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#### **CALL TO ORDER**

[Time: 00:00:01]

Mayor Lane: Good evening, everyone. It's nice to have you here with us. I'd like to started with a call to order of our December 2, 2016, city council meeting. It's approximately five after 5:00. We'll start with the roll call.

#### **ROLL CALL**

[Time: 00:00:15]

City Clerk Carolyn Jagger: Mayor Jim Lane.

Mayor Lane: Present.

City Clerk Carolyn Jagger: Vice Mayor Kathy Littlefield

Vice Mayor Littlefield: Here

City Clerk Carolyn Jagger: Councilmembers Suzanne Klapp.

Councilwoman Suzanne Klapp: Here.

City Clerk Carolyn Jagger: Virginia Korte.

Councilmember Korte: Here.

City Clerk Carolyn Jagger: Linda Milhaven.

Councilwoman Milhaven: Here

City Clerk Carolyn Jagger: Guy Phillips

Councilman Phillips: Here

City Clerk Carolyn Jagger: David Smith

Councilman Smith: Present

City Clerk Carolyn Jagger: City Attorney Bruce Washburn

City Attorney Bruce Washburn: Here.

City Clerk Carolyn Jagger: City Treasurer Jeff Nichols.

City Treasurer Jeff Nichols: Here.

City Clerk Carolyn Jagger: City Auditor Sharron Walker.

City Auditor Sharron Walker: Here.

City Clerk Carolyn Jagger: And the clerk is present.

Mayor Lane: Thank you. Couple of items of business we'd like to indicate we do have cards for speaking on any of the items that are on the agenda or for public comment. Those are the white cards the city clerk is holding over her head to my right here. If you'd like to give us some written comment on any of the agenda items, we've got those yellow cards that she's holding up over her head right now.

We have police officer Jason Glenn and detective George King are here to assist. They're here directly in front of me if you have need of their services and the area behind the council is reserved for the council and for the staff and so we do have rest rooms over here through to my immediate left.

### **PLEDGE OF ALLEGIANCE**

[Time: 00:01:23]

Mayor Lane: We're honored to have troop 583 and leaders Shannon Aiton and Clarice O'Connor for the pledge of allegiance. If you can, please rise.

Troop 583: We 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: If you'd like, ladies, please, we can turn the microphone around, face the crowd and introduce yourself. That's the way. One at a time. Go ahead and let us know what your name is and what school you go to. And what your favorite subject is.

Esmerelda: My name is Esmeralda Bennington. I go to Pima elementary. My favorite subject is math.

Ialani: My name is Ialani, and I go to Pima elementary, and my favorite subject is writing.

Beth: My name is Beth. I go to Pima elementary. My favorite subject is math.

Lanie: My name is Lanie. I go to Pima elementary school. And my favorite subject is math.

Cassidy O'Connor: My name is Cassidy O'Connor. I go to Pima elementary. And my favorite subject is math.

Amar: Amar Polin. I go to Pima elementary school. My favorite subject is swimming.

Shaley: Hi. I'm Shaley. I go to Pima elementary. My favorite subject is dancing.

Unknown: I don't want to.

Unknown: Okay.

Addison: My name is Addison and I go to Crown King school. My favorite subject is reading.

Mayor Lane: Thank you very much, ladies much it was very nice to have you here for us and you're certainly welcome to stay. Otherwise if you'd like to, you can-- if there's a need to fulfill your requirement for badge or otherwise, stay with us. But thank you.

## **INVOCATION**

[Time: 00:04:26]

Mayor Lane: I don't have any cleric or pastor to lead us in an invocation at this point in time. I would simply like to ask everyone to do if we could, take a few moments to reflect upon the blessings that we have here in Scottsdale and frankly across the country, and this holiday season. So if we could, let's just reflect upon that in silent prayer or in plain individual thoughts.

## **MAYOR'S REPORT**

[Time: 00:05:05]

Mayor Lane: Thank you. As part of the Mayor's report I'd like to congratulate Saguaro

High School. Their football team is on their fourth consecutive state championship. They went 14-0 this season, and that was their ninth championship in 11 years. Congratulations to Saguaro High school. Give them a hand.

One of the things that makes Scottsdale special in our strong sense of community and is the generosity of our citizens. I'd like to recognize a Scottsdale couple that exemplified those values for the past five years. John and Caroline Slade have been producing a computerized multimedia show with more than 65,000 lights. They call it Christmas in Scottsdale.

The donations they receive from their visitors are delivered to Child Crisis Arizona. They have raised more than \$10,000 and delivered about 3,000 donated toys to the children in that shelter. This year, on Thursday, December 15, child crisis Arizona will bring about 50 kids to the Slade's home to see the show and visit with Santa who will deliver a toy to each child. Scottsdale police and fire department will be on hand to deliver Santa to the scene in a fire engine.

The Slades have always been -- I'm sorry. The Slades are always in need of more donations so feel free to go and see the show any night from now to New Year's. Any help is appreciated as an effort towards supporting the kids. I want to thank the Slades for their efforts and embodying the Scottsdale spirit and for that, I have a presentation of a proclamation. The Slades -- are they here with us? Yes, please, if you would please come forward. I'll read it first.

Proclamation reads Christmas is a time for giving and whereas John and Caroline Slade have produced a media show for six years and the Slades have taken donations at their show and used it to support the nonprofit shelter Child Crisis Arizona and whereas those donations have totalled more than \$10,000 and 3,000 toys to assist children sheltered at Child Crisis Arizona. And whereas Caroline and John will host more than 50 children from Child Crisis Arizona on December 15 for a free holiday show. Such wonderful acts of giving represent the holiday season and the spirit of Scottsdale. Therefore I Jim Lane the Mayor of Scottsdale proclaim December 15, 2016, as Caroline and John Slade day.

#### **PUBLIC COMMENT**

[Time: 00:08:51]

Mayor Lane: Our next order is business is public comment. It's reserved for citizen comments regarding nonagendaized items with no official council action taken on these items. Speakers are limited to three minutes with a maximum of five speakers. There will be another opportunity for public comment at the end of the meeting. So we have the full allotment of five cards. At three minutes each.

We'll start with I believe Alex McLaren. Is that correct?

Alex McLaren: Thank you, members of the council. My name is Alex McLaren. I live at 7730 East Osborn Road in Scottsdale. I'm here for a later item, item number 21. I thought I would take this opportunity as well. I live opposite Osborn Park which is a beautiful park. Thank you to the city for

keeping it so well. Also this afternoon, I was on a bike ride up through Chaparral Park, and I noticed all of the new exercise equipment in Chaparral Park, which is really nice. Just wanted to request that the exercise equipment we have in Osborn Park has been there for a number of years, and if the city could maybe take a look that the and look at replicating what is in Chaparral park at our park, I would be very grateful. I think the neighbors who live there would also be grateful. Thanks to the parks department for doing such an awesome job on our park and all the parks in Scottsdale.

[Time: 00:10:42]

Mayor Lane: Thank you, Mr. McLaren. Next is Lauren Mendoza.

Lauren Mendoza: Good evening. Thank you. My name is Lauren Mendoza. I live at 8605 Alfredo Drive. I live in McCormack Ranch and frequently take the trolley downtown. I was wondering if there will ever be the possibility of expanding the trolley route. Thank you.

[Time: 00:11:24]

Mayor Lane: Thank you, Ms. Mendoza. The next would be Lee Massey.

Lee Massey: Hello. My name is Lee Massey. And I live at 3,500 North Hayden Road in Scottsdale. And I just want to take some time this evening to come in and tell you about my growing concern about parking in downtown Scottsdale. Whenever I go there, specifically on a Saturday or Sunday to shop or to frequent a restaurant, I'm having very difficult time parking. And I just wish there might be a good solution to that in the near future. Thank you.

[Time: 00:12:11]

Mayor Lane: Thank you, Ms. Massey. Next would be Karen O'Connor.

Karen O'Connor: Good evening. My name is Karen O'Connor. I live at 7332 East Vista Drive in Scottsdale. I'm a long-time resident of Scottsdale, over 30 years. Absolutely love living in Scottsdale. One of our favorite activities now that the weather is warmer is to get on our bikes and ride the canals and really appreciate the upgrades that have been made to the canal recently. The art installations along the canal are fabulous. One of the things we really miss is the Artisan Market on Sundays. Unless there's specific event on Southbridge, it seems very quiet now. We really miss the energy, the activity that was generated by the Artisan Markets. I'm not a vendor. I don't know any vendors. I'm not speaking, you know, with a vested interest, just from a personal standpoint. And just hoping that at some point the city would consider bringing back the Artisan Market. Thank you.

[Time: 00:13:50]

Mayor Lane: Thank you, Ms. O'Connor. Next would be Bill Pfeiffer.

Bill Pfeiffer: Hello. Thank you. My name is Bill Pfeiffer. I have an office at 4400 North Civic Center Plaza. As you know there's been a lot of apartments under construction there. When they completed their construction, the parking was changed to two hours, and which is okay, because the people that

have offices there, we have permits. But sometimes when you have someone coming in to look at your plans or your proposals, two hours really isn't long enough for them to be there, and they either have to move their vehicle or end up getting a parking ticket which gets kind of frustrating after a while. So I was wondering if there's some way there could be additional permits for the people who have their offices there that they would be able to give them to their guests or client who come in. So that they don't get tickets. Thank you.

Mayor Lane: Thank you, Mr. Pfeiffer.

**ADDED ITEMS**

[Time: 00:15:16]

Mayor Lane: Okay. That does complete the public comment at this time. Next item of business for consideration or at least -- yes, and that is on an added item. On November 28, 2016, special and regular meeting minutes and consent items number 18-b have been added to the agenda on December 1, 2016. So I'd like to request a vote to accept the agenda as presented or continue the added items to the next scheduled council meeting on January 17. Do I have a motion to accept?

Councilmember Korte: Motion to accept.

Vice Mayor Littlefield: Second.

Mayor Lane: Motion has been made and seconded. No further comment so we're ready to vote. All those in favor indicate with aye and those with a nay. It's unanimous. We have an acceptance of accepting the agenda as presented.

**MINUTES**

[Time: 00:16:04]

Mayor Lane: Next item of business would be our minutes, which is a request to approve the regular meeting minutes of October 25, 2016, November 14, 2016, and November 28, 2016. Work study session minutes of October 25, 2016, special meeting minutes of November 10, 2016, and November 28, 2016, and executive session minutes of November 10, 2016. Those minutes have been provided for us for review. Unless there are any comments, adds, deletes or otherwise, I would ask for a motion to accept those minutes.

Councilman Phillips: So moved.

Councilwoman Klapp: Second.

Mayor Lane: Motion has been made and seconded. Seeing no further comments on it, then I would ask that we are ready to vote. All in favor indicate by aye and those against with a nay. It's unanimous on acceptance of those minutes as stated.

We do have a request from Councilmember Virginia Korte to request on item 17, McDowell policy documents be moved to a regular agenda item with a staff presentation. So we will be moving item 17 to the regular agenda item as a regular agenda item.

Moving on to consent items 1 through 18-b. 17 will now be part of the regular agenda. We have some requests to speak on some consent items. Item 14, there's a request to speak. Item 14, just for the record, as well in the Waste Management Phoenix open event agreement as request to adopt Resolution 10646 authorizing agreement with Thunderbird Charities Inc., for 5-year parking agreement for the Waste Management Phoenix Open. And so if you would like, Mr. Mark Stewart, to speak on item 14.

[Time: 00:18:22]

Mark Stuart: Thank you, Mr. Mayor. My name is Mark Stuart. My contact information is on record. I'm a community organizer and someone who is very concerned about abuse of the budget process and giveaway of public money. I'm very concerned that you have two items here, 14 and 15, I'll talk about them both. These should never be approved without some kind of a public discussion where you explain explicitly how you tomorrow that you comply with the city charter. That's the appraised market rent for item 14? There's a vast industry all over the United States. Every municipality in this state, and every municipality in California, when they do an event agreement, they have a valuable public property, they bring in an outside appraiser who tells them what fair market rent simple. I would suggest that you make a motion and take this off and put it back on next year or even tonight maybe. Maybe Mr. Wertz or whoever, Mr. Dygert, they can explain this. But this has got to stop. And if I go in right now and file a declaratory action, there is in front of the court of appeals. With the PGA tour right next week is the deadline for the court to decide the summary judgment.

I've tried to make it clear to you guys that this is not money that public resources are very precious and your job is to be a good shepherd of it and to demonstrate compliance with the city charter. So I have no idea on 14 or 15 how you determine that this complies with the city charter. I'm asking that you take them both off.

Let me move on to 18-a. I'll probably need three minutes for this. This led came here in front of this city council 3 to 4 years ago, and I said Mayor Lane, Mr. Washburn, Ms. Milhaven, these bonds violate the private activity bond test. You better not issue these, because if you do, and somebody files a whistleblower complaint, the IRS will come in and examine you, and you will fail the examination. Mr. Washburn got up and gave a bunch of gobble Dee goop and said who is this guy? He's not a lawyer. He's not a bond council. The bond council then got up and doubled down on the gobble Dee goop and here we are, four years later, paying the piper. This is incompetence. This is public corruption and this needs to be discussed openly. Why do we have to have an agreement to pay a penalty for using private activity bonds? Because we're giving away public money? Because we loaned Phil Mickelson some money most likely so he could make more money at the expense of the public. It has to be done in public at the open. I'll ask you take this off the consent agenda and discuss it openly. There's no hurry, because it appears you've already agreed to something.

But this kind of stuff is not funny. And let me just close with this. There are several outstanding whistleblower complaints against the city right now regarding violations of the private activity bond test.

I myself am trying to convince the IRS that Mr. Washburn runs a criminal enterprise with regards to abusing the private activity bond provisions. If they agree with me, every single bond going back to 1988 will be examined, because the penalties are enormous. That's what I'm after is my cut of the penalty. I'm an expert at this. I'm saying this has got to stop. And the public needs to know -- they need to know that he doesn't care, that he really shouldn't be the city attorney and they need to know that you guys aren't doing your job. And let's not sweep this under the rug anymore, but let's deal with it honestly so we can move on, because if they hit you on these other whistleblower complaints, we're not talking about \$75,000. We're talking about \$40 million or \$50 million. And we don't have the money as a city to pay for that. Without some severe cuts in services. And we'll have to deal with the very dire consequences. But the bottom line is there's no need to do this. If we follow the law, if we rid ourselves of this attitude that laws are made to be broken and if we stop trying to give away the credit rating of the city to our friends. Ms. Milhaven, you work for Wells Fargo, I believe. You're an MBA from Columbia in finance. You should know better than this and speak up and say let's do this out in the open and reassure the public we're looking after their money. Thank you for your time.

Mayor Lane: Thank you, Mr. Stewart. We do have another request to speak on item 17 by Mike Nolin. Oh, I'm sorry, yes. We moved that. It's on the regular agenda. So we will address it as the first item of the regular agenda. So we have completed the comments on consent. With the one removal of item 17. Unless there are any further comments, I do see Vice Mayor Littlefield.

[Time: 00:24:08]

Vice Mayor Littlefield: Thank you. I just had a question on 14 if I could talk on I don't know if Mr. Dygert is here tonight. And mostly it has to do with our discussion before on WestWorld and thinking that perhaps we needed to go back and do a total review of WestWorld's budget. This is the five year contract, and I'm wondering if in view of that discussion that we had before, if it wouldn't be better to make this a shorter-term contract. Because if it's built in to five years, that kind of does away with part of our discussions and talks that we had been wanting to have. Thank you.

WestWorld General Manager Brian Dygert: Good evening, Council.

Vice Mayor Littlefield: This is for parking for the tournament, the golf tournament.

WestWorld General Manager Brian Dygert: I understand. I'm not exactly sure you were asking me --

Vice Mayor Littlefield: Why are we agreeing to a 5-year contract on the parking?

WestWorld General Manager Brian Dygert: The simple answer is because we have been doing it that way. It just runs parallel to the PGA contract. All three of the parcels, the PGA tournament, the Thunderbirds' contract with PGA, the state land use permit which is the bulk of where the parking happens and then this is a shared general admission parking. And the rates are actually set by you all every year. It comes right off the rate sheet. The only reason we're doing a 5-year is at the Thunderbirds' request and we have been for the last two cycles.

Vice Mayor Littlefield: I guess I would like to pull this off for a separate vote, because we had just been talking about reviewing all of these rates and cycles, and sheets and things, and if we sign contracts



for five years, then it kind of makes it moot. So I would like to have a separate vote on that. Thank you.

[Time: 00:27:09]

Mayor Lane: Thank you, Vice Mayor. So that, item 14, we'll pull that for a separate vote. And so we will -- let's go ahead and accept a motion on the consent unless there's any further comment on the consent items 1 through 18-B-minus item 14 and 17. That's already been -- Oh. It's been established by its statement. So it is an acceptance of that. That indicates it's been continued, nine. So in acceptance of the consent items 18-b less 14 and 17 does include that continuance.

Councilmember Korte: So moved.

Councilwoman Klapp: Second.

Mayor Lane: Seeing no further comment, I think we're ready to vote. All those in favor indicate by aye. Those opposed with a nay. And so it's unanimous. So if you're here for those items, except those items I just mentioned, you can stay with us if you'd like. Otherwise you're free to take your exit quietly, please.

#### **ITEM 14 – WASTE MANAGEMENT PHOENIX OPEN EVENT AGREEMENT**

[Time: 00:27:48]

Mayor Lane: So we will now the item 14, Waste Management Phoenix Open event agreement and at the request of the Vice Mayor, requesting a separate motion and frankly a separate vote. I would accept a motion on the Waste Management Phoenix Open event agreement as indicated on item 14.

Councilmember Korte: Mayor, I move to approve item number 14. And adopt resolution number 10646.

Councilwoman Milhaven: Second.

Mayor Lane: Motion has been made and seconded. Vice Mayor, did you have some further comment?

Vice Mayor Littlefield: Yes. I want to say it's not a request because of the Waste Management Open. I don't object to doing parking with that. It's a wonderful event the city has. It just had to do with the financial discussion that we had had previously that we wanted to review all of these terms and conditions and rates and fees, and that I think that if we want to do that, then we should shorten the term so we can have changes made into effect at a quicker rate. Thank you.

Mayor Lane: Thank you, Vice Mayor. Councilman Smith.

Councilman Smith: Thank you, Mayor. Mr. Dygert, you want to chime in if there's any problem or issue with going to a shorter term or delaying this contract until later, either way.

WestWorld General Manager Brian Dygert: Chime in on delaying could be problematic because the next time it's going to get back to you, I can administer an annual contract. So if we delayed this multiyear -- the only reason it's in front of you is because it's multiyear. It's at rack rates, posted rates. The contracts say that. If we adjust the rate asking at WestWorld, it would be effective July 1, 2017, they'll pay those rates. So our ability to adjust the rates and as that looks into those five years is not a problem. The reason this contract is in front of you is because of the authority of that which is multiyear.

So if you -- however you wish to pursue that, I can administer a 1-year which would get them through February 1, 2017, because I'm sure that they would be very nervous to be waiting until the middle of January to know whether or not they have general admission parking two weeks away from their major event. And then we can take the time that you all would like. I hope that answers it.

Councilman Smith: Thank you.

Mayor Lane: Thank you, Councilman. Let me just chime in a little bit on this. Is there any problem with the fact that we are -- we do have the competitive situation with the tribe as far as this commitment is concerned. I'm talking about with Russo Steele. Does it put anything in jeopardy as far as their commitment in their ability to hold their event here in Scottsdale in the future?

WestWorld General Manager Brian Dygert: Mayor, I'm not sure Russo and Steele, what that's got to do with the PGA tournament?

Mayor Lane: I'm sorry. I'm looking at the wrong thing on the parking agreement. Pardon me. Vice Mayor Littlefield again.

[Time: 00:31:10]

Vice Mayor Littlefield: First of all, I don't want to delay this. I was trying to shorten the term. If it's in the contract that any change of rates or fees that the city deems applicable they would be accepted and approved. That's fine with me and I'll withdraw this.

WestWorld General Manager Brian Dygert: All right. Thank you.

Mayor Lane: All right. So motion is on the table. And we'll set it for a vote. All those in favor, please indicate by aye and those by nay. It's unanimous on item 14 which is taken separately.

**ITEM 17 – MCDOWELL SONORAN PRESERVE POLICY DOCUMENTS**

[Time: 00:31:50]

Mayor Lane: Okay. Next order of business is the first item on the regular agenda which is item 17 the McDowell Sonoran Preserve policy documents. Adopt resolution 10662 approving the cultural resource master plan, ecological resource plan, and conceptual rock climbing plan related to the management of the McDowell Sonoran Preserve.

Preserve Director Kroy Ekblaw: I'm here. Scott Hamilton will be walking through the three items much I know the conservancy will be speaking to it as well. Scott will walk you through what's involved in these three plans.

Mayor Lane: Welcome, Scott.

Trails Senior Planner Scott Hamilton: Good evening, Mayor. These three documents are the cultural resource master plan, the ecological resource plan, you may hear us occasionally call that the ERP and the conceptual rock climbing plan for the Preserve. The cultural plan is a document that will guide our decisions represented to the interpretation, protection and management of the culture and historical elements of the Preserve. The plan includes the overall story of the Preserve in essence it tells the abridged version of the 9,000-year human history of the Preserve and also discusses public education and interpretation, methods for protecting and monitoring the cultural sites of the Preserve, and it includes some specific management recommendations for the Browns Ranch site which is in the northern region of the Preserve.

A lot of public input went into it from Preserve users and the staff and stewards from the conservancy our local tribal representatives as well as historians and archeologists that are knowledgeable about the Preserve. The historic commission that approved the plan in April and the Sonoran commission that approved it in July.

The ecological resource plan insures science-based understanding of the plant, animals and biodiversity of the Preserve and promotes long-term resource sustainability. And we give a huge debt of gratitude to the McDowell Sonoran Field institute with the conservancy. We have Mike and Melanie and Dan put in countless hours into this document. Thousands of hours among the staff and volunteers from the conservancy and researchers and scientists from institutions around the valley. What it does is creates a process for ongoing monitoring of the ecological health of the Preserve and provides a systematic methodology to respond to challenges and a way to create science-based management recommendations for how we're going to manage the Preserve in the future.

A lot of expert and public input went into this, the general public, our city staff, a local firm, the environmental planning group, dedicated and donated a lot of their time and expertise into the creation of this plan. The conservancy's field institute science advisory committee. This was a group that Melanie pulled together of researchers and scientists from around the valley. Of course the stewards from the conservancy and the board of directors. Other community stake holders and the Preserve commission approved this plan in September.

And finally, this is an update to the conceptual rock climbing plan for the Preserve. The Preserve commission and the Council approved the initial plan in 2011 that covered the Tom's Thumb region in the northern part of the McDowell Mountains. The document before you tonight takes that original plan and expands it north since we have been successful acquiring the state lands, particularly in the Granite Mountain area. This plan expands to include the climbing areas around Granite Mountain and guides the accepted practices, responsibilities and areas in which rock climbing is permitted in the Preserve. It covers the climbing areas, the access routes. These are the small trails that the climbers use to get from the primary Preserve trail to basically the base of the rock. It also covers responsibility

and safety of climbers. As I mentioned, that blue circle there that was our 2011 plan and covered that Tom's Thumb region. The plan before you tonight takes that and expands it into the Granite Mountain area. In the future, we'll be expanding it to the west to include Cholla Mountain.

Also had a great deal of public input into this plan, particularly from the rock climbing community. And particularly to Arizona Mountaineering Club, the AMC is a statewide group of climbers that's been in existence for a long time. Actually one of the groups, one of the many groups that was key in the support of the Preserve back in the early days. We also did some public outreach at one of the local climbing gyms much there's a lot of climbers that aren't necessarily familiar with the Preserve. So we took our display boards and set ourselves up in the lobby of the climbing gym with their permission of course and their support and talk to climbers as as they came in to do their nightly climbing and showed them some stuff about the Preserve, the different areas and got their input into the plan. Also the Preserve commission reviewed and approved this expansion to the plan in July 2015.

So with that, I'd be happy to answer any questions. Kroy can help answer questions. I know we have Mike Nolan that would like to speak about the ERP.

[Time: 00:37:41]

Mayor Lane: Thank you, Mr. Hamilton. We do have one request to speak for public comment. I'd ask Mr. Nolan.

Mike Nolan: Thank you Mayor Lane and Council members. I'm pleased to speak in support of the management plan and Preserve and particularly for the portion that we contributed the ecological resource plan. You know that the Preserve is a special place for its size, for the experience it provides our citizens, for the diversity of plants and animals found there, for its rich human history and so much more. What will keep it special is a proactive process to manage and study the Preserve to protect these assets for future generations. This plan outlines how we can do that. The conservancy devoted two years and countless staff and volunteer hours to create the plan that is one of the by-products of our field institute and the work we have done since 2010. It's been developed in cooperation with Preserve staff, the Preserve commission, our own staff and board, outside experts that we brought in to the the process including scientists at ASU, Scottsdale Community College and others through our advisory committee. We believe that implementing the ecological resource plan can insure the native plants, animals and communities we most want to protect will remain healthy and thrive in the Preserve.

But executing the plan is key, like any plan, it's not of any use if it's sitting on a shelf. The McDowell Sonoran Conservancy through its field institute has the skills and expertise to effectively implement the plan with highly educated scientists on staff, more than a hundred trained citizen scientists and advised by some of the leading academic researchers in desert ecosystems in the country. We can not only do the work but leverage the strengths of many different institutions for the benefit of the future of the Preserve. So we would like the conservancy to be the organization that executes the ecological resource plan for the city of Scottsdale. We believe our scientist history and work in the Preserve over the past seven years along with our experience conducting ecological resource and inventory in the Preserve gives us a level of expertise about the land that no one else possesses. Our ability to leverage thousands of volunteer hours and bring in world-class outside expertise and our relationships

with the Preserve staff and commission and council members make us uniquely qualified to conduct this work.

So it's our intention to submit a proposal at outlining the cost of implementing the plan which we'd like to bring to the city for consideration, and please let us know if there's anyone special we think we should speak to about moving forward with the proposal. We hope you'll consider it favorably, but more importantly, that you will continue your strong support of the long-term protection of the Preserve for future generations of citizens. So I thank you.

Mayor Lane: Thank you, Mr. Nolin. That completes the testimony we have. We do have some comments from council or questions, and we can start with Councilwoman Korte.

[Time: 00:40:53]

Councilmember Korte: Thank you, Mayor. I requested this to be pulled off because I think it's important to share this good work with the public. And I want to express appreciation to our Preserve staff, our McDowell Sonoran Preserve Commission, and our McDowell Sonoran Conservancy you're the drivers and Melanie is sitting back there. This is thousands of hours of work by Melanie and Dan and the field institute and all of those good people that are really fulfilling an important role in our Preserve in that it's maintaining our Preserve as a Preserve. And that's critical. This ERP is a culmination of a long-time vision. We have talked about it for a long time and congratulations and the fact that the McDowell Sonoran Conservancy produced this ERP at no cost to the city is commendable.

At the same time, I am looking forward to the McDowell Sonoran Conservancy implementing the ERP, and actually receiving some compensation for it. Because I think it's deserved. So thank you again to all of the volunteers that have made this possible. We appreciate it. It's important for our city. Thank you.

Mayor Lane: Thank you, Councilwoman. Councilman Smith.

[Time: 00:42:28]

Councilman Smith: Thank you, Mayor. And Councilmember Korte stole most of my comments.

Councilmember Korte: Not all.

Councilman Smith: I would echo appreciation on behalf of the city and the citizens for all the work the Preserve commission does on this and the blue shirts out there if you will, the conservancy for making this happen. It's an enormous undertaking, but the fact that you all did it at no cost to the citizens is deeply appreciated and certainly significant. And I think it's important that we have this discussion, because I think it's important that citizens understand that there is an affirmative effort on behalf of your group to indeed protect and preserve this valuable asset. We don't just buy it and lock it up. It requires an affirmative effort and enormous commitment of time and energy on the part of many people. So I commend you, and like Councilmember Korte, look forward to the opportunity to

discuss with you how you might partner with us again in the implement this plan. It's a thoughtful suggestion, but as you said, Mike, somebody has to do it. So we look forward to the next step. Thank you all very much.

Mayor Lane: Thank you, Councilman. Councilman Philips.

Councilman Phillips: Thank you, Mayor. I move that we adopt resolution 10662.

Councilmember Korte: Second.

Mayor Lane: Motion has been made and seconded. All those in favor register your vote aye. It's unanimous and in acceptance. Thanks very much for the input from staff and Mr. Nolan on that and for your work.

We'll move on to the next regular agenda item that is still on our agenda, item 20. That's the 2017 state -- legislative agenda.

City Clerk Carolyn Jagger: Your Honor. Could we take a vote on item 19?

Mayor Lane: I thought we -- okay. So that has not just been pulled, but it's-- we have to vote to continue it to that date. I'm sorry.

City Clerk Carolyn Jagger: Thank you.

Mayor Lane: And this shouldn't take too long. In any case, unless we have any comments on item 19, there's a request to continue it to the January 17, 2017, city council meeting at the request of the applicant. And so this is a freebie more or less but nevertheless we'll go ahead and take a vote on it.

Councilman Phillips: So moved.

Vice Mayor Littlefield: Second.

Mayor Lane: Motion made and seconded. Ready to vote. All those in favor indicate your vote by aye. It's unanimous. Got it covered.

#### **ITEM 20 – 2017 STATE LEGISLATIVE AGENDA**

[Time: 00:45:43]

Mayor Lane: Mr. Lundahl, now we've got you in position and ready to go.

Government Relations Director Brad Lundahl: Thank you, Mayor and members of the Council. Once again, I'm here before you to go over our legislative agenda for the next legislative session. It will begin in January. Just a couple of minor things. We do have a new senate president and a new speaker of the house. Something rare this year. They're both from the same district in Chandler. Very focused leadership this year.

Each year we develop a legislative agenda and seek input from city staff, and city council. And we put the ideas together and then I bring it forward to you, and it's your chance now to go through it and make changes, and eventually approve it at the end of my presentation. As before, we have our core principles and policy statements. Something new this year is we have included key positions which I'll get to in just a little bit. Again, feel free to stop me along the way. I know it's Friday night, and I'll try to keep this as brief as possible.

First the key positions is we would oppose changes to the construction sales tax that would change how the tax is collected and what I'm getting at is to move away from the current way the tax is collected and remitted and move to where the materials are purchased, which we call point of sale. Because Scottsdale does not have large amount of supply houses, we see this as being problematic even if the taxes were checked and distributed through some shares revenue mechanism, we still feel this would be inequitable, and we would oppose that change. We do hear there is legislation pending to do just this. So this is why I wanted to include it as one of our key positions.

Next would be the return of the residential rental tax elimination. If you remember in fact it's happened over several different years, the legislature, there has been a push to eliminate the residential rental tax. We have estimated that the impact if this were to happen would impact Scottsdale negatively. Up to about \$6 million now and that number is growing. That would definitely hit us pretty hard.

Last year, there was a senate bill 1487 that would allow any member of the legislature who felt a city or a county was doing something illegally, they could file a motion with the attorney general's office, and the attorney general is required to investigate. Ultimately, if the attorney general finds there is an issue there, that city or town could lose their shared revenue unless the issue is resolved. There are we believe, several constitutional issues with this. It's already shown to be somewhat problematic in its implementation. So therefore, we would request that there just be a repeal of this law, and ask our legislators to do that.

And then finally, under the key positions, again, going back to previous legislation, there was a bill that would have altered our native plant coordinates, and we defeated that bill. We hear another version of that is coming back this year, so that's why I included this in our key positions so we could come right out of the gate and let people know that we would oppose that.

I'll move on to economic vitality. Tourism as we well know is very important to the city of Scottsdale. We would support tourism and job creation environment. We also support our small businesses, so we don't want any obstacles, and we would support anything to keep unnecessary obstacles from being put before a small business. Next we would embrace emerging technology and this could include like the new battery products that are being developed, autonomous vehicles, things of that nature, things that are just coming into the market now. Arizona has shown that it is receptive to this, and we would like to continue those efforts. And finally under economic Vitality, medical tourism is also becoming a substantial market and Arizona and Scottsdale in particular, is really geared and able to reap some of those benefits. We would like to see that expand if there is any way to do that.

Under local government finance, I mentioned the construction of sales tax already. This instead of opposing the changes they mentioned before, we would support reasonable changes to make the tax simple as it was meant to be in the first place, but that would not impact us financially to the negative. So we are open to working with the state to make it actually do what they meant to in the first place. That is simple.

There was a lawsuit a couple years ago, the tax to rental car companies. The tax that goes to pay for both the Cardinals stadium and pay for some of the spring training facilities. There was a lawsuit that is still pending on appeal. But what may ultimately happen is those revenues may cease in the future. So we would ask our legislators to start thinking of possible replacements for those revenues so these stadiums can ultimately be paid off.

Next continuing the revenues have been diverted to the department of public safety for years now. That number had climbed up substantially. Looking for my -- I forget the exact number. But several million -- hundreds of millions of dollars since I think 2001 have been swept from the HURF which is intended for highway and road projects and is going to pay for the department of public safety. We were asking the legislature to reverse that trend and start returning some of those HURF revenues back to the cities and counties where those road constructions could occur.

Next we did catch wind that --no pun intended -- that there may be an attempt to make changes to the state aviation fund. Again those are funds that we utilize for the Scottsdale's airport and we would ask that no changes be made to the funding where those funds go to for the state aviation fund.

[Time: 00:53:21]

Mayor Lane: Excuse me. On the HURF funds if you could go back so it's on the screen. And with regard to that, this is on an ongoing basis we've been on this line of things. Is there any indication -- do we have something that may be pending or supported or have we requested from our local delegation some further support in this?

Government Relations Director Brad Lundahl: Mayor, yes, over the last couple of years, we have been working with our state delegation. They are aware of this. There are plans out there, nothing solid yet. They realize it is a big problem, and we may see something this year. I think there may be something kind of a comprehensive transportation package, and we hope that something like this could be included in that.

Mayor Lane: And in fact, to that point, the fact that the governor's office has been working on a more comprehensive relook at funding of our state highways and roads, and coming away from adjusting HURF one way or the other. Certainly as it relates to the funding of DPS or some of the other things that have come out of that and how it's been swept in the past. Right now there's a commitment from our delegation to work to bring this in to that motion. Is there someone in the legislative side actually promoting that readjustment right now? I know senator Worsley has been working in this area. Have we been in contact with him?

Government Relations Director Brad Lundahl: That's correct. Our own senator Cavanaugh has



been working to try to reverse that trend. He's been the appropriations committee. It would be beneficial to have him help this out.

Mayor Lane: This isn't just another call into the wilderness. We have some motion on it? From what I'm hearing.

Government Relations Director Brad Lundahl: This is a crystal ball look at things right now. We'll know more probably in about a month.

Mayor Lane: Okay. Thank you.

[Time: 00:57:59]

Government Relations Director Brad Lundahl: Let's see. Office of tourism at the state level. They have put in a budget or going to be putting in a budget request to have additional funds to promote Arizona in the rest of the country as a tourism deft -- destination since we're tourism based here, I think it would be good to support them in that effort. We would support any other efforts beyond the fiscal portions of helping Scottsdale and Arizona being broadcast as tourism destinations. This is repeat from last year. I won't go into the detail of this. I assume you can read this. It's basically says we support tourism. We would like our business leaders and community leaders to help us with this, and really help fine-tune Arizona's image and get it out there so that we can get some more visitors.

A big issue not only for us but here in the southwest this bullet says we would support efforts to mitigate salinity including collaborative to eliminate sodium chloride from water softeners. No mandates on this. We would support efforts to really look at this issue and work on a long-term solution.

Next was the forest management issue that we would support statewide efforts to better manage our forests. People are always asking me why is Scottsdale -- you guys are so far from forests. Water flows downhill. And we are at the bottom of that hill. A lot of our water comes through the forest ecosystem and healthier forests yield more water for us. In addition, when you have catastrophic wildfires, a lot of that silt ends up in our water systems and it's very costly to remove that sediment and silt. We would support proper forest management.

Mayor Lane: Brad if I can again expanding on that last item on the forest management the contributions that's been made by ourselves certainly over a period of three years as well as other cities in the valley, in full recognition of the fact that it has a tremendous impact on our costs of treatment of runoff water and from that forest area, that watershed area, and that we continue on that line. It has a direct bearing on our costs and availability of water from our watershed.

[Time: 00:58:36]

Government Relations Director Brad Lundahl: You're correct, Mayor. Next portion is for our water services. We would support protect and maintain the city's established service and groundwater

supplies. Insure the city's role in the management continued use of reclaimed and remediated waters, and we would also support increased funding of the department of water resources. If you remember during the budget crunch, several of those positions were eliminated. There is, I think, support from the governor's office and the legislature to bring back some of those positions, because there are some very important issues pending at the department of water resources.

Solid waste. This is a new one this year. We would be opposed to any legislation that gets in the way of us making the decisions, and when I say us, I mean the council, to make decisions on what items are to be recycled or sent to a landfill. We did catch wind, again, that there may be potential legislation out there that would impact this in one way or another. We wanted to make a statement right now.

And then finally, we do have a request this year for legislation from Councilman Phillips. We ran a bill last year. This version is a little more pared down. It would increase the amount from the mobile home relocation fund to those persons who have been disrupted and are being asked to move out of those areas. The fund was established at state for this very purpose. Currently, a person with a single mobile home can get 5,000. The legislation would ask to increase that to 7,500. For the double wide, you would go from 10,000 up to 12,000. Like I said, the bill is very pared down from the previous versions. And with that, I would be happy to answer any questions.

[Time: 01:00:45]

Mayor Lane: Brad, if I might, we probably have some other questions on that last item obviously. That's a change from trying to increase the taxes on those property owners in favor of increase in the distribution. Have has anyone taken a look at and studied the issue of how these funds have been used in the past and whether or not the state has ever swept funds out of these -- swept the funds out of these accounts for this use?

Government Relations Director Brad Lundahl: Mayor, thank you for the question. I'm not aware of anything, not to say there hasn't been. But in the look I gave, the background for this, I didn't find anything in that regard.

Mayor Lane: Thank you. Obviously there are funds already available to increase these fees that are still within the accumulated taxes that have been collected for this purpose.

Government Relations Director Brad Lundahl: Yeah, correct. I actually called the legislature. Their budget office this morning to get a current balance. And the current balance in that relocation fund is about \$7.7 million.

Mayor Lane: Is there any indication how it's been drawn down over the last couple of years?

Government Relations Director Brad Lundahl: That information I don't have.

Mayor Lane: Okay. But I don't know whether it has been proposed to anybody, but moving this up by 50% in one case and essentially 25% in the other isn't going to have an impact as far as anybody can understand with no increase in the tax there should be the funds able to process these through the entire rates?

Government Relations Director Brad Lundahl: Mayor, at this time I don't know to tell you the truth.

Mayor Lane: A lot of times they'll come up with a question as to how are you going to fund this kind of increase. I think this is a good way to go about this, but doing a little bit of homework on whether or not the funds have not been drawn down, they have not been -- swept and what the level of utilization is. If it's \$7 million and only getting drawn down by a million dollars a year and replenished by a million dollars a year increasing the available funds in this day and age would be harmless and probably calling it appropriate use of the funds. That's my own concern. I wouldn't want to get ourselves into a situation where we're suggesting this, and meanwhile, the state is sweeping funds out of this for other uses other than what this fund is intended to be used and we have a sufficient amount of funds at the current tax rate to support this. I think it worthy of at least a question to our legislative bodies to have their people at least take a look at it.

Government Relations Director Brad Lundahl: Mayor, that's correct. Once a bill is drafted, we can actually request that a lot of these questions be answered by legislative staff. But until then --

Mayor Lane: Gotcha. Whatever you can get.

Government Relations Director Brad Lundahl: That's fine.

Mayor Lane: As long as we're considering that too. Just because -- when we use political capital to put a bill through, we want to make sure we've got some reasonable stamps on it and execution of it.

Government Relations Director Brad Lundahl: Okay.

[Time: 01:04:01]

Mayor Lane: Councilman Phillips.

Councilman Phillips: Thank you, Mayor. If I may, what happened last year was we worked at the mobile home association, and they kind of took over the bill. But it did get a number and did go in the hopper. Unfortunately, there was -- not unfortunately maybe but there's more pressing items at the time. You know how the legislature works. They didn't get to it. So that's why we're going to try to continue again this year. The mobile home association will really take the ball and run with this. I think they're the ones who will make sure that like you're talking about, we'll have enough money in the fund to do it.

It's pretty much like you said. It's like a million a year. It's not drawing down to a point where if we do this, it'll run out or it's not going to be recovered every year from this. But the mobile home association will be the ones that will actually tweak this and decide if it's maybe 5,000 to 6,800 a year or something. They'll figure that part out. We just want to get the ball rolling and get the number in there. Otherwise we'll end up on the bottom of the list again.

Mayor Lane: A point if I might, Councilman. That's to say last year we were asking for an increase in the tax rate and that the mobile home association wasn't onboard with that.

Councilman Phillips: Right. That's why we dropped it this year.

Mayor Lane: Now we're just asking for an increase in the distribution. As long as it's supportable with the current level, I don't have a problem with it. But it is going to be a question that will be asked if it hasn't already been answered. Councilman Smith.

[Time: 01:05:32]

Councilman Smith: Thank you, Mayor. One question and one comment. The question is or the comment this is the question -- the surcharge tax rental cars, and for the public's information, this tax eventually translates into support for stadiums as you mentioned, Cardinals stadium. We're even in the queue for some support, financial support, for the Giants stadium done several years ago. And the question is this. If that litigation prevails, and the tax is eliminated, as I recall, there's a cascading number of things that the tourism authority funds. Will there be enough money to fund the first 2 or 3 items? Because we're very early in the queue. The giants stadium renovations. Are we at jeopardy if this rental car surcharge goes away? And maybe the city treasurer can answer that or maybe nobody can answer it.

Government Relations Director Brad Lundahl: Councilman, I do remember the tiered system, and I think we're fairly high up there, but, yeah, off the top of my head, I don't have an answer right now. That might be something we have to get back to you on.

Councilman Smith: And you say the same thing --

City Treasurer Jeff Nichols: Mayor Lane, Councilman Smith, yes, we would have to look at that. We're very high up, but there's a possibility we could be at risk.

Councilman Smith: Why don't you look into it and drop us a note and let us know whether this actually threatens us. It's obviously a threat for sports stadiums in the valley. Generally as I recall we're a little safer than most.

The other, which is a comment, and it goes back to the item that you had very early in the positions where you would recommend we take a position against the state eliminating the collection of tax on rental properties for residential rentals. And I've made this statement before, but I'll make it again. I support opposing this, but perhaps for different reasons than you. I support opposing it because I don't think the state should be telling us what we can collect in sales tax. With that said, I would remind everyone that this collection of tax on residential rental properties is probably the second most punitive tax that we have in the city. The first most punitive being the tax on food consumed at home. But 18% of our citizens in Scottsdale earn less than \$25,000, and we're sometimes embarrassed to admit that we have this level of need in our city, but it's there. And we need to face that and recognize it and be sympathetic to the people who are living on very little income, and most of those people, I would speculate are people who are renting.

So I'm not in favor, even at the local level of double taxation on these folks who are needy citizens. It is double taxation, because we have property tax on their facilities as well as in this case sales tax.

With that said, I do support the idea that we oppose the state telling us what to do. We'll deal with this if, as, and when we can. Thank you, Mayor.

Mayor Lane: Councilwoman Klapp.

[Time: 01:09:09]

Councilwoman Klapp: You may have mentioned this and I could have missed it. How many mobile home parks do we have in Scottsdale?

Government Relations Director Brad Lundahl: Mayor, Councilwoman Klapp and Councilman Phillips might be able to correct me. If I remember, there's just one left.

Councilwoman Klapp: The one on McKellips?

Government Relations Director Brad Lundahl: To my knowledge, that's the only one. That's something we can definitely look at. I'll get back to you with that --

Councilwoman Klapp: I was just curious and if you could let me know how many units are in that mobile home park. Thank you.

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

Vice Mayor Littlefield: Thank you. There's quite a few additional mobile home parks in Scottsdale.

Government Relations Director Brad Lundahl: Are there?

Vice Mayor Littlefield: I can think 2 or 3 of them off the top of my head. Last year when we were trying to find homes for the folks that were evicted, we visited a lot of them.

Government Relations Director Brad Lundahl: There you go.

Vice Mayor Littlefield: Some of them aren't very big but there's a lot of them out there tucked away.

Government Relations Director Brad Lundahl: Okay. Like I said, I'll get back to you with an exact number.

Vice Mayor Littlefield: All that we found were in the southern part of the city.

[Time: 01:10:29]

Mayor Lane: Thank you, Vice Mayor. Brad, if I might on the sports and tourism tax on the rental cars and such, that lawsuit really would eliminate the application of those funds to sports facilities like our stadium. And even though we're on a high tier, and we are like second in the line behind Tempe, we still

would have a level of exposure if that were ruled against us in that regard. Last time we looked at it, it was \$21 million. It's not an unsubstantial amount of money I think that's a number we looked at probably a little over a year ago or at least a year ago. So I'm concerned and I think this council needs to be made aware of the status on that even though it's not a legislative issue. It's now a court issue. We definitely need to be aware of what our exposure might be. There was even some talk about being retroactive on it which I think would be something that would destroy our damage most every city in the valley. So and we're not in -- we're certainly not in the worst position as some of them are suffering with the down turn. I just wanted to mention the fact if we have some update on those numbers Mr. Nichols, we have looked at in the previous year, I'd be interested.

Government Relations Director Brad Lundahl: Mayor, I did look up that number. And it dropped down from that \$21 million. It's at \$16.7 million.

City Treasurer Jeff Nichols: If Mr. Mayor, if you remember the other night when I gave my year-end update, sports and tourism has prepaid some of this. Whether we would have to give that back. Relinquish it.

Mayor Lane: The prepayment, does that include -- is that why it's at 16 something?

City Treasurer Jeff Nichols: I don't believe so, sir, but I'll report back to the Council.

Mayor Lane: Very good. I'm sorry. I don't see anything on this. Okay. Well, that's all I had as far as I was concerned. So if you want to continue.

Government Relations Director Brad Lundahl: So, Mayor, that is pretty much it for me. So right now, I just need the Council to give me direction to proceed with this or make any changes to the legislative agenda for next year.

Mayor Lane: Okay. I think whatever comments we've had we've made them through the process. Very good report. I want to thank you very much. Unless -- I'm not sure we've ever taken really a consensus of opinion through the process that we're in agreement on this. Do we want to take a vote on it? I'll take a motion and a second if you'd like. And then we can conclude that we are accepting this as it's been given.

Councilwoman Milhaven: Mayor, I move we adopt the 2017 legislative agenda.

Councilmember Korte: Second.

Mayor Lane: Motion has been made and seconded. No further comments being seen. I think we're ready to vote. All those in favor indicate by aye and all those opposed with a nay. Aye. It's unanimous. Thank you.

**ITEM 21 – RAINTREE 69KV UNDERGROUNDING IMPROVEMENT DISTRICT NO. I-6002**

[Time: 01:13:35]

Mayor Lane: Our next item of business is 21 Raintree 69kv undergrounding improvement district. For establishing the city of Scottsdale underground utility facilities improvement district and authorizing special programs fund operating contingency budget appropriation not to exceed \$150,000 and declare an emergency for the immediate resolution to allow for immediate commencement of the notice of procedure. And establish January 17, 2017 as an objection hearing date for the city of Scottsdale underground facilities improvement district number I guess that's a 1-6002. And we have already had Mr. Worth move into position. Welcome, Dan, appreciate being here with us. We're looking forward to a stimulating presentation.

Public Works Director Dan Worth: Good evening, Mayor and Council. And I am excited to give you what believe is the last regular agenda item of 2016. That's a fair statement. Correct? We are as you just mentioned going to be talking about a proposed improvement district to underground a 69kv power line. You just read some of this. But this is the action that we're going to be -- I'm going to show the slide again at the end. This is the action we'll be asking you to consider.

Two parts. Number one to adopt a resolution that accomplishes several things. I want to go by those item by item. The second is to set a hearing date, and I'm going to present some slightly modified language to add some specificity to the hearing date. I believe you've all been provided a copy of that language. We'll show it on the screen to make sure everybody is on the same page when we get to the end of the presentation. Those are the two things we'll be asking you take action on: The resolution and hearing date.

As I mentioned the resolution accomplishes several things. It is your declaration of the intention to form the or to order the improvements that includes the finding that the public interest and convenience require it. It includes the finding that the work is of more than local ordinary public benefit. This is legal language that comes to the statute of Arizona Title 48 that governs these power line improvement districts. It approves a budget appropriation. This is an operating contingency budgets appropriation. Not to exceed \$150,000, creates an operating center within the public works department. This operating center will capture all the city's costs as we incur costs to further the district, and it will be funded by the district. And the district has provided some initial funds to start covering our costs of things like legal counsel and staff time. That will all be funded by the district, reimbursed by the district. That budget appropriation is required to allow us to track those expenditures.

Then the final item is declaration of an emergency. This allows the immediate start of the notice of procedures that are necessary in order to get the work completed in time. And I am going to explain the time line to you shortly. It's very tight. But the emergency allows that immediate commencement of the notice of procedure. It is essential to allow us to get this thing through and approved if it's to be approved. It will also during the course of their presentation show you a process that is designed absolutely to protect the rights of the property owners in the proposed district.

There are several opportunities regardless of the fact that we're asking you for an emergency declaration and for the immediate start of the process or notice periods, objection processes, petition requirements and an election, all guaranteed for all design to protect the rights of property owners in the district. This is the outline of the proposed district, bounded on the north by bell road, on the west by the 101, and on the south by WestWorld, and the eastern boundaries and irregular boundary.

You'll see why on the next slide. Generally to the west of 94<sup>th</sup> Street. This is the project. The red line is the path of a new 69kv transmission line being installed by APS. This is designed to provide some additional capacity and redundancy for broad portion of the APS service area in this part of Scottsdale. The line actually starts to the south of this diagram, about a mile to the south, at the APS Raintree substation on 90th Street just north of Raintree and runs north along the freeway, and then the power line undergrounding district. What we're proposing is to take a portion of this 69KV power line as identified by these two yellow push pins you might be able to see, take a portion of that power line and build it underground instead of above ground. Estimated cost is about \$3 million. That's the amount that would be covered by the district.

And the time line, I mentioned -- it's a tight timeline. APS needs this new line in service in summer 2017 in order to accommodate the desire of property owners in this area to explore the formation of the district APS actually has been extremely flexible with us and with the property owners. They're starting construction now to stay on their time line. They'll be building from the substation to the south and from the substation to the north that you can see on the northern edge of this diagram. They'll be building towards the center to give us as much possible time as possible to make a decision on whether it's going to be above ground or below ground. They need to know by the end of March whether they're going to build it above or below ground. We have a process and time line that if everything goes according to plan, we'll give them that decision.

This is very summarized. The responsibilities of the different parties, basically APS will build the power lines. If the district is approved and formed, they'll build the power lines underground and pay the associated costs and the district members pay them back. They'll reimburse them for the cost constructing them underground. Part of the process is to develop and get approval for an assessment methodology. Among those properties that benefit, and then each of the individual property owners will have the option of making a one-time payment for financing their payments over time. And the city will play the role of collecting those assessments on the semiannual basis and forwarding the funds to APS. This is that process, and I've got to tell you. It's an extremely complex process.

And this is actually a highly summarized view. And I point that out for a couple of reasons. Number one, it is complex because it's designed to protect the interests of the property owners and the proposed district. It is full of opportunities for those property owners to have their voice heard. As I mentioned earlier, petition requirements and notice periods and objection process and multiple hearings where we'll be coming back to you before we proceed at this time next step. It is absolutely designed to protect the interests of the property owners and the proposed districts. The complexity also means that we've got a lot of people involved, and before I go through this, I just want to point out some of the key players that are in the room here tonight. Should questions arise, we do have our own internal city attorney legal staff and outside council, outside bond council is Gust Rosenfeld and they're represented by Mr. Zach Sakas who can answer any questions relates to process. APS is represented by Brad Larsen and the district, of course there is no district. It's a proposed district. But we have a couple of property owners here, one in particular, that's been crucial in spearheading the effort to pull all this together is here with us, Mr. Jim Riggs. And he will be available for any questions that I can't answer as we go through this.



So the process, the first bullet is what we're doing tonight. If you decide that you want this process to go forward, you'll approve the resolution and the motion setting the hearing date. That will trigger the next step. There is a requirement to provide notice. We provide notice in newspaper publications and on-site with signs am very strict requirements as to size, spacing and format of the notice and the signs. But once the notice is published, there's a 30-day comment period. And 10-day period following that for written objections to be submitted. We are going to have a hearing in January. The January 17 council meeting if we go forward. And that hearing can accomplish a couple of different things. If there are no objections, we can actually hold a hearing to consider forming the district and ordering the election.

If there are objections, there's an objection process that we have to go through. We have to have a hearing for the objections, hearing to consider the objections. If following the hearing, council determines they want to go forward with the process, there will still need to be a hearing to consider forming the districts and ordering the election at a subsequent council meeting. Another hearing. And we'll also trigger a subsequent petition process.

Ultimately, if all that succeeds, there is an election of all the registered voters. And following the election, we'll return to council again. If the results are in favor, we'll adopt the resolution at work. That triggers APS of being able to give this underground instead of above ground. That is what needs to happen at the end of March. Hearings and possible you. It's a tight time line to get this done before the end of March. And then even once the election happens and once the work is ordered and APS goes and builds that, there's still opportunity for property owners who disagree with the assessment methodology to register their objections and the objection or the assessment methodology and the final assessments are approved at the end of the work when we know what the actual costs are going to be.

Again this is what we'll be asking you to consider. Adoption of the resolution that among other things provides notice of intention to form the district and provides the contingency budget appropriation. And as I mentioned, I'm going to give you some slightly revised motion language if we could show that. And I believe you have a copy of that if you should choose to make a motion to adopt the resolution and set the hearing. And at this point I would be happy to answer any questions or if you have questions that involve some of the others that I mentioned, we'll bring them up.

[Time: 01:26:39]

Mayor Lane: Very good. Thank you, Mr. Worth. We have a request to speak on this item. And it's Alex McLaren.

Alex McLaren: Can we get the -- Brian, can we get the presentation up again? Mr. Mayor and members of the Council again my name is Alex McLaren 7730 East Osborn. I'm here to support the formation of this improvement district. This would be-- when I was with the city, I retired about ten years ago.

But we did the only undergrounding of a 69kv line within the state of Arizona which is the only one that's ever been done. This would be the second one of the 69kv line in northern Scottsdale. This is a very similar process. And I was also involved in the Bell Road Two Improvement District. Which one that put in all the infrastructure. This would be, I think, a really good way to show -- and the property owners will be paying for this which is what they did up in north Scottsdale as well. Like Mr. Worth explains, the city collected the funds over a 15-year period and repaid APS. I think this would be really beneficial for all of the property owners in this area. So I would urge you to support the resolution. Thank you.

Mayor Lane: Thank you, Mr. McLaren. That's the only request to speak on this item. Unless we -- I see no other comments. Okay. We'll start with comment or question from Councilman Smith.

[Time: 01:28:30]

Councilman Smith: Thank you, Mayor. And I think perhaps this is to you, Dan. I'm not sure who. One of your slides said when we go out for a vote, we go out for a vote of registered voters and property owners. Does each group get to vote or -- who gets to vote in this?

Public Works Director Dan Worth: Councilman Smith, I can give you what I think the answer is. I see our bond council inching forward. He might be the appropriate guy.

Councilman Smith: He's itching to answer the question.

City Attorney Bruce Washburn: Yeah, Mayors and members of Council, it's the property owners and the registered voters living within the district. They both get to vote. You have to --

Councilman Smith: If a registered voter was renting a place or whatever, they would be entitled to vote even if they didn't own property?

City Attorney Bruce Washburn: If their address is for themselves is a registered voter is in the district, yes, they would get to vote whether or not they own property.

Councilman Smith: And a second question, probably you can answer this as well. Is there a weighting by property value or one vote per person regardless of the value of the property that you own?

City Attorney Bruce Washburn: There is a -- you have to get a majority of the assessed valuation. And you also have to get a majority of the property owners on the petitions. Am I right?

Councilman Smith: Let's let him go to the microphone.

Zach Sakas: Mayor, Councilman Smith. Zach Sakas with our firm is celebrating 95 years in Arizona this year. So proud to be here and appreciate your time. With respect to your question Councilman, there's three answers, because this is a very complex process as mentioned. So the first part would be the initial petition that the proposed members of the district are starting to gather now is based on your square footage or acreage. If there are objections, then we kind of go down a second contingency.

Councilman Smith: Square footage of land or structure? If it's 3 or 4 stories high.

Zach Sakas: Great question because there are a variety of condo buildings within this proposed district. It'll be based on the total square footage. Whether that's converting to acres if you own -- there's some vacant land there and there's also 3-story condo buildings. Step one is based on your square footage. Step two, if we receive objections and a secondary petition is required, it needs to be signed by both a majority based on total property owners. So let's say we have a hundred property owners within the district, 51 need to sign. It also needs to have a provision why it's a majority of the assessed value. So there again you might have a difference base on the landowner with the vacant property versus somebody with a finished condo within the proposed district boundaries. But as for election, it's not weighted based on either square footage or any other method.

Councilman Smith: And second, that's complicated, yes, indeed. How was the boundary determined? I notice it left out some properties that might logically have been inside the boundary. Was that based on the probable support of people inside the boundary?

Zach Sakas: As an attorney, I cannot speak to the engineering or determination of who they put in.

Mayor Lane: Back to you, Mr. Worth.

Public Works Director Dan Worth: As someone who only occasionally pretends to be an attorney, I'll give a try. The boundary is proposed at this point by the individuals that are potentially members of the district that are putting this effort together. The boundary defines the benefitted area. In some improvement districts benefitted area is easy to define. If you're building roads or water infrastructure, it's all those properties that front the roads or tie into the water infrastructure. The benefitted area here is the view shed. People that have use that are benefitted by the absence of the overhead power lines -- it's a little more arbitrary. In essence, it is that, those properties we feel are benefitted by the power lines being underground opposed to above ground.

Councilman Smith: Members can determine their own boundaries. If they think they've got a variety of people that may not be in favor of this, they can exclude them and say fine, we won't tax you.

Public Works Director Dan Worth: Councilman Smith, it has some semblance of logic. You can't create a checkerboard project and exclude properties because they're in favor of it. It had to bear some semblance to reality. These properties are all within fairly consistent distance one direction or another from the power lines.

Councilman Smith: Thank you. I think it's a great idea. I just -- and certainly will be scenically a positive as Alex said it was up north. And I'll certainly be in favor of starting the process. But it's going to be clearly a complicated process to explain to all affected parties. Thank you, Mayor.

Mayor Lane: Councilman Phillips.

[Time: 01:34:03]

Councilman Phillips: Thank you, Mayor. I have two questions. I'm not opposed to this either but I'm trying to figure it out in my head and Councilman Smith asked the questions how did you pick the boundaries. When you look at that, you would think -- the dirt lot out there on it's not a dirt lot anymore. To the east, it affects them greatly. It affects them to the west and the people to the south too. And you wonder why they're not included, because they wouldn't want to see the power lines either.

Public Works Director Dan Worth: I don't have a diagram that super imposes the route of the power line. I have a diagram that shows the route and the district. But the route basically runs up along here so these property will have it in the view shed temperature runs down to here. It'll affect these properties, these properties here are further away. And then it runs up, I believe that's 91st Street. So it affects these properties, these properties again. These over here are farther away. And it runs along Bell Road to the existing 340kv power line corridor. So at this point in time, properties down here don't get much benefit because they're still looking at those high voltage transmission lines.

Councilman Phillips: You're right. I got the two maps confused. I can see if you could show the power line map instead. So I can see they're much farther away. The southwest once are further away. The other concern I have and I don't know if there's anything we can do about it. It looks like where the lines start to go underground is right at the entrance to WestWorld. Are we going to have the 69-kv lines above the horses at WestWorld and then they're going to dive underground?

Public Works Director Dan Worth: A couple of observations on that, Councilman Phillips. That's the answer. It's going to cross the entrance off the frontage road on WestWorld and go underground. If it were to do otherwise, it wouldn't be the improvement district that would pay for that. It would be the city that would pay for that. We didn't get a firm cost on that. We anticipate it would be very expensive, because of other utilities in that area and the fact that we have to deal with the Bureau of Reclamation. Just getting their approval is not even a certainty. We were estimating that would be maybe a million dollars to just do that short segment.

The other observation I would like to make. That certainly has an impact if you're driving along the entrance or driving along the frontage road and look at WestWorld. If you're at WestWorld looking out, it's barely noticeable. I intended to bring some pictures. I've taken pictures from the Tony Nelson Equestrian Center from different locations on the WestWorld property. The fact it's in a basin and I know down below, you barely are going to see the top of these power lines from the main areas where people use.

Councilman Phillips: I agree once you're at WestWorld. But on the freeway you're going to see it and entering that entrance. It's not going to be very aesthetically pleasing. Gosh, I wish we could do something about that. That would be separate from this, though, anyway, right? You're saying?

Public Works Director Dan Worth: It would be.

Councilman Phillips: Even if we went ahead and went through the proposal of this, if the city decided to go along with something along the lines of that, that would be totally separate from this? So you wouldn't be intermingling with it. It would be starting underground at a different point.

Public Works Director Dan Worth: Councilman Phillips, it would be totally separate. I'm not going to speak on behalf of APS. They're here if they wish to comment. At this point in time, what we would be talking about is taking power lines that they're literally in the process of building them above ground and putting them in at a later date. That's assuming we could get BRR approval. That's not a certainty. That's a structural levy for the BLR. And trenching through that and putting concrete duct bank for power lines may not meet their requirements for maintaining that integrity.

Councilman Phillips: You will probably have to put little red balls so airplanes can see them. That's unfortunate but thank you for the explanation.

[Time: 01:39:05]

Mayor Lane: Thank you, Councilman. We don't have any further comments on this particular item. If we're ready to vote. Let me just say that number one, this has been a process that I know that the folks who have been put together this district for, it's been almost two years now. It's been a lot of different considerations. It's complex as it is going forward and certainly a lot to be done yet. I want to at least thanks APS for their patience and working with us on this. It is one of those situations where you don't want it to be above ground to be begin with and then try to put it underground later on. And so there's been a lot of different variations as to how we could get this accomplished. Great deal of patience on everybody's part to this point and certainly Jim Riggs and the group that have put together the district to this point in time. There's work still to be done but this is an important step.

I certainly am in favor of it. And I think also something we also have -- as I say there's been a lot of work put into it. I want to thank the parties who have gotten it to this point in time. I was interested with Mr. McLaren's observation that this is only like the second one of these that we've had accomplished. In our conversations on this, I never realized it was that unique of a situation. Obviously it's a significant power line, and averting some of the massive structures overhead, you know, is a big situation. But that is an interesting observation. I appreciate that additional thought on this. So with that being said, I understand now we have another comment or question from Councilman Smith.

[Time: 01:40:57]

Councilman Smith: No comment or question. I was just going to make the motion that we adopt resolution number 10649 and that we establish January 17, 2017, as the date for public hearing to consider the issue of ordering an election on the formation of the city of Scottsdale, Arizona, underground utility facilities improvement district number 1-6002 and to receive public comment on the proposed district

and if needed, a public hearing on any written objections received for the district, reserving the right to adjust or cancel the hearing dates as needed.

Vice Mayor Littlefield: Second.

Mayor Lane: Motion has been made with a second. Would the second like to speak toward it? All right. Then now is that all-inclusive of the other provisions we have within that resolution 10649.

Councilman Smith: By adopting resolution 10649, I think I have covered --

Mayor Lane: We have covered a, b, and c.

Councilman Smith: Well a and b.

City Attorney Bruce Washburn: The emergency clause is in the resolution and the third one --

Mayor Lane: Okay.

City Attorney Bruce Washburn: I did have a question, though. Is it one dash or I-6002? I think it is I dash 6002.

Councilman Smith: I have not a clue.

City Attorney Bruce Washburn: I think it's I-6002.

Mayor Lane: We have a motion and a second on this item. And I think we're then ready to vote. All those in favor indicate by aye and register your vote and nay if you're opposed. It's unanimous. I think that completes the item for that item. I want to thank everybody who was involved with input on it and all those who have been involved with it getting it to this point. Thanks very much and thank you, Mr. Worth.

Public Works Director Dan Worth: Thank you, Mayor.

## **PUBLIC COMMENT**

[Time: 01:43:00]

Mayor Lane: All right. That takes us to public comment. Completion of our regular items. And we do have two requests to speak on public comment at this point in time. Is Mr. Weinberg here? Three minutes, though. But that's fine. If he's not here, then he's not present for that. But then Mr. Stuart, then, if you'd like to move forward for three minutes.

Mark Stuart: My dear fellow citizens. I've got some great news. Yesterday I filed an application for an initiative petition to prohibit construction of any kind in the Preserve forever. Many of you may not

know, but you may know that -- can you guys see that? -- is it upside down or right side up? In Arizona, all political power resides in the people. And essentially our courts have interpreted that to mean that through the initiative process, we can do pretty much whatever we want. Once we get on the ballot and once we approve it, we have far greater power than elected officials.

Just want to give you a few details about the initiative and explain to you that the city is going to have to stop all activities related to discussing building in the Preserve, promoting building in the Preserve in any manner. That's just -- this is just the title. I e-mailed all of you guys a copy of this presentation with a copy of the application as well. So the question is what must public officials and city employees do to comply with the prohibition against spending public resources to influence elections?

Mayor Lane: Mr. Stuart, you're out of time if you want to wrap up quickly.

Mark Stuart: Let me just do this. Attached to your e-mail I sent you three presentations. One is a copy of the application. No big deal. One is a very well-written State of Arizona attorney general opinion about misuse of public funds to influence an election. And he explains the law very clearly. It's very very broad-based law, and the sanctions are quite severe. The last thing that I -- I also included a copy of the statute for you. But it's a fairly well-written statute which is somewhat unusual in Arizona. Lastly I included a copy of the e-mail I sent to the city treasurer and city manager, because we need to stop the spending. We need to account for the unspent money and have it returned to the city. It needs to be sequestered and done fairly quickly

Mayor Lane: Okay. Thank you, Mr. Stewart.

Mark Stuart: You're welcome, Mayor Lane.

[Time: 01:48:58]

Mayor Lane: Okay. No further -- any other petitions? Indicated. We do have a Mayor and council item. It is a request to agendize a discussion on the short-term rentals and another request of Councilmember Korte to direct staff to agendize a discussion regarding the city's short-term rental ordinance including possible amendments to add penalties which would go against the owner and/or revocable license provisions aimed the at reducing excessive noise in neighborhoods and neighborhoods and disturbances and including an item in the city's legislative program to effect changes in the state's short-term rental laws. I would say councilwoman Korte if you would like to speak to it.

Councilmember Korte: Simply this results from about four weeks ago, a discussion, and action taken by the council to provide short-term rentals due to state law, and our concern was accountability if there are issues within neighborhoods and to better protect our neighborhoods. So this is a request for that discussion is just accountability. And with that, then, I move to agendize on short-term rentals.

Councilman Phillips: Second.

Mayor Lane: A motion has been made and seconded. The only other item, we obey state law at hand here when we talk about amending an ordinance regard to this subject. It's a careful area. It'll be a

matter some of discussion we'll have to go through, but to create something above and beyond what homeowner would have in this does go counter to the state law in this area. But I think it's still a matter we're concerned about, and the accountability issue we discussed the last time this came before us. I'm in favor of the discussions.

So seeing no further requests to speak, I think we'll are ready to vote on it. All those in favor indicate by aye. It is unanimous. We did not give a specific date on the agenda for this. But it would be a matter I think of when it becomes available for us. Is that satisfactory?

Councilmember Korte: Yes. Thank you.

**ADJOURNMENT**

[Time: 01:50:47]

Mayor Lane: Okay. That is the only Mayor and council item we have. We are complete. I want to thank everybody for their participation and staff for all of the input and I'd accept a motion to adjourn. All those in favor please indicate by voting aye. We are adjourned. Thank you.