have huge expenditures. We have to bill all of that. We wrote a check for \$92,000 for bathrooms and generators and tents, very expensive for a 1 or 2 day event. We had a good discussion with the city manager who understood the difference between outdoor and indoor events, and that led us to negotiations with Mr. Dygert and we are here today asking for your support, hoping for a little more camaraderie than we saw on that last issue.

I would point out that one use for those two parcels on McDowell Road could be a starting point for the High Line Trail if you ever want to revisit that, Councilwoman Milhaven. But today is about Polo and I will be happy to answer any questions because our office does put a lot of effort into this and it's the best of Scottsdale. Thank you.

Mayor Lane: Thank you, Mr. Rose, in that this is a contractual situation. We are not really talking about an applicant so much but a review by council of the terms that are put forth here. So I just want to make sure that we are taking it in that context. Even though we appreciate the input and the background information from the potential, I guess, what would be the lessor -- the lessee on this property, and that it is bare ground. If -- well, I will tell you what, I will reserve some of my comments until later. Let's start with Councilman Smith.

[Time: 01:13:15]

Councilman Smith: This may be a question to you, Brian. If you can put back up the slide that talked about 2012 and '13, '14, there you go. Can you educate the audience a little bit or the council, certainly, of the 13,300 expected net realization for the city, the expected event revenue next year, what might it be without these provisions that you are talking about? If it were on the same terms and the conditions that we had in 2014, not sharing in the food, not sharing in the liquor, what would the revenue be? I'm having a hard time figuring out how much we are -- how much we are giving away here.

WestWorld General Manager Brian Dygert: Mayor, members of council, Councilman Smith, I will give you that number in two seconds. Here, I thought I was highly organized.

Councilman Smith: Just for the record, that took three seconds.

WestWorld General Manager Brian Dygert: Four months from now this calendar year, if that event, one-day event was no negotiated pieces which means the producer would not receive or realize any revenue from food or alcohol sales and our commissions, WestWorld's commissions were standard, you would basically -- you are talking about on 8,000 swing.

Councilman Smith: Okay. That's what I wanted to know. The second question and this is perhaps judgmental but nevertheless, I will ask for your judgment. Do we create some precedent here? I know that you mentioned the only two events that have this special events liquor license agreement, not to mention food, are the Barrett Jackson and the Arabian horse show. Do we create a precedent here and is it a good thing to create a precedent? I think we need to be educated about where we are headed here, what we are doing to ourselves.

WestWorld General Manager Brian Dygert: Sure. Mayor, members of council, Councilman Smith, of course our actions are going to set some sort of precedent that others can watch, follow, ask. Is it a -- I'm not even sure what the right word is. The point is, is this unreasonable? Is this improper, is this one sided? And those answers are no. The fact that WestWorld, on the WestWorld side of the component, here's the unique piece. Because of the Polo championships event type which is highly spectator attended and the consumption that comes with that spectator, and this is not unique to Polo show. This is true with highly attended spectator ticketed events, the consumption and the consumption in the food and beverage world is generally high and the more people you have over a longer period of time will spend more money eating and drinking. Event producers generally will ask for a share in that revenue as it's realized. So the fact, is it uncommon for WestWorld in our marketing team and all of the work that we are doing as we are trying to drive new events for producers to ask for some of the share? That's actually very common and it's very normal.

It's what does the end look like and in this particular events case, because we do have a track record, they have been there. We have data that is reliable. We were able to find a reasonable compromise that's good for the operator, as well as the producer. With the new events, the request is common. They are very optimistic about their new events, but until we have real data which is real production results, we are very reluctant to even go into that territory. I hope that answered that question.

Councilman Smith: I think it did. It sounds like we will be opening ourselves to a new basis for contracts with producers. With we can argue that we will have a president -- I'm not sure that's a bad thing, but it's something that we ought to realize and go in eyes wide open. I don't have any other questions. Thank you, mayor.

[Time: 01:18:07]

Mayor Lane: Thank you, Councilman. Councilman Phillips.

Councilman Phillips: Thank you, Mayor. Well, you know, as far as setting a precedent goes, I think, you know, what we are looking at is setting a five-year precedent. It's not like that guy is going to come in with the first new event and want this same thing. He's not going to get it. It has to be a tried and true and I think the Polo championships are tried and true and in a working environment with a promoter, I think this is what we need to do to bring events here.

This Polo championship is going to be a significant event. They come here and they see Scottsdale.

They want to invest in Scottsdale and these are the people with money! And these are the people who want to invest. The last thing we want to do is to make it so they can't come here. I guess Florida is the other place to go. I'm not a Polo guy. I have been to the event. It is a wonderful event. And the aspect of bringing the art to it, I think, is genius. And the downtown people that come to us, we are always talking about helping them out and their art galleries and how they can sell better and the competition with the outside people who come in and sell their wares and take off. The fact that you are allowing them to sell there helps immensely.

I think as long as your here helping Scottsdale, I will be here to support you. I like the Polo signature event. Brian thinks this is a good contract. I think it is a good contract. I think more power to you and maybe five years from now you will surpass the Arabians. Who knows. Keep it up.

[Time: 01:19:53]

Mayor Lane: Thank you, Councilman. Number one, if I just did simple math and I don't know what the attendance is intended to be in 2015 or estimated to be, but if I said I've got 2014, I have two event days and there was no revenue share, 46,000, if I go to one day with the same attendance and I'm hoping that maybe this continues no move up the attendance numbers rather than reduce them, I'm talking about 23,000 versus 13,000, therefore, I have about a \$10,000 gap on, it just in a simple look at it. I don't know how much the estimated numbers may have changed for the one-day event versus two days.

The other is that I noticed we had \$2.50 per ticket told. I know an awful lot with these kinds of events, I don't know that there are not a number of untold tickets that are distributed to -- whether this is considered as sold or not, whether they have booths at the event. Are they considered sold tickets when they are distributed on that basis?

WestWorld General Manager Brian Dygert: Mayor, members of council, you asked me two questions. The first one, which was your second, tickets sold are tickets sold, sponsors, V.I.P.s, comps or not. They are standard and they are in these events. The first answer to your first question. That 13,300 was my best shot to give you the most realistic so to speak bottom conservative and what I did was a looked at '12 and '13 as consumption numbers. So I can fill in that gap, because there are variables which is about the amount of attendance. So the paid parking is going to go up. The food consumption is going to go up and more people are being there. So the numbers inside 13,300, to be honest with you, if Mr. Rose produces with a one-day event somewhere between '13 and '14's numbers we will see event revenue somewhere in the \$16,000 no \$18,000 range to WestWorld for 2015. I didn't want you to be misled.

Mayor Lane: First off, there were two questions and one comment. On the first part, what I was saying as far as dividing the 46 into 13,000 for the two days, the averages two of days was just an observation. I'm just talking about a simple math. There's an awful lot of additional variables and frankly systems that were thrown in there. That's just what I was looking at. That was not really a question, but a statement and an observation of that.

The other one was tickets sold and where that got divided, yes, they are not V.I.P. tickets. They are not other tickets sold. My question went on to say for a sponsor, in sponsorship or in having a tent and/or booth or otherwise, receives with the that -- with their purchase of that booth space. I'm just throwing a number out. I have no idea where this goes. Let's just say they have 100 tickets thrown in with them, are those ticks sold?

WestWorld General Manager Brian Dygert: Mayor, members of council, when we do our invoicing, no, they are not sold tickets. Sold tickets packaged in some other form, we would take the value of the highest to that but in the case that you just asked me, the answer would be no. Those 100 tickets would be considered V.I.P., sponsor, comp tickets. They would not be accounted for in two forms, one, paid parking and two in the ticket surcharge that we also collect.

Mayor Lane: And I don't know and I don't have a quantification on that, but just with the limited knowledge that I have, those are the significant number of tickets that are issued. They are gate attendance. I'm wondering whether or not that's something we need to be looking at. And so to that point, you know, there's a bit more give, maybe it's the same as it has been, but it's certainly a give.

The other is when we talk about the 5% and I will say credit on sales of 15% or half on the alcohol, that's all coming off of the city's portion and I mean to say the vendor and the supplier of food and beverage has a percentage but has to cover all costs. But when we start to give on this, why is it always -- I mean, because everybody benefits from this, I mean, as far as that goes, inclusive of the vendor, why is it always on the city's shoulders to take that on. This goes to Councilman Smith's comments. Have we set a precedent? Yes, we have.

We talked about the variables of whether it's a shoulder season, an off-season or in-season and the standards that we have. What are the mitigating factors where we do end up giving in the own one that I heard you mentioning is where there's a highly -- an event that is highly dependent upon receipts from alcohol and from food. I get that but it also goes to the vendor, the city, and the event producer. So I just what -- for future consideration, I think that's something whether or not this is a longstanding approach or not, it may be something that we need to be looking at in order to mitigate some of this give here.

Even though I'm certainly a proponent of booking events to WestWorld, we have something right now that we have to work through and make sure that we are justifying the end and looking for a return on a significant investment in WestWorld, and so the extent of bookings is one thing but the dollar value of using your greater utilization of that facility is hugely important to us in how we get it sold. We want to stay competitive. We understand that, and we understand there's some concerns, there are just competitive we have to deal with, with others that are selling at similar or -- well, I would like to think never the same product, but something similar to it.

So I -- you know, I certainly think that it's a great event, and I want to thank the event producers who do bring these things to the city of Scottsdale but when we are looking at these contracts, I just want to make sure that we are on as even a playing field as we can, when we negotiate them and we are

looking for the city's interests on a great facility. So with that, I'm through to that and I will go to Vice Mayor Milhaven.

[Time: 01:27:25]

Vice Mayor Milhaven: Thank you, mayor. This is why government doesn't do a good job managing a business enterprise. As I see it, this is an \$8,000 decision that has got us opining on it. And I certainly recognize the value of giving up \$8,000 to make \$13,000, but could we get \$21,000 is really the question. What's the market for it? If Mr. Rose is right, that an outdoor event that doesn't share in the food and beverage is not economically feasible, then what he's saying is fundamentally our business model is flawed. If, in fact, the business model is flawed, then I think we need to modify our policies that outdoor events are treated differently or events with certain attendance or length of attendance and so I don't really have an appetite to consider -- to have this body consider every single exception to every single contract to every single event that's at WestWorld. If we grant this exception, that's what we will wind up doing is the city council will be opining on \$20,000 contracts and I don't have an appetite for that.

So where I am on this is I would rather see us approve a contract that looks like a standard contract and have staff reconsider what our policies are for events and if, in fact, it's in staff's opinion we should rewrite our policy to then make that new policy -- modify the contract in the future to reflect the new policy. But I don't want to get into the business of considering separate contracts. Thank you.

[Time: 01:29:12]

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

Councilwoman Littlefield: Yes, well, Councilwoman Milhaven just took my speech. I think that if this is required for getting contracts at WestWorld, then we need some sort of standardization, some sort of framework that you guys can work on. Has this been a repeat customer? What kind of money, what kind of draw on people does it bring in and have some sort of framework for a contract that doesn't leave you hanging out into never, never land for everybody who comes by and says, well, we want a special deal.

I don't like having to amend contracts or change contracts for every person that goes out to WestWorld and says, well, I'm special. I want a special deal. I understand the market can be changing. I understand this may be something that's needed, but I don't want to leave us open for any term or -- or that anyone comes by. Maybe if it's a repeat customer that comes by every year, how many people does he bring in? How many people use the food and beverage stuff? What about the parking? Is that separate?

So we need to have some sort of standardization on how we look at this kind of thing so we know where we are going forward. I also agree with Councilwoman Milhaven, we shouldn't be looking at every \$1,000 profit center that comes into the city. This should be done with standardization and by the staff. Thank you.

Mayor Lane: Thank you, Councilwoman. Councilman Smith.

Councilman Smith: Well, I will echo the last two councilmembers. You know, as I said when we were talking before, I think we are creating precedent here and I'm not necessarily uncomfortable, but I would like to know what the precedent and the determines are going to be. I have think I was assuming and hopefully rightfully assuming that you will take whatever we vote here and translate that into some kind of a template that you will use for other people in the future. And whether it's based on tenure of event, or attendance or outdoor versus indoor, whatever it may be. I still am in favor of the Polo contract.

I have one question unrelated to the numbers believe it or not and it's to Mr. Rose. My question is: Why do we only have one day? Three days was even more fun. And two days was good, but now we are down to one day. Explain.

Jason Rose: Mayor, Councilman Smith, you know, any new business experiments and we were challenged by the Tourism Commission in the first year. We did the Phoenix open with Polo and throw a deejay out there and see if it works. It was a neat deal. In the second year, we were challenged to expand it from one match to more than one match. We bit off three matches. Would that work? And the next day they said why don't you go for two days. Phoenix Open on Friday is pretty cool. Why don't we do Friday afternoon and a fashion show and a Polo match and then we'll do three on Saturday. Friday was okay. Friday was okay. Saturday was really cool.

This year, we said that Friday thing wasn't so great, why don't we do Sunday. And so we did two batches on Saturday and two on Sunday. We had an Arizona Cardinals game on Sunday against the Eagles which is never fun. We always try to be off A.S.U. football games and so Sunday's attendance was okay. The fund brunch was nice. We didn't make any money on it but it was a lovely brunch and we were actually interested in doing it again this year but the way you are structured with your concessionaire out there, it made it too onerous to do it because the cost to us -- of having to use them for the brunch, we couldn't do it.

Now we are back with a model that worked pretty well a couple of years ago. Three matches, one day, it's spring training on steroids and we think that after four years is the right approach, but it's not to say that we wouldn't expand. I think Brian is being extremely conservative with his numbers, based on a growing event.

One other thing on the parking, we sought no change in the parking at all. That was not our issue. That was the Arizona jazz festival and I would remind you, they came and asked and Brian negotiated the deal. They walked. They walked because they got a better deal at Rawhide. We are still here.

We would ask you to approve this tonight as Councilman Smith said as a template. We actually started with the city manager in the fall and said, we would like to work on an outdoor template. We think it's right for WestWorld because it will increase business velocity. The direction was we didn't want to bite off the whole policy. We didn't want to do that. We want to be specific to what you

guys are doing and we said, okay. So we are happy to be the bottle for an outdoor policy and we think that's good policy for this city too, but we would ask -- we are three and a half months out. We would ask not to be punished and caught in purgatory as that deliberation continues. Thanks, mayor.

[Time: 01:34:47]

Mayor Lane: Thank you. I thank you Councilman. Councilmember Korte.

Councilmember Korte: Thank you, Mayor. While I agree with my fellow councilmembers, that we be setting a precedent and making exceptions to our current template of contracts, you know, I look back at our staff and the expertise that our staff brings to the table. We hire our staff to negotiate the best possible deals for our city. And, you know, market factors change every day. Having lived in the car business, I didn't know if a Chevy truck was going to sell off that floor one day or the next, because of market factors. It changes every day and that changes in the event business too and I understand that.

And so you have got to come to the table with flexibility and if we don't trust our staff, then we're not providing the flexibility that we need to make WestWorld successful. So I look at who signed off on this contract, and it's representative from our attorney's office. It is our acting city manager, Brian. It is Mr. Nichols, our city treasurer and Mr. Dygert who oversees WestWorld. And so I am going to be supporting this contract and if we need to revisit how our contracts are negotiated in the future, then let's do, it but let's don't, shall we say, punish the applicant three months from the event date. That's just not good business.

Mayor Lane: Thank you, Councilwoman, Korte. You know, I will say too that obviously we are here to vote on the contract. Where that is something we should be doing in each and every case, I think it is a real question here and I would concur with the Vice Mayor that I'm not sure any of us have an appetite, particularly if each time we end up going through our process and sort of dissecting as to how we are do dealing with this. But I am very interested and have been for some time making sure we set criteria as to when we make exceptions hasn't when we don't with very a consistency in application, when the staff does it on their own, that there are some rules that are followed so that we can't be challenged so that somehow we are selective in who you are dealing with. So that criteria should be a guideline for what we do that's something, I think, that management needs to work through as far as how we address that, maybe to the greater satisfaction of everybody that sits here as we watch it go down.

You know, we go through as it is either a monthly or quarterly meeting at WestWorld to try to evaluate how much progress we have made on the generation of funds from the use of that facility. So it is something that we are very interested to make sure that we track. We promised the public that we would do exactly that in that expansion. That's an important element for us. I support the contract. I do think that whether it serves as a -- as a template for future contracts, I don't know that I have the answer for that right now. It's a critical assessment as to how we go about thinking about this and whether -- we have set some precedent on this, certainly and bike week was one that we debated significantly a little over a year ago. And it set a very different pattern on those events that

have high attendance and high consumption of food and alcohol as to what would be done there. And so we look for some kind of real estate standard that we can sort of follow much more closely than this. Every time an exception does seem to cause us some problems. I don't know if this is an exception. This is something that we need to look at, spurred to another concern of councilman Smith, you've got a --

[Time: 01:39:23]

Councilman Smith: Thank you, Mayor. First a comment and then a motion. This is not a matter of trusting city staff. I do trust city staff. I remind everybody I used to be one of them, so -- and I appreciate, frankly, Brian bringing this matter to us because it is a matter of policy and he's looking for guidance from the council, and as tortuous as it may be for the politic, I think we are trying to give him guidance. I think it's -- he will have a better template to work with in the future.

So I don't see anything wrong with the process and therefore, mayor, I will make a motion that we adopt Resolution 10083, authorizing contract number 201-104-COS with Scottsdale Polo Championship LLC to produce the Bentley Scottsdale Polo championship event at the WestWorld facility on October 24, 2015.

Councilwoman Klapp: Second.

Mayor Lane: A motion has been made and seconded. Would -- I think I heard you first. Would you like to speak toward it at all?

Councilwoman Klapp: No, I won't rehash all the comments other than I don't want to micromanage the staff. So my feeling is that if you can bring us back better policy in the future, I would be more than willing to talk about it. But this particular contract, I approve the conditions set out in the contract.

Mayor Lane: Thank you, Councilwoman. Seeing to further comments here, I think we are then ready to vote on that motion, approval. Those in favor please indicate by aye and those opposed with a nay. Aye. Okay. As you can see --

Unknown: I want to change my vote.

Mayor Lane: Well, it's done. It's cast. It has been viewed. So we have -- okay. So -- are we voting again? Well -- okay. That completes that item. Thank you, Mr. Rose. Thank you, staff. Okay.

ITEM 12A – SCOTTSDALE GATEWAY ALLIANCE BRANDING INITIATIVE SUPPORT

[Time: 01:41:36]

Mayor Lane: Our next item is Item 12A, the Scottsdale Gateway Alliance branding initiative, support

to adopt Resolution 10201 authorizing a F.Y.2015/16 general fund operating contingency transfer, if needed, in an amount not to exceed \$25,000 to be allocated to the economic development department, administration, professional services account for contract services related to the support of the Scottsdale Gateway Alliance branding initiative. We have Ms. Casey. We have a request from Councilwoman Korte to recuse herself from this action.

Economic Development Director Danielle Casey: I have a brief presentation for you all tonight, a new topic. I'm going to refresh everyone's memory and for anyone in the audience on who the Scottsdale Gateway Alliance is, and give you a bit of a background on the request and how we came to be here this evening and just share a little bit of history and then also finally clarify and restate to council what the exact request this evening is of all of you. So first off and I will point out that we have Mr. Kyle Moyer in the audience, as well as other represents of the Scottsdale Gateway Alliance who I think will probably speak later to you and be available for many questions that you might have. But the Scottsdale Gateway Alliance is private sector, nonprofit. It's focused on the revitalization of the McDowell corridor with a membership base of more than 300 local area residents, and was incorporated and organized in August of 2013 to spur revitalization along the McDowell corridor and this is language from some of their presentations that they have given. We will discuss that in a moment.

I would also like at this time to point out while economic development was nominated to bring this item forward, we are also working on this and any result of this activity this evening is in close partnership with our colleagues in dev -- planning and development department. I wanted to recognize them and also the work that Kim Chapin has done in the leading efforts along McDowell Road. Just in case you were wondering if we were operating in a bubble on this.

The reason we are here this evening the Scottsdale Gateway Alliance has worked with the Industrial Development Authority and they have proposed a process to the Industrial Development Authority and I wanted to enlighten you on their plans and their proposal will essentially a 12 month process, give or take if you look at the fine numbers in there. They would be looking to create a brand and identity for the McDowell Road corridor through foundation building, through conducting focus groups and door-to-door outreach, working in public meeting settings and then distilling and creating a brand doing more outreach, final distillation, which means going back and taking all of that input and working on it and doing a final presentation if you look at the details and their proposal and their agreement with the Industrial Development Authority, it does specifically mention council involvement and presentations to the city council, and final approval even by the council depending on the level of interest that council has.

The goal would be completing it to 9 -- completing the brand and then essentially delivering a tool for the city so it can promote and integrate the new community into all the communications mediums on the city website and even on potential signage and monuments that can go in and there are even some future proposals that you may be seeing regarding banner signage that could be used to promote and support the recognition of the brand along the corridor.

There's a funding agreement on May 29th, 2015, an agreement was executed for \$50,000 between the

Industrial Development Authority and the Scottsdale Gateway Alliance and this is the Industrial Development Authority actually has a grant fund program, and they opened up that grant fund program roughly around this time last year, asked applicants to come in and give them ideas and propose what they would like to do, the IDA reviews all of those carefully, and really analyzed it. They worked on projects that they felt created an economic benefit, and it was the final and the top proposal that they wanted to consider. So this final agreement that they did sign on May 29th.

It had some conditions in it. The total request from the -- the total project cost from the Scottsdale Gateway Alliance that Kyle can elaborate on more is for \$100,000 project and the Industrial Development Authority agreed to provide \$50,000 of that project cost with conditions including they would provide \$25,000 up front, and then after seeing some phases of the program be completed they would then provide an additional \$25,000 to matching funds so if they raise \$25,000 elsewhere, they would go ahead and match that. I think the IDA had voiced some of those discussions, it was a way to help the process along and also ensure that they were contributing to something that would get completed because additional funds would be raised. The Scottsdale Gateway Alliance is very minimal. The IDA asked for things such as recognition as a supporter and publicity and also getting the IDA name out there and getting them recognized as an important contributor to economic development and a group interested in supporting the McDowell corridor. Also getting bimonthly written reports from the Scottsdale Gateway Alliance so they can stay abreast of what is going on and how the progress is moving along and so the Industrial Development Authority wanted to be involved and at the table and part of the process that they did not want to overly control the process.

So the action opportunity this evening before all of you and I will clarify also with council, we are simply here because this proposal has been brought to the city, by the Scottsdale Gateway Alliance, very interested in seeking any interested groups that wanted to help contribute some of those matching funds because the city manager felt that that was something very interesting but also a decision really more on the policy level for council, we are bringing it forward for your consideration and this evening the resolution really asks council if you want to provide the funds, and then staff would move forward and negotiate and we can do this on an administrative level or in any other manner. We would then move forward to negotiate a contract with the Scottsdale Gateway Alliance and outline what those parameters would. So the request this evening is do you -- are you interested in providing these funds and then here we get to some of the help I would be looking for, as well.

If this item were approved and council is interested in supporting this initiative, we would also ask for just a little bit of direction and input as to the level or some of the requirements you would want to see in this contract. Are there any requirements in exchange for the city's support different or in addition to what you have seen in the outline with the Industrial Development Authority? We are looking at the IDA's agreement with the Scottsdale Gateway Alliance as a great starting point and then would there be any possible request for approval or even brand ownership once this brand and identity is created. So what level is council's interest in receiving that at then. These are important things for staff to know if we were going to work with SGA to negotiate a contract and also I think important from their perspective.

[Time: 01:49:15]

Mayor Lane: Thank you, Ms. Casey. I will go out of turn a little bit because I think I would like for a little bit of clarification when we are talking about this contract, are we talking about a contract between SGA and the city or SGA and their supplier, their consultant to provide the services.

Economic Development Director Danielle Casey: At this time, it would be an agreement between the city and the Scottsdale Gateway Alliance. They would be the group completing this branding initiative and it would, again, unless we were given some input otherwise, it would be up to them to seek any services or professional services as part of that initiative.

Mayor Lane: Okay. So there is no relationship between the supplier and the city, this is strictly with the SGA on this \$25,000?

Economic Development Director Danielle Casey: Mr. Mayor, that would be correct.

Mayor Lane: Okay. I have several requests for public comment since the SGA actually is who is I would consider the applicant, if you will in this regard. Who would it be that would speak for the applicant?

Economic Development Director Danielle Casey: Mr. Kyle Moyer and is here and I think eager and ready to talk about what they want to do.

Mayor Lane: Okay. Well, then I will just set that one aside. The rest are for public comment. To tell you the truth, I would like to have the public comment first. So we will go with that. I will set yours aside and then start with -- is it Jodi Deros?

Jodi Deros: Good evening. I'm Jodi Deros, I am a business owner in the Scottsdale McDowell corridor area. I'm here with my business partner, Yanni Deros and we have been a part of the SkySong/McDowell corridor for three and a half years now. We have seen the growth and the emergence of all the revitalization efforts that SGA has been putting forward. We have been board members of the SGA, and are excited to see the revitalization efforts and to Shepherd them into an existence. We see the brand efforts being a way to bring the two pieces or three pieces of the McDowell corridor to fruition and have an understanding of where the revitalization can take the lower part of Scottsdale, and we, as a business, we do product development and we bring in corporations from all over the United States, as well as internationally, and they come to visit us. They are very excited about the space and the area. Everybody seems to know Scottsdale and it would be an exciting place to be able to say that south Scottsdale has a look and a feel that everybody internationally understands when they are coming to visit. The brand opportunity, the opportunity to brand, again, is an exciting way to continue the Shepherding of the revitalization.

[Time: 01:53:03]

Mayor Lane: Thank you, Ms. Deros. Brian Krob.

Brian Krob: My name is Brian Krob. I'm a member of the Scottsdale Gateway Alliance. I'm also a resident of the area. I live in the Highview neighborhood near 64th and McDowell and it was just listed as one of the top ten neighborhoods in the valley by the News Times and I think that was due to the neighborhood. I think that's telling to the type of interests that people have to being in the area and, you know, finding the gem that is this part of town that they want to be a part of. So I think that in doing -- you know, part of this exercise is creating a sense of place. I think it's being able to identify with that sense of place that makes this so important. All the nearby amenities of the canal system, the zoo, the green belt, that are all part of this area that really help enhance that character and to sort of tie all of that together into a kind of single entity is, again, an important element, as well as redeveloping the hub of McDowell and Scottsdale and making that kind of the focus of everything that's going on, you know, sort of both east and west from there, as well as north and south. So this -- this -- you know, all of these elements inform this branding exercise and it's an opportunity to get in touch with all of the neighbors like myself in doing so.

[Time: 01:54:54]

Mayor Lane: Thank you, Mr. Krob. Tom Frenkel.

Tom Frenkel: Mayor, council, Tom Frenkel, 7430 East Main. I think I would like to say thank you to the council and Brandy and Kim Chapin for the work that has gone in in that area. I'm an active stakeholder and I have been there 27 years and probably right now, the most active in that area not only with some projects going on but also just long-term holdings and have a very deep concern and passion for what's gone on there. I have never been one for organizations or committees or group efforts and I commend you for sitting here on July 2nd because very frankly, I don't work well with groups, or have always been frustrated with any organizations that try to put anything together and at various times, attempted to be a part of those and always found myself excusing myself. I will say with the Scottsdale Gateway Alliance, I was also brought in to it at a very early stage and up fortunately, I found myself in the same predicament in that I don't work well with groups, but with that individual group, I have observed -- I have not been active in terms of a board member or whatever, but I'm very impressed with what it is that they have done.

I will just share two minutes, I think, of my experience with it and why that I think it would be something positive for the council to consider. In terms of image, as a landlord and a stakeholder, what I get, okay, is a phone call from a tenant, from a prospective purchaser, many times as a buyer or someone trying to buy a piece of property, okay? And the image of that area, a lot of time image is everything and I was here when it was designated a blighted area and it certainly had that image and I'm also here now where an organization of stakeholders, okay, not -- nothing to knock government, but not bureaucrats but stakeholders that either own property in that area, or tenants in the area, and if you talk to Brian Krob, generally live in the area and are trying to make a difference. And I have found the meetings very refreshing and specific things that have been done. Talk is cheap. It's easy to talk about our goals and what should change and what you would like to see happen but what concrete things have changed and that organization, first of all, just with an image, I have read more articles about what has gone on in that area, things that have happened. A tenant calls and all of a sudden that area is changing.

I hear a lot of things and most of that buzz has been generated by some concerns with council who put some energy into it and an organization that through some professional -- professional ability has found a way to reach the papers and to reach organizations, whether it be through banners they put on properties or endorsing something in the community, it has happened. The fact that someone went out and got an IDA grant for \$25,000, I certainly can't do that. No one in council has the time but somebody got \$25,000 to -- perfect some other organization that's going to put south Scottsdale to look for something. Check, that works. I would say that whatever -- and I have watched them firsthand and it's a --

Mayor Lane: Mr. Frenkel, if you could wrap it up.

Tom Frenkel: The last thing. A genuinely unique group that really wants to make a difference. I watched WestWorld, whatever perks were given to that individual. It's a small request and to a group that really can make a big difference. Thank you.

[Time: 01:59:18]

Mayor Lane: Thank you, Mr. Frenkel. Next is Marc Grayson.

Marc Grayson: Mayor Lane, members of the council, my name is Marc Grayson. I'm the current board president for the Scottsdale IDA. I'm here to share with you a little bit why the IDA chose to support this initiative. As Danielle alluded, we have a process, whereby we solicit applications for grants and people from the city, who have various ideas and efforts, will present to us this particular applicant came and out of the probably seven to ten or so applicants, certainly rose to the level of deserving the support and the IDA chose to support, that but the IDA chose to add provisions and conditions to that. Danielle went through a few of them. There's a board liaison from the Scottsdale IDA that interacts with the SGA. His name is Tim, and I can't recall his last name. But -- Stratton, thank you. And so there is going to be ongoing interaction. We are very cognizant about not granting without having some sort of feedback on making sure that those monies are going back to support the initiative that we felt we wanted to support. The McDowell corridor is one of the economic engines of the city and can bring a lot of taxes and revenue and jobs to the city. So we felt it was a great initiative to support. And I'm here to share with you the reasons why we chose to support that initiative. So hopefully they are successful in this and successful in rebranding and redeveloping Scottsdale McDowell corridor. Thank you very much.

[Time: 02:01:32]

Mayor Lane: Thank you, Mr. Grayson. That concludes the public testimony. So if you will, Kyle, if you would move to the podium and as I would consider the applicant, we will allow for a ten-minute period of time if you need it.

Kyle Moyer: Perfect. Thank you. Thank you mayor and members of the council, my name is Kyle Moyer. I'm a southern Scottsdale home grown boy. I have a public relations firm that I owned and

operated in south Scottsdale for the last 11 years. I have had the privilege of serving as the pro bono, in the Scottsdale Gateway Alliance since its inception two and a half years ago. Others have articulated why the gateway alliance was formed in the first place to serve as a nonprofit, nonpartisan, private sector to do the revitalization of McDowell Road. We have done doing just that, promoting events, promoting developments, promoting causes in the area in order to develop that sense of place as Mr. Krob mentioned. I would like to talk just for a moment about the way we view this. We are asked to walk through a formal process with the city of Scottsdale, requesting a grant from the city of Scottsdale but really we view this --

Mayor Lane: Mr. Moyer, I'm very, very sorry to interrupt your stream of thought and I will even allow you to start the clock anew, if you will, but I did overlook one of the comment cards.

Kyle Moyer: Oh, that's all right.

Mayor Lane: So if that's all right.

Kyle Moyer: Yes.

Mayor Lane: And Nancy, I apologize. Nancy Cantor, and she has one donated card from Jim Heather. Nancy, I will offer you four minutes.

Nancy Cantor: I'm just a resident. We are used to being forgotten.

Mayor Lane: I apologize, Nancy.

Nancy Cantor: There was a reason it was named Los Arcos. You will find out that there was a long history of the community. The city of Scottsdale did a study of the Los Arcos area. So that that history could be addressed on down the line. Those people that settled that area are people who cultivated our orange groves, helped to build our canals and established a lot of the traditions that we see, including the establishment of the Mission Church. And when Los Arcos was sold, the ad hoc committee that some of the members of the Scottsdale Coalition had sat on had got a promise that that would be acknowledged at the corner of McDowell and Scottsdale Road. It's never been done. Former assistant city manager and former city manager Jan Dolan and assistant city manager, Ed Gawf talked to us about that, that there would be an acknowledgment for that.

When the city established as one of their major goals, the revitalization of the McDowell corridor, those of White House live in the corridor, myself, I lived there 67 years. I sent kids to school here. I supported the schools. I served 27 years on boards and commissions for this city. And I find it extremely odd, that we find such a difficult time including the boards and commissions in this kind of a situation. This is a neighborhood situation. The neighborhood revitalization was not included in your outreach and quite frankly, I was really surprised to see this item because as a member of the Scottsdale Coalition and as a member of C.O.G.S., we have been kept in the loop. On McDowell revitalization.

On this one, we were not included. We received no information that Gateway Alliance was going to the IDA, I found it today when a newspaper article appeared and I received 162 telephone calls and emails while sitting in the I.C.U. at St. Joe's hospital. The residents are not included in these discussions. The first email I received, are you kidding, they want to raise a ghost of the motor mile just now when they are going for a bond. I was also asked, there are any political links between anybody sitting on city council and anybody involved with the IGA -- or excuse me, the SGA. I don't know. I don't know who you all talk to, or who you are involved with in your lives about the community wants to know. They are still stinging from the motor mile. They are still stinging from the fact that you come forward with ideas that are implemented by the business community, but you don't include the residents. I'm glad you own businesses and you work in the area. I think that's great. My husband did. But there are other people.

When you look at -- when we did the SkySong project, we had over 600 people who participated in that. We ran a referendum to make sure a subsidy didn't go to Walmart. We won. We are very curious as to why now the residents are not included in the discussion. The IDA doesn't know anything about neighborhood revitalization commission, do you? You don't know anything about the environmental quality advisory board.

Mayor Lane: Nancy, if you could please wrap it up.

Nancy Cantor: There's a breakdown in communication between boards and commissions and city staff and you. And the residents are getting tired of always being on the losing end.

[Time: 02:08:19]

Mayor Lane: Thank you, thank you, Ms. Cantor. And my apologies again as well to Mr. Moyer for my oversight there and the interruption.

Kyle Moyer: No, it's understandable. Thank you, mayor, members of the council. I won't start from the beginning, but, you know, I will say that it's a tough act to follow. Thank you, Ms. Cantor for your comments. I humbly disagree with the lack of inclusion on the part of residents. We had not one, but numerous public meetings where we solicited information from the public.

I would like to walk into the branding process and suggest or position this in a different way. As a nonprofit, private sector organization, we are forced to walk through a public process, which we are doing this evening, a grant application. However, the board of directors views this entirely differently. We view this as an invitation to you, the members of the council and to the city of Scottsdale in general to join us in this activity and participate in a meaningful way in what it is that we are proposing. We are proposing a 12-month process whereby we begin with a series of stakeholder group meetings, of which certainly Ms. Cantor and many others within the community would be invited to participate. This would be a brainstorming session, perhaps a two-hour meeting where ideas are tossed about, bantered about, ideas related no theme, quality of life, character, what McDowell is, what McDowell wants to be and what McDowell currently isn't.

We would subsequently follow that with a series of focus groups with business owners, local residents, as well as other community stakeholders but ultimately, it boils down to one key factor, and that is a true grass roots bottom up approach to developing and determining an identity for the area. It's our intent to knock on and in excess 10,000 doors in the neighborhood and solicit feedback and ideas from all the community parties that are interested including Ms. Canner and others that live in the area, to work in the area, and that own businesses in the area.

We believe that that bottom up approach is an essential component in developing what we would consider to be a sense of place and a sense of identity. Having grown up in the southern part of Scottsdale, I watched its emergence. I also watched its decline and the one thing that it has certainly lacked over a period of time is a sense of self and identity. Some will refer to it as the motor mile which clearly no longer fits the landscape in southern Scottsdale. Some refer to it as south Scottsdale. Many individuals argue that that has a negative connotation on some level. It lacks a true sense of place.

There are other examples in the United States and certainly in Arizona, of communities that have a sense of place, that have an identity. You don't really need to look much further than certain areas in the city of Phoenix, the Encanto neighborhood, the Arcadia neighborhood and even Roosevelt row. These are places that have a sense of identity and a sense of place. And it wasn't generated organically. It wasn't manufactured either. It was brought up through the system. It was pulled out. It was extracted from the residents, and it's the hope of the Scottsdale Gateway Alliance that we would be able to develop an exercise and an identity whereby that sense of character is brought out in the community.

There are divergent, diverse communities living in the McDowell corridor. New residents raising families, residents who have lived there for 20, 35 years. We want the feedback and the input of all of them. It's not us, a bunch of smart P.R. people, sitting in a room spit balling about what the nature or the corridor should look like but rather we pull that sense of identity out of the community. As Mr. Frenkel articulated, Gateway Alliance has been doing considerable promotion in the McDowell corridor area. Over the last 21 months, we have been successful in having 18 newspaper articles written about revitalization efforts, championing good stories in the community and we would do that with of the partnership in the city of Scottsdale and the existing partnership with the IDA.

Again, this exercise is less -- well, I shouldn't say less. It's equally about defining a name and a brand and a logo for the area, but it is equally if not more importantly about instilling a sense of community, a sense of community and purpose for the community. With that I will stop and answer any questions.

[Time: 02:13:45]

Mayor Lane: What I would ask is that if Ms. Casey would be at the podium for questions as well, in fact, I would -- I'm not sure exactly how we would want to consider this, if you want to take a seat and if the questions go to you, then we would certainly call upon you specifically. Thank you. Okay. We will start with Councilwoman Klapp.

Councilwoman Klapp: I'm not sure if you are the proper person to, is but I will ask you and you can defer to Randy if he's the person to ask. The project cost is estimated to be about \$100,000 and the request from the city is 25. If the city had decided to do a branding exercise itself, do you know how much we might have had to spend if we had gone out and found a company to do this for the city and did the entire project at the behest of the city instead of having an organization come and ask to participate in a portion of it.

Economic Development Director Danielle Casey: Mr. Mayor, Councilwoman, I will actually speak based on personal experience. I conducted -- I was the staff member who led a city contract for branding in my previous community and we did that from soup to nuts. Our contract amount, as I recall, was roughly around \$130,000, with the firm that conducted the branding exercises for us and scopes can range and be a little different. From the project I conducted there, it includes a lot of graphic design and production of materials but it didn't include the level of door knocking that Mr. Moyer just explained. So I would count around \$100,000 project to be just about right.

Councilwoman Klapp: Thank you. I might have a few questions later, but that's the one that comes to mind at the moment.

[Time: 02:15:22]

Mayor Lane: Thank you, Councilwoman. Councilman Smith.

Councilman Smith: Thank you, mayor. Well, first, a comment. I have had some interaction with the Gateway Alliance and some of the leadership there, and I think they are an energetic group, a grass roots effort, they can -- there's no better individuals to define and improve upon the fortunes of south Scottsdale than the people who have lived there, those who invested time energy and emotions in the area. I applaud their efforts.

I have -- but I'm a little concerned and I have expressed to some that I talked about this particular item coming forward. I'm concerned with paying money to create a brand. I guess I'm hoping for some deliverable that's more than just a brand. I'm concerned for two reasons. I think first of all, I think Scottsdale is a hell of a brand. And we have had debates here, even in the past few months about efforts that might be diluting in any way that brand that we have as a city of Scottsdale. And so I don't particularly want to engage in an exercise that creates a different brand, even a subset brand.

I'm also, I think, concerned -- I don't -- I don't think this is how you get a brand. I don't think it's how you get -- when we think of some, and some were mentioned tonight, Arcadia locally, I don't think there were a bunch of people that sat around and said, you know, let's call ourselves Arcadia. And suddenly, over the years, we did. I don't think in New York City, I don't think the people in Greenwich Village said, let's call ourselves Greenwich Village or SoHo. I mean, SoHo is not a lot different than being called south Scottsdale but SoHo has a cache to it, but it's not -- I don't think it's anything that people sat around and spent \$100,000 and knocked on doors and created. It's something that -- it's like a reputation. You don't get a reputation. You earn it.

And I think whatever name eventually evolves for this area will be a result of a population seeing it a certain way and seeing the energy in the sense of place. And by the way, when you mention sense of place, you know, we are already spending a considerable amount of money with places consulting on that very exercise for the city to try to identify a sense of place. And so I don't know how many efforts we need here to come up with a name for the area and that's why I'm looking for some deliverable that is -- that is more -- more meaningful.

I'm not objecting to the money. I don't know what it's going for. Who is going to manage it? It's an awfully amorphous request being made of us. I have sat through, as many of you have, I sat through city-sponsored neighborhood meetings at SkySong. I think you had one down there, where citizens come in and we put up little post-it notes of things they like and the things don't like and what they want to see promoted and whatever. The idea to get out of all of that is some collection of initiatives, direction and what we can do to improve the fortunes of the people that lived down there. I guess I would like to have some more conversation from people about what we really expect. Is this going to come up with a name, the Jubilee Village or whatever name we come up with. Even if we come one a name, I don't know how we will get it to stick with anybody, except the people that voted for it. I think -- I think that's my comments, Mr. Mayor.

[Time: 02:19:51]

Mayor Lane: Thank you, Councilman. You know, I think one critical points that we have to consider here, notwithstanding the -- I suppose the divergence of opinion that are on -- that are in the McDowell road corridor as we call it now and the neighborhoods that about it. I think that it is entirely consistent with what this council has indicated as efforts that we would use for the area. And even to the point of requesting stakeholders, people within the community to step forward and to work the issues of the development and the revitalization on their own in large part. And I think SGA has certainly proven to do that.

There's always a difference -- certainly there has a difference of opinion and it's one of the things we struggle with, in what we would call south Scottsdale. I think with all of the efforts private and public, that have been expended, huge investments, both on the city's part with the largest P.P.P. that this city has ever engaged in, with SkySong, with Los Arcos, with whatever history it might be, the decision some 11 years ago to go that route sidelined a property tax issue on 42 acres for 200 years. Huge investment and huge change in our tax base in the area. Notwithstanding the \$85 million in both property cost and also the infrastructure. But we did that. And we have worked hard to make sure that produced to the highest level that we can manage in that area.

Do things happen overnight? No. And so there's been a huge amount of additional private investment in some of the worst times. Did we do some things to encourage that type of development? Did everybody agree with that type of development? Not always, but it has been moving, I think, the entire area forward. But what seems to be lagging is an attitude within the area as to when they should be proud of their area and what's developing in the community. And an inability really to take ownership with the great community that has a lot of advantages and is now

seen as a very, very bright spot.

Most recently, documenting our newspaper with regard to upcoming areas and this area being one of them. We look at the things that are coming to the table right now, along a corridor of narrow commercial property that we have trying to work to make sure that there is some answer to how that can be developed in a purposeful and substantive kind of way, but also within the confines of consideration for this community. How do we define the community? I'm no expert in how you label or whether it takes or whether, you know, it sticks or not and whether it comes out of a barroom conversation or whether it comes out of a study where everybody is -- we are knocking on doors where the people answer them or not, and we develop some kind of common thinking about how the neighborhood is perceived.

Right now, my concern is that there's an awful lot of negativity with regard to the development in the area, this area of Scottsdale. So what's the answer to it? I think one of the answers is what the SGA is trying to present. I'm not in the -- I have never been in the market of either delivering this kind of product, nor am I ever in the market of buying this type of project. I don't know, I can't speak towards the experience on the rest of the folks on this council. The way it's coming to us, my only real concern, well, I will qualify that and say a concern that I have is what contract exists? What is the determined scope of that contract? What is the city buying and when we talk about this, even if it's only \$25,000, we have to justify it from the standpoint of a contribution. Well, what's the deliverable? What's the value coming back to the city?

I think we heard a bit of that from Mr. Moyer who I understand is certainly on the SGA board but also the individual and firm that will be putting this exercise together. So I guess what I would have to say is I would look to staff, to say what is it we need to have out of this? And I think legally, administratively, and financially, our treasure is not here, but nevertheless, what do we need to have to make sure this is within compliance, not only of the law but the sensibilities of how we operate with this and what do we need to make sure we're assured of in order to make sure that we have a deliverable, we have a product?

You know, God help us that we go through this process and spend even \$25,000, and the IDA, which as everyone knows is a separate institution from the city of Scottsdale, and develops different criteria with funds that are developed through the IDA, they can apply and do apply to specific items that benefit the city. And one of them can be economic development and that's, I'm sure, the guidelines in which they operate but they put the criteria on there that they needed some other participation in that process and I think that's a respectful and a reasonable thing to do in any case. But the other participation, first and foremost needs to be SGA. And so I don't know where we are in the line.

I notice that there's one term in what's in front of us, that's if necessary. I'm not sure what the heck that means, if necessary. And I will read the full sentence so I don't just take it out of concept. Adoption resolution 10201 to authorize a fiscal year 2015/16 general fund operating contingency transfer, if necessary, in an amount not to exceed. So is this conditional? Is there something that we are waiting to see? I'm talking about now staff, before this money is actually committed? And Mr. Washburn, I'm presuming as you look and reach for your button that you are ready to answer that.

City Attorney Bruce Washburn: The "if necessary" language derives from the fact that this will be paid for out of the fiscal year '15 -- yes, the fiscal year '15/16 budget from operating development. If they don't have enough money in the budget to pay for it, it will be necessary to make the transfer. That is the only if necessary.

Mayor Lane: So if we didn't have the contingency -- the withdraw from contingency funds to supplement, it would fall upon E.D.'s budget?

City Attorney Bruce Washburn: Other way around. If the budget -- if they don't have the money in the budget, then we would do the contingency transfer. So it's going to fall on the -- it's going to fall on their budget one way or the other, either their existing budget, or the budget supplemented by the contingency transfer.

Mayor Lane: And pardon me for rehashing that a little bit. If it's put into their budget for them to pay and we don't have some provision to have the contingency funds to pay for it, then they would have to make some changes in their budget?

City Attorney Bruce Washburn: If they didn't have the money in their budget, and they committed the payment, then they would have to come back to the council. We thought it would be better have the contingency.

Mayor Lane: I'm trying to dig Danielle a little bit, I guess. So in any case, that explains the if necessary, and I appreciate that. Now let me rephrase my thought and my consideration, is this not only contingency funds but is this contingent upon an agreement struck between SGA and the city as far as the scope, product, ownership, all of those elements that would generally be included if we had a contract and we had put it an RFP out to solicit this work.

City Attorney Bruce Washburn: Yes. The basic idea is that we will have a contract. We don't give anybody \$25,000 without some agreement on what we are getting for it. And this is going to be a contract just like any other in the sense that it will have deliverables and all the conditions necessary to make sure that the city is receiving value for its money, because it's a nonprofessional services contract under \$50,000, under the procurement code, it will be awarded administratively. It will probably be done as a -- I'm sorry, it will probably be eligible to be done as a sole source contract. The idea being that if you have \$100,000 worth of study for \$25,000, you can do that as a sole source. I talked with Jim Flannigan, the head of purchasing and he's agreed that that would be an appropriate way to do a sole source.

But all of this is subject to the successful association between the city and SGA to reach an agreement with the city to determine appropriate deliverables. I think it's pretty well under what a branding contract is supposed to look like. So we'll have that to work with, and in the process of negotiating that contract, we'll make sure that the city receives 25 -- at least \$25,000 worth of value and hopefully \$100,000 worth of value for its \$25,000.

Mayor Lane: Some one of those components was the ownership of the end product and, of course, it's our determination as to whether it's something that works for us.

City Attorney Bruce Washburn: My understanding is this is the standard branding contract would -- would result in a person who is paying for the product to end up with the ownership of the product and so, yes, that would be part of it. And I should add that if you approve this -- if necessary, this contingency transfer tonight, there's no guarantee that there will be a contract. That's still subject to negotiation. We are hopeful that we would be able to reach an agreement. I think there's a pretty good understanding of where we will go with this, but we still need to satisfy ourselves that the city's interested are covered.

Mayor Lane: We have done these double contract situations before and they become difficult sometimes to make them compatible and no make them work together with the terms and the conditions in one. Since the SGA has a contract with Kyle Moyer's office on this either now or to be prepared, I don't know. We are not a party to that. So do we have to do anything outside of our agreement with the SGA in order to ensure that I don't -- for lack of a better legal term, so that we can overrule maybe the provisions that are in that contract, or be a party to it.

City Attorney Bruce Washburn: Yeah, it's not contemplated that we would be become a party to the IDA/SGA contract. In reviewing that contract it has specific provisions in there about the product being presented to the Scottsdale city council. It clearly contemplates that the city of Scottsdale would be the end user of the product. So I think it should be possible to negotiate a contract that's in parallel with the IDA contract that still protects the city's interest to make sure we receive the benefit of the study.

Mayor Lane: And, you know, I fully admit, I have not purchased this type of product. I have not -- I consulted and provided this kind of product. So I do not know the particulars of how these kinds of contracts and frankly the ownership and the deliverables and the scope of operation are. And, again, there may be other members of the council here that are better versed in that kind of thing, but for one, I will be relying upon our professional staff with you in the lead as far as the legal side of it is concerned to make sure that we have as solid a situation and justifiable situation and a valued situation as we possibly can.

City Attorney Bruce Washburn: If I could just say, I have never negotiated one of these contracts.

Mayor Lane: Oh, we're really lost now.

City Attorney Bruce Washburn: I took great comfort from the fact that Ms. Casey has already done one from soup to nuts.

[Time: 02:33:38]

Mayor Lane: Yes, Mr. Moyer, if you want to comment on that.

Economic Development Director Danielle Casey: And then I do have a comment afterwards.

Mayor Lane: All right.

Kyle Moyer: Thank you, Ms. Casey. Mr. Mayor, and members of the council, just two points to your question, Mr. Mayor as it relates to the ownership of the branding. The Scottsdale Gateway Alliance has left that open ended at this point based upon what the council would like. If you would like us to relinquish ownership of the brand at the end of the exercise, we are more than willing to do that and provide that to the council, with no further consideration what cover. If you prefer to -- for the Gateway Alliance to maintain the brand and have a free annual licensing agreement to use the brand.

We don't have a vision or ownership over what that would look like. We would answer fully and directly to the city council and then secondary, with regards to the involvement of my firm, I agreed to serve as a pro bono management and consultant. There are others on my board, like Jody and Brian who have experience on this. We will be working together on it. All the costs associated with the branding exercise are actually deliverable costs as it relates to the rental of meeting rooms and the paying of grass roots, canvassers and coalition builders. All of those are estimated hard costs. So there is not really a contractual relationship with my firm or anyone else on my board. We all agreed to take ownership in the management and the execution of the exercise.

Mayor Lane: And that really resolved my next question of you, how much experience do you have in this exercise?

Kyle Moyer: I have considerable experience in branding. This would be the first time that I have been involved in a regional branding issue. I have worked with a variety of corporate clients over the years. So I have walked through this exercise, you know, at least half dozen, if not closer to ten times and I know Jody and her firm have extensive experience in branding. They are more on the product end of things.

Mayor Lane: And I can tell that Brian, by the way he writes his name, he has some branding experience. Ms. Casey, you had an additional comment?

Economic Development Director Danielle Casey: If I could just clarify the experience and the process that I have gone through in the past, since you were referring to that and I just want to clarify the relationship here or maybe get input from council. The branding initiative I worked on in the city of Maricopa, that was a grass roots community and so a few years into its history, we knew it was important to get our branding and marketing materials because what we started with, someone in the I.T. department stole off the Internet and slapped to go because they had to have a seal. So we went through that process but it was a city initiated, city funded process, competitively bid, et cetera, et cetera and staff was at the helm and tasked with ensuring outreach and all of those things.

I'm not concerned with the professionalism of the Scottsdale Gateway Alliance but I want to make sure that council's understanding of the contract that the economic development team would be working with SGA to contract with them. That there's a very big difference in supporting the SGA's initiative

that they are running in the community and ensuring that there are some deliverables and we see feedback and information. That is very different than the expectations that would be reasonable from staff if we were commissioning a branding initiative and then accountable for the community outreach. I wanted to clarify that because it's a different process. It's either a city-run process, city-initiated process or the city supporting an independent initiative and then that independent initiative bringing results back to the community. I hope that makes sense.

[Time: 02:37:55]

Mayor Lane: And I appreciate that. And just on the overall and I will leave it at this. Obviously you are talking about a community, a city, or a town. I'm not sure what it was at that point in time, obviously it's been growing rapidly but we're talking about a neighborhood application which is maybe a little different than what the city might be requesting and requiring but thank you for that answer. Yes, Councilman Phillips.

Councilman Phillips: Thank you, Mayor. Ms. Casey -- I have to remember what I was going to say because it's been a while. At the beginning of, I guess, the IDA said that 25,000, they are giving -- they are required 25,000 be raised by the IGA or GA, whatever?

Economic Development Director Danielle Casey: Mr. Mayor -- Mr. Mayor and Councilmember Phillips, the Industrial Development Authority's agreement with the Scottsdale Gateway Alliance awards them a total sum of \$50,000, the initial \$25,000 to be given them up front. They are going to complete a couple phases of the process and then to receive the additional \$25,000, they are required to show that they have raised an additional 25 matching funds elsewhere.

Councilman Phillips: So is this the elsewhere?

Economic Development Director Danielle Casey: It could be.

Councilman Phillips: That's not really raising money. That's just coming to the city and asking for the money. I don't know the intent of the IDA but obviously it could be -- and I had my own nonprofit and I went to Scottsdale cares and they turned me down and the reasoning was is because I was new and I didn't have any deliverables, people like to use that word, basically saying that I helped five family and it cost \$5,000 per family and so this is how much money I need. So they want me to go ahead and do that. So next year when I go back to Scottsdale Cares, I can say that -- I raised \$25,000 elsewhere. We used that money. We helped ten families and now I'm coming to you. And so it seems to me that's what you should be doing is raising that money elsewhere and then coming back to the city later on, showing that you have been able to give this community support and raise that money on your own. To me, it kind of looks like you are saying, we can't find this money. Maybe we can get it from the city. I don't think that's a good spot at this point. You know, the point that the city should be doing this not paying the public to do it. I feel like we are giving \$25,000 to a public relations firm. And it's in a contract that we don't even have yet. We are just going to go ahead and say, well, we will give you the money and then please write up the contract and that just seems like a backwards way to do it to me. So I can't be in support of this at all. Thank you.

[Time: 02:40:56]

Mayor Lane: Thank you, Councilman. Councilwoman Klapp.

Councilwoman Klapp: Well, there are a couple of things talked about related to how branding processes occur. I think that Councilman Smith said that we have a city brand, which we do. We don't have a brand in the neighborhood. There's variety of thoughts about what the neighborhood is, but I should point out that sometimes brands are developed by the people just -- and put out there as a brand and a new example would be, when they sell -- they sat down and just said we want to use this brand. We are going to go out and we are going to establish this brand and, of course, it took off in the community and that didn't bubble up from the community members. That was out of the chambers. Brands can occur in a variety of ways but there are brands in the city that are recognized such as McDowell Ranch is a brand. D.C. Ranch is a brand. There are neighborhoods that have brands.

The problem is in the McDowell corridor area, there's no specified neighborhood. I'm not disregarding the Los Arcos name at all. I have to think when the brainstorming sessions occur, that name will definitely come from the neighbors. What about Los Arcos and I think that should be considered along with all the other potential names nor the McDowell corridor.

I think the grass roots effort, a really good one. I don't think it is a good idea for the council to establish a brand. I have think it's better if the businesses in the neighborhood actually are involved in the process and in the outreach. I think the product will be probably more acceptable by those in the area because they have been invited to give their input and so I think the process a better one than if we said we will give you \$150,000 and you will do a branding exercise and you hire a firm and the city does public outreach, but we know unfortunately how many people come to the city outreach sessions are very limited. So the concepts of a neighborhood canvas, where there will be people asking door to door from neighbors and businesses, I think -- I can't see a better way to get a wide spread opinion from those that live and work in the neighborhood than to do that. I have to think that process is a good one.

And I think it was in the beginning that it was brought up -- interesting that it was brought up in the conversation a little earlier tonight, when we talked about item number 10, which was on the agenda which said we -- and where we adopted the organizational priorities to support our strategic plan. And the first priority was to work with businesses, residents and SkySong to revitalize the McDowell road corridor. And then there was the key objective to support that action, which is to support community efforts to establishing new brand and or identity. It's right there in our council objectives, priorities and strategies which the entire council approved so whir doing nothing other than now putting a little money where we said we would put it and that would be to support a community activity to establish a brand and we are getting \$100,000 or more for \$25,000 in.

My estimation, this is a good project for the city to participate in and the fact that the I. D.A. gave \$50,000 is also a great partner in this process. They have identified that other monies need to be

raised, and I know from my talking and relationship with SGA is that the intention is to ask the city for 25 and there's an effort to be developed to raise another 25 or more because even though 100,000 is the budget right now, in order to really do this properly, I think the SGA is feeling that they need a little bit more than \$100,000. So every intention that I am involved in following this process is that the IDA is involved in this because they believe it's important for the revitalization of south Scottsdale.

The fact that the SGA is coming to the city is to partner with the city on this and provide whatever sponsorship you want, whatever logos you want in order to canvas the neighborhood. It's a benefit to the SGA if they are doing a process in their neighborhood that the city has sanctioned it and said, yes, we want to participate in it and we have invested some money in this but it's being done by an outside private organization that will then present all of this information back to the city.

So bottom line is I feel this is a good process. I think that the request of \$25,000 from the city is not unreasonable. The SGA has said that they are more than willing to execute a contract with the city. All we are being asked is whether or not we would spend \$25,000 and until the contract is executed, no monies will change hands. So I don't think we need to be careful about worrying about we will pay the money and never get any concept of what a deliverable is. So it's my personal opinion that this is a good project and I certainly will support it and I can see where there are some questions about it, because it's kind of new and we have not done something like this before, but that doesn't mean it's not a good process, and it certainly, the bottom line, has saved the city considerable staff time and sometime ago, I -- I always hate to bring up our city manager because he's not here to defend himself.

Nevertheless, in speaking to the city manager about this project, his comment was we don't have the time or the resources in our budget to do branding but it's on our list of things that need to be done. So the fact that an outside organization has come to the city and said, we will do it. We will not charge you the amount of money that would typically be asked for a branding process, we will ask some participation in this. This is accomplishing the objective with relatively little money. The deliverables will be laid out in the contract and the city will -- and the SGA will bring all of that back to the council for it to decide whether they want to use it or not, and I think the neighborhood involvement is going to be a good one, including all the neighbors and business people in the area. I really don't see a big downside to this, but it is different than some things we have done in the past, so I do understand some hesitation. Thank you.

[Time: 02:48:19]

Mayor Lane: Thank you, Councilwoman. Councilman Smith.

Councilman Smith: Thank you, Mayor. Well, I think somebody has alluded to the process and the process is probably what's bothering us all, that, you know, it's a bit of a crap shoot. We are putting out \$25,000 and we have matching money from somebody and we hope we get something back. I'm going to support the project under the theory that that is some of what we do up here, we take chances on things and we hope some of it works out good and certainly, I think the intentions of the parties that are behind us are well intentioned. I hope that we get something more than a brand. I hope we get some community direction on what kinds of things -- should be done down there. But

we don't know because we haven't seen a contract it's peculiar to approve \$25,000 for relationship that has not yet been contractually defined but I'm willing to take that gamble.

In fact, I don't know whether anyone else wants to talk but I would go ahead and make a motion that we adopt resolution number 10201 to authorize a fiscal year 2015/16 general fund operating contingency transfer if necessary, in an amount not to exceed \$25,000 to be allocated to the economic development department, administration, professional services being for contract services related to the support of Scottsdale Gateway Alliance branding initiative.

Mayor Lane: I will second that. And let me just further say that with some of the concerns expressed, I do believe that we are on a path to get legitimate and right answers to that process. And that contract structure. The only one other thing that has come to mind, I suppose is that there's no contract right now. So even the amount of \$100,000 is a little bit at question. So I would certainly say that we should be in a position to be able to obtain the very things as Councilwoman Klapp just mentioned that we set out for ourselves to do, and with a relatively small, given the size of the contract that's it's at least estimated it to be, invest in it. So it's entirely consistent with not only our priorities but also our actions and strategic plan and what we consider for the development and work for growth on the McDowell road corridor as we now know it and may soon know it by some other name. But in any case, that's, to my second but we do have one other request to speak on it, and Councilwoman Littlefield.

[Time: 02:51:23]

Councilwoman Littlefield: I have a major concern with what Nancy Cantor said in that the neighbors and the neighborhoods down there have not been contacted, and have not been a part of this process. To me, if you are going to brand an area, those are the first people you go to. All of the speakers are very nice speakers, and I'm sure they are very dedicated but they are members of the SGA. Of course. They want this they have been working for this.

When is Scottsdale going to go get out of this? I am a south Scottsdale person. I grew up here. McDowell Road was right down the street from where I lived but we spend literally hundreds of thousands of dollars every year branding Scottsdale through the CVB. It's all over the world. When I went to Vienna two years ago, I was talking to a very nice gentlemen on the boat. We were going around on the canals and he said, where are you from? I said, Arizona. And he goes, where? I said, Scottsdale. Oh, Scottsdale! They know the name. They know brand. They know what we stand for.

I don't see what additional good this will do for Scottsdale other than what we already got. Why don't we take the brand we have and strengthen it or -- well, it's Scottsdale, except for McDowell Road which is different. No. Not really. I think we need to have a contract. We know what we are buying. We don't know though what we are buying.

We need to have citizen input. Do they want this? This is huge. That is who we represent here. And there is more work on what it is and what the contract is that we are actually agreeing to sign and

what are the future steps that would be expected of us down the road. Thank you.

[Time: 02:53:32]

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

Vice Mayor Milhaven: One thing is true is that McDowell Road is a top priority. At the end of the day, what we are trying to do here is make sure that people continue to invest along in the southern part of our community and that it is revitalized and I think we would all agree that that's our goal. I think the question on the table, is the branding exercise going to drive that reinvestment? I would suggest that what we call the area is not going to drive additional investment that we wouldn't already see. I do think, though, there's a lot more work that we need to do around what do we want the southern part of our community to look like. There's still the empty car dealerships. What are the uses we want to see?

I'm a little bit torn, that I do see there's some value in doing some public outreach to recognize what kinds of uses our citizens would like to see us try to promote within the southern part of our city and some of the more tired commercial properties. We approved residential in an old car dealership. Do we want to do that? I'm reluctant to do that again. I did it as a catalyst. I think we are seeing redevelopment accelerate but I'm not sure I want to do that again but what would be a more appropriate use? And so I'm torn.

I do think that public outreach has its place. I would like to have the better sense of sort of what are people thinking today about what they would like to see those uses as but I'm not convinced that it's a branding exercise that gets us there. So I'm not prepared to support this agreement here today but I would like to have continuous conversation around what does the outreach look like and what are the uses we want to promote in the southern part of our city.

[Time: 02:55:35]

Mayor Lane: Thank you Vice Mayor. Councilwoman Klapp.

Councilwoman Klapp: I would like to ask Mr. Moyer about the questions that are contemplated to be asked and I know some of them will be developed in the stakeholder meetings and brainstorming sessions, and also any other neighborhood outreach that's been done up until now, that might answer some of those questions because I know there have been a variety -- the neighbors have not been involved in the request to IDA but there's a lot of other neighborhood outreach that's been taking place up to this point in the McDowell area. If you could answer some questions, maybe that would be helpful.

Kyle Moyer: Certainly, I'm happy to answer that question for you. It's a very good one. First part is related to how the neighborhood canvassing would be executed it's our thought and vision that based upon the stakeholder groups and the feedback from the stakeholder groups that a survey would be developed perhaps, 10, 15 questions, maybe as many as 20, that these paid neighborhood

canvassers would carry with them as they are walking through the neighborhood and solicit feedback and reaction from the residents in the area. We would envision the survey asking questions about the amenities that they would like to see in the area, things that they wouldn't like to see in the area, how they feel about maybe issues relates to public transportation, buses or trolleys, whether that's adequately addressed but also questions related to vision, character, and purpose for the area. So the hope would be to collect enough data, all empirical, not subjective, but rather objectively based in order to special event liquor licenses the theme, the character, the brand and ultimate name for the area.

As far as community outreach goes and our recruitment and participation with the neighborhoods, at its inception, the very first effort that the Scottsdale Gateway Alliance conducted was a McDowell road cleanup project. We had residents come out a Saturday to help clean up trash and clean up the area. We had much more community support than we originally anticipated. We have subsequently hosted two McDowell Road update meeting at SkySong, with city manager Fritz Behring providing an update on all of the things that you as the city council and the city government have been doing with regards to revitalization. I believe Ms. Canter and others have participated in those meetings if I'm not mistaken. And most recently in November of last year, we hosted a mid-century modern home tour where we first selected, Brian Krob and Dana Close lead the issue on behalf of the board. They went through 35 mid-modern homes and narrowed it down to 12 nominees, ultimately six homes were selected and we conducted a full day home tour, where participants paid \$25 to participate in the home tour. We had in excess of 350 people participate in that home tour. So we have done quite a lot of community outreach, neighborhood coalition building.

Ms. Casey articulated that there are signs or supporters or members of the Scottsdale Gateway Alliance. There are in excess of 1100 individuals that are on our email list or who have signed up for our email list. All of the work that we are doing is within the public domain, the branding exercise is well articulated on our website and our social media platforms. So we're doing our very best to maintain transparency and work that we are doing to ensure that there's a solid awareness of the practices that we have in place.

Councilwoman Klapp: And also, as I mentioned before, but I want to emphasize it again that this branding exercise came from the council's goals and objectives. This was not something that SGA dreamed up. It was in the council objective and you just took that objective and developed a project to come back to the council to make a proposal. That's what I understand.

Kyle Moyer: Yes. That's correct.

Councilwoman Klapp: That's what I understand happened. It was not something that the board said we should do a branding exercise. It's in the council objectives.

Kyle Moyer: Yes, Mr. Mayor, Councilwoman Klapp that is correct. We took the page right out of your playbook and made the attempt to develop this exercise ourselves. We have sought independent funding through the Industrial Development Authority. We do have several corporate commitments as well to provide the purchasing funds necessary and we came back to the council for a

request based upon conversations with city manager Fritz Behring, thinking, as I said earlier in my comments an invitation to the council. I prefer not to look at it necessarily as a grant or a nonprofit coming with their hand out, but rather an invitation for you to participate in what we as a private sector organization feel very solidly that we are well positioned to execute.

Mayor Lane: Thank you, Councilman Phillips. Then I think we should go to the question.

Councilman Phillips: Yes, I just want to call question.

Mayor Lane: Okay. Taking no further comment and none indicated, actually, so I think we are ready to vote and the motion on the table is to accept the proposal for the \$25,000 on it and so those in favor, please indicate by aye. Those opposed with a nay. Aye. The motion fails -- no I'm sorry. It is a tie. It means it fails. It's a tie is a fail. So thanks very much for the presentation. I appreciate it. Okay we have no further public comment. No citizen petitions. Do we have any mayor or council items?

MAYOR AND COUNCIL ITEMS

[Time: 03:02:12]

Councilmember Korte: Yes, Mayor. Thank you for allowing me to return. I would like to go back to the discussion regarding agenda item number 10, and to request staff to schedule and work study session around --

Mayor Lane: It has to be phrased in the sense of a motion.

Councilmember Korte: Yes, this is a motion to request staff to agendize work study session around the McDowell road corridor and what we are doing -- what kind of abuses we are seeing, what -- in an economic development perspective, but also as a planning perspective, come back to staff in the fall, I guess, given our city clerk's schedule of the agenda. That's a motion.

Vice Mayor Milhaven: Second.

Mayor Lane: The motion has been made and seconded. This is for the direction to staff to bring back a suggestion for work study and to agendize items open the revitalization issues and redevelopment of the McDowell Road corridor. Would you like to speak toward that at all?

Vice Mayor Milhaven: No.

Mayor Lane: It's just a point of guidance. Okay. Unless there's any further comment on that, then all of those in favor, please indicate by aye. Those opposed with a nay. Okay. It's unanimous that we will look to agendize at an appropriate time when we come back from recess the work study on that subject as is cased.

ADJOURNMENT

[Time: 03:04:12]

Mayor Lane: So that completes mayor and council items and I would --

Councilwoman Klapp: Move to adjourn.

Mayor Lane: We have a motion to adjourn.

Councilmember Korte: Second.

Mayor Lane: Fails for a lack of a second. We are adjourned. Thank you.