

**SUMMARIZED MINUTES
SCOTTSDALE CITY COUNCIL
SPECIAL MEETING
WEDNESDAY, APRIL 17, 2013**



**CITY HALL KIVA
3939 N. DRINKWATER BOULEVARD
SCOTTSDALE, AZ 85251**

CALL TO ORDER

Mayor W.J. "Jim" Lane called to order a Special Meeting of the Scottsdale City Council at 4:07 P.M. on Wednesday, April 17, 2013, in the City Hall Kiva.

ROLL CALL

Present: Mayor W.J. "Jim" Lane
Vice Mayor Suzanne Klapp
Councilmembers Virginia L. Korte, Robert W. Littlefield (arrived at 4:10 p.m.), Linda Milhaven, Guy Phillips, and Dennis E. Robbins

Also Present: Acting City Manager Dan Worth
Deputy City Attorney Steve Bennett
Acting City Treasurer Judy McIlroy
City Auditor Sharron Walker
City Clerk Carolyn Jagger

PLEDGE OF ALLEGIANCE – Councilman Guy Phillips

INVOCATION – Mayor Lane asked for a moment of silence for the victims of the Boston Marathon bombing.

MAYOR'S REPORT – None

CITY MANAGER'S REPORT – None

PRESENTATIONS/INFORMATION UPDATES – None

PUBLIC COMMENT – None

NOTE: IN ACCORDANCE WITH PROVISIONS OF THE ARIZONA REVISED STATUTES THE SUMMARIZED MINUTES OF CITY COUNCIL MEETINGS ARE NOT VERBATIM TRANSCRIPTS. THESE MINUTES ARE INTENDED TO BE AN ACCURATE REFLECTION OF ACTION TAKEN BY THE CITY COUNCIL. DIGITAL RECORDINGS OF CITY COUNCIL MEETINGS ARE ON FILE IN THE CITY CLERK'S OFFICE.

REGULAR AGENDA

1. **Review Proposed Fiscal Year 2013/14 Budget by Division**

Request: Public hearing, discussion and possible Council direction to staff, and division presentations regarding Proposed FY 2013/14 Budget. (Presentations not completed at the April 16, 2013 meeting will be presented at this meeting. Presentations not completed at this meeting will be continued to April 18.)

- a. City Officials and Charter Officers, presented by David N. Smith, City Treasurer; Joseph Olcavage, Presiding Judge
- b. Public Safety - Police, presented by John Cocca, Assistant Police Chief
- c. Public Safety - Fire, presented by Thomas Shannon, Fire Chief
- d. Water Resources, presented by Brian Biesemeyer, Executive Director
- e. Public Works, presented by Derek Earle, Acting Executive Director
- f. Community Services, presented by Bill Murphy, Executive Director
- g. Community and Economic Development, presented by Paul Katsenes, Executive Director
- h. Administrative Services, presented by Brad Hartig, Information Technology Executive Director

Mayor Lane opened public testimony.

- Barbara Fenster, Executive Director of Free Arts for Abused Children, urged the Council to approve a 3% increase in the Scottsdale Cultural Council's contract.

Mayor Lane closed public testimony.

g. Community and Economic Development, presented by Paul Katsenes, Executive Director

Community and Economic Development Executive Director Paul Katsenes gave a PowerPoint presentation (attached) on the proposed FY 2013/14 Community and Economic Development operating budget.

William Banchs, Scottsdale Cultural Council President and CEO, elaborated on the comments that he made during the April 16, 2013 Council meeting. Mr. Banchs said the 17% cut to the Cultural Council's contract in FY 2009/10 created a very efficient organization but an extremely tight budget. He urged the Council to consider a 3% increase to the Scottsdale Cultural Council's contract.

Discussion:

- Mr. Katsenes reported that there were two responses to the Request for Proposal for WestWorld marketing services. The review panel interviewed one of the respondents but did not make a recommendation. Staff is entertaining another opportunity for those services, which is expected to be brought before Council in about three weeks.
- Mr. Katsenes was asked how the decrease in WestWorld's budget supports the goal of having a vibrant expanding enterprise. Mr. Katsenes responded that the decrease in WestWorld's proposed budget is not directly related to WestWorld. The decrease is the result of items that were inserted into WestWorld's budget, such as the Tournament Player

Club, the McDowell Mountain Golf Course, and the debt service for the 80 acres near WestWorld, which all flow through WestWorld's budget.

- Councilmembers commented that the list of new WestWorld events appear to be the same events that have been previously held at WestWorld. Mr. Katsenes assured the Council that the events are new, while acknowledging that some of the events are considered new because of a new producer or because the event was expanded.
- Mr. Katsenes explained that B.R.E.A.D. (Business, Retention, Expansion and Development) is an Economic Development team working to drive new business through outreach visits to existing businesses and by making location recommendations to commercial real estate brokers.
- Budget Director Judy McIlroy reported a projected 13% increase in auto sales tax revenue, including two new dealerships opening in the coming fiscal year. Ms. McIlroy said the reported sales tax revenue of \$1.65M per dealership seemed high. She will recalculate the amounts and forward verified numbers to the Council.
- A Councilmember requested regular updates on WestWorld's revenues and expenses, with the golf courses separated out. Ms. McIlroy explained that a profit and loss is now included in WestWorld's monthly financial report and confirmed that the Summary of Fund Revenues contains all of WestWorld's revenues.
- Mr. Katsenes will forward information to the Council detailing the \$4.0M WestWorld Capital Project.
- A Councilmember expressed reluctance to invest an additional \$4.0M in WestWorld and asked for a detailed overview of all the investments that have been made in WestWorld over the past three years.
- Staff was asked to look into the concerns that have been expressed that equestrian uses are incompatible with the concrete footing being poured in the new north hall at WestWorld.
- Mr. Katsenes will provide the Council with a list of the 1,700 new jobs that the Economic Development Department estimates have been created.
- Transportation Director Dave Meinhart reported that the Transportation Department is working through the Valley Metro procurement process to bring in thirteen new trollies this year. Within eighteen months, another six trolleys will be added to the fleet. He noted that program funds are coming from a combination of federal grants and Proposition 400 funds. Additional trolley routes are being considered around the airport; however, due to funding limitations, the City is a couple of years away from expanding the trolley routes.
- In response to a question, Mr. Meinhart said the City's trolley operations contract identifies the operator as being responsible for maintaining the trolleys.

h. Administrative Services, presented by Brad Hartig, Information Technology Executive Director.

Administrative Services Information Technology Executive Director Brad Hartig gave a PowerPoint presentation (attached) on the proposed FY 2013/14 Administrative Services operating budget.

Discussion on the proposed FY2013/14 operating budget:

- Acting City Manager Dan Worth gave a PowerPoint presentation (attached) on the general direction given to staff regarding unfunded changes to the proposed FY 2013/14 operating budget and proposed one-time expenditures.

- Mr. Worth explained the process and scoring system used by the Human Services Commission to make recommendations on the how monies received through the Scottsdale Cares, HOME, and CDBG programs should be distributed. The Meals-on-Wheels Program was ranked 16th on the list.
- It was suggested that the Meals-on-Wheels Program might be funded through the Industrial Development Authority (IDA), grants, or private funding.
- Ms. McIlroy anticipates that over \$11.0M will be in the Unreserved Fund Balance by the end of the fiscal year. Financial policy states that any remaining unreserved fund balance will be transferred into the Capital Program unless otherwise directed by Council.
- A Councilmember suggested allocating \$100,000 in one-time monies to the Scottsdale Cares Program, with a request to staff to develop a plan to upgrade the program and increase donations.
- Council requested further discussion on funding for the Meals-on-Wheels Program, contingent upon whether the IDA allocates funds to the program this year.
- General consensus was given to include \$80,000 in one-time monies in the City Court's proposed operating budget to address the DUI backlog.

The Council made a series of six motions to provide staff with direction on the proposed Fiscal Year 2013/14 Operating Budget.

MOTION NO. 1 AND VOTE – COURT ENHANCEMENT FUND

Councilman Robbins moved to direct staff to defer moving two full-time employees from the Court Enhancement Fund until Fiscal Year 2014/15. Vice Mayor Klapp seconded the motion, which carried 5/2, with Councilmembers Korte and Milhaven dissenting.

MOTION NO. 2 AND VOTE – DISPATCH PIPELINE PROGRAM

Councilman Robbins moved to direct staff to include funding in the budget in the amount of \$63,273 for the dispatch pipeline program. Vice Mayor Klapp seconded the motion, which carried 4/3, with Councilmembers Korte, Littlefield, and Milhaven dissenting.

MOTION NO. 3 AND VOTE – CULTURAL COUNCIL CONTRACT

Councilwoman Milhaven moved to direct staff to include funding in the budget in the amount of \$123,909 for a three percent increase in the Cultural Council contract. Councilmember Korte seconded the motion, which carried 4/3, with Mayor Lane, Vice Mayor Klapp, and Councilman Littlefield dissenting.

MOTION NO. 4 AND VOTE – TUITION REIMBURSEMENT PROGRAM

Vice Mayor Klapp moved to direct staff to include one-time funding in the budget for a tuition reimbursement program in the amount of \$125,000, with participants paying at least 50 percent of their tuition and a maximum reimbursement of \$2,000 per participant. Councilwoman Milhaven seconded the motion, which carried 5/2, with Councilmembers Korte and Phillips dissenting.

MOTION NO. 5 AND VOTE – INDIRECT COST ALLOCATION

Councilman Robbins moved to direct staff to change the indirect cost allocation in the budget so that it is phased in over three years. Councilwoman Milhaven seconded the motion, which carried 6/1, with Councilman Littlefield dissenting.

MOTION NO. 6 AND VOTE – CULTURAL COUNCIL CONTRACT, 3% INCREASE AS AN ONGOING EXPENSE

Councilmember Phillips moved to direct staff to allocate the three percent increase in the Cultural Council contract as an ongoing expense in the budget. Councilmember Korte seconded the motion, which carried 4/3, with Mayor Lane, Vice Mayor Klapp, and Councilman Littlefield dissenting.

Mr. Worth announced that an update regarding police officer compensation and retention, CIP projects and fund balances, the Deputy Fire Marshal position, firefighter training, and staffing of Fire Station 602 will be discussed during the May 7, 2013 Council Meeting budget discussion.

PUBLIC COMMENT – None

MAYOR AND COUNCIL ITEMS – None

ADJOURNMENT

With no further business to discuss, the Special Meeting adjourned at 8:16 P.M.

SUBMITTED BY:



**Carolyn Jagger
City Clerk**

Officially approved by the City Council on

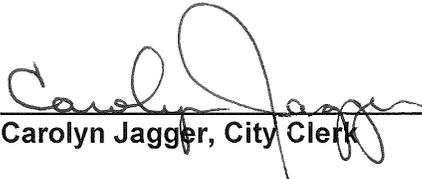
June 4, 2013

CERTIFICATE

I hereby certify that the foregoing Minutes are a true and correct copy of the Minutes of the Special Meeting of the City Council of Scottsdale, Arizona held on the 17th day of April 2013.

I further certify that the meeting was duly called and held, and that a quorum was present.

DATED this 4th day of June 2013.

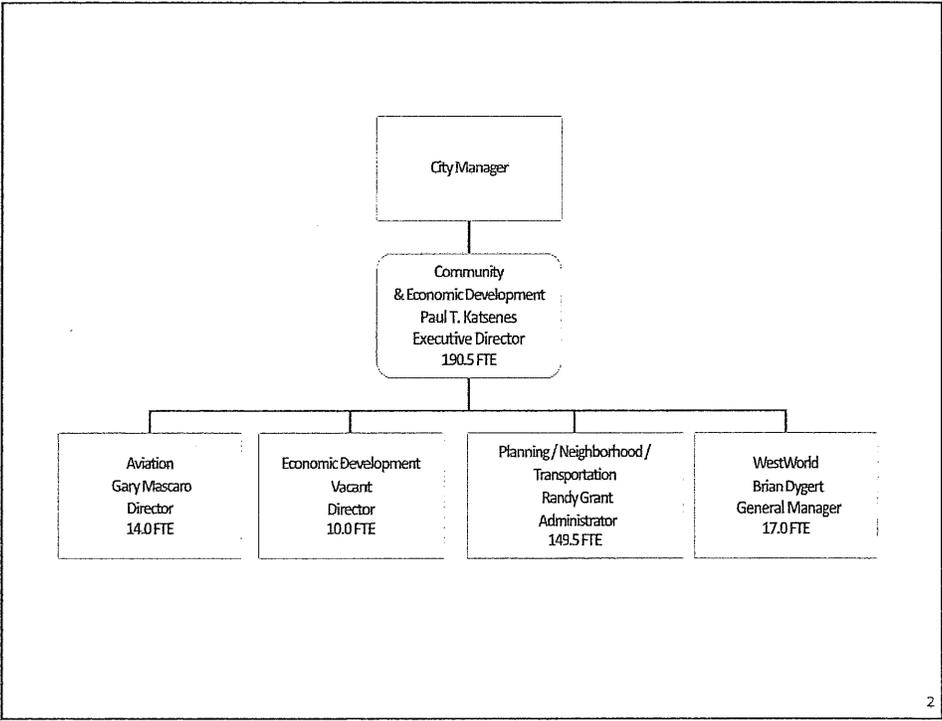


Carolyn Jagger, City Clerk



Community & Economic Development

FY 2013/14 Budget Presentations





Community & Economic Development Division

- Operating Budget in \$ Millions

	Approved FY 2012/13	Proposed FY 2013/14	Change	% Change
Aviation	\$1.8	\$2.0	\$0.2	8.2%
Economic Development	\$14.7	\$15.3	\$0.5	3.4%
Planning, Neighborhood & Transportation	\$22.7	\$22.4	(\$0.3)	(1.2%)
WestWorld	\$4.0	\$3.9	(\$0.1)	(1.1%)
Total	\$43.3	\$43.6	\$0.3	0.8%

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Community & Economic Development Division

- Full-Time Equivalents (FTE)

	Actual FY 2010/11	Actual FY 2011/12	Approved FY 2012/13	Proposed FY 2013/14
Aviation	14	14	14	14
Economic Development	11	10	10	10
Planning, Neighborhood & Transportation	180.5	160.5	148.5	149.5
WestWorld	23	18	17	17
Total	228.5	202.5	189.5	190.5

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Economic Development Department



2012/13 Highlights & Accomplishments

- **B.R.E.A.D. Team**
 - Over 250 Outreach Visits to Existing Companies
 - www.ChooseScottsdale.com
 - "Coffee with ED" Real Estate Broker Program
- **Retail Attraction**
 - Bell Lexus North Scottsdale (July, 2013)
 - Mercedes-Benz (November, 2013)
- **Scottsdale Museum of the West**
- **Tourism Development and Marketing 5-Year Strategic Plan**
 - Implementation Plan

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Economic Development Department



Contract Administration

- **Scottsdale Convention and Visitors Bureau**
 - 50% Destination Marketing (funding allocated per Prop 200, 2010)
 - 5 Year Contract (2012) - Destination Marketing Services Agreement
- **New & Existing Event Development**
 - Community Events (Parada Del Sol, Artwalk)
 - Special Event Support Fund (Barrett-Jackson, Horse Shows)
 - Multi-year Contractual Events (P.F. Chang, Fiesta/BCS Bowl Games)
 - New Event Funding Support (Baseball Festival, Schwab Cup, Horses & Horse Power)

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Economic Development Department



Contract Administration

- Greater Phoenix Economic Council - included in budget

- Scottsdale Cultural Council – included in budget
 - 10 Year Contract (2008) – Master Services Agreement
 - Annual Funding Renewal
 - 3% Increase Requested (Not In Budget) \$123,909

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Planning, Neighborhood and Transportation Dept



– Strategic Goals & Objectives

1. Regulatory Review and Process Improvement

- a. Simplify and Clarify Regulations
 - 38 Text Amendments to the Zoning Ordinance since 2009/10 to simplify and clarify requirements

- b. Continue to Evaluate Efficiency and Effectiveness of all facets
 - Regulatory Review
 - Process Improvement
 - Dedicated Staff for Customers in Process

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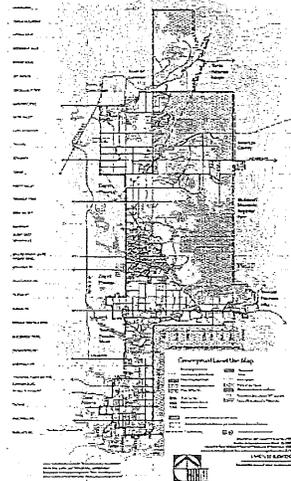
Planning, Neighborhood and Transportation Dept



– Strategic Goals & Objectives

2. General Plan Update

- a. Support Council-Appointed Task Force efforts
- b. Ensure broad outreach and citizen participation city-wide
 - ✓ PNT staff intensive – estimated 30+ community workshops/events
- c. Meet Statutory timelines and requirements



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Planning, Neighborhood and Transportation Dept



– Strategic Goals & Objectives

3. Character Area Plans/Growth Areas Implementation

- Airpark
- Downtown (Associated Task Force recommendations)
- South Scottsdale (Associated Task Force recommendations)
 - ✓ Need for dedicated staff focused on implementation of Character Area Plan and Task Force objectives by area

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Planning, Neighborhood and Transportation Dept



– Strategic Goals & Objectives

4. Respond to Increasing Workload

a. 31 Staff Positions in PNT Eliminated In Past 3 Years

- 17% of Workforce lost through Reductions or Attrition
- Attrition likely to continue as employment opportunities become available if economy continues to improve

b. With Economy Recovering, Workload is Increasing

- Number of requests for pre-application conferences have increased by 24% this year
- Construction inspections /FTE increased by 11% over past 2 years
- Increased number of code enforcement inspections /FTE by 18% over last year

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Planning, Neighborhood and Transportation Dept



2013/14 Budget Requests (In Budget)

Full-Time Equivalents (FTE)	Actual FY 2010/11	Actual FY 2011/12	Approved FY 2012/13	Proposed FY 2013/14
Planning, Neighborhood & Transportation	150.5	160.5	148.5	149.5

- Add 1 FTE in Transportation Fund; aggressive grant opportunities
- Funding for General Plan update \$100,000
- Funding for Neighborhood Enhancement Partnership projects \$50,000

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Aviation Department



2012/13 Highlights & Achievements

- Implemented development regulations to protect Scottsdale Airport from noise-sensitive development encroachment
- Completed the 1st full Airport Emergency Drill in partnership with FAA, PD, Fire, PIO and tested all areas of airport emergency response.
- Initiated in partnership with ED, CVB, Barrett Jackson & Airport Stakeholders to attend and showcase City of Scottsdale at NBAA conferences to attract new aircraft operations and tourism.

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Aviation Department



- Revenue Trends – Aviation Enterprise Fund

	Revised Forecast FY 2012/13	Proposed FY 2013/14	Change	% Change
Aviation	\$3,000,000	\$3,200,000	\$200,000	6.7%

- Financial Self-Sufficiency
 - Compliance with Federal Airport Revenue Policy
 - Creation and adoption of a 5 year financial plan to ensure revenue obtained from user fees to cover budgeted expenditures
 - No rate increase requested – sufficient funds available to cover operating/capital budgeted expenditures

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Aviation Department



2013/14 Budget Requests (In Budget)

- **U.S. Customs Services Enhancements**
 - Significant user benefit for service growth – User fee
 - 7-day a week service during the “peak season”
 - Evaluation of the cost/benefit to expand further to 7-day a week service year round with an additional full time officer.

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WestWorld Department



Highlights

- Completed horse barn repairs in Barn I
- Supported event production in the Equidome during the first phase of construction of the Tony Nelssen Equestrian Center
- Tony Nelssen Equestrian Center Completion
- Marketing Contract
- Equestrian Events
- Special Events

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WestWorld Department New Events FY2012/13



Event	Date	Event Description	Contract Status	# Event Days	# Total Days	Projected Attendance/Participants	Total Projected Revenue
Arabian Breeder Finals	10/10-13/12	horse show	contracted	4	7	277	\$20,800
Bucking Bull	10/13/12	bull riding	contracted	1	2	200	\$1,410
Miniature Horse Show	10/20/12	horse show	contracted	1	1	86	\$1,410
Scottsdale Polo Championships Horses & Horsepower	10/20/12	polo event	contracted	1	4	10,000	\$17,282
Vintage Market	11/10/12	antique show/ flea market	contracted	1	2	2,000	\$2,805
Festival of the West (new producer)	3/18-24/13	western festival	contracted	4	7	6,000	\$55,700
Gem & Jewelry	3/29-31/13	jewelry sale	contracted	3	4	1,000	\$5,540
Home & Life Expo	4/6-7/13	home show	contracted	2	3	3,000	\$18,250
Drink Eat & Play Festival	05/11/13	beer tasting	contracted	1	1	5,000	\$21,750
DRHA Reining Horse Assn.	6/13-16/13	horse show	contracted	3	5	360	\$27,300
Scottsdale Beat the Heat 2013	06/01/13	10K run	contracted	1	2	1,500	\$3,500

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WestWorld Department New Events FY2013/14 and FY2014/15



Event	Date	Event Description	Contract Status	# Event Days	# Total Days	Projected Attendance/Participants	Total Projected Revenue
Mounted Shooters of America	Sept. 2013	horse show	contracted	4	6	720	\$42,300
AQHA Region 7	9/5-8/13	horse show	contracted	4	7	540	\$38,000
Hunter Jumper Event	Fall 2013	horse show	in negotiations	2	3	250	\$7,200
Hunter Jumper Event	Fall 2013	horse show	prospective	2	3	250	\$7,200
Goldmine Circuit	12/11-15/13	horse show	contracted	4	5	540	\$29,600
Paint Horse Show	12/28-1/5/13	horse show	contracted	9	9	540	\$44,200
Scottsdale Polo Championships Horses & Horsepower	Spring 2014	polo event	in negotiations	1	4	10,000	\$17,300
Quarter Horse Classic	April 2014	horse show	prospective	3	4	900	\$40,000
Reining Cow Horse Assn.	Summer/Fall 14	horse show	prospective	3	4	900	\$40,000
Hunter Jumper	Summer 2014 #I	horse show	prospective	3	4	900	\$40,000
Hunter Jumper	Summer 2014 #II	horse show	prospective	3	4	900	\$40,000
Friesian Nationals	Fall 2014	horse show	prospective	3	4	720	\$35,000
Sub-Total							\$556,547

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WestWorld Department



– Strategic Goals & Objectives

2013/14 Budget Requests (In Budget)

- Feed and Bedding for resale \$30,000
- Overtime \$6,708
- US Bureau of Reclamation approved improvements \$50,000

Requests Not in Budget \$150,400

- Loader rental \$45,600
- Tenant sweeper rental \$33,400
- Articulating man lift rental \$11,400
- Contract worker labor \$30,000
- Manure haul off \$30,000

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Feedback



- Questions? Comments?

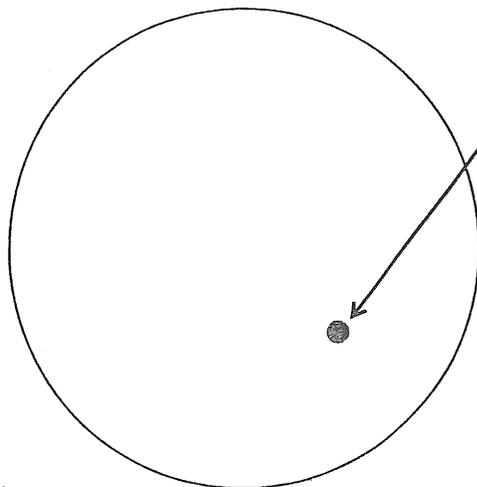
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Administrative Services

FY 2013/14 Budget Presentations

Administrative Services – Staffing Reductions



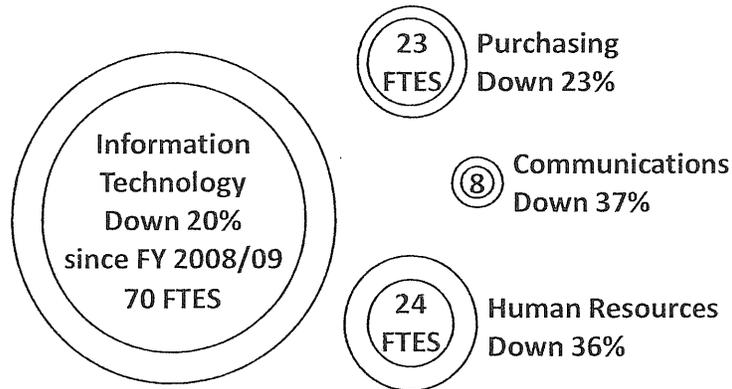
125 FTES
5% of Citywide FTES
11% of reductions

As a division,
down 42 FTES (25%)
Since FY 2008/09





Administrative Services Current Staffing



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Use Resources Wisely

Funded:

- 1 FTE – Mail room and Warehouse shared position
 - Manager position eliminated, 2 front line positions created
- Replace postage metering equipment – Purchasing

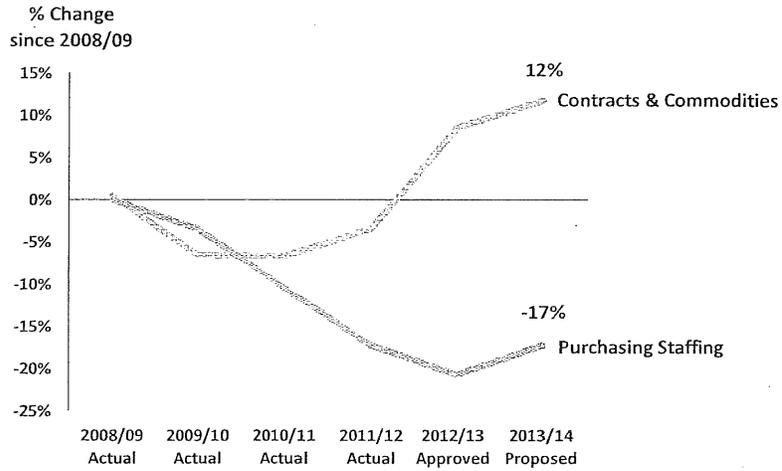
Unfunded:

- Digital Photo Management Platform
- Speak Up Scottsdale
 - Public engagement and feedback on city issues

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Citywide Spending & Purchasing Staffing



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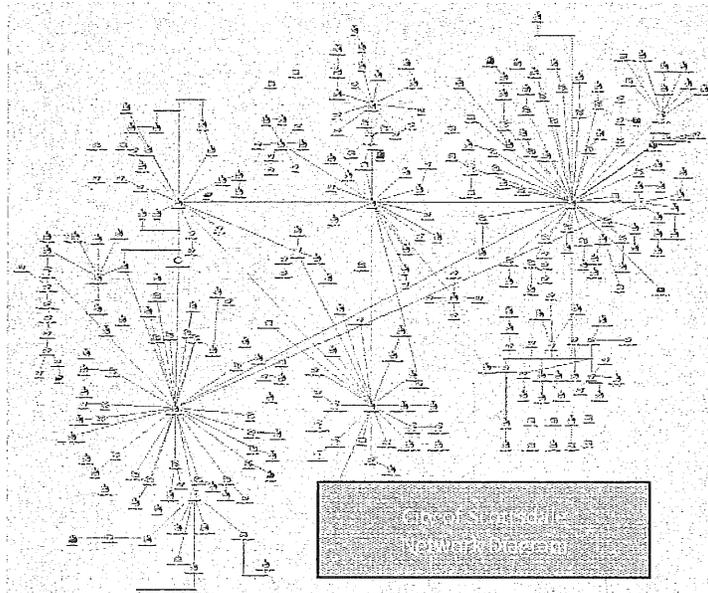


Minimize Risk to Organization

Funded:

- 1 FTE – Enterprise Communications Engineer – IT
 - Provides technical support for city's network communications architecture.
- Business Continuity Consultant – IT

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Investing in Our People

Funded:

- 1 FTE – Senior Human Resources Analyst
 - Provides support for the classification/compensation program.
- 6-month funding for contract workers for class./comp. program

Unfunded:

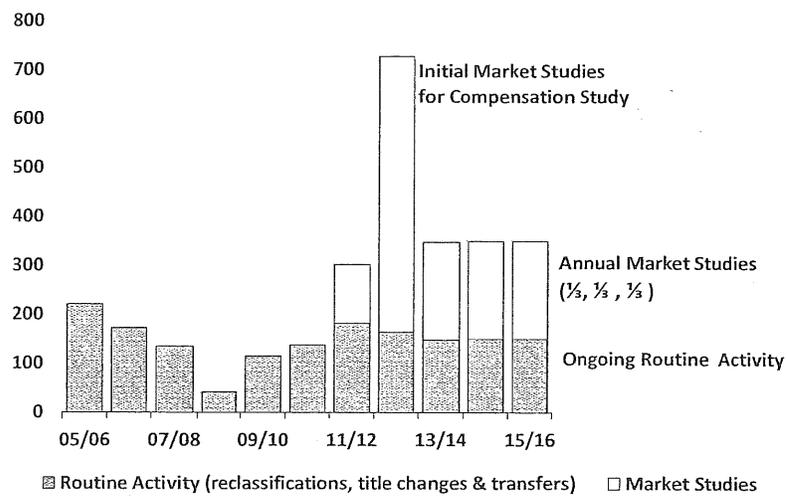
- 1 FTE to support class./comp. program
 - Original package called for 2 FTE – Now 1 funded / 1 unfunded
- 1 FTE for workforce development and training programs
- 1 FTE for centralized HR support including public records requests, records management, & special projects
- New HR Management System – license & maintenance
- Reinstate Tuition Reimbursement Program
- Reinstate Superior Performance Award Program

Human Resources – Compensation Program

- Job Descriptions / Market Studies
- Pay Table (equitable and consistent application)

- Next Steps
 - Compensation policies and procedures
 - Conduct annual review of 1/3 of all classifications
 - Job studies related to structural changes & business need
 - Proactive total compensation research (salary+benefits)

Compensation Program Activity





Questions?

Item 1

Dan Worth

Possible Budget Changes

	Ongoing	One-time
1. Supplement Scottsdale Cares		
a. Fund Tempe Community Action Agency request <u>or</u>		(74,100)
b. Fully fund TCAA and higher-ranked agency requests		(192,190)
2. Include City Court Requests		
a. Reduce DUI Backlog		(80,845)
b. Move 2.0 FTE from Court Enhancement Fund	(194,974)	
3. Address 9-1-1 Communications Reductions		
a. Add 4.0 FTE communication dispatchers <u>or</u>	(275,427)	
b. Add funding to pipeline program for dispatch	(63,273)	

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Possible Ways to Fund Changes

New FTEs included in proposed budget	\$\$\$
HVAC technician to handle backlog and preventive maintenance due to facility increase	71,132
Senior human resources analyst to support classification and compensation program	92,020
IT engineer to support network communications infrastructure	112,580
<i>Sub-Total of New FTEs</i>	275,732
Changes in Revenue Sources	
2% Property Tax Increase	500,000
Change in Indirect Cost Allocation Phased In over <u>3</u> years.	238,000

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Provide more information

	Ongoing	One-time
Operating Budget		
1. Deputy Fire Marshal	\$110,406	
2. Strategies to address police retention		
Capital Improvement Plan		
1. WestWorld Event Area / Parking Improvements		\$4,300,000
2. Scottsdale Stadium Improvements		\$1,000,000
3. Marshall Way Public Art		\$150,000



Next Steps:

- Tue., May 7 Public Hearing, Council Discussion
- Tue., May 14 Public Hearing and Tentative Budget Adoption
- Tue., June 4 Public Hearing and Final Budget Adoption; Truth in Taxation Hearing