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#### **CALL TO ORDER**

Mayor Lane: GOOD AFTERNOON. I'D LIKE TO CALL TO ORDER FEBRUARY 26,, 2013, CITY COUNCIL MEETING. CAN WE START WITH A ROLL CALL PLEASE.

#### **ROLL CALL**

[Time: 00:00:10]

City Clerk Carolyn Jagger: THANK YOU YOUR HONOR.

City Clerk Carolyn Jagger: VICE MAYOR SUZANNE KLAPP

Councilwoman Klapp: HERE.

City Clerk Carolyn Jagger: COUNCILMEMBERS VIRGINIA KORTE

Councilmember Korte: Here

City Clerk Carolyn Jagger: LINDA MILHAVEN

Councilwoman Milhaven: HERE

City Clerk Carolyn Jagger: GUY PHILLIPS

Councilmember Phillips: HERE

City Clerk Carolyn Jagger: DENNIS ROBBINS.

Councilman Robbins: HERE.

City Clerk Carolyn Jagger: ACTING CITY MANAGER DAN WORTH

Acting City Manager Dan Worth: HERE

City Clerk Carolyn Jagger: CITY ATTORNEY BRUCE WASHBURN.

City Attorney Bruce Washburn: HERE.

City Clerk Carolyn Jagger: CITY TREASURER DAVID SMITH.

City Treasurer David Smith: PRESENT.

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. WE DO HAVE SPEAKER CARDS IF YOU WOULD LIKE TO SPEAK ABOUT ANY OF THE SUBJECTS FOR PUBLIC COMMENT. THOSE ARE THE WHITE CARDS THE CITY CLERK IS HOLDING IF YOU WOULD LIKE TO HAVE A MOMENT TO SPEAK, A 3-MINUTE MAXIMUM. WE DO HAVE YELLOW CARDS, WHICH SHE NOW HAS OVER HER HEAD, SO YOU CAN WRITE YOUR COMMENTS THAT WE WILL BE READING ON ANY OF THE ITEMS THAT ARE ON THE AGENDA. WE HAVE SCOTTSDALE POLICE OFFICERS GREG CARLIN AND TOM CLEARY, IF YOU HAVE ANY NEED FOR THEIR ASSISTANCE. THE AREAS BEHIND THE COUNCIL DAIS ARE RESERVED FOR COUNCIL AND STAFF, AND WE HAVE RESTROOMS OVER HERE TO MY LEFT CLEARLY MARKED AND THEY'RE FOR YOUR CONVENIENCE.

**PLEDGE OF ALLEGIANCE**

[Time: 00:01:27]

THIS AFTERNOON WE'LL HAVE THE PLEDGE OF ALLEGIANCE BY THE JUNIOR GIRL SCOUT TROOP 1131 WITH THEIR LEADER SHARLA GODBEHERE. LADIES, IF YOU'D LIKE TO COME UP TO THE MICROPHONE AND LEAD US IN THE PLEDGE. IF WE COULD ALL STAND. [PLEDGE OF ALLEGIANCE RECITED].

I PLEDGE ALLEGIANCE TO THE FLAG OF THE UNITED STATES OF AMERICA AND TO THE REPUBLIC FOR WHICH IT STANDS, ONE NATION UNDER GOD, INDIVISIBLE, WITH LIBERTY AND JUSTICE FOR ALL.

Mayor Lane: TELL US WHERE YOU GO TO SCHOOL AND WHAT YOUR FAVORITE SUBJECT IS.

Girl Scout Troop 1131: MY NAME IS ELLA, I GO TO POPE JOHN THE 23<sup>RD</sup> CATHOLIC SCHOOL COMMUNITY, MY FAVORITE SUBJECT IS MATH. MY NAME IS ASHLEY, I GO TO POPE JOHN THE 23<sup>RD</sup> CATHOLIC SCHOOL COMMUNITY AND MY FAVORITE SUBJECT IS SCIENCE. I'M THERESA, I GO TO

BLESSED POPE JOHN THE 23<sup>RD</sup> CATHOLIC SCHOOL COMMUNITY AND MY FAVORITE SUBJECT IS SCIENCE. I'M NOEMI SANTAELLA, I GO TO BLESSED POPE JOHN THE 23<sup>RD</sup> CATHOLIC SCHOOL COMMUNITY AND MY FAVORITE SUBJECT IS SCIENCE. I'M FRANKY, I GO TO POPE JOHN THE 23<sup>RD</sup> CATHOLIC SCHOOL COMMUNITY AND MY FAVORITE SUBJECT IS RELIGION. HELLO, I'M KELLY, I'M A FOURTH GRADER AT POPE JOHN THE 23<sup>RD</sup> CATHOLIC SCHOOL COMMUNITY AND MY FAVORITE SUBJECT IS MATH.

Mayor Lane: VERY GOOD. THANK YOU VERY MUCH LADIES. WE WELCOME PASTOR KURT FROM THE PARADISE CHURCH. WE HAVE A COMMUNITY CLEAN-UP EVENT PLANNED FOR ELDORADO PARK, SO CONTACT MY OFFICE IF YOU'D LIKE TO HELP WITH THAT. PLEASE HELP ME WELCOME THE PASTOR FOR INVOCATION.

### **INVOCATION**

[Time: 00:03:23]

PASTOR KURT NOTEHELPER: THANK YOU. IT'S AN HONOR TO BE WITH YOU THIS EVENING. PLEASE PRAY WITH ME. GOD WE THANK YOU FOR THIS OPPORTUNITY TO COME TOGETHER AS A COMMUNITY TO SEEK THE GOOD OF OUR CITY. WE ASK YOUR BLESSING ON THIS EVENING'S PROCEEDINGS AND THAT YOU WOULD BRING WISDOM AND INSIGHT, WISE DECISION MAKING. WOULD YOU GIVE US A HEART FOR THE NEEDS OF THOSE IN OUR COMMUNITY WHO ARE HURTING. GIVE US AN INSIGHT ON HOW WE CAN COME TOGETHER AND BE BETTER TOGETHER AS WE ANTICIPATE HAVING OUR BREAKFAST TOMORROW WHEN WE BRING TOGETHER FAITH AND BUSINESS LEADERS AND CIVIC LEADERS TO U NITE TOGETHER FOR THE SAKE OF MAKING A DIFFERENCE. WE ASK THAT YOU WOULD BE HONORED AND GLORIFIED. WE ASK THAT YOU RAISE ALL OF OUR HEARTS AND MINDS TO THE LEVEL OF ACHIEVEMENT THAT YOU HAVE CALLED US TO BE A HUMAN FAMILY TOGETHER. WE THANK YOU, AMEN.

Mayor Lane: THANK YOU PASTOR. I LOOK FORWARD TO SEEING YOU TOMORROW MORNING.

### **MAYOR'S REPORT**

[Time: 00:05:24]

Mayor Lane: I DON'T HAVE ANY PARTICULAR REPORT FOR THIS AFTERNOON'S MEETING, BUT THINK MR. WORTH, YOU DO.

### **CITY MANAGER'S REPORT**

[Time: 00:05:34]

Acting City Manager Dan Worth: THANK YOU. RANDY GRANT WILL GIVE US AN UPDATE ON THE GENERAL PLAN.

Planning, Neighborhood and Transportation Administrator Randy Grant: THANK YOU MAYOR LANE AND MEMBERS OF THE CITY COUNCIL. THANKS TO THE WORK OF THE TOWN HALL VISIONING

COMMITTEE THAT MET LAST WEEK FOR THREE HALF DAYS. WE HAVE A BETTER UNDERSTANDING OF WHAT THAT VISION IS. THE REPORT THE GROUP CAME UP WITH IS NOW AVAILABLE ON LINE AT SCOTTSDALEAZ.GOV\GENERALPLAN. I THANK YOU ALL FOR PARTICIPATING. ADDITIONALLY, THERE IS AN OUTREACH OPPORTUNITY IN THE COMING MONTHS FOR THE UPCOMING GENERAL PLAN PROCESS. THE GENERAL PLAN 2014 BUILDING DIVISION IS ON DISPLAY AT CIVIC CENTER MALL. THE EXHIBIT CELEBRATES THE HERITAGE OF CITIZENSHIP PARTICIPATION IN SCOTTSDALE. IT WILL BE THERE UNTIL APRIL.

WE'LL BE BACK WITH YOU SOON ON THE 2014 GENERAL PLAN PROGRESS. JUST CONTACT US IF YOU WOULD LIKE MORE INFORMATION ON THE REPORT OR WEB SITE.

Mayor Lane: THANK YOU. IS THAT THE EXTENT MR. WORTH?

Dan Worth: MAYOR, THAT'S CORRECT.

**PUBLIC COMMENT**

No public comment.

**ADDED ITEMS**

[Time: 00:07:34]

Mayor Lane: WE HAVE NO PUBLIC COMMENT, WHICH IS RESERVED FOR CITIZENS REGARDING NONAGENDA ITEMS. WE DO NOT HAVE ANY CARDS FOR THAT. THERE MAY BE A TIME AT THE AT END OF THE SESSION IF IN FACT THERE'S A NEED. THERE WAS AN ADDED ITEM TO THE CONSENT AGENDA, ITEM 15A. IT WAS ADDED TO THE AGENDA LESS THAN TEN DAYS PRIOR TO THE MEETING. I WOULD LIKE TO ASK THE COUNCIL FOR SOMEONE TO ACCEPT OR DENY THE AGENDA AS PRESENTED, TO ALLOW IT TO EXIST OR ADD IT TO THE MARCH 5TH AGENDA. DO I HAVE SUCH A MOTION.

Councilman Robbins: MOVE TO ACCEPT THE ADDED ITEMS.

Councilwoman Milhaven: SECONDED.

Mayor Lane: WE'RE READY TO VOTE ON THAT. THOSE IN FAVOR INDICATE BY AYE, THOSE OPPOSED SAY NAY.

IT'S UNANIMOUS TO LEAVE ON THE AGENDA AS INDICATED. A COUPLE OF ITEMS I WOULD LIKE TO ANNOUNCE IN ONE CASE THAT IS TIMELY, ITEM 16 WAS CONTINUED PRIOR TO THE MEETING TO MARCH 19TH PER THE APPLICANT'S REQUEST. THAT WILL NOT BE HEARD TONIGHT. IT'S CONTINUED TO THE MARCH 19TH MEETING DATE.

WE HAVE OUR CONSENT ITEMS NEXT. COUNCILMEMBER PHILLIPS HAS ASKED THAT ITEM NUMBER 6 SIX BE MOVED TO THE REGULAR AGENDA, WHICH WE WILL DO AND I SEE THERE ARE CARDS ON SIX AS BEING MOVED TO REGULAR AGENDA, THAT'S TAKEN CARE OF. WE HAVE CARDS WITH REQUEST TO SPEAK ON ITEM FIVE. THIS IS THE RANCHO DEVELOPMENT AGREEMENT AND CONDITIONAL USE

PERMIT 19-UP-2012. IT CALLS FOR A RESOLUTION NUMBER 2326 AUTHORIZING AGREEMENT. THERE'S A REASON FOR THAT. IT'S NOT ON HERE. I'LL BACK STEP A LITTLE BIT AND I'LL ASK FOR A VOTE TO ACCEPT THE MINUTES, OUR REGULAR MEETING OF JAN 22ND, 2013.

## **MINUTES**

[Time: 00:09:57]

Councilman Robbins: MOVE TO ACCEPT THE MINUTES OF THE REGULAR MEETING OF JANUARY 22nd.

Vice Mayor Klapp: SECONDED.

Mayor Lane: THOSE MINUTES HAVE BEEN ACCEPTED.

## **CONSENT ITEMS**

[Time: 00:10:20]

Mayor Lane: I'LL PROCEED. WE HAVE MOVED ITEM SIX OFF CONSENT IN THE REGULAR AGENDA, BUT WE HAVE A REQUEST TO SPEAK ON ITEM FIVE. IT INVOLVES TWO RESOLUTIONS ON CONDITIONAL USE PERMITS AND DEVELOPMENT AGREEMENT WITH REGARD OF LIVE ENTERTAINMENT IN CENTRAL BUSINESS DISTRICT. WE'LL GO AHEAD AND ACCEPT THE REQUESTS TO SPEAK AND WE'LL START WITH BOB PORTER.

### **ITEM 5 – EL RANCHERO DEVELOPMENT AGREEMENT AND CONDITION USE PERMIT (19-UP-2012)**

Bob Porter: THANK YOU MAYOR AND MEMBERS OF THE CITY COUNCIL. THIS PERMIT WAS VOTED ON, ON JANUARY 23, BEFORE THE PLANNING COMMISSION. I REPRESENT SOUTHWEST DENTAL GROUP WHOSE OFFICES ARE 3030 NORTH 67TH PLACE. THE RESTAURANT IS ON THE NORTH 68TH STREET ADDRESS, WITHIN LITERALLY A FEW HUNDRED FEET. THERE'S THREE PROBLEMS IN THE EYES OF SOUTHWEST DENTAL GROUP. THE PROCEDURE WASN'T FOLLOWED BY THE WAY THE APPLICANT WAS SUPPOSED TO POST SIGNS AND ALERT THE NEIGHBORS OF WHAT'S GOING ON. THERE'S PROBLEMS WITH THE SUBSTANCE OF WHAT WAS GRANTED AND THIRDLY THE RESTAURANT JUMPED THE GUN ON FEBRUARY 14. THEY HAD LIVE ENTERTAINMENT AT THEIR RESTAURANT BEFORE THE CITY COUNCIL COULD MEET AND APPROVE THE PLANNING COMMISSION VOTE. I'VE SUBMITTED WRITTEN COMMENTS AS WELL. THIS MATTER STARTED IN JULY OF 2012 AND WAS NOTICED AND THEN WAS CANCELLED. THE SOUTHWEST DENTAL GROUP SUBMITTED WRITTEN COMMENTS TO ONE OF THE PEOPLE IN THE CITY PLANNING DEPARTMENT AND SAID THOSE COMMENTS WOULD BE TO BE PLACED IN A FILE. UNBEKNOWNST TO SOUTHWEST DENTAL GROUP IT CAME UP IN JANUARY. THE COMMENTS FROM OUR GROUP WERE NOT IN THE FILE. AS I'VE DOCUMENTED, THE SIGN WAS NOT TIMELY POSTED AND NOT SEEN BY SOUTHWEST DENTAL GROUP. SO IT SNEAKS THROUGH THE EYES OF SOUTHWEST DENTAL GROUP IN JANUARY 20, 2013. IT WILL BE NOISY AS THE SUMMER GOES ON AND THE WINDOWS AND DOORS ARE OPEN. THE LIVE MUSIC WILL BE A DETERRENT. THE DRUG PROBLEM IS A POTENTIAL AS WELL BECAUSE SOUTHWEST DENTAL GROUP DOES HAVE DRUGS ON ITS BUSINESS OPERATION THERE WITHIN A FEW HUNDRED FEET. SO FOR ALL THOSE REASONS PLUS THE FACT THAT

THIS RESTAURANT DID HAVE LIVE MUSIC ON FEBRUARY 14 AND ANNOUNCED IT AND IT'S AN ATTACHMENT TO MY WRITTEN COMMENTS AS WELL AS ALL THE OTHER INFORMATION.

THANK YOU, MR. PORTER. NEXT MARGO MAKRIS.

Margo Makris: THANK YOU. I AM THE OWNER OF THE PROPERTY AND TO SPEAK FOR THE CHARACTER OF THE FAMILY THAT IS RUNNING THE RESTAURANT. THEY RENTED THE PROPERTY FROM MYSELF AND MY LATE HUSBAND A YEAR AND A HALF AGO. THEY SIGNED THE LEASE ON THE MONTH OF AUGUST WHICH WE ALL KNOW AS FAR AS RESTAURANTS GO IT'S A DIFFICULT SUMMER FOR ARIZONA. ALL I CAN SAY IN THE TIME THEY MOVED IN, THEY DID NOTHING BUT GOOD WORKS WITHIN MY PROPERTY. THEY AS A FAMILY, WORKED NIGHT AND DAY TO RENOVATING CLEAN, TO BRING IT UP TO THE STANDARDS AS THEIRS. THE LAST TIME IT WAS SO SPOTLESS AND CLEAN WAS WHEN MY LATE HUSBAND WAS RUNNING IT IN THE LATE 90S. SINCE THAT TIME AS THEY PROGRESSED TO APPLY FOR THEIR LIQUOR LICENSE, OPENING WITHOUT IT. MY FAMILY WITNESSED, AS WE SAT FOR DINER ONE NIGHT, JUST TO BE THERE FOR THEM THAT PEOPLE CAME, THEY DID NOT HAVE LIQUOR, PEOPLE TURNED AWAY AND LEFT. I WAS PART OF WHAT WAS GOING ON, HOW THEY RESPONDED TO THIS. THEY JUST MOVED ON AND KEPT WORKING. ALL THE TIME THEY'VE BEEN THERE, NOT ONE MONTH HAVE THEY EVER CALLED ME AND SAID, WE'RE KIND OF SLOW, COULD YOU GIVE US A COUPLE OF DAYS TO PAY THE RENT. THEY HAVE PAID RENT ON TIME. THEY HAVE ASKED QUESTIONS AS FAR AS HOW TO CONDUCT CERTAIN THINGS IN THEIR BUSINESS. THEY STATED TO ME THEY NEVER WANTED TO DEVIATE NOT ONE IOTA ON THE PROCEDURE OF HOW THEY SHOULD CONDUCT THEMSELVES. THEY ARE A FAMILY WHERE THEY'RE WORKING AS HARD AS THEY CAN TO REALIZE THE AMERICAN DREAM. FOR THAT I COMMEND THEM AND I'M ROOTING FOR THEM. I THANK YOU FOR THE OPPORTUNITY TO BE HEARD.

Mayor Lane: THANK YOU MS. MAKRIS. NEXT IS ROD SCHRENGOYST. WHEN YOU COME TO THE MICRO PHONE, SAY YOUR NAME.

[Time: 00:17:28]

Rod Schrengohst: MY NAME IS ROD, I LIVE JUST AROUND THE CORNER FROM THE RESTAURANT AND HAVE OWNED MY PROPERTY THERE FOR 27 YEARS AND THROUGH ALL THOSE YEARS I'VE FREQUENTED THIS RESTAURANT WITH MY FRIENDS AND FAMILY AND HAVE ALWAYS LOVED THE PLACE. THIS IS THE BEST IT'S EVER BEEN CARED FOR. I'M HAPPY IT'S STILL SUCCESSFUL AFTER THE CHANGES IN OWNERSHIP OVER THE YEARS. I WANT THE RESTAURANT TO CONTINUE TO BE AN ASSET TO OUR NEIGHBORHOOD. IF HAVING THE ABILITY HAVE LIVE ENTERTAINMENT WOULD HELP THEM TO BE SUCCESSFUL, I WANT TO SUPPORT THEM. THERE HAS BEEN LIVE ENTERTAINMENT THERE WHEN IT WAS A MEXICAN RESTAURANT. THERE'S NO HOMES ON THE ENTIRE BLOCK WHERE THIS RESTAURANT IS LOCATED AND I BELIEVE ALL THE COMMERCIAL FACILITIES ARE CLOSED WHEN THIS ENTERTAINMENT WILL BE THERE AND I CAN'T IMAGINE IT'S GOING TO BE LOUD AMPLIFIED MUSIC. IT'S A MEXICAN RESTAURANT AND THAT WOULD DICTATE A CERTAIN STYLE OF MUSIC. I DON'T THINK IT WILL BE ANNOYING TO ANYBODY. I JUST LOVE THE RESTAURANT AND WANT IT TO BE SUCCESSFUL. I'M TOTALLY IN SUPPORT AND I'M SURE ALL THE NEIGHBORS AROUND WOULD FEEL THE SAME WAY.

Mayor Lane: THAT COMPLETES THE TESTIMONY AND REQUEST TO SPEAK ON THAT ITEM. IF THERE'S A STAFF MEMBER WHO CAN SPEAK ON THIS. THERE WERE CONCERNS ON WHETHER THERE WAS

ADEQUACY AND NOTIFICATION IN POSTINGS AND I WONDER IF WE COULD SPEAK TOWARD WHETHER OR NOT THIS WAS DONE IN ACCORDANCE WITH OUR PROCEDURES.

[Time: 00:19:38]

Current Planning Director Tim Curtis: FOR THE CONDITIONAL USE PERMIT PROCESS THIS APPLICATION WAS PROPERLY NOTICED. IN FACT, THE APPLICANT EVEN HELD SOME OPEN HOUSES WHICH ARE CUSTOMARILY DONE WITH REZONING CASES, IN AN EFFORT TO ACHIEVE PUBLIC INPUT FOR THEIR PROPOSAL.

Mayor Lane: FOR THE RECORD, DO THE STIPULATIONS INDICATE ANYTHING WITH RESPECT TO WINDOWS OR DOORS DURING OPERATIONS OF LIVE MUSIC?

Tim Curtis: YES, THERE'S A STIPULATION REGARDING NOISE. OUR NOISE ORDNANCE WOULD BE APPLICABLE HERE BECAUSE OF LIQUOR SALES AS WELL AS LIVE ENTERTAINMENT. BUT ALSO THERE'S A STIPULATION FOR DURING LIVE ENTERTAINMENT HOURS WINDOWS AND DOORS BE CLOSED. THERE'S NO OUTSIDE SPEAKERS AS WELL.

Councilman Robbins: JUST QUICKLY WHEN THE LIVE ENTERTAINMENT BEGINS AND ENDS IT'S 5:00 TO 8:00 DURING THE WEEK AND 12:00 TO 11:00 ON THE WEEKENDS. DOES IT GO TO 11:00 ON SUNDAY? SHOULDN'T THAT BE FRIDAY?

Senior Planner Jesus Murillo: THAT IS THE WAY THE APPLICANT PRESENTED THEIR APPLICATION.

Councilman Robbins: THANK YOU.

Mayor Lane: THANK YOU. WE'LL LOOK AT THE CONSENT ITEMS IN FULL, ONE THROUGH 15A, ABSENT ITEM SIX, DO I HAVE A MOTION TO APPROVE AS THEY'RE INDICATED. COUNCILMEMBER PHILLIPS.

Councilmember Phillips: I WAS HOPING TO GET OUR CITY ATTORNEY, WELL, OKAY, DO YOU HAVE THE CARD ON THAT?

Mayor Lane: I DON'T HAVE ANY CARD ON IT.

Councilmember Phillips: NO CARDS. I'M SORRY. I SENT IN A REQUEST EARLIER FOR IT. MAYBE YOU DIDN'T RECEIVE IT.

Mayor Lane: THE ONLY THING I'VE GOT HERE COUNCILMAN, IT WAS REMOVE SIX FROM CONSENT. IF YOU HAVE A QUESTION, GO AHEAD.

**ITEM15A - 7220 AND 7224 E. BELLEVIEW LAND ACQUISITION**

Councilmember Phillips: IF I MAY GET THE CITY ATTORNEY TO EXPLAIN WHY THE CITY IS BEING HELD LIABLE FOR THIS.

[Time: 00:22:03]

City Attorney Bruce Washburn: MAYOR, MEMBERS OF THE COUNCIL, COUNCILMEMBER PHILLIPS. THE STORY STARTS IN 2006 WHEN THE CITY OF SCOTTSDALE ADVANCED \$825,000 IN COMMUNITY DEVELOPMENT BLOCK GRANT FUNDS TO COMMUNITY OF ARIZONA FOR THE PURPOSE OF PURCHASING TWO FOUR-PLEX PROPERTIES. IT'S THESE TWO PROPERTIES THAT ARE AT ISSUE RIGHT NOW. AFTER CSA ACQUIRED THE PROPERTIES, AND PRIOR TO THE RECORDATION OF THE CITY OF SCOTTSSDALE'S DEED OF TRUST THERE WAS ANOTHER LOAN ADVANCED TO CSA THAT WAS SECURED BY THESE TWO PROPERTIES I AND THERE WAS A THIRD PROPERTY, FOR \$425,000 BY JOHNSON BANK. CSA IS A NONPROFIT ORGANIZATION THAT HAS BEEN IN EXISTENCE SINCE 1982. ITS PRIMARY PURPOSE HAS BEEN TO PROVIDE AFFORDABLE AND LOW-INCOME HOUSING AND HAS WORKED WITH GOVERNMENTAL ENTITIES TO ACCOMPLISH THIS. THEY HAD PROPERTIES IN PHOENIX, GLENDALE, CHANDLER, AVONDALE, PINETOP, SCOTTSDALE. THEY PROBABLY HAD THEM OTHER PLACES AS WELL. AT THIS TIME THERE ISN'T ANYBODY STILL AT THE CITY WHO WAS INVOLVED IN THE DECISION MAKING BACK IN 2006, SO I CAN'T TELL YOU EXACTLY WHAT LED TO THE ANALYSIS THAT RESULTED IN THIS MONEY BEING INVESTED IN THESE PROPERTIES, BUT IT WAS IN GENERAL WHAT THE CITY WAS DOING WITH CSA. LAST MONTH YOU APPROVED A TRANSACTION WHICH SOME OF THE PROPERTIES THAT CSA WAS OPERATING WAS SOLD TO ANOTHER PARTY WHILE THE CITY'S INTEREST IN AFFORDABLE HOUSING WAS MAINTAINED. I WENT BACK AND LOOKED AT THE ARIZONA CORPORATION COMMISSION WEB SITE. IN 2006, NONPROFITS HAD TO FILE FINANCIAL STATEMENTS ANNUALLY. THE 2006 FINANCIAL STATEMENT FOR CSA SHOWED THEY HAD \$63.5 MILLION IN ASSETS, AND \$56 MILLION IN LIABILITY, SO THEY HAD ABOUT A \$7.5 MILLION DOLLAR POSITIVE BALANCE SHEET, INCLUDING ABOUT \$3.5 MILLION CASH ON HAND.

IN 2006, CSA WAS UP AND HAD BEEN RUNNING FOR MANY YEARS AND WAS UNDERTAKING THE ACQUISITION OF THESE PROPERTIES FOR PROVIDING AFFORDABLE HOUSES. CDBG FUNDS ARE MONIES OBTAINED BY THE CITY FROM THE FEDERAL GOVERNMENT, THE DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT. THEY HAVE TO BE USED AS NATIONAL OBJECTIVES AND ONE OF THOSE OBJECTIVES IS AFFORDABLE HOUSES. THE BASIC IDEA IS THE CITY WILL HAVE HOUSING STOCK THAT'S NOT ALL UPPER END RENTAL PROPERTIES. THAT'S THE NATIONAL OBJECTIVE THESE FUNDS WERE HOPING TO ACCOMPLISH. THE DOWNTURN OF THE MARKET CAME. CSA WAS UNABLE TO GO AHEAD AND REHABILITATE THE PROJECTS AND COMPLETE IT. ON THIS PICTURE I HAVE UP HERE, ALL THESE FOURPLEXES, THEY'RE COLORED IN FUSCHIA, THESE ARE ALL CSA PROPERTIES. THEY HAD QUITE A PROJECT THEY WERE PLANNING ON DOING THERE ON BELLEVIEW, AND THE WHOLE THING WENT SOUTH. THE JOHNSON BANK LOAN WENT INTO DEFAULT. IT WAS TRANSFERRED, PRESUMABLY FOR LESS THAN FACE VALUE, TO SEVERAL OTHER PARTIES. WHEN THE TRUSTEE SALE FINALLY TOOK PLACE ON FEBRUARY 13, THE NOTE WAS OWNED BY LILI RUBIN INVESTMENTS INC. LILI RUBIN WAS THE SUCCESSFUL BIDDER AT THE TRUSTEE SALE. THEY BID \$330,000; THAT WAS LESS THAN THE AMOUNT OF THE DEBT. THEY DIDN'T HAVE TO WRITE A CHECK, THAT WAS THE AMOUNT OF THE BID. THEY ENDED UP OWNING THE PROPERTY.

[Time: 00:27:15]

THE CITY OF SCOTTSDALE HAS RECENTLY RECEIVED COMMUNICATION FROM HUD, THAT SINCE THESE PROPERTIES WERE NOT BEING USED TO REACH A NATIONAL OBJECTIVE, HUD WAS GOING TO HAVE TO WORK WITH THE CITY TO REPAY THE \$825,000 DEBT IF THE CITY WAS UNABLE TO USE THE PROPERTIES TO OBTAIN THE OBJECTIVE OF NATIONAL AFFORDING HOUSING. THE CITY HAS MADE KNOWN TO

RUBIN, THE OWNER, THE CITY WANTS THESE PROPERTIES USED FOR AFFORDABLE HOUSING. THEY COULD SELL THEM TO ANOTHER ENTITY TO USE THEM FOR AFFORDABLE HOUSING, HOWEVER WE HAVEN'T BEEN ABLE TO COME TO AN UNDERSTANDING WITH MR. RUBIN. WE HAVE ASKED TO BUY THE PROPERTY. THE REASON WE'RE ASKING TONIGHT, WE WANT THE CITY TO ACQUIRE THESE PROPERTIES SO WE CAN PARTNER WITH A PRIVATE ENTITY TO ACCOMPLISH THE AFFORDABLE HOUSING OBJECTIVE SO THE CITY DOESN'T HAVE TO PAY THE \$825,000 TO HUD. IF WE HAVE TO BUY THEM THROUGH EMINENT DOMAIN, THAT IS AN OPTION THAT THE CITY WOULD EXERCISE IF YOU AUTHORIZE IT. THAT IS NOT OUR FIRST CHOICE. WE WOULD LIKE TO COME TO AN AGREEMENT WITH THE OWNER OF THE PROPERTY. SO THAT IS THE REASON WE'RE COMING BEFORE YOU ASKING FOR PERMISSION TO PURCHASE THE PROPERTIES. I WOULD BE HAPPY TO ANSWER ANY QUESTIONS.

Mayor Lane: THANK YOU MR. WASHBURN. COUNCILMEMBER PHILLIPS.

[Time: 00:29:27]

Councilmember Phillips: THANK YOU, MR. WASHBURN, THAT WAS EXCELLENT. THE POINT THAT I WANTED TO MAKE IN THE FUTURE, IF WE'RE GOING TO ACCEPT THESE CDBG FUNDS, HOW WE'RE GOING TO DISBURSE THEM OR WHICH MANNER WE'RE GOING TO TAKE. I CAN SEE THIS CAN BE A PROBLEM IN THE FUTURE SO I JUST WANTED TO POINT THIS OUT AHEAD OF TIME SO IF THIS COMES UP AGAIN WE'LL KNOW WHAT'S GOING ON.

Mayor Lane: THANK YOU COUNCILMAN. IN FACT IT HAS COME UP BEFORE. WE AVOIDED IN A VERY SIMILAR FASHION BY EMPLOYING SOME COVIDENCE OF LAURELS TO AVOID A \$4.0 MILLION EXPOSURE IN A SIMILAR FASHION. I'D LIKE TO AGAIN COMMEND, EVEN THOUGH I DON'T THINK THE RESULT IS AS ENLIGHTNING AS THAT ONE WAS, IT'S AN EFFORT TO TRY TO AVOID. WE HAVE EXPOSURE WHEN WE GET INVOLVED WITH THE GOVERNMENT AND CDBG FUNDS. IT'S AN AREA AND I KNOW MR. WASHBURN AND HIS CREW ARE VERY MUCH AWARE THESE KINDS OF CONDITIONS EXIST AND WE'LL AVOID THEM IN THE FUTURE. THIS IS A CLEAN-UP OF OLDER ISSUES. THIS IS A TACTIC AND A STRATEGY WE LOOK TO EMPLOY TO REDUCE THE CITY'S EXPOSURE TO THE FEDS. THANK YOU MR. WASHBURN. I SEE NO OTHER QUESTIONS ON THIS.

Bruce Washburn: THANK YOU MAYOR.

### **CONSENT ITEMS**

Mayor Lane: WE HAVE THE CONSENT ITEMS ONE THROUGH 15A, WITH THE EXCEPTION OF SIX WHICH HAS BEEN MOVED TO THE REGULAR AGENDA. DO I HAVE MOTION TO APPROVE?

Vice Mayor Klapp: SO MOVE.

Councilman Robbins: SECOND.

Mayor Lane: WE'RE READY TO VOTE.

Mayor Lane: ALL IN FAVOR SAY AYE, ALL OPPOSED WITH A NAY. THAT'S UNANIMOUS. IF YOU'RE HERE FOR ANYTHING OTHER THAN THOSE ITEMS, YOU'RE WELCOME TO STAY, OR YOU'RE FREE TO MOVE ON TO SOMETHING MORE INTERESTING.

[Time: 00:32:11]

**REGULAR AGENDA ITEMS**

Mayor Lane: WE'LL MOVE ON TO THE REGULAR AGENDA. WE WILL START WITH ITEM SIX WHICH WAS MOVED TO THE REGULAR AGENDA. WE HAVE A PRESENTATION THEN.

**ITEM 6 - VERIZON PHO SUNDOWN CONDITIONAL USE PERMIT (23-UP-2012)**

Senior Planner Keith Niederer: THANK YOU MAYOR LANE, MEMBERS OF THE SCOTTSDALE CITY COUNCIL. THIS IS CASE 23-UP 12, THE VERIZON SUNDOWN SITE, THE PROPOSED 26-FT. TALL WIRELESS COMMUNICATION FACILITY IS PROPOSED TO BE LOCATED AT THE WESTERN PORTION OF THE ASSUMPTION GREEK ORTHODOX CHURCH PROPERTY WHICH IS LOCATED ON THE NORTH SIDE OF CACTUS ROAD, EAST OF HAYDEN ROAD . THE LOCATION OF THE SITE IS BY THE YELLOW STAR. TO THE EAST WE HAVE THE ASSUMPTION GREEK ORTHODOX CHURCH. TO THE SOUTH WE HAVE THE SCOTTSDALE COUNTRY CLUB. ONE OTHER NOTE VERIZON DID TAKE A LOOK AT PUTTING THIS ALONG ONE OF THE STREETLIGHTS ON CACTUS ROAD. HOWEVER, THERE WAS NOT SUFFICIENT RIGHT-OF-WAY SPACE. THE GREEK ORTHODOX CHURCH WAS WILLING TO ACCEPT IT FURTHER BACK ON THEIR PROPERTY. THE YELLOW STAR SHOWS THE APPROXIMATE LOCATION. THE ZONING ON THIS SITE IS SERVICE RESIDENTIAL. IT'S BEFORE YOU BECAUSE THE CACTUS IS 26 FEET TALL AND THE ALLOWED HEIGHT IN THE ZONING DISTRICT IS 18 FEET. IT'S LOCATED BETWEEN A WASH THAT RUNS NORTH SOUTH AND PARKING FOR THE CHURCH AND OFFICE BUILDING TO THE WEST. HERE'S THE EXPANDED VIEW OF THE SITE PLAN. THE EQUIPMENT SHELTER AND EMERGENCY BACKUP GENERATOR WILL BE PLACED BEHIND EXISTING OR PROPOSED SCREEN WALLS WHICH WILL SCREEN THE EQUIPMENT FROM ALL SIDES. THE DIESEL GENERATOR WILL ONLY RUN DURING POWER OUTAGES. THE FUEL TANK IS DOUBLE-WALLED AND REQUIRES THE CITY'S APPROVAL FROM THE CITY'S FIRE DEPARTMENT. YOU'LL HAVE THE EQUIPMENT CABINET AND THE BACKUP POWER GENERATOR BEHIND THAT WALL. THIS IS A PHOTO SIMULATION OF THE SITE LOOKING TOWARDS THE SOUTH FROM THE PARKING LOT AND YOU HAVE THE EQUIPMENT BEHIND THE SCREEN WALL AND THE CACTUS BEHIND AND HERE'S THE VIEW LOOKING TOWARD THE NORTH FROM CACTUS ROAD. ONE FINAL NOTE, THE SITE IS LOCATED 144 FEET FROM THE NORTH PROPERTY LINE AND 136 FEET FROM THE CACTUS RIGHT OF WAY LINE. RICK SHAW REPRESENTING VERIZON IS HERE TO ANSWER ANY QUESTIONS. THANK YOU.

Verizon Representative Rick Shaw: I'M RICK SHAW FOR VERIZON WIRELESS. I'D BE HAPPY TO ANSWER ANY QUESTIONS.

Mayor Lane: MR. SHAW I SEE NO CARDS AND NO COMMENTS ON IT. I THINK THE PRESENTATION WAS ADEQUATE.

[Time: 00:37:00]

Rick Shaw: THANK YOU SIR. I CAN BE AROUND FOR QUESTIONS.

Mayor Lane: WE DO HAVE, NOW THOSE THAT WERE MOVED. WE HAVE JIM HAXBY AND CHRIS SCHAFFNER WHO WANT TO SPEAK TOWARD THIS ONE.

Jim Haxby: MAYOR, COUNCIL, THANK YOU. I REALLY HAVE TWO COMMENTS ON THIS. THE FIRST ONE HAS TO DO WITH THE HEIGHT OF THE FULL CACTUS. IN THE CONDITIONAL USE PERMIT, IT SAYS NO PERMIT SHALL BE GRANTED WHEN THE HEIGHT IS OUT OF CHARACTER. THE CITY COUNCIL, THE DRB HAS SAID FAUX CACTUS OVER 26 FEET IS OUT OF CHARACTER. MY REAL ISSUE WITH THIS IS WHEN THIS FIRST POPPED UP LAST FALL DURING THE ELECTION, I SENT COUNCILWOMAN KLAPP AN EMAIL ABOUT DO WE HAVE GUIDANCE FOR BACKUP GENERATORS. THERE WILL BE A FAIR NUMBER OF THEM; DO WE HAVE PROCEDURES, GUIDELINES AND GUIDANCE ON HOW THESE THINGS OUGHT TO BE INSTALLED AND OPERATED. SHE FORWARDED AN EMAIL THAT SAID NO. THE CORPORATION COMMISSION HAS SOME STANDARDS, YOU HAVE 210 GALLONS OF FUEL, THE OIL HAS TO BE CHANGED, YOU HAVE TO HAVE ROOM FOR THE SERVICE TRUCK. I THINK THIS IS A BETTER LOCATION THAN THE FIRST ONE THAT CAME IN. 210-GALLONS OF DIESEL SITTING IN A RIGHT-OF-WAY DOESN'T SOUND SPIFFY TO ME. I GOT AN EMAIL FROM COUNCILWOMAN KORTE THAT SHE PASSED ON FROM KEITH. KEITH IMPLIED THAT THIS IS COVERED UNDER THE WIRELESS COMMUNICATIONS ORDINANCE. AS A DIESEL GENERATOR OPERATOR, YOU CAN TAKE 120 ALPINE COACHES, PARK THEM IN A CIRCLE AND GO OUTSIDE AND HAVE A CONVERSATION. YOU CAN HAVE A NEIGHBOR A MILE AWAY WITH A DIESEL GENERATOR AND YOU CAN'T HAVE A CONVERSATION. I THINK WE SHOULD AS A CITY ESTABLISH CRITERIA HOW WE'RE GOING TO STORE FUEL, 210 GALLONS OF FUEL, IF IT CAUGHT ON FIRE WOULD TAKE A LOT OF FOAM FROM THE FIRE TRUCK, BUT THERE'S NOISE VARIANCE, AND I THINK WE NEED TO DEMAND WE HAVE QUIETER GENERATORS. AS A GENERATOR LOADS IT GETS NOISIER AND NOISIER. THE CITY OUGHT TO HAVE GUIDANCE FOR INSTALLING THESE GENERATORS, ESPECIALLY IF WE'RE GOING TO STORE THEM ALL AROUND TOWN. THANK YOU.

Mayor Lane: THANK YOU. MR. SHAFFNER.

Chris Shaffner: GOOD EVENING MAYOR AND MEMBERS OF THE COUNCIL. CHRIS SCHAFFNER. I WANT TO ECHO SOME OF THE COMMENTS MR. HAXBY MADE. IN TERMS OF NOT BEING TOO REPETITIVE, I'LL POINT OUT DIFFERENT OTHER POINTS AS WELL. WE HAVE A LAX WCF ORDINANCE IN THE CITY OF SCOTTSDALE COMPARED TO ANY OF OUR NEIGHBORS WHEN YOU READ IT. I HOPE YOU HAVE AT LEAST GLANCED AT IT. IT ALLOWS A WIDE RANGE OF DEVICES AND LOCATIONS FOR ANYONE WISHING TO ESTABLISH A NETWORK IN THE CITY OF SCOTTSDALE. THE PURPOSE OF THE ORIGINAL WCF BEING WRITTEN WAS TO REDUCE NEW VERTICALITY. WE HAVE NUMEROUS OPPORTUNITIES FOR EXISTING VERTICALITY JUST ON THE OTHER SIDE OF CACTUS ROAD WITHIN A FEW HUNDRED FEET. FURTHER THAN THAT, THE WCF DOESN'T MAKE ANY KIND OF COMMENT ON GENERATORS. AS FAR AS I KNOW VERIZON IS THE ONLY COMPANY THAT NEEDS GENERATORS. A DIESEL GENERATOR ADDS A SIGNIFICANTLY DIFFERENT COMPONENT TO THIS. THE WCF DOESN'T COVER THAT. WE'RE PROBABLY UNWISE TO GO FORWARD WITHOUT MAKING SOME KIND OF CRITERIA FOR THAT. THE STRUCTURE TO AROUND THE ENCLOSURE IS 21 BY 25 FEET IN RANGE. WE HAVE NO REQUIREMENTS WITH NOISE AND 220-GALLONS OF DIESEL FUEL. I'M NOT SURE IT'S THE WAY TO DO IT. I THINK WE'RE PUTTING THE CART BEFORE THE HORSE ON THIS AND I THINK IT DESERVES THOUGHT AND CONSIDERATION BEFORE WE MAKE THIS COMMITMENT. HOW WE TREAT ONE WIRELESS PROVIDER, WE HAVE TO TREAT THEM ALL THAT WAY. WE HAVE HUNDREDS OF THESE ALREADY IN SCOTTSDALE AND PROBABLY MORE COMING UP. I'D ASK WE GET MORE CLARIFICATION ON IT. THE WCF ALLOWS A THIRD-PARTY REVIEW

OF ANY CLAIMS AND NEEDS MADE BY THE APPLICANT. I WOULD LIKE TO HEAR A THIRD PARTY'S ASSESSMENT GIVEN THE IMPACT OF THE DIESEL GENERATOR, EVEN THE LOCATION AS TO WHETHER OR NOT EXISTING VERTICALITIES COULD BE USED TO REDUCE THAT AS WELL. I'D ASK YOU TO CONSIDER BOTH AND SEE IF WE CAN'T PUT TOGETHER A MORE EFFECTIVE PLAN. THANK YOU.

[Time: 00:44:08]

Mayor Lane: THANK YOU MR. SCHAFFNER. THAT CONCLUDES TESTIMONY GIVEN ON THIS. WE HAVE QUESTIONS OR COMMENTS BY THE COUNCIL. I SUPPOSE THIS COULD BE DIRECTED TO MR. SHAW OR STAFF. START WITH COUNCILMEMBER PHILLIPS.

Councilmember Phillips: THE REASON I PULLED THIS, I HAVE THE SAME CONCERNS. I THINK SHOULD HAVE WENT TO US ANY WAY, AND THIS IS THE FIRST TIME I'VE HEARD ABOUT IT. I THINK WE SHOULD HAVE HAD A DISCUSSION ON IT EARLIER. A 200-GALLON DIESEL TANK CONCERNS ME. IT'S NEXT TO A WASH. THAT'S A CONCERN AS FAR AS IT SEEPING INTO OUR GROUNDWATER SYSTEM. AND THE NECESSITY OF IT, WHETHER IT HAS TO BE DIESEL OR DO WE EVEN HAVE TO HAVE A BACK UP. I HAVE VERIZON BY THE WAY, SO I'M NOT AGAINST GETTING GOOD RECEPTION, BUT I THINK WE NEEDED TO DISCUSS THESE THINGS BEFORE VOTING ON THIS. AS FAR AS THE NOISE, THEY SAID THEY'LL BUILD AROUND IT A WALL TO HELP THE NOISE. WELL, THE WALLS WILL MAKE IT ECHO, THE WALL ISN'T GOING TO STOP THE NOISE. I WOULD ASSUME THIS ONE, I THINK HE SAID IT'S 70 DECIBLES. I THINK WE SHOULD BE VOTING ON IT INSTEAD OF JUST A GENERAL BLANKET VOTE. I THINK IT WARRANTS DISCUSSION. I WOULD LIKE TO HAVE SOME KIND OF DISCUSSION AND SOMETHING FORWARD TO STAFF THAT THEY CAN COME UP WITH GUIDELINES SO WE DON'T GET INTO A PROBLEM LATER ON SO THE CITY DOESN'T GET INTO SOMETHING FOR DOING SOMETHING WITHOUT THINKING ABOUT IT.

Rick Shaw: COUNCILMEMBER PHILLIPS, I CAN DEFINITELY APPRECIATE THOSE COMMENTS. AND I THINK THAT LOOKING FROM A BROADER PERSPECTIVE, HAVING DISCUSSIONS WHY GENERATORS ARE IMPORTANT AT CELL SITES IS A GOOD IDEA. I THINK MR. HAXBY AND MR. SCHAFFNER'S COMMENTS WERE DIRECTED AT THE ORDINANCE STRUCTURE AS A WHOLE RATHER THAN THE SITE. THE BACK UP BATTERIES LAST BETWEEN TWO AND 8 HOURS DEPENDING WHAT TIME OF THE YEAR IT IS. YOU MIGHT GET TWO IN THE SUMMERTIME BECAUSE YOU HAVE TO KEEP THESE RADIOS COOL. YOU MIGHT GET TWO HOURS OUT OF THE BATTERIES, MAYBE 8 WHEN IT'S GREAT WEATHER. THAT'S NOT A LOT OF TIME. WHEN YOU HAVE A MAJOR POWER OUTAGE, CELL SITES MAY GO DOWN. WHEN YOU HAVE A POWER OUTAGE, THAT'S WHEN PEOPLE NEED CELL SITES THE MOST. IF YOU LOOK AT RECENT EVENTS, HURRICANE SANDY, HURRICANE KATRINA, THOSE THAT SURVIVED AND HAD CELL SITES AND GENERATORS PLAYED A MAJOR ROLE IN SURVIVAL EFFORTS, HELPING RESPONDERS AND HELPING FOLKS STAY CALM. THOSE THINGS WERE REALLY IMPORTANT. I WAS IN LOUISIANA DURING HURRICANE KATRINA AND A LOT OF GENERATORS WERE NOT ON SITE AND VERIZON, AT& T, SPRINT WENT LOOKING OUTSIDE LOUISIANA FOR GENERATORS ON WHEELS TO GET THOSE CELL SITES BACK UP AND OPERATING. IN MEANTIME THEY WERE DOWN. PEOPLE NEEDED THEIR PHONES DESPERATELY. ONE OF THE JERSEY CONGRESSMEN HAD A PROPOSED BILL TO HAVE GENERATORS REQUIRED AT EVERY CELL SITE SO THEY CAN KICK IN AND RUN THE SITES. IF YOU HAVE THE DISCUSSION ABOUT THE 210-GALLON TANK, THE REASON THE TANK IS THAT SIZE IS SO THE SITE CAN STAY UP AND OPERATING. A SMALLER FUEL TANK ISN'T GOING TO LAST AS LONG. IF YOU HAVE 50-GALLON FUEL TANKS ALL OTHER THE CITY, VERIZON, AT&T ARE GOING TO BE RUNNING ALL OVER THE PLACE TO KEEP THEM FULL. 210-GALLONS SHOULD LAST BETWEEN TWO AND FOUR DAYS, WHICH SHOULD COVER MOST

POWER OUTAGES. WE'RE NOT AT RISK FOR HURRICANES, AND NATURAL DISASTER AND SUCH, BUT I'M FROM HERE, SO LIKE IN 2011 THE MAJOR POWER OUTAGE THAT HIT SAN DIEGO AND WESTERN ARIZONA, IT KNOCKED OUT POWER FOR MILLIONS. THE POWER GRID FAILED. THE SAME THING HAPPENED IN 2005 IN THE MIDWEST AND NEW YORK. 50 MILLION PEOPLE LOST POWER. WHEN IT HAPPENS, THAT'S WHEN BAD THINGS START TO HAPPEN. PEOPLE NEED CELL PHONES. THEY EXPECT WHEN THE POWER GOES OUT, THEY CAN USE THEIR CELL PHONE.

[Time: 00:51:03]

Rick Shaw: WHEN SOMEONE SAYS MY BATTERY IS OKAY, HOW COME VERIZON'S ISN'T. VERIZON HAS MADE IT A POINT TO HAVE GENERATORS AT EVERY CELL SITE ACROSS THE NATION. THE FCC HAS LOOKED AT THIS VERY CLOSELY AND THEY ALMOST INSTITUTED A MINIMUM 8-HOUR BACKUP BATTERY. IT'S AN IMPORTANT ISSUE FROM THE INDUSTRY SIDE AND FROM THE COMMUNITY SIDE AS WELL. IT DOES NEED TO BE DISCUSSED. I THINK IT'S A BROADER ISSUE, I DON'T BELIEVE PERSONALLY THIS PARTICULAR APPLICATION NEEDS TO BE SLOWED DOWN. SOME OF THE OTHER OBJECTIONS THAT WERE RAISED ABOUT THE HEIGHT OF THE CACTUS, IN WICKIPEDIA, IT SAYS SAGUARO CACTUSES HAVE BEEN KNOWN TO GET TO 70 FEET. THESE ARE ALL OVER TOWN AND THEY'RE 24 FEET BY THE ORDNANCE. THIS ONE IS 26, OUR INTENT IS TO GO TO 24. THEY LOOK PRETTY SHARP. THIS ONE WILL FIT RIGHT IN. THAT LOCATION WAS CHOSEN BECAUSE IT WAS MORE CAMOUFLAGED THAN USING A LIGHT POLE ALONG THE RIGHT OF WAY. THOSE RIGHT OF WAY SITES, THERE'S NOT ENOUGH ROOM. THIS IS A FULL MACRO SITE, THIS IS NOT A MICRO CELL. THE NEWPATH SITES, THERE'S ABOUT 350 OF THEM. THEY'RE ABOUT 4-FEET TALL. THOSE ARE MICRO SITES AND HAVE A SHORT RANGE, 500 FEET. VERIZON DOESN'T WANT TO PUT IN 20 OR 25 OF THESE MICRO SITES. THEY NEED ONE SITE TO FIX THEIR HOLE, IN THEIR NETWORK, RIGHT AROUND THE SCOTTSDALE COUNTRY CLUB. IT'S A MACRO SITE AND IT NEEDS THAT BACK-UP GENERATOR BECAUSE IT'S COVERING SO MANY DIFFERENT USERS.

[Time: 00:53:56]

Councilmember Phillips: CAN I ASK YOU SINCE YOU SCARED US THAT THERE'S A DISASTER COMING AND WE'RE GOING TO LOSE OUR PHONES. HOW MANY OF THESE ARE VERIZON PLANNING ON DOING IN SCOTTSALE. ONCE WE SAY YOU CAN DO IT, WE HAVE TO SAY EVERYBODY CAN DO IT. WE HAVE TO HAVE SOME GUIDELINES.

Rick Shaw: I APPRECIATE THAT. VERIZON PROBABLY HAS 50 MACRO SITES. THEIR INCUMBENT SYSTEM WAS NOT DESIGNED FOR THEIR NETWORK. THEY WOULD LIKE TO HAVE GENERATORS AT AS MANY SITES AS POSSIBLE. THEY PULLED BACK ON SOME ESPECIALLY RIGHT OF WAY SITES. WHEN THEY CAN GET ONE, THEY DEFINITELY WOULD LIKE ONE. THE MORE ROBUST AND DISASTER PROOF THEIR NETWORK IS, THE BETTER IT IS FOR EVERYONE. I CAN'T SPEAK FOR AT&T OR SPRINT. I KNOW AT&T ARE LOOKING AT DOING GENERATORS. I CAN'T SPEAK FOR SPRINT, BUT I KNOW WHAT VERIZON IS.

Councilmember Phillips: AS FAR AS THIS WHOLE THING BACK IN GENERAL WHEN YOU WERE GOING TO MOVE IT TO ONE PLACE OR ANOTHER. THAT'S WHEN THE CITY SHOULD HAVE SAID WE NEED TO COME UP WITH SOME KIND OF PLAN BECAUSE WE'RE GOING TO GET A LOT OF THEM. THEN WE CAN BRING IT TO CITY COUNCIL AND WE CAN APPROVE IT AND THIS CAN BE DONE. UNLESS WE HAVE A DISCUSSION, I'M GOING TO BE VOTING NO ON IT.

Mayor Lane: THANK YOU COUNCILMAN, THANK YOU MR. SHAW. COUNCILMAN LITTLEFIELD.

Councilman Littlefield: YOUR EXPLANATION RAISED MORE QUESTIONS THAN IT ANSWERED. YOU GUYS WOULD LIKE TO HAVE A GENERATOR AT EVERY VERIZON SITE.

Rick Shaw: YES, SIR. THEY WOULD LIKE THOSE. THEY DO ALSO UNDERSTAND THEY CAN'T HAVE ONE AT EVERY SINGLE SITE. SOMETIMES IT DOESN'T MAKE SENSE. SOMETIMES THE NEEDS OF THE COMMUNITY, OR IF YOU HAVE A GENERATOR RIGHT BESIDE SOMEONE'S HOUSE, IT'S NOT THE BEST SPOT TO PUT ONE.

Councilman Littlefield: WHAT'S THE ALTERNATIVE?

Rick Shaw: GO WITH A BACK-UP BATTERY.

Councilman Littlefield: COUNCILMAN GUY PHILLIPS MAKES A GOOD POINT, IF WE PASS THIS ONE WITHOUT A BROADER POLICY, IT'S GOING TO BE HARDER FOR US TO SAY TO THE NEXT GUY, WELL, WE LET THIS ONE GO SO WE'RE GOING TO GIVE YOU A HARD TIME ABOUT THE GENERATOR. I WOULD SAY WE SHOULD CONTINUE THIS UNTIL WE HAVE A CHANCE TO LOOK AT THE BROADER POLICY.

Councilmember Phillips: I'LL SECOND IT.

Mayor Lane: MOTION HAS BEEN MADE AND SECONDED. WE HAVE SOME FURTHER DISCUSSION ON THIS, BUT WE'LL GO TO A VOTE. OKAY. MOTION HAS BEEN MADE TO CONTINUE IT. MOTION MAKER, TO THE TIME UNDETERMINED?

Councilman Littlefield: UNTIL THE PLANNING STAFF CAN COME BACK WITH A POLICY ON THESE GENERATORS, WHEN THEY'RE APPROPRIATE, HOW BIG IT IS. I CAN SIT HERE FOR AN HOUR, HOW OFTEN DO THEY CHECK THE TANK? I DON'T WANT TO ENGAGE YOU IN A DEEP DISCUSSION HERE BECAUSE WE'RE NOT GOING TO FIGURE IT OUT HERE. I THINK WE SHOULD CONTINUE IT.

Mayor Lane: I THINK WE HAVE A SITUATION WHERE WE SHOULD PROBABLY CONTINUE THE CONVERSATION BEFORE WE MAKE THE VOTE. VICE MAYOR.

[Time: 58:54]

Vice Mayor Klapp: QUESTION; IT WAS STATED THAT THE WCF ORDINANCE COVERS GENERATORS, IS THERE ANY MENTION OF IT IN THE WCF ORDINANCE.

City Attorney Bruce Washburn: I'M SORRY I DON'T KNOW THAT OFF THE TOP OF MY HEAD.

Current Planning Director Tim Curtis: THIS ISN'T THE FIRST FACILITY THAT PROPOSED A BACK-UP GENERATOR WITH DIESEL FUEL. IT HAS BEEN CONSIDERED PART OF THE EQUIPMENT. SOME FACILITIES HAVE THAT TYPE OF EQUIPMENT, OTHER FACILITIES DON'T. IT'S ALWAYS BEEN CONSIDERED PART OF THE EQUIPMENT ENCLOSED BEHIND A WALL, BUT ALSO WHEN WE'RE TALKING ABOUT BACK-UP GENERATORS IN THE BROADER POLICY, KEEP IN MIND THE SCOPE OF THAT BROADER POLICY. IT'S NOT UNUSUAL TO HAVE BUSINESSES OF ALL TYPES WHETHER IT'S A WCF LAND USE OR AN OFFICE LAND USE HAVING DIESEL BACK-UP, ET CETERA. IF THERE IS GOING TO BE COUNCIL DIRECTION REGARDING

THE BROADER POLICY IS IT JUST THIS USE. THE ORDINANCE WOULD ALLOW THIS LAND USE WITHOUT A CONDITIONAL USE PERMIT IF THE BASE HEIGHT IS THERE. THAT'S WHY IT'S IN FRONT OF YOU TODAY. THERE ARE OFTEN OTHER TYPES OF APPLICATIONS OF LAND USES THAT COME THROUGH THE DEVELOPMENT REVIEW PROCESS, APPROVAL OF THIS TYPE OF EQUIPMENT WITH THE DIESEL FUEL TANKS AND SO FORTH. THE SCOPE WOULD PROBABLY ENTER INTO THE REALM OF ALL TYPES OF USES THAT WOULD HAVE BACK-UP GENERATORS WITH THE FUEL. A LOT OF PRIVATE BUSINESSES USE THIS TO PROTECT THEIR DATA AND SO FORTH. ALONG WITH THAT, WOULD BE THE PUBLIC POLICY DISCUSSION DO WE NEED TO REGULATE MORE THAN THE PRIVATE SECTOR HAS DONE. I KNOW I EXPANDED YOUR QUESTION, BUT I HOPE THAT ROUNDS THAT OUT.

Mayor Lane: THANK YOU COUNCILWOMAN. I HAD A QUESTION, YOU DID ANSWER IT IN PART. WE HAVE THESE OTHER FACILITIES IN PLACE AND IT'S BEING INCLUDED AS PART OF THE EQUIPMENT EVEN THOUGH IT'S NOT IN A WIRELESS ORDINANCE. THIS IS STRICTLY A BACK-UP SITUATION WHETHER IT'S DATA OR OTHERWISE, WHERE YOU HAVE DIESEL BACK UP. IT'S ONLY USED AT THAT TIME WHEN THE POWER IS OUT. OTHERWISE THERE'S A TRADITIONAL CONNECTION FOR A NORMAL POWER SOURCE. SO IT'S NOT SOMETHING CRANKING OFF AND ON AND I IMAGINE VERIZON GOES AROUND AND TESTS THESE BECAUSE THEY NEED TO KNOW THEY ARE WORKING PROPERLY.

Rick Shaw: ONE TIME A WEEK, IT WILL CYCLE ON AND THEN IT CYCLES BACK OFF.

Mayor Lane: HOW MUCH TIME DOES 200-GALLONS GIVE YOU.

Rick Shaw: TWO TO FOUR DAYS IS THE GENERAL RULE.

Mayor Lane: THANK YOU. VERY GOOD. COUNCILWOMAN VIRGINIA KORTE.

[Time: 01:03:08]

Councilmember Korte: THANK YOU MAYOR. IT SEEMS TO BE SUGGESTED OUR POLICY REGARDING WCF MAY BE INFERIOR OR NOT AS COMPLETE AS PERHAPS NEIGHBORING COMMUNITIES. COULD YOU SPEAK TO THAT? IT'S BEEN SUGGESTED AND I'M SENSING IT'S PERHAPS THE PREMISE OF THIS DISCUSSION.

Tim Curtis: THE LAST TIME THE ORDINANCE FOR WIRELESS WAS UPDATED WAS IN 2003 AND THAT TIME THERE WAS A POTENTIAL FOR THE WIRELESS SERVICES TO INSTALL ANTENNAS, BUT AT SAME TIME THE PREFERENCE WOULD BE BUILDING-MOUNTED DEVICES, RATHER THAN THE LARGE, TALL MONOPOLES YOU SEE WITH THEIR ARRAYS. REALLY IT'S BEEN EFFECTIVE IN THAT MANNER WHERE WE DON'T HAVE A LOT OF TALL POLES WITH LARGE ARRAYS. WHAT THE INTENT WAS TO GET MORE OF THESE FACILITIES AT A LOWER LEVEL, USE THEM ON PUBLIC STREET LIGHTS AND TRAFFIC SIGNALS THAT HAVE VERTICAL ELEMENTS, PUT THEM IN ARTIFICIAL TREES AND CACTUS AND PALMS AND SO FORTH. YES, WE DO HAVE A LOT OF OPPORTUNITIES FOR THESE FACILITIES TO BE INSTALLED WITHOUT THE ARRAYS.

Councilmember Korte: THANK YOU.

Rick Shaw: TO ADD TO THAT, I CAN SPEAK OF SOMEWHAT OF AN EXPERT ON THAT. I'VE DONE ZONING ALL OVER ARIZONA AND MANY OTHER STATES AS WELL. THIS IS THE MOST DIFFICULT OUT THERE. THAT'S MY TWO CENTS.

Mayor Lane: THANK YOU COUNCILWOMAN AND THANK YOU MR. SHAW. COUNCILMAN LITTLEFIELD.

Councilman Littlefield: NO OFFENSE GUYS, BUT YOU'RE GUILTY ABOUT MOVING THE GOALPOST HERE WHEN YOU TALK ABOUT GENERATORS NEAR OFFICE BUILDINGS. WE'RE PUTTING THEM ALL NEAR PEOPLE'S HOUSES. THESE THINGS ARE WITHIN A HUNDRED FEET, 50 "PEOPLE" FEET OF PEOPLE'S HOUSES. IT'S A LOT DIFFERENT TO PUT A DIESEL GENERATOR NEXT TO AN OFFICE BUILDING AND A HOUSE. IF WE APPROVE THIS TONIGHT NOT ONLY HAVE WE NOT DONE OUR JOB FOR THESE NEIGHBORS, BUT IT'S HARDER FOR THE NEXT GUYS TO COME AND WE SAY YOU CAN'T DO THAT. ONCE THE HORSE IS OUT OF THE BARN, YOU CAN'T CLOSE THE DOOR. IT'S NOT AS EFFECTIVE. IF THERE'S ISSUE, I BELIEVE THERE IS, WE NEED TO NOT APPROVE THIS. WE NEED YOU TO COME TO US WITH SOMETHING ON GENERATORS, AND HAVE A STANDARD AS TO WHEN TO USE DIESEL AND BATTERIES, AND HOW OFTEN DO YOU CHECK THE TANKS. THAT'S THE REASON I MADE THE MOTION NOT TO DISAPPROVE IT, BUT TO CONTINUE IT WHEN YOU GUYS CAN COME BACK WITH A BROADER POLICY THAT CAN BE APPLIED TO THIS AND TO SUBSEQUENT GENERATOR REQUESTS.

Mayor Lane: THANK YOU COUNCILMAN. WE HAVE A MOTION ON THE TABLE TO CONTINUE IT. THOSE IN FAVOR INDICATE BY AYE, THOSE OPPOSED WITH A NAY.

Mayor Lane: MOTION, I THINK YOU RECORDED IT ONCE. YEAH, IN ANY CASE, THAT MOTION IS DENIED OR OPPOSED WITH COUNCILMAN LITTLEFIELD AND COUNCILMEMBER PHILLIPS FOR IT. IS THERE AN ALTERNATIVE MOTION ON SIX.

[Time: 01:08:18]

Councilwoman Milhaven: I'D LIKE TO MAKE A MOTION, FIRST, THIS IS NOT THE FIRST DIESEL GENERATOR WE'RE PUTTING IN OUR CITY, RIGHT?

Tim Curtis: NO, THERE ARE PROBABLY ABOUT A DOZEN.

Councilwoman Milhaven: I JUST WANTED TO CONFIRM. THE PERMIT HAS BEEN MET AND APPROVED WIRELESS COMMUNICATION FACILITY TO BE LOCATED WITHIN 26-FOOT ARTIFICIAL CACTUS. DO YOU NEED MORE?

Councilwoman Milhaven: THANK YOU.

Councilmember Korte: SECOND.

Mayor Lane: I BELIEVE WE'RE READY TO VOTE. ALL IN FAVOR PLEASE INDICATE WITH AN AYE AND THOSE OPPOSE WITH A NAY. THANK YOU VERY MUCH MR. SHAW AND THE STAFF FOR THE PRESENTATION.

Rick Shaw: THANK YOU.

Mayor Lane: MOVING INTO THE REST OF OUR REGULAR AGENDA ITEMS. WE HAVE ITEM 17 AND 18. THIS IS THE MANAGEMENT AGREEMENT AND PRECONSTRUCTION SERVICES CONTRACT. MR. MILLAR IS GOING TO MAKE THE PRESENTATION FOR HIS STAFF.

**ITEM 17 - SCOTTSDALE'S MUSEUM OF THE WEST MANAGEMENT AGREEMENT AND  
ITEM 18 - SCOTTSDALE'S MUSEUM OF THE WEST PRE-CONSTRUCTION SERVICES CONTRACT**

[Time: 01:09:41]

Strategic Programs Manager Rob Millar: THANK YOU MAYOR. THIS ITEM BEFORE YOU IS A REQUEST TO ADOPT ORDINANCE NUMBER 4071 WHICH WAIVES FINANCIAL POLICIES FOR THE MUSEUM. WE WANT TO INTRODUCE AND ALLOW BOB TO COME UP FROM CONSULTECON. I'LL TALK ABOUT A PROCESS WE WENT THROUGH TO REQUEST A MUSEUM MANAGER. WE'LL GO THROUGH THE MANAGEMENT AGREEMENT AS WELL AS THE FUNDING PLAN THE CITY TREASURER WILL GO OVER WITH YOU. WE HAVE MR. JIM BRUNER HERE THIS EVENING. HE'S ASKED TO MAKE A FEW COMMENTS AFTER THE PRESENTATION.

Mayor Lane: THAT'S FINE.

Rob Millar: THIS FIRST SLIDE STARTS WITH OCTOBER 2ND, 2012 AND THAT'S NOT A FAIR REPRESENTATION OF THIS HISTORY. THIS ITEM HAS BEEN LITERALLY 30 YEARS IN THE MAKING. 30 YEARS AGO LEADERS IN THE COMMUNITY STARTED TALKING ABOUT AND CRAFTING A VISION. WE DON'T HAVE A WESTERN MUSEUM TO PROTECT AND PROMOTE OUR WESTERN HERITAGE. PROBABLY MANY OF US HAVE BEEN CALLED TO ASK WHERE CAN I DO TO SEE THIS WESTERN HERITAGE I'VE HEARD SO MUCH ABOUT. THE CITY STAFF BROUGHT TO YOU THE RESULTS OF A REQUEST FOR QUALIFICATION PROCESS FOR A MANAGER FOR A WESTERN MUSEUM. WE PROVIDED TO YOU THE STATEMENT OF QUALIFICATIONS. IN THEIR STATEMENT OF QUALIFICATIONS, THEY IDENTIFIED A 40,000-FOOT MUSEUM WHICH HAS A GARDEN, I'LL SHOW YOU IN A MAP HERE IN A SECOND. THEY REQUESTED \$1.2 MILLION IN DEVELOPMENT COSTS. THE EXPANSION PARCEL AND CULTURAL PARCEL IS WHERE WE'RE CONTEMPLATING THE SHELL OF THE MUSEUM. THE BUILDINGS WOULD BE REPURPOSED FOR MUSEUM USE. YOU WOULD SEE LOCATIONS FOR CHILDREN WHO COME IN AND WANT TO GET AN EDUCATIONAL EXPERIENCE OR MAYBE SOME WESTERN REINACTMENTS COULD OCCUR THERE. THEY BEGAN TO INITIATE THAT INTO THE OPERATING GRANT. IT'S UPON CITY COUNCIL APPROVE. THERE'S SOMETHING ELSE THE COUNCIL TALKED ABOUT IN ADDITION TO THE DIRECTION THEY PROVIDED US, WE HEARD THE COUNCIL SHARE INTEREST THAT THE STAFF WOULD TEST ASSUMPTIONS PROVIDED TO THE CITY THROUGH THE REQUEST FOR QUALIFICATIONS PROCESS. THOSE ASSUMPTIONS WERE PROVIDED IN TERMS OF PROJECTED ANNUAL TENTANTS OPERATING COSTS. COUNCIL WANTED US TO COME BACK AND PROVIDE YOU WITH SOME SORT OF ANALYSIS. WE WANTED TO PROVIDE YOU WITH THAT THIRD-PARTY INDEPENDENT ANALYSIS. WE CONTRACTED WITH A COMPANY OUT OF BOSTON AND PROVIDED THEM WITH THE AMS STUDY DONE IN 2006 AND WE ASKED THEM TO LOOK AT THE MARKET CONDITIONS AND DO BENCHMARKING AROUND THE COUNTRY AND COME BACK WITH US AND TELL US HOW IT COMPARES WITH THE STATEMENTS WE RECEIVED. I'D LIKE TO BRING IN BOB FROM CONSULTECON .

[Time: 01:15:38]

ConsultEcon Representative Bob Brais: MAYOR LANE, COUNCILMEMBERS. WE HAVE THE OUTCOMES THAT CAME OUT OF OUR ANALYSIS. WE LOOKED AT EXISTING DATA FROM THE PAST AND LOOKED NOT ONLY TO THE NATIONAL COMPARABLES BUT TO THE EXPERIENCE OF MUSEUMS AND CULTURAL EXPERIENCES IN THE WEST. WE CONFERRED WITH THE CITY OF SCOTTSDALE TO FURTHER OUR UNDERSTANDING OF THE PLAN. WE REVIEWED THE SITE AND THE MARKET CONTEXT. OUR ANALYSIS WAS MADE WITH TRYING TO UNDERSTAND THE PLAN THAT WAS PUT FORWARD AND THE ANALYSIS REALLY REFLECTED THE INTENT OF THE OPPONENTS. THE PERFORMANCE WAS REVIEWED BASED ON THAT. THE SCOTTSDALE MUSEUM OF THE WEST (SMoW) HAS LARGE MARKETS THEY CAN DRAW FROM. THESE INCLUDE RESIDENTS AND THIS IS A LARGE METRO AREA WITH GROWTH PROFILE MOVING FORWARD. THE TOURIST MARKET IS SCOTTSDALE. THERE ARE DAY VISITS BY 1.1 MILLION AND THERE ARE A NUMBER OF VISITING FRIENDS AND RELATIVES.

THERE ARE LARGE NUMBERS OF POTENTIAL VISITORS TO THE MUSEUM. THIS SLIDE SHOWS THE ATTENDANCE PROFILE AND THIS REFLECTS THE EARLY INITIAL MARKET EXCITEMENT, AND THAT'S THE FIRST YEAR. IT'S THE HIGHEST YEAR. THERE'S A SPIKE IN ATTENDANCE. IN THIS CASE THE OPERATING PLAN IS TO BUILD THE CAPACITY TO INCREASE MARKETING PROGRAMS AND THE NUMBER OF PERSONNEL AND TO RAMP UP THE ORGANIZATION TO FULFILL THE CAPACITY OF THE BUILDING AND EXHIBITS. YOU HAVE THAT INITIAL MARKET AND EXCITEMENT, AND YOU BUILD TOWARD THE DARKER BAR WHICH WE'RE ESTIMATING TO BE 103,000 AND YOU WOULD MOVE FORWARD OVER TIME. THE ATTENDANCE RANGE OF 118,000 REALLY REFLECTS THE RANGE IN USAGE AND THE COLLECTIONS AND REALLY HOW THE MUSEUM IS OPERATED. PART OF THE RANGE IS WHAT OCCURS THERE AND PART OF THE RANGE IS UNDERSTANDING THAT ESTIMATES ARE ESTIMATES AND SOMETIMES THEY'RE HIGHER AND SOMETIMES THEY'RE LOWER.

THE NEXT SLIDE IS PRETTY TYPICAL OF SCOTTSDALE. IT REPRESENTS THE TOURISM MARKET USE. SOME OF THE IMPORTANT ASSUMPTIONS THAT WERE USED IN THE ANALYSIS WERE THE TICKET PRICES. TICKET PRICES AFFECT THE ATTENDANCE PATTERNS, \$11 ADULTS \$7 CHILDREN AND WE LOOK AT STUDENT ATTENDANCE. THE PIE CHART BREAKS THE ATTENDANCE DOWN BY PERCENTAGES. THIS SLIDE BREAKS OUT THE STABLE YEAR OPERATING BUDGET AND YOU KNOW AS WE HAD EARLIER SEEN WITH THE ATTENDANCE GOING UP OVER TIME ABSENT THE EARLY SURGE IN ATTENDANCE, SO TOO WOULD THE OPERATING BUDGET UNDER THIS PROPOSED PLAN BY THIS SCOTTSDALE MUSEUM IN THE WEST WOULD MOVE UP FROM 2.3 MILLION TO 2.77 MILLION. AND THE PERSONNEL WOULD BE ABOUT 22 FULL-TIME EQUIVALENT POSITIONS TO 29-FULL TIME EQUIVALENT POSITIONS AND ALSO 17 PART TIME, MOVING FORWARD. THIS IS A BASELINE OF OPERATIONS AND IT'S PRETTY REASONABLE TO EXPECT THAT THERE WOULD BE ATTEMPTS TO IMPROVE ON ALL OF THESE FACTORS BOTH THE ATTENDANCE AND THE OPERATING BUDGET TO PROVIDE MORE BENEFITS TO THE CULTURAL LIFE OF THE CITY AND THE ECONOMIC PORTION. THERE'S A RAMP UP OF ATTENDANCE. THE OPERATING REVENUES WOULD GROW OVER TIME, BUT THERE WOULD ALSO BE A NEED TO INCREASE SUPPORTIVE REVENUES OVER TIME AS WELL.

THIS MUSEUM IN ITS STABLE YEAR WOULD GAIN ABOUT 44 PERCENT AND THE OTHER PORTION WOULD BE CONTRIBUTED REVENUES. THAT'S PRETTY TYPICAL OF MUSEUMS TYPICALLY AND MANY MUSEUMS HAVE LOWER RATIOS. THIS NUMBERS GET TO BASELINE AND WHAT IT WOULD REQUIRE TO OPERATE THE MUSEUM TO A BASELINE PERSPECTIVE, YOU WOULD WANT TO HAVE HIGHER FUNDRAISING LEVELS SO YOU COULD OPERATE THE MUSEUM IN A MORE BENEFICIAL WAY AND

PROVIDING BENEFITS TO THE CITY. THE PLAN WAS INFORMED, THIS PROFILE IN THE SCOTTSDALE MUSEUM IN THE WEST WAS INFORMED BY THEIR UNDERSTANDING OF THEIR INTERNAL FUNDRAISING CAPACITY. SO IT DID INCLUDE THE COMPONENT IN THE NONOPERATING REVENUES OF CONTRIBUTIONS BY THE CITY TO THEIR OPERATING FUND OVER TIME AS THEY BUILD UP THEIR OWN CAPACITY TO FUNDRAISE. THIS SLIDE BREAKS OUT THOSE REVENUES BY TYPE AND YOU CAN SEE THOSE 22 PERCENT NONMEMBER AND SO ON AND SO FORTH SO THAT THE OPERATING REVENUES OF 1.5 MILLION, 1.26 MILLION IN VARIOUS FUNDRAISING AND THE 2.77 MILLION REQUIRED TO SUPPORT THE OPERATING BUDGET AS STATED.

THIS SLIDE JUST SHOWS THE SUMMARY OF ALL THAT. IT SHOULD BE NOTED THAT THESE NUMBERS WERE INFORMED SUBSTANTIALLY BY THE BENCHMARKING BY WESTERN-THEMED MUSEUMS THROUGHOUT THE UNITED STATES AND THIS PROFILE FITS WITHIN THE BENCHMARKING PROFILE OF MANY OF THESE OTHER MUSEUMS. THEY ARE BOTH LARGER AND SMALLER AND HAVE DIFFERENT BREAK OUTS OF ATTENDANCE AND SIZE AND REVENUES AND SO FORTH, AND THAT IT FITS WITHIN THEM AND THE REVENUES AND SO ON AND SO FORTH ARE WITHIN THAT MUSEUM INDUSTRY EXPERIENCE. WITH THAT, THAT COMPLETES THIS PRESENTATION.

[Time: 01:25:53]

Mayor Lane: THANK YOU VERY MUCH.

Rob Millar: SO NOW WE'RE GOING TO JUMP INTO THE MANAGEMENT AGREEMENT, BUT BEFORE WE DO THAT, BRIAN, COULD YOU SWITCH OVER HERE. MAYOR, MEMBERS OF THE COUNCIL, YOU GOT A NOTE ABOUT THE 5 AND 5.2 WHERE THERE'S A SWITCH OF A WORD FROM MANAGER TO CITY. SHOULD YOU MAKE A MOTION TO APPROVE, WE WOULD ASK THAT YOU CHANGE THAT WORDING. THE MANAGEMENT AGREEMENT IS DIVIDED INTO 17 SECTIONS AND IS ABOUT 50 PAGES. IT WOULDN'T BE PRACTICAL TO GO THROUGH IT HERE. WHAT WE WOULD LIKE TO DO IS COVER THE KEY POINTS. IT'S THE MANAGER'S RESPONSIBILITY AND THE CITY OF SCOTTSDALE'S RESPONSIBILITY. IN TERM OF THE MANAGER'S VIEW, THEY NEED TO BE INVOLVED. THEY'RE RESPONSIBLE FOR THE EXHIBITS. THE CONTRACT CALLS OUT FOR SHELL WORK. SHELL FOR THIS CASE IS THE ACTUAL MUSEUM. IT CALLS OUT FOR SPECIALTY WORK. THEN THERE'S EXHIBITS, THE RESPONSIBILITY OF THE MANAGER TO GO OUT AND ACQUIRE EXHIBITS AND ARTIFACTS FOR THE MUSEUM. THAT IS THEIR RESPONSIBILITY AND IT'S THEIR RESPONSIBILITY TO FUND THAT. ART COLLECTIONS, THEY'RE ALSO REQUIRED TO GO OUT AND ACQUIRING SHORT AND LONG TERM LOAN COLLECTIONS.

IN THE AGREEMENT WE HAVE BEFORE YOU THE NAME OF THE MUSEUM IS SCOTTSDALE'S. SCOTTSDALE'S MUSEUM OF THE WEST ORGANIZATION DID FOCUS GROUPS. PEOPLE SAID THIS IS THE CITY'S MUSEUM. SCOTTSDALE'S MUSEUM OF THE WEST IS THE NAME OF THE MUSEUM. THE MANAGEMENT OPERATION, WE WANT THEM TO BE OPEN A MINIMUM OF 300 DAYS A YEAR. WE'VE INCLUDED IT INTENTIONALLY IT SHOULD OPEN DURING EVENINGS SUCH AS THAT. BOARD MEMBERSHIP: THE CONTRACT IS CLEAR THAT THE CITY SHOULD HAVE A 15% MEMBERSHIP ON THE BOARD OF DIRECTORS. WE WANT TO BE SURE THAT CITY IS AT THE TABLE AND PART OF THE DECISION MAKING EARLY ON. THE TERM OF THE AGREEMENT IS 10 YEARS WITH THREE TEN ADDITIONAL YEAR EXTENSION OPTIONS. FINANCIAL COMMITMENTS, WITH ANY MUSEUM OPERATION, THAT'S CRITICAL. THEY NEED TO DEVELOP A FIVE- YEAR MATCHING DONATION PROGRAM. IN LETTER OF CREDIT, THEY'RE RESPONSIBLE WITHIN THE FIRST THREE YEARS TO COME UP WITH A \$50 MILLION LETTER OF

CREDIT AND THAT'S A LETTER OF CREDIT FOR THE CITY. SHOULD THEY HAVE TO CALL ON IT, THE CITY CAN CALL ON IT AND USE IT AS AN INSURANCE POLICY. I WANT YOU TO BE AWARE THAT IN ADDITION TO HAVING A CITY REPRESENTATION ON THE BOARD, WE WANT TO BE PART OF THE PROCESS AND KNOW WHAT THE NEXT 12 MONTHS LOOK LIKE. WE REQUIRE THE MANAGER TO PROVIDE TO US EACH YEAR, BY OCTOBER 1ST, WHAT'S GOING TO HAPPEN EXACTLY OVER THE NEXT 12 MONTHS.

SO WE JUMP TO CITY OF SCOTTSDALE'S RESPONSIBILITIES. SHOULD THE COUNCIL APPROVE THE AGREEMENT, THE VERY NEXT ITEM ON THE AGENDA IS TO AWARD DESIGN CONTRACT SERVICES FOR THE MUSEUM. THE DESIGN CONSTRUCTION OF THE SHELL, TENANT IS THE CITY'S RESPONSIBILITY. I'M GOING TO GO BACK TO THE EXHIBIT RESPONSIBILITY I TALKED ABOUT BEFORE. THE EXHIBIT RESPONSIBILITY IN TERMS OF CARRYING THAT OUT AGAIN IS THE MANAGER'S RESPONSIBILITY. WE WOULD HAVE REGULAR UPDATES WITH THE MANAGER ON HOW THEY'RE DOING WITH THEIR FUNDRAISING. WE WOULD NOT COME BACK TO COUNCIL ASKING TO AWARD A CONTRACT FOR CONSTRUCTION UNTIL THE MANAGER HAS TAKEN CARE OF IT.

YOU MAY RECALL THAT THE TRANSIT CENTER WAS BUILT IN PART WITH FEDERAL DOLLARS. WHEN WE ABANDONED THAT, THE TRANSIT DOLLARS HAD TO BE USED WITHIN THE CITY. SO WHEN WE SAY RESOLVE THE TRANSIT CENTER. WE HAVE THE FUNDS CONVEYED TO THE THOMAS ROAD IMPROVEMENTS. WE JUST HAVE TO GO THROUGH THAT PROCESS. CONSULTECON TALKED ABOUT THAT NEED FOR THAT NON-EARNED REVENUE ANYWHERE FROM \$750,000 TO \$1.2 MILLION. SCOTTSDALE MUSEUM OF THE WEST HAS SHARED WITH STAFF THAT THIS IS A KNOWN ISSUE WITH THEM, THEY ARE RESPONSIBLE FOR OBTAINING IT. THEY ARE CONFIDENT IN GOING OUT AND RAISING THAT REVENUE. WE WANTED TO ENSURE THIS MUSEUM IS A SUCCESS AND WE REALIZE THE FIRST FIVE YEARS ARE THE MOST CRITICAL. SO WHAT WE HAVE PROPOSED FOR YOU IS A MATCHING GRANT PROGRAM, \$400,000 PER YEAR, JUST FOR THE FIRST FIVE YEARS. THIS IS THE CITY STANDING ARM AND ARM TO THE MUSEUM OF THE WEST SAYING WHEN YOU ASK PEOPLE TO MAKE A GRANT TO THE MUSEUM, THEY CAN SAY THE CITY IS MATCHING UP TO \$400,000 A YEAR. AND I'LL TURN IT OVER TO THE CITY TREASURER WHO WILL WALK YOU THROUGH SOME OF THE FUNDING PLAN.

[Time: 01:34:25]

City Treasurer David Smith: BRIEFLY GOING THROUGH SOME OF THE HISTORY, THIS DOESN'T GO THROUGH THE WHOLE 30-YEAR HISTORY, JUST THE LAST TWO YEARS. FRANKLY I'LL JUMP TO OCTOBER 2ND, THAT'S WHEN WE HAD THE WORK STUDY THAT INVOLVED MOST OF YOU. YOU GAVE US DIRECTION. THE DIRECTION YOU GAVE US WAS TO COME UP WITH A FUNDING SCENARIO FOR THE CAPITAL PART OF THIS COMMITMENT. WE WENT A BIT BEYOND THAT BECAUSE WE LOOKED AT THE OPERATING PARAMETERS OF THE MUSEUM AND TRIED TO BUILD IN PROTECTION FOR THE CITY AND THIS INVESTMENT AT THE SAME TIME. OBVIOUSLY WE WOULD ISSUE WHAT IS MUNICIPAL CITY BONDS IN FISCAL YEAR 13-14 AND FUND AN INVESTMENT THAT HAS BEEN ESTIIMATED BY OUR CITY STAFF, A BUILDING PERMIT FOR \$13.6 MILLION. THIS COVERS THE MUSEUM, AND A RELATED INVESTMENT IN WHAT WOULD BE CALLED THE CULTURAL PLAZA. IT'S THE SMALL AMPHITHEATER. WE MAY PERSUADE YOU THIS IS MORE THAN JUST A MUSEUM PROJECT. IT'S A PROJECT IN A FRACTION OF ANOTHER PROJECT. THEY'RE QUITE DISTINCT. THERE IS ALSO THE REQUIREMENT BY OUR FINANCIAL POLICY #37 THAT WE HAVE A RESERVE ANY TIME WE ISSUE MPC DEBT. MPC DEBT IS A PLEDGE OF THE CITY'S EXCISE TAX. WE SET ASIDE RESERVES WHEN WE ISSUE THIS DEBT AND TYPICALLY THE RESERVE, BUT BY POLICY THE RESERVE IS EQUAL TO ONE YEAR'S DEBT SERVICE AND YOU'LL SEE IN A MOMENT

THE ANALYSIS OF HOW WE COME UP WITH THAT DEBT RESERVE OF \$1 MILLION. BRIAN IF YOU CAN SWITCH TO THE ELMO, PUT UP THAT SLIDE, I'LL TALK TO IT. THIS IS HOW WE COME UP WITH THE RESERVE REQUIREMENTS AND THINGS WE NEED DIRECTION FROM YOU ON. I WOULD POINT OUT TWO COLUMNS ON HERE, A DEBT SERVICE WITHOUT DEBT SERVICE RESERVE AND WHAT THE DEBT SERVICE WOULD BE WITH THE RESERVE. YOU CAN SEE THE MILLION DOLLARS SWINGING IN THESE TWO COLUMNS, IF WE HAVE IT AND THE ANNUAL DEBT FOR THE LESSER AMOUNT IS 9. IF YOU CHOOSE TO FUND THIS DEBT SERVICE WITH BED TAX FUNDS YOU WILL RECALL THAT BACK IN OCTOBER YOU SET ASIDE \$600,000 OF BED TAX MONEY TO BE ASSOCIATED WITH THIS PROJECT AND IF YOU CONVINCED YOURSELF THAT THE PROJECT WAS A PROJECT IN HALF OR PROJECT IN TWO-THIRDS THEN YOU COULD FUND IT WITH MORE THAN ONE SLICE OF BED SLICE TAX. WE'LL EVENTUALLY NEED YOUR DIRECTION ON WHETHER WE'RE GOING TO NEED THE TOURISM FUNDS OF \$900,000. IT WILL BE COMPLIMENTARY OF THE TWO DISTINCT POLICIES OR YOU COULD WAIVE POLICY 21A AND THAT'S THE POLICY THAT SAYS YOU WON'T USE MORE THAN \$6 MILLION PER YEAR. WE'RE TALKING IN THE SECOND BULLET OF OPTIONS YOU COULD CONSIDER. IT'S ONE YEAR'S WORTH OF DEBT SERVICE. YOU COULD DIRECT WE TAKE ANOTHER HUNDRED THOUSAND DOLLARS OF BED TAX CAPITAL SUPPORT MONEY FOR THE NEXT NINE YEARS. THAT FUNDS THE DEBT SERVICE RESERVE OR ALTERNATIVELY YOU COULD DIRECT US TO TRANSFER \$900,000 FROM THE TOURISM CARRY-OVER MONIES. LET ME SWITCH GEARS AND TALK TO A SLIDE IN YOUR PACKAGE AND NOW BRIAN I'LL HAVE YOU TAKE ME BACK TO THE SLIDE PACKAGE THAT WAS PRESENTED.

WE'LL SCROLL AHEAD TO THE SLIDE THAT'S THE BED TAX AS IT'S CURRENTLY CONSTITUTED. THIS SEEMS LIKE A BUSY SLIDE, BUT LET ME TELL YOU WHAT WE'RE DISPLAYING. IN THE LEFT SIDE WE'RE DISPLAYING THE SPECIAL REVENUE FUND FOR TOURISM NONMARKETING INITIATIVES. WHEN WE GET BED TAXES IN THE BEGINNING OF THE YEAR, WE DIVIDE IT HALF FOR MARKETING INITIATIVES AND HALF FOR NONMARKETING INITIATIVES. THE OTHER LIKE AMOUNT COMES TO THE CITY FOR TOURISM DEVELOPMENT. ADDITIONALLY THIS COUNCIL MADE A DECISION LAST YEAR TO PUT IN THEIR THE LEASE REVENUES WE ENJOY FOR THE PRINCESS HOTEL. THAT'S WHY IT'S HIGHER FOR THE MARKETING INITIATIVE IT'S HIGHER SIMPLY BECAUSE OF THE BECAUSE OF THE PRINCESS HOTEL REVENUES- YOU SAID YOU WERE GOING TO SPEND A MILLION AND A HALF DOLLARS GOING TO THE CITY'S GENERAL FUND FOR THE VARIETY OF TOURISM INITIATIVES THAT OCCUR THERE. THE BLUE BLOCK IS MONEY THAT IS DEDICATED TO SPECIAL EVENTS. THE YELLOW BLOCK SPENT ON RESEARCH, RESEARCH REPORTS ON TOURISM AND THE STATE OF TOURISM AND WHAT TO DO ABOUT IT. THE ORANGE BLOCK IS SWING, IT CAN BE USED FOR CAPITAL OR FOR EVENT INITIATIVES IN A GIVEN YEAR. IT'S A ONE YEAR INITIATIVE EACH YEAR, MAY OR MAY NOT BE SPENT. ALL BLOCKS ABOVE THERE ARE DESIGNATED FOR LONG-TERM DEBT SUPPORT. WE INHERITED ONE THAT'S BEEN AROUND FOR YEARS, SUPPORTING THE WEST WORLD 80-ACRE LAND PURCHASE. AT LEAST A SMALL CONTRIBUTION TOWARD IT. TWO BLOCKS YOU PUT IN THE TONY NELSEN EQUESTRIAN CENTER. ABOVE THAT ONE AND A HALF BLOCKS THAT YOU PUT IN THE TPC CAPITAL INVESTMENT. AGAIN REALIZING IT WASN'T JUST ONE PROJECT, GOLF HOUSE AND A CLUBHOUSE IMPROVEMENT, SO TWO DIFFERENT PROJECTS. AND THEN THE \$6,000 YOU RESERVED FOR TONIGHT'S DISCUSSIONS. THE OTHER TWO BLOCKS HAVE NOT BEEN DISCUSSED IN ANY RESPECT. THE TOURISM ADVISORY COMMISSION HAS DESIGNATED THEY WOULD LIKE TO RESERVE IT, BUT YOU ALL HAVE NOT HAD THAT DISCUSSION. NOW, IF YOU WILL, SWITCH WITH ME TO THE RIGHT-HAND BLOCK, WHICH IS NEXT YEAR'S PROJECTION OF WHERE WE'LL BE, AND YOU CAN SEE THERE'S A SMALL \$400,000 BLOCK ADD TO THE CITY'S MONEY AND THAT REFLECTS THE GROWTH WE REFLECT IN THE BED TAX OR THE CITY'S SHARE OF THAT NUMBER AND THE SMALL \$100,000 GROWTH IN THE PRINCESS HOTEL REVENUES.

[Time: 01:45:30]

SO WHAT WE'RE SUGGESTING, IF YOU FIND YOURSELF COMFORTABLE VIEWING THIS AS A PROJECT AND A HALF, YOU CAN, I LOST THE SLIDE MOMENTARILY. WE'LL SEE IF WE CAN GET BACK THERE. BRIAN, IF YOU CAN TURN ON THE MARKING, I'LL TRY TO MARK FOR THEM WHAT WE'RE TALKING ABOUT. \$600,000 IS ALREADY SET ASIDE, BUT YOU COULD ALSO DIRECT THAT YOU'RE GOING TO PUT 3 OR \$400,000 FROM THE NEWLY CREATED BLOCK AT THE TOP OF THE SCALE FOR NEXT YEAR AND DESIGNATE IT FOR THIS PROJECT. YOU CAN DO THAT IF IT MAKES RATIONAL SENSE TO YOU. YOU CAN WAIVE FINANCIAL POLICY 21A THAT SAYS IN NO CASE WILL YOU DESIGNATE \$600,000 TO ONE PROJECT. NOW, I'M GOING TO SWITCH GEARS ON YOU. WE WENT BEYOND TALKING ABOUT HOW TO FINANCE THE PROJECT. WE TOOK NOTE OF WHAT THE CONSULTANT SAID, THE CITY SHOULD PLAN ON PUTTING MONEY INTO THIS VENTURE. WE ARE COGNIZANT OF THE SPONSORS OF THIS PROGRAM SAYING NOT TO WORRY, WE ARE TAKING THAT RESPONSIBILITY FOR OURSELVES, SO WE TRIED TO STRIKE A MIDDLE GROUND HERE AND ROB ELUDED TO THAT A MOMENT AGO.

I'LL SWITCH TO THE ELMO AGAIN AND TALK TO YOU ABOUT WHAT SOME OF THE OPERATING DISCUSSIONS WERE THAT OCCURRED AMONGST THE STAFF AND IS BEING BROUGHT TO YOU TONIGHT. VERY BRIEFLY YOU FIND TWO COLUMNS HERE AT THE TOP, ONE BEING THE REVENUE AND EXPENSES THAT WERE ESTIMATED AND SUBMITTED BY THE MUSEUM OF THE WEST FOLKS IN THEIR SUBMISSION. BROADLY SPEAKING \$1.6 OF REVENUES AND 2 MILLION OF EXPENDITURES. ON THE RIGHT YOU SEE THE NUMBERS THAT WERE DISCUSSED BY THE CONSULTANT IN THEIR REPORT AND REVIEWED WITH YOU BRIEFLY TONIGHT. THAT'S REVENUES OF 2.8 AND A FUNDRAISING CHALLENGE OF A MILLION THREE. ASSUMING IT'S A FUNDRAISING REQUIREMENT OF \$800,000. LET'S ASSUME THE SPONSORS OF THE PROJECT CAN RAISE 400,000 AND WE TRY TO COME UP WITH A STRATEGY FOR THE CITY'S CONTRIBUTION OF \$400,000 AS ITS SHARE AND ENTERPRISE AND IT'S REALLY MORE THAN A SHARE AND ENTERPRISE, IT'S TRYING TO MAKE SURE THIS WORKS IN THE INTEREST OF THE CITY. ROB ALLUDED TO THIS \$400,000 AND WE'LL PROPOSE AND I'LL DISCUSS HOW WE WOULD SUGGEST THAT BE PROVIDED, BUT IT WOULD BE A MAXIMUM AMOUNT OF \$400,000 AND FOR A PERIOD OF FIVE YEARS, AND IN THE FORM OF GRANTS EQUAL TO ALL DONATIONS RECEIVED BY THE SCOTTSDALE MUSEUM OF THE WEST.

I'LL NEED YOUR GUIDANCE ON THIS AGREEMENT YOU HAVE IN FRONT OF YOU, THE CITY GRANTS WOULD BE LIMITED TO OVER 5,000 AND UNDER 50,000. NONE OF THE OTHER MATERIALS REFER TO THIS, THAT'S WHY YOU NEED TO BE AWARE OF THIS AND RETURN GUIDANCE. IF YOU WANT IT LIMITED, THAT'S THE WAY IT'S PRESENTLY LIMITED AND IF YOU WANT NO LIMIT, MONEY IS MONEY, THEN SO INSTRUCT US. WE'LL COME BACK TO THIS. WE'RE SUGGESTING IT COMES FROM THE CARRY OVERBALANCES IN THE BED TAX. NOW, BRIAN IF I CAN HAVE YOU SWITCH ONCE MORE TO THE BED TAX ALLOCATION CHART. WE DON'T SHOW WHAT THE CARRY-OVER BALANCE IS. LAST YEAR THE GREEN BLOCK MONEY, THE MONIES THAT WERE NOT SPENT BY THE COUNCIL ACCUMULATE AND ROLL TO THE FOLLOWING YEAR. THEY STAY IN THIS FUND UNTIL YOU MAKE SOME USE OF THEM. LAST YEAR YOU HAD ALMOST \$3 MILLION THAT ROLLED FORWARD AND YOU DECIDED TO TAKE 2 OF THAT AND PROVIDE OPERATING SUPPORT TO THE TONY NELSSSEN CENTER DURING ITS FORMATIVE YEARS OF TRANSITION FROM WHAT IT WAS LAST YEAR TO WHAT WE HOPE IT WILL BE NEXT YEAR. \$2 MILLION WERE TAKEN IN OPERATING SUPPORT IN THEIR CASE FOR TWO YEARS AND IT'S WHAT YOU'VE DONE FOR A PROJECT IN A SENSE OF FORMATIVE AGE. FORMATIVE STAGE. YOU DIDN'T DO IT FOR THE TPC.

IT DOESN'T NEED ANY SUPPORT. WHAT WE'RE NEEDING FOR THE MUSEUM IS YOU WOULD COMMIT SOME CARRY-OVER MONIES. I TOLD YOU THAT YOU HAD 3 MILLION LAST YEAR AND SPENT ABOUT 2, THAT MEANS YOU HAD THE \$2 MILLION AS CARRY-OVER MONEY. ADDITIONALLY MANY OF THESE OTHER ITEMS THAT ARE DESIGNATED AS CAPITAL SPENDING WILL NOT BE SPENT THIS YEAR BECAUSE YOU HAVEN'T ISSUED THE DEBT. SO THERE'S ALMOST \$3 MILLION OF MONEY THAT I WOULD EXPECT BETWEEN NOW AND JUNE 30 YOU WOULD NOT HAVE SPENT OUT OF THIS YEAR'S BED TAX ALLOCATION. YOU WILL HAVE UPWARDS OF \$4 MILLION OF CARRY-OVER MONEY THAT WILL GO INTO FISCAL YEAR 13-14.

IF YOU HAVE FOLLOWED ME ALL ALONG, I MADE A SUGGESTION YOU COULD TAKE 900,000 OF THAT CARRY-OVER MONEY AND MOVE IT TO THE DEBT SERVICE RESERVE FUND AND SECOND, I MADE A SUGGESTION THAT YOU MAY HAVE US NOT MOVE THE MONEY, BUT AIR MARK \$400,000 PER YEAR TOTAL OF \$200 MILLION IN THE FORM OF MATCHING GRANTS. THE FIRST NUMBER, 900,000 IS TEMPORARY, WHEN THE DEBT IS PAID, THE MONEY IS MOVED BACK, BUT THE OTHER WOULD BE POTENTIALLY CONSUMED IN THE MATCHING GRANTS AND YOU SHOULD ADDRESS THE QUESTION OF WHETHER YOU WANT THOSE GRANTS LIMITED SOME WAY OR WHETHER YOU WANT NO LIMITATION ON THOSE. I THINK THAT'S ALL I HAVE TO SHARE WITH YOU ON THE FINANCING. OUR INTENT TO SUMMARIZE WAS TO TRY TO COME UP WITH A FINANCING SCENARIO FOR YOU THAT PROVIDED CAPITAL CONSTRUCTION AND OPERATING SUPPORT AND DID SO THAT HOPEFULLY INSULATED THE GENERAL FUND IN THIS INVESTMENT. THAT IS ALL I HAVE TO SAY.

[Time: 01:54:57]

Mayor Lane: THANK YOU MR. SMITH. I PRESUME MR. BRUNER WAS GOING TO SPEAK? IS THAT RIGHT, MR. MILLAR?

Rob Millar: HE IS MAYOR. THERE IS JUST ONE MORE ITEM TO COVER WITH YOU. THIS ITEM DID GO TO THE TOURISM DEVELOPMENT COMMISSION ON FEBRUARY 19. IN TERMS OF THE AGREEMENT AND ASSOCIATED FUNDING AND THEY DID VOTE IN FAVOR OF MAKING A RECOMMENDATION TO CITY COUNCIL FOR APPROVAL. ALSO IT WENT TO THE ECONOMIC DEVELOPMENT SUBCOMMITTEE ON THE 21<sup>ST</sup> AND THERE WAS A CONSENSUS TO APPROVE AND RECOMMEND THIS TO ALL CITY COUNCIL.

Mayor Lane: THANK YOU, MR. MILLAR. MR. BRUNER, WELCOME.

SMoW Board of Directors Representative Jim Bruner: I'D LIKE TO MAKE TWO COMMENTS, VERY BRIEF. NUMBER ONE, WE REALLY WANT TO THANK THE STAFF FOR THE WORK THEY'VE DONE THE LAST FOUR OR FIVE MONTHS. THEY'VE CERTAINLY REPRESENTED THE COMMUNITY WELL, WHICH IS THEIR JOB OBVIOUSLY, BUT THEY'VE ALSO BEEN SUPPORTIVE OF THE ISSUES WE THINK ARE VERY IMPORTANT FOR A SUCCESSFUL OPERATION. NUMBER TWO, OUR BOARD HAS REVIEWED IN DETAIL THE MANAGEMENT AGREEMENT YOU HAVE BEFORE YOU TONIGHT. WE CONCUR WITH IT, WE APPROVE IT, WE'RE READY TO STAND WILLING AND ABLE TO MOVE AHEAD AS QUICKLY AS WE CAN. THE VARIOUS COMPONENT PARTS OF IT, NOT THE LEAST OF WHICH IS SIGNIFICANT FUNDRAISING, HELPING WITH THE DESIGN, AND DESIGNING THE INTERIOR EXHIBITS, WE ARE PREPARED TO DO THAT, WE ARE VERY EXCITED ABOUT DOING THAT. THE ONLY REGRET I MIGHT HAVE TONIGHT IS A GENTLEMAN BY THE NAME OF HERB DRINKWATER, WHO SAT ON THAT PODIUM FOR 24 YEARS AS CITY COUNCIL AND MAYOR, THIS WAS HIS IDEA TO GET STARTED. AND I'M JUST DISAPPOINTED THAT HE'S

NOT HERE TO SEE WHAT WILL HOPEFULLY BE THE FRUITS OF HIS INITIAL EFFORTS, AND A LOT OF PEOPLE SENSE THAT. WE SINCERELY APPRECIATE YOUR SUPPORT AND WE'LL STAND READY FOR ANSWERING QUESTIONS.

Mayor Lane: THANK YOU, MR. BRUNER. WE WILL GO TO PUBLIC COMMENT ON THIS AND WE DO HAVE SEVERAL. WE'LL START WITH WAYNE ECTON WHO WILL BE FOLLOWED BY MIKE FOX.

[Time: 01:58:11]

Former Councilman Wayne Ecton: DOES THIS SOUND LIKE MUSIC TO YOUR EARS? HOW LONG HAVE WE WAITED FOR A WELL-THOUGHT OUT, WORKABLE PROPOSAL TO COME BEFORE THE COUNCIL? WELL YOU HEARD WHAT MR. BRUNER SAID. HOW MANY TIMES HAVE THE CITIZENS, THE TOURISM DEVELOPMENT COMMISSION, THE CVB, EXPRESSED THE DESPERATE NEED TO MEMORIALIZE OUR WESTERN HERITAGE. IN PROVIDING AN ATTRACTION THAT WILL DRAW TOURISTS AND VISITORS FROM ALL OVER THE WORLD, AND EVEN THE RESIDENTS IN Scottsdale, TO DOWNTOWN, TO A FACILITY THAT WILL ENTERTAIN AND EDUCATE FAMILIES, I'M TALKING ABOUT ADULTS AND CHILDREN. IT'S NOT LIMITED. I COMPLIMENT EVERYONE THAT HAS WORKED DILIGENTLY ON THE PROJECT AND PROVIDING A PROPOSAL THAT CAN MAKE IT POSSIBLE TO BUILD AND OPERATE THIS FACILITY. I'M WELL AWARE OF THE TIME AND THE EFFORT THAT THE MUSEUM OF THE WEST BOARD OF TRUSTEES, THE ARCHITECT, THE CONSTRUCTION ENGINEERING, THE CITY STAFF, CURRENT AND PAST CITY COUNCILS HAVE PUT IN AND DEVOTED TO THIS EFFORT. OF ALL OF THE IDEAS THAT HAVE BEEN CONSIDERED FOR DOWNTOWN, THE SCOTTSDALE MUSEUM OF THE WEST OFFERS A QUALITY FACILITY AT AN AFFORDABLE COST THAT ADDRESSES A NEED THAT WILL ENHANCE THE VALLEY, THE VITALITY OF THE FUTURE. MY WIFE AND I ARE HOMEOWNERS IN THE GATEWAY AT MAIN STREET PLAZA WHICH WILL BE THE CLOSEST RESIDENTIAL TO WHERE THE MUSEUM WILL BE BUILT. I AM THE PRESIDENT OF THAT HOA. I'M SPEAKING TONIGHT AS A HOMEOWNER AT MAIN STREET PLAZA, I'M NOT REPRESENTING THE BOARD, I'M SPEAKING FOR THE MAJORITY, HOWEVER, OF THE GATEWAY AT MAIN STREET PLAZA HOMEOWNERS WHO REALLY SUPPORT AND LOOK FORWARD TO BEING ABLE TO BENEFIT FROM THIS OPERATION. PLEASE APPROVE THE MANAGEMENT AGREEMENT AND THE PRECONSTRUCTION CONTRACT. THANK YOU.

Mayor Lane: THANK YOU COUNCILMAN ECTON. NEXT IS MIKE FOX TO BE FOLLOWED BY MR. HAYS.

SMoW Executive Director Mike Fox: TONIGHT YOUR POSITIVE VOTE FOR THE MUSEUM'S DEVELOPMENT WILL BE AN EXEMPLARY EXPRESSION OF YOUR ENTHUSIASTIC RESOLUTE COMMITMENT TO EXTEND NEW FRONTIERS WITH THE SAME GREAT THEMES OF THE WEST AS HAVE OTHER THOUGHTFUL, INSPIRING COURAGEOUS LEADERS OF THE REGION WHO HAVE COME BEFORE US. IT WILL MAKE A SIGNIFICANT CONTRIBUTION TO THE VITALITY OF THE CITY. IT WILL BE RECOGNIZED AS TRULY OF A STATE OF THE ART INSTITUTION, FOR WHICH IT WILL BE CAUSE FOR OUR COMMUNITY TO EXPERIENCE THE GREATEST SENSE OF PRIDE, ENGAGEMENT AND ENLIGHTENMENT FROM THE EXPERIENCES WE INTEND TO PRESENT WITHIN THE MUSEUM. I AM REMINDED OF WHAT A MENTOR OF MINE, A FORMER CHEROKEE TRIBAL CHAIR WOMAN, THE FIRST CHAIRWOMAN OF ANY TRIBE IN NORTH AMERICA, SHE SHARED WITH ME ABOUT 30 YEARS AGO, SHE SAID NATIVE AMERICANS BELIEVE THAT THE DEFINITION OF THE TRUE AND MOST RESPONSIBLE LEADER IS ONE WHO MAKES EVERY DECISION BASED ON THE POTENTIAL IMPACT ON THE SEVENTH GENERATION OUT. WITH WHAT WE HOPE TO BE YOUR UNANIMOUS VOTE OF SUPPORT, THIS COMMUNITY-BASED

PROJECT WILL SERVE PRESENT GENERATIONS AS WELL AS AT LEAST THREE AND LIKELY MANY MORE GENERATIONS OF FUTURE RESIDENTS AND VISITORS WHO ARE NOT YET ON MOTHER EARTH TODAY. I THANK YOU, I THANK THE CONSCIENTIOUS AND DEDICATED PROFESSIONAL STAFF. DOWNTOWN MERCHANTS, ARTISTS, COLLECTORS, DONOR, AND SCORES OF OTHER PEOPLE IN OUR COMMUNITY AND ELSEWHERE FOR PROUDLY, GENEROUSLY, AND PASSIONATELY WISHING TO SUPPORT WHAT WILL BE SOON THE HOME OF THE WEST'S MOST WESTERN MUSEUM. THANK YOU VERY MUCH.

Mayor Lane: THANK YOU, MR. FOX. DICK HAYSLIP, THEN NED O'HEARN.

[Time: 02:04:26]

Richard Hayslip: GOOD EVENING. I HAVE LIVED IN SCOTTSDALE FIVE YEARS LESS THAN MR. BRUNER'S 38 YEARS. AS SOME OF YOU KNOW, I AM PRIVILEGED TO BE SERVING AS THE INTERIM DIRECTOR OF SCOTTSDALE'S PUBLIC ART PROGRAM WHICH IS A PART OF THE SCOTTSDALE CULTURAL COUNCIL. AND IT'S ON BEHALF OF THE COUNCIL THAT I'M HERE THIS EVENING. AND MY PURPOSE HERE THIS EVENING IS TO EXPRESS OUR SUPPORT FOR THESE ACTIONS THAT ARE PROPOSED AND FOR GOING FORWARD WITH THE MUSEUM OF THE WEST. WE BELIEVE THAT THIS MUSEUM'S MISSION IS SO COMPATIBLE WITH HOW WE PERCEIVE OUR CITY AND OUR CITY'S HISTORY THAT IT IS BOUND TO BE A REAL ASSET TO OUR COMMUNITY. WE THINK THAT IT WILL STRENGTHEN THE COMMUNITY OF CULTURAL AND ARTS ORGANIZATIONS AND BUSINESSES IN THAT AREA AND REALLY ENHANCE DOWNTOWN AND ALL OF SCOTTSDALE AS A PLACE TO VISIT, A PLACE TO LIVE, AND A PLACE TO SHOP. WE LOOK FORWARD TO COLLABORATING WITH THE MUSEUM OF THE WEST. WE THINK THERE WILL BE GREAT OPPORTUNITY, AND WE'RE HOPEFUL FOR A LONG AND PRODUCTIVE WORKING RELATIONSHIP WITH THE MUSEUM. WE ALSO WOULD LIKE TO OFFER, PARTICULARLY IN THE EARLY YEARS, ANY SUPPORT THAT THE CULTURAL COUNCIL CAN PROVIDE IN YOUR INFRASTRUCTURE AND TECHNICAL SUPPORT AND LOGISTICS. SO WE HOPE IT WILL BE ABLE TO WORK WITH YOU IN THE EARLY DAYS. IN CONCLUSION, AGAIN I WANT TO ENCOURAGE YOU TO APPROVE THESE ACTIONS. AND I WOULD BE REMISS IF I DIDN'T ACKNOWLEDGE THAT MR. BRUNER AND MR. KERRITS WERE VERY INSTRUMENTAL IN THE CULTURAL COUNCIL. IT THEIR IS A GREAT EXAMPLE OF PERSEVERANCE AND LEADERSHIP THAT YOU SEE HERE THIS EVENING. THANK YOU.

Mayor Lane: THANK YOU. FORMER COUNCILMAN?

[Time: 02:07:17]

Former Councilman Ned O'Hearn: GOOD EVENING, MAYOR AND MEMBERS OF THE CITY COUNCIL. NED O'HEARN. I'M NOT UP HERE TO MAKE POINTS. I JUST WANT TO BE ON THE RECORD BECAUSE I THINK TONIGHT COULD BE A VERY MOMENTOUS NIGHT, NOT ONLY FOR SCOTTSDALE BUT FOR OUR DOWNTOWN, AND I WANT TO BE ON THE RECORD AS BEING HERE. I'M NOT TRYING TO BE PRESUMPTUOUS. I'M HOPEFUL THE DECISION WILL GO OUR WAY. I ALSO WANT TO THANK YOU, AS WELL AS FORMER COUNCILMAN MCCULLAGH. THIS HAS BEEN A LONG ROAD. IT GOES BACK TO BEFORE THE RECESSION. AND YOU COULD HAVE GIVEN UP, WE COULD HAVE GIVEN UP, BUT COLLECTIVELY WE DID NOT GIVE UP. AND I WANT TO THANK YOU AND THANK AGAIN THE MEMBERS OF THE STAFF. I'M NOT GOING TO TRY AND NAME ANYONE BECAUSE I WOULD DEFINITELY LEAVE SOMEBODY OUT. THEY HAVE PERSEVERED WITH US. WE HAVE A BETTER PRODUCT TODAY THAN WE WOULD HAVE HAD WITHOUT THEM. AND THEY HAVE BEEN VERY, VERY HELPFUL. MAYOR WHEN YOU

ADDRESSED THE TOWN HALL THE OTHER DAY, YOU TALKED ABOUT GRACEFUL GROWTH AS YOUR OBJECTIVE FOR THE CITY OF SCOTTSDALE. GROWTH CAN TAKE A NUMBER OF DIFFERENT PATHS. POPULATION GROWTH, GROWTH OF OUR TREASURY, AND I DON'T THINK THERE'S A MORE GRACEFUL GROWTH FOR OUR DOWNTOWN SALES TAX BENEFITS THAN THIS MUSEUM, COMPARED TO SOME ENTERTAINMENT VENUES AND OTHER THINGS. THIS IS A GRACEFUL PROJECT. I WOULD LIKE TO RECOGNIZE OUR EXECUTIVE DIRECTOR. WE HAVE A STAFF TOO, BUT IT'S NOT A STAFF IN THE SENSE OF THESE PEOPLE HERE. I'M TALKING ABOUT A WALKING STICK. WITHOUT MR. MICHAEL FOX, WE NEVER WOULD HAVE BEEN ABLE TO CLIMB THIS MOUNTAIN. HE IS OUR WALKING STICK. HE IS THE PERSON WHO GOT US TO THE TOP. HE IS THE INDIVIDUAL WHO IS OUR INSPIRATION, OUR ENLIGHTENMENT, AND HE OUGHT TO BE RECOGNIZED FOR THAT. WE'RE THRILLED TO HAVE HIM ON BOARD, AND ON BEHALF OF THE BOARD OF TRUSTEES, I WANT TO MENTION THAT. AND I LOOK FORWARD VERY MUCH TO THE OPENING OF THIS MUSEUM AND LOOKING UP INSIDE THAT OPENING DOOR AND SEEING ALL OF YOUR NAMES ON THE BRONZE PLAQUE.

Mayor Lane: THANK YOU COUNCILMEMBER. NEXT IS ABE HAYS, FOLLOWED BY JON STUART.

[Time: 02:10:03]

Abe Hays: GOOD EVENING. MY NAME IS ABE HAYS. AND I HAVE BEEN THE OWNER OF A SCOTTSDALE GALLERY, 7149 MAIN STREET, FOR ROUGHLY 38 YEARS. AS A TRUSTEE OF THE MUSEUM BOARD, IT HAS BEEN MY SEMINAL ROLE TO HELP FIND AND IDENTIFY IMPORTANT ART, ARTIFACTS, AND LITERARY COLLECTIONS AND COLLECTORS. THE NAME REQUIREMENTS AND FACTORS FOR THESE COLLECTIONS ARE HISTORICAL ACCURACY AND TRUTH AND THEIR QUALITY, REVERENCE, AND IMPORTANCE TO WESTERN CULTURE. IT'S RELATIVELY SIMPLE. THE OBJECTS IS WHETHER ART OR ARTIFACTS OR BOOKS, MUST HAVE ORIGINALITY AND SIGNIFICANCE. THE BOOKS, PAMPHLET, AUCTION CATALOGS, MAGAZINE, ETC, WILL CONTAIN KNOWLEDGE AND UNDERSTANDING FOR OUR EXHIBITORY. THEY'LL PUT THINGS IN CONTEXT WHICH IS TERRIBLY IMPORTANT TO THE UNDERSTANDING OF WHAT WE WILL BE DOING. MY WIFE AND I HAVE ENJOYED MANY YEARS HERE WITH THE VALUABLE EXPERIENCES AND SOME SUCCESS DUE TO PUBLIC AND PRIVATE BUSINESS ACTIVITIES. WE ARE CERTAINLY VERY EAGER FOR THE OPPORTUNITY TO PROVIDE HISTORICAL OBJECTS TO SCOTTSDALE'S MUSEUM OF THE WEST AND OUR EXPECTATIONS FOR ITS SUCCESS ARE VERY HIGH. AND OUR COMMITMENT WILL BE VERY EXTENSIVE. IT IS OBVIOUSLY IMPORTANT TO ALL OF US TO HELP MAINTAIN AND CERTAINLY IMPROVE SCOTTSDALE'S REPUTATION IN THE FIELD OF THE ARTS. BOTH REGIONALLY, NATIONALLY, AND INTERNATIONALLY. IN DOING SO, WE WANT TO AID ALL OF THE BUSINESS COMMUNITY AS WELL AS THE SCHOOLS AND OTHER RELATIONSHIPS SO IMPORTANT TO A COMMUNITY.

IT WILL BE IMPORTANT TO ALL OF US TO HELP MAINTAIN AND IMPROVE SCOTTSDALE'S REPUTATION. HOPEFULLY ALL RESIDENTS AND VISITORS, ESPECIALLY THE YOUNG, CAN BE ENTERTAINED AND EDUCATED AND FAR INTO THE FUTURE. THANK YOU.

Mayor Lane: THANK YOU VERY MUCH, MR. HAYS. JON STUART, FOLLOWED BY SCOTT JONES.

[Time: 02:13:37]

Jon Stuart: GOOD EVENING. I'M JON STUART. AND MY WIFE AND I HAVE A HOME AT 6651 EAST CACTUS RIM ROAD IN PARADISE VALLEY. I HAVE THE HONOR OF HAVING SERVED WITH JIM AT AN

EARLIER ITINERATION OF THE FLASHER MUSEUM IN SCOTTSDALE, WHICH DID NOT COME TO PASS. THREE QUICK POINTS. NO. 1, I THINK IT IS APPROPRIATE THAT CITY FUNDS BE USED AS A CATALYST FOR PRIVATE ENTERPRISE IN THE ADVANCEMENT OF THE ARTS. AND THE TAX EXEMPT INSTITUTION AS IS PROPOSED HERE WOULD INDICATE THAT I THINK THIS CONCEPT CAN AND SHOULD WORK. AND NO. 2, HOLLYWOOD HAS BEEN TELLING THE STORY OF THE WEST FOR OVER 75 YEARS AND MADE MILLIONS OF DOLLARS DOING IT. WITH THE HELP OF MR. MIKE FOX AND ALL THE PEOPLE ON THE BOARD, I THINK THAT'S A DOABLE TASK. AND NO. 3, IF WE ALL HAVE THE COURAGE OF OUR CONVICTION, I BELIEVE WE CAN MAKE A COMPELLING AND INTERESTING STORY OF THE WEST. THANK YOU.

Mayor Lane: THANK YOU, MR. STUART. SCOTT JONES, THEN MR. PAUL MESSINGER.

[Time: 02:14:56]

Scott Jones: MR. MAYOR AND COUNSELOR, I'M SCOTT JONES, A GENERAL MANAGER OF LEGACY GALLERY ON THE CORNER OF SCOTTSDALE ROAD AND MAIN STREET. THE OWNERS OF THE GALLERY ARE STUCK IN A SNOW STORM. I WAS ASKED TO COME AND JUST EXTEND OUR SUPPORT TO THIS PROJECT. THIS AFTERNOON I HAD THREE YOUNG LADIES IN THE GALLERY, 10 YEARS OLD, IN THEIR CHARTER UNIFORM, SITTING ON THE FLOOR BY PAINTINGS. AND I'LL HAVE TO ADMIT, I LOVED IT. I LOVE HAVING KIDS IN THE GALLERY. AND I KNEELED DOWN BY THEM AS WE WROTE REPORTS. THAT'S WHAT I SEE THIS PROJECT DOING FOR THE FUTURE. AND BY SO DOING, BENEFIT THE BUSINESSES HERE IN TOWN FOR GENERATIONS TO COME. I OWNED A BUSINESS HERE IN SCOTTSDALE, IN PHOENIX A LONG TIME AGO, AND I TREASURED PLANNING VISITS AROUND ART SHOWS AT LEGACY GALLERY AND OTHER SPOTS IN THE ARTS DISTRICT AND TAKING MY KIDS TO OLD TOWN. I THINK ALL I WANT TO SAY IS THIS PROJECT IS PART OF SOMETHING THAT I THINK WILL BE AN INCREDIBLE LEGACY FOR GENERATIONS TO COME. AND WE SUPPORT IT. THANKS.

Mayor Lane: THANK YOU VERY MUCH, MR. JONES. MR. MESSINGER?

[Time: 02:16:54]

Paul Messinger: GOOD EVENING COUNCILMEMBERS, MAYOR. PAUL MESSINGER, 11060 NORTH 94TH STREET. I'D LIKE TO MENTION ONE OR TWO THINGS. SCOTTSDALE IS A NATIONAL CENTER OF WESTERN ART. OUR GALLERIES SHOW SOME OF THE FINEST WESTERN ART IN THE WORLD. A GREAT PERCENTAGE OF WESTERN ART THAT WE SHOW WAS PAINTED OR SCULPTED WITHIN 500 MILES OF HERE. IT IS TRULY PART OF OUR NATIVE HERITAGE. SHOULDN'T WE DISPLAY IT HERE, AND SHOULDN'T WE TELL THE STORIES THAT ARE HERE? ANOTHER POINT THAT I THOUGHT MIGHT BE MENTIONED IS THAT TODAY THERE ARE NO WESTERN ART MUSEUMS IN THE VALLEY. NO MUSEUMS DEDICATED TO WESTERN ART. SCOTTSDALE IS REPUTED TO BE THE WEST MOST WESTERN TOWN. THIS SHOULD BE THE PLACE. SCOTTSDALE'S DOWNTOWN HAS NOT BEEN UPGRADED OR CHANGED A GREAT DEAL IN RECENT YEARS. AND THIS WILL PROVIDE GOOD RETURNS IF THIS INVESTMENT IS MADE IN THE DOWNTOWN. BACK TO THE CITY IN FORMS OF SALES AND PROPERTY TAX, GREATER VALUES, BUSINESS ACTIVITY IN THE DOWNTOWN COMMUNITY, A MORE INTERESTING OLD TOWN, AND A WONDERFUL WESTERN EXPERIENCE FOR OUR VISITORS WHILE OFFERING EXPANDED CULTURAL EXPERIENCE FOR OUR CITIZENS. IT ALSO WILL BE A PLACE OF EDUCATION OF THEIR OWN COMMUNITY FOR YOUTH. THANK YOU.

Mayor Lane: THANK YOU, MR. MESSINGER. I SHOULD ALSO SAY ANOTHER FORMER COUNCILMAN, ORME LEWIS.

[Time: 02:19:00]

Orme Lewis: GOOD EVENING, MAYOR, COUNCILMEMBERS. BRIEFLY, EVERYTHING HAS BEEN SAID THAT I COULD SAY. I LIVE OUTSIDE OF SCOTTSDALE; NONE THE LESS, MY RECOLLECTION INVOLVEMENT IN SCOTTSDALE GOES BACK TO 1947 WHEN I WAS ENROLLED IN SCOTTSDALE GRAMMAR SCHOOL, SUFFERED THROUGH THE WORLD WAR II BARRACKS THAT MOVED ONTO THAT SITE. AND I'VE BEEN INVOLVED IN THE ART COMMUNITY THROUGH MY FAMILY AND THROUGH MYSELF FOR 60 YEARS. AND I ASSURE YOU THAT YOU WILL SEE THE FULFILLMENT OF A MUSEUM THAT IS INSPIRING, IS INTERACTIVE, AND IS FUN. LET'S GET WITH THE CAUSE. AND THANK YOU FOR YOUR CONSIDERATION.

Mayor Lane: THANK YOU, MR. LEWIS. DAN SEMENCHUCK FOLLOWED BY DEWEY SCHADE.

[Time: 02:20:22]

Dan Semenchuck: MAYOR LANE, GOOD PEOPLE ON THE COUNCIL. MY WIFE AND I HAVE LIVED IN SCOTTSDALE FOR ALMOST 30 YEARS. WE LIVE JUST SOUTH OF DOWNTOWN, AND I SPEND MY DAYS IN DOWNTOWN. I HAVE AN OFFICE OUT OF A LITTLE COFFEE SHOP ON 5<sup>TH</sup> AVENUE. I'M GOING TO READ SOMETHING HERE. BEAR WITH ME. THIS IS AN EXCERPT FROM AN ARTICLE FROM THE ARIZONA REPUBLIC DATED DECEMBER 17TH, 2012. "CACTUS LEAGUE BASEBALL ADDS AN ESTIMATED \$632 MILLION TO THE ARIZONA ECONOMY ACCORDING TO A STUDY RELEASED MONDAY BY THE CACTUS LEAGUE BASEBALL ASSOCIATION. THE 1.7 MILLION FANS ATTENDING WERE OUT OF STATE VISITORS, AND THE MEDIAN STAY WAS 5.3 NIGHTS. SPRING TRAINING ACCOUNTED FOR \$422 MILLION IN ECONOMIC IMPACT IN 2012, UP 36% FROM THE PREVIOUS STUDY IN 2007. IN A RELATED STUDY, ESTIMATED THAT USE OF TEN BALL PARKS AND 15 BASEBALL TRAINING COMPLEXES BOOSTED THE LOCAL ECONOMY BY \$210 MILLION, THAT INCLUDED COMMUNITY EVENTS AND FESTIVALS. SPRING TRAINING PUMPS OUR ECONOMIC TIRES EACH SPRING. BUT THESE STUDIES CONFIRM THAT THE ECONOMIC BENEFITS CONTINUE ALL YEAR LONG. SO WE KNOW THAT DOWNTOWN BUSINESSES CURRENTLY ARE PROSPERING THIS TIME OF YEAR BECAUSE OF BASEBALL, BECAUSE OF SPRING TRAINING. LOCALS AND VISITORS ALIKE COME TO DOWNTOWN SCOTTSDALE FOR A BASEBALL EXPERIENCE AND SPEND A LOT OF MONEY. BASEBALL HAS A RICH HISTORY IN SCOTTSDALE AND HAS APPEALED TO A BROAD DEMOGRAPHIC AND WILL CONTINUE TO. FROM A RETURN ON INVESTMENT STANDPOINT, IF WE ARE PROPOSING APPROPRIATE FUNDS TO MUSEUM OF THE WEST WHICH I'M SURE IS GOING TO BE WONDERFUL, WHY NOT APPROPRIATE FUNDS TO A COOPERSTOWN WEST, A BASEBALL OR SPRING TRAINING MUSEUM? I WOULD ENCOURAGE YOU TO POLL DOWNTOWN STAKEHOLDERS TO DETERMINE WHICH PROJECT MIGHT BE MOST RELEVANT.

Mayor Lane: THANK YOU. MR. DEWEY SCHADE? FOLLOWED BY GORDON DUDLEY.

[Time: 02:23:27]

Dewey Schade: MR. MAYOR, MEMBERS OF COUNCIL, GOOD EVENING. DEWEY SCHADE, I'VE BEEN A RESIDENT OF ARIZONA FOR 40 YEARS AND SCOTTSDALE FOR 36 YEARS, AND OWNER OF A COMMERCIAL PROPERTY IN DOWNTOWN SCOTTSDALE FOR SOME 33 YEARS. AND AS A MATTER OF FACT, MY SMALL COMMERCIAL CENTERS ARE IN WALKING DISTANCE OF THE MUSEUM OF THE WEST OR WHERE IT WILL BE. I MUST SAY TO YOU, I'M A FERVENT SUPPORTER OF THE ARTS IN OUR CITY. IT CONTRIBUTES TO THE ECONOMIC AND CULTURAL WELL BEING AND LIFE IN OUR CITY. THIS MUSEUM WILL TAKE ITS PLACE ALONG WITH THE SCOTTSDALE CENTER FOR THE ARTS AND THE SOLARI PROJECT AS AN ICONIC CULTURAL EVENT THAT PEOPLE WILL WANT TO GO TO AND PARTICIPATE IN. IF THE CITIZENS OF SCOTTSDALE WONDER ABOUT THE VITALITY AND VIABILITY OF THIS PROJECT, THEY ONLY NEED TO LOOK AT THE PEOPLE, THE ORGANIZERS, WHO HAVE BEEN BEHIND THIS PROJECT FROM THE BEGINNING. THEY ARE FISCALLY RESPONSIBLE PEOPLE. THEY HAVE THE HIGHEST CREDIBILITY AND INTEGRITY THAT OUR CITY CAN OFFER. AND I FEEL LIKE A VIRTUAL NEWCOMER TONIGHT WHEN I SEE THE SUPPORT FOR THIS PROJECT. YOU KNOW THEM WELL, AND THE PEOPLE OF SCOTTSDALE CAN BE CONFIDENT THAT THIS WILL BE A PROJECT OF THE HIGHEST CALIBER AND QUALITY. SO I URGE YOUR SUPPORT WHOLEHEARTEDLY.

Mayor Lane: THANK YOU MR. SCHADE. GORDON DUDLEY.

[Time: 02:25:27]

Gordon Dudley: GOOD EVENING MAYOR AND COUNCIL. GORDON DUDLEY, 8242 EAST REDFIELD. THE LAST TIME I ATTENDED A FUNCTION HERE AT THE CITY COUNCIL REGARDING THE MUSEUM OF THE WEST, SOME THINGS WERE SAID THAT I DID NOT AGREE WITH, BUT BECAUSE I DIDN'T SUBMIT ONE OF THOSE WHITE CARDS AHEAD OF TIME, I WAS UNABLE TO CORRECT THE RECORD. TO PREVENT SUCH AN UNFORTUNATE CALAMITY, FROM RE-OCCURRING I SUBMITTED MY CARD THIS TIME. I WOULD LIKE TO SAY THAT MY WIFE'S FATHER OPENED A BOOKSTORE IN DOWNTOWN SCOTTSDALE IN 1964. IT WAS A BOOKSTORE THAT SPECIALIZED ON BOOKS ON THE AMERICAN WEST AND THE CIVIL WAR. AND HE'S FOND OF TELLING THE STORY OF HOW HE WAS GREETED BY THE LOCAL MERCHANTS WHO INQUIRED WHAT THEY WERE DOING. WHEN THEY TOLD THEM THEY WERE GOING TO OPERATE A BOOKSTORE ABOUT THE WEST, THEY SAID GOOD LUCK. AND AS THEY WALKED OUT THE DOOR, THEY HEARD THEM SAY THEY WON'T LAST SIX MONTHS. THE BOOKSTORE IS NOW IN ITS 48TH YEAR OF OPERATION. AND WHEN HE PASSED AWAY A COUPLE YEARS AGO, MY WIFE TOOK OVER THE BOOKSTORE. AND WE MADE A SUBSTANTIAL INVESTMENT IN THE STORE AND IN DOWNTOWN SCOTTSDALE. WE PURCHASED A BUILDING AT THE CORNER OF 2ND STREET AND MARSHALL, CATTY CORNER FROM THE PROPOSED MUSEUM OF THE WEST. WE EXPANDED THE SPACE AND WE CONTINUE TO OPERATE THE BOOKSTORE OUT OF THAT FACILITY. MY WIFE AND I ARE VERY ACTIVE IN HISTORICAL EVENTS AROUND PHOENIX, CELEBRATING ARIZONA HISTORY. AND WE'RE ECSTATIC THAT THE MUSEUM OF THE WEST FINALLY LOOKS LIKE IT'S REACHING CRITICAL MASS AND IS GOING TO GET OFF THE GROUND AND THIS FACILITY IS GOING TO BE BUILT. WE THINK IT'S GOING TO BE A GREAT BENEFIT TO DOWNTOWN SCOTTSDALE, AND IT'S GOING TO EXTEND SOME OF THE BUSINESS COMMUNITY A LITTLE BIT SOUTH OF MAIN STREET. THERE'S NOT MUCH SOUTH OF MAIN STREET. WE'RE DOWN THERE. THERE'S A COUPLE OF NEW BUSINESSES AND RESTAURANTS THAT ARE IN THAT AREA. I THINK THIS IS GOING TO BE A GREAT COMPLEMENT TO THAT. WE HAVE PEOPLE FROM ALL OVER THE WORLD THAT COME INTO SCOTTSDALE AND THEY COME TO OUR LITTLE SHOP BECAUSE THEY'RE INTERESTED IN THE WILD WEST AND THE AMERICAN CIVIL WAR. AND I THINK THE MUSEUM OF THE WEST IN THAT LOCATION IS JUST

GOING TO BE GREAT FOR DOWNTOWN SCOTTSDALE. AND WE ENCOURAGE YOUR APPROVAL OF THE TWO ITEMS ON THE AGENDA THIS EVENING. THANK YOU VERY MUCH.

[Time: 02:28:33]

Mayor Lane: THANK YOU, MR. DUDLEY. THAT COMPLETES THE PUBLIC TESTIMONY. AND I WANT TO THANK EVERYBODY FOR PARTICIPATING IN GIVING US THE VIEWS AND THOUGHTS ON THIS PROJECT. I WOULD JUST SAY THAT THIS IS SOMETHING THAT I BELIEVE AS NED O'HEARN QUOTED ME AS SAYING HAS A GRACEFUL GROWTH OF THE DOWNTOWN. AND I THINK IT'S A WONDERFUL PROJECT. AND PERSEVERANCE OF THIS GROUP OF MEN AND WOMEN WHO HAVE BEEN BEHIND THIS FOR AS MANY YEARS AS I CAN REMEMBER TO BRING THIS FORWARD I THINK IS SO ADMIRABLE. AND IT ALSO SPEAKS VOLUMES TO EXACTLY THE THING WE'RE HERE TO DECIDE, AND THAT IS HOW DO WE USE IN THIS CASE TOURISM FUNDS IN A SELF-SUSTAINING EFFORT TO ENHANCE OUR SCOTTSDALE EXPERIENCE AND TO EDUCATE OUR RESIDENTS AND TOURISTS ABOUT OUR WESTERN HERITAGE? I THINK THAT'S SAID BY A NUMBER OF FOLKS. IT'S NOT ONLY WONDERFUL BUT IT'S WORTHY OF THIS KIND OF INVESTMENT, I BELIEVE. AND AS WE WATCHED LITERALLY, AND THIS IS ALSO SAID IN ANOTHER WAY, THE WHO'S WHO OF SCOTTSDALE COME FORWARD, FORMER COUNCIL PEOPLE, AND STATE LEGISLATORS, AND WE'RE AS CLOSE TO OUR FOUNDERS AS WE CAN HAVE IN THIS TOWN IN THIS DAY AND AGE COMING FORWARD, THEIR COMMITMENT AND DESIRE, AND THEIR TRUE PERSEVERANCE IN BRINGING THIS FORWARD TO THIS POINT IN TIME, AND WE DO HAVE AT HAND A MECHANISM, SOMETHING WE ACTUALLY PUT ON THE BALLOT IN 2010, AND IT WAS VOTED BY THE GENERAL POPULATION, THE USE OF SOME TOURISM BED TAX DOLLARS IN ORDER TO USE THOSE FUNDS TO SERVE ON DEBT FOR CAPITAL TOURISM INFRASTRUCTURE. AND I THINK THIS IS A QUALIFYING VENTURE, AND IT'S ONE OF THE THINGS THAT WE'VE BEEN WORKING ON PROBABLY MORE ARDENTLY OVER THE LAST COUPLE OF YEARS AS I THINK EVERYBODY WILL ADMIT.

I WOULD PROBABLY WANT TO INSERT AT THIS POINT IN TIME A GREAT DEAL OF THANKS DUE TO THE STAFF FOR WORKING IN A POSITIVE SENSE MOVING THINGS FORWARD TO COME TO THAT AREA OF THINGS WHERE WE CAN, IN REPRESENTING THE GENERAL POPULATION HERE IN SCOTTSDALE, FEEL CONFIDENT THAT WE HAVE SOMETHING THAT'S WORKING FORWARD, AND WE HAVE A GROUP OF PEOPLE WHO ARE BEHIND IT IN THE COMMUNITY. AND A STAFF WORKING IN I THINK A CAN-DO KIND OF ENVIRONMENT, HOW THEY CAN FACILITATE AND MAKE THIS WORK, AND AT THE SAME TIME, GET EVERYBODY'S SATISFACTION AND SECURITY. WE'VE GOT A CONTRACT HERE THAT SERVES TO PROTECT THE CITY. AND IT WILL ADDRESS I BELIEVE THE AREAS OF CONCERN AS TO HOW WE MOVE ALONG. I AM A SUPPORTER OF THIS. THERE ARE A COUPLE OF ISSUES THAT ARE STANDING QUESTION. AND THERE'S BEEN A FAIR AMOUNT OF CONVERSATION AS TO HOW WE WOULD HANDLE AND HOW WE WOULD ASSIST TO ASSURE THE OPERATING RESULTS AND PARTICULARLY IN THOSE START-UP YEARS OF THE \$400,000 IN MATCH FUNDS OVER FIVE YEARS, OR A \$2 MILLION COMMITMENT TO MATCH. I THINK IT MAKES ALL TOGETHER GOOD SENSE THAT WE USE THE CARRY-OVER FUNDS AND CAP TOURISM CAPITAL IMPROVEMENT IN THE SPECIAL REVENUE FUNDS, TO SET THOSE ASIDE TO FULFILL THAT OBLIGATION FROM THE CITY'S STANDPOINT.

THE OTHER QUESTION MARK WITHIN THAT CATEGORY, AND IT'S SOMETHING WE EXPLORED IN THE ECONOMIC DEVELOPMENT SUBCOMMITTEE, WHETHER OR NOT WOULD SET HERE ON THE COUNCIL AND THE CITY SOME CRITERIA WITHIN THE SPECTRUM OF THE SIZE OF DONATIONS BEING MATCHED, A MINIMUM AND A MAXIMUM. WHEN I ASKED THE QUESTION WHETHER THAT WOULD INHIBIT

DONORS OR THE ABILITY FOR THE BOARD TO BE ABLE TO ASSEMBLE THOSE FUNDS, I DON'T BELIEVE I GOT ANY SENSE THAT THAT WAS A PROBLEM. OF IN FACT IT MAY HAVE HAD SOME POSITIVE ATTRIBUTES. SINCE THAT'S THE WAY THE CONTRACT IS WRITTEN, EVEN THOUGH I WOULD HAVE THOUGHT THAT DOLLARS ARE DOLLARS, MATCHES THEM TO WHOMEVER TO WHATEVER EXTENT WAS FINE, I'M PERFECTLY HAPPY TO SEE THAT PROVISION STAY THERE AS LONG AS THAT'S WORKABLE ON BOTH ENDS. AND IT DOES NOT INHIBIT THE ABILITY TO GENERATE FUNDS, AND MAYBE IT EVEN ADVANCES THAT. THE ONLY OTHER ITEM IS THE RESERVE FUND. WE HAVE A STRONG RESERVE REQUIREMENT ON ANY KIND OF MPC BOND THAT WE, WHY. AND THIS IS OF COURSE AND THIS IS DEBT SERVICE THROUGH THE SPECIAL FUNDS FROM THE TOURISM INFRASTRUCTURE FUNDS. I THINK THAT TOO IS A REASONABLY GOOD USE, RATHER THAN TO FINANCE AND PAY AGAIN FOR IT, OF THOSE CARRY-OVER FUNDS. AND IN THAT CASE, IT COULD BE EARMARKED, AND AT THE END OF TERM, IT WOULD BE RETURNED TO IT. SO IT SEEMS LIKE AN EFFECTIVE AND GOOD USE, SINCE THOSE FUNDS CONTINUE TO ACCUMULATE IN THOSE CAPITAL ACCOUNTS. WE DO HAVE ONE OTHER ITEM, I DON'T KNOW IF WE WANT TO THROW THAT BACK UP THERE, BUT THE CHANGES TO THE CONTRACT WE WANT TO MAKE SURE WE STIPULATE ON ANY KIND OF MOTION. BUT I SUPPORT BOTH, AND I'D BE HAPPY TO MAKE THAT MOTION. BUT I THINK IN FAIRNESS, I DO WANT TO ALLOW THE REST OF THE COUNCIL TO WEIGHT IN AS WELL STARTING WITH COUNCILWOMAN MILHAVEN.

[Time: 02:35:05]

Councilwoman Milhaven: THANK YOU, MAYOR. AND I DO WANT TO COME BACK TO SOME OF WHAT YOU TALKED ABOUT. THE TREASURER SAID WE SHOULD CONSIDER WHETHER OR NOT WE WANT TO CHANGE THOSE QUALIFIED DONATIONS. YOU ALLUDED TO IT. BUT MY UNDERSTANDING, YOU'D RATHER WE NOT MAKE ANY CHANGES TO THE CONTRACT AND JUST UP OR DOWN THE CONTRACT THE WAY IT IS. CAN I GET SOMEBODY FROM THE REPRESENTATIVES OF THE MUSEUM TO SPEAK TO THAT?

Jim Bruner: OUR BOARD WILL ACCEPT WHATEVER THE COUNCIL DECIDES WITH RESPECT TO THIS. IF I HAD MY PERSONAL DRUTHERS, I WOULD RATHER NOT HAVE THE \$50,000 LIMITATION. OUR GOAL IS TO RAISE MONEY, WHETHER IT'S \$49,000 OR \$51,000. MY PREFERENCE WOULD BE TO PERHAPS USE THE ALTERNATE LANGUAGE THAT THE CITY TREASURER SAID. BUT WE WILL ACCEPT IT EITHER WAY.

Councilwoman Milhaven: OKAY. THE OTHER IS THE MATCH COMES AFTER THE FIRST FULL YEAR, AND I THINK YOU'RE GOING TO NEED IT MORE WHEN YOU FIRST OPEN THE DOORS. SO MAYBE WE CAN REVISIT THAT AND WORK WITH YOU GUYS. WE CAN REVISE THIS CONTRACT BY MUTUAL AGREEMENT IN THE FUTURE.

[Time: 02:36:25]

City Attorney Bruce Washburn: THAT'S CORRECT.

Councilwoman Milhaven: I WOULD BE AGREEABLE TO TAKE OFF THOSE CONDITIONS AS WELL. AND I'D ALSO LIKE US TO REVISIT DURING WHAT TIMING THAT MATCH CAN BE DONE. SO RATHER THAN WORK ON THE DETAILS TONIGHT MAYBE THAT'S SOMETHING WE CAN WORK ON IN THE FUTURE TO MODIFY THAT BY MUTUAL AGREEMENT. AND ANOTHER QUESTION, I HEARD MR. MILLAR MENTION IN HIS PRESENTATION THAT AGREEMENT WAS REACHED THAT WE KNOW WE'RE GOING TO SEE THIS ONE MORE TIME WHEN WE AWARD THE CONSTRUCTION CONTRACT. ALL OF YOU HAVE AGREED TO

RAISING 50% OF YOUR START-UP COSTS TO OPEN THE DOORS, AND WE WOULDN'T MOVE FORWARD WITH THE CONSTRUCTION; IS THAT CORRECT?

Jim Bruner: YES. THAT IS CORRECT.

Councilwoman Milhaven: THAT GIVES ME A LOT OF COMFORT. THERE'S A CLAUSE IN THE CONTRACT THAT SAYS IF THE CITY DETERMINES AT ANY TIME THAT THE MANAGER LACKS THE FINANCIAL CAPACITY PERFORMANCE DUTIES, THE CITY CAN TERMINATE THIS AGREEMENT BY NOTICE TO THE MANAGER. AND THAT VAGUENESS GIVES ME A LITTLE DISCOMFORT. I DON'T WANT US COMING BACK AND SAY WHAT DOES FINANCIAL CAPACITY MEAN. SO IF WE CAN COME TO AN AGREEMENT TONIGHT THAT 50% OF THE COSTS TO OPEN THE DISPLAYS OR MOUNT THE DISPLAYS IS WHAT WE'D LIKE TO SEE THEM DEMONSTRATE. I THINK THAT GIVES US A LOT OF COMFORT AND ADDRESSES THE VAGUENESS IN THAT. WE HEARD FROM THE CONSULTANT EARLIER, THE OPERATING PRO FORMA WE'RE LOOKING AT HAS 45% CONTRIBUTED REVENUE, SO THAT IS GOING TO BE NECESSARY FOR THE SUCCESS. I'M GLAD TO SEE WE'VE GOT A PLAN FOR WHAT KIND OF HURDLES WE'D LIKE TO MAKE BEFORE WE MOVE FORWARD WITH CONSTRUCTION. THANK YOU. AND I WANT TO THANK THE STAFF AS WELL. I THINK THE WORK THAT YOU'VE DONE AROUND WITH THE CONSULTANT WE HEARD FROM TONIGHT ABOUT THE FEASIBILITY OF THE MUSEUM, I THINK THAT GIVES US GREAT COMFORT TO SAY THIS ISN'T JUST A HOPE AND A PRAYER. BUT THIS IS SOMETHING THAT'S REALLY GOING TO HAPPEN IN OUR COMMUNITY, THIS IS SOMETHING THAT WE CAN HAVE HAPPEN. AND WITH THE CITY'S COMMITMENT TONIGHT, I AM SO EXCITED ABOUT THE MUSEUM FOLKS' ABILITY TO GO AND RAISE MONEY. AND TO SPEAK MORE BROADLY TO THIS, AS PEOPLE WE THINK ABOUT NURTURING OUR MIND, OUR BODY, AND OUR SOUL. AND AS A COMMUNITY, I THINK WE HAVE A MIND, A BODY, AND A SOUL THAT NEEDS TO BE NURTURED. IF WE THINK ABOUT THE MIND, THE GREAT SCHOOLS WE HAVE IN OUR COMMUNITY AND THE NEW LIBRARIES. THE BODY OF OUR COMMUNITY, WE TALK ABOUT THE HIKING TRAILS AND THE BIKE PATHS AND THE PARKS AND ALL THE WONDERFUL INVESTMENTS WE'VE MADE IN ALL OF THOSE THINGS. AND FOR ME WHEN WE THINK ABOUT THE SOUL OF A COMMUNITY, I THINK IT'S ABOUT ARTS AND CULTURE. AND I THINK IT'S IMPORTANT BECAUSE IT ASKS US TO THINK OUTSIDE OF OURSELVES. IT CHALLENGES US TO REFLECT ON WHO WE ARE AND WHO WE WANT TO BE. AND INVESTMENT IN THIS MUSEUM OF THE WEST REALLY SPEAKS TO THE SOUL OF OUR COMMUNITY AND CHALLENGES US TO BE BETTER. I AM JUST SO EXCITED TO BE HERE TONIGHT AND MOVE FORWARD WITH THE MUSEUM OF THE WEST.

Mayor Lane: THANK YOU, COUNCILWOMAN. COUNCILMAN ROBBINS?

[Time: 02:40:00]

Councilman Robbins: THANK YOU, MAYOR. IT'S AN EXCITING NIGHT. AND I'M GLAD TO SHARE IT WITH ALL OF YOU. IT'S REALLY NEAT TO SEE SOME OF THE PEOPLE HERE WHO SPOKE AND WHO ARE IN THE AUDIENCE. I GREW UP IN AWE OF THE BRUNERS AND SABAS AND MESSINGERS AND THE REST OF YOU WHO HAVE BEEN SO SUPPORTIVE OF THE ARTS FOR SO LONG. IT'S AN EXCITING TIME, AND I'M GLAD TO SEE THAT YOUR EFFORTS HAVE PAID OFF AND WE'RE JUST KIND OF TAKING THE CREDIT FOR IT HERE. BUT YOU ALL PUT IN THE HARD WORK AND HAVE DONE THE HEAVY LIFTING. WE REALLY, REALLY APPRECIATE THAT. AND I'M VERY SUPPORTIVE OF THIS AND IT'S NEAT THAT IT'S AN INVESTMENT IN OUR DOWNTOWN AS WELL. THERE ARE SO MANY GREAT COMPONENTS TO WHAT THIS IS AND WHY WE'RE DOING THIS. GENERALLY SPEAKING WHEN YOU TALK ABOUT THE VIBRANCY

OF A COMMUNITY OR THE QUALITY OF THE COMMUNITY, IT GETS DOWN TO QUALITY OF LIFE. SO THIS TOUCHES ALL THOSE AREAS AS WELL. STAFF HAS DONE A FANTASTIC JOB. THE FINANCING SIDE OF THIS IS REALLY EXCITING TO SEE IT COME BACK FROM BED TAX. SO IT'S PRIMARILY SUPPORTED BY TOURISTS WHO COME TO TOWN. AND WE GET TO BENEFIT FROM THOSE EXPENDITURES IN OUR CITY. IT'S A GREAT FUNDING MECHANISM AS WELL. I'M GOING TO MAKE A MOTION.

Mayor Lane: WELL, DO YOU WANT TO SECOND MY MOTION?

Councilman Robbins: SURE. I'D BE HAPPY TO SECOND YOUR MOTION. LET ME JUST GO THROUGH AND MAKE SURE I UNDERSTAND WHAT YOUR MOTION WAS SO WE'RE ON THE SAME PAGE. WE ARE GOING TO DO THE \$2 MILLION CARRY-OVER FOR THE OPERATING SUPPORT. I WOULD LIKE TO SEE US NOT PUT ANY CONSTRAINTS ON THE GRANT MONEY, EITHER THE \$5,000 OR THE \$50,000. I'D LIKE TO LEAVE THAT OPEN.

Mayor Lane: I SORT OF LEFT IT OPEN. BUT NEVERTHELESS, SINCE I THINK THE SENSE I'M GETTING NOW IS THAT THEY WOULD JUST ASSUME NOT HAVE THAT CONSTRAINT ON THERE, I'D BE FINE TO REMOVE IT.

Councilman Robbins: OKAY. SO THERE'S NO RESTRAINT ON THE MATCHING FUNDS. THEN ARE YOU SUGGESTING WE LOOK AT THIS AS TWO COMPLEMENTARY PROJECTS? SO WE DON'T WANT HAVE TO WAIVE THAT POLICY? OKAY. AND THEN THE \$900,000, WE DON'T HAVE TO FINANCE THE RESERVE, WE'RE TAKING THAT OUT OF THE CARRY FORWARD?

Mayor Lane: RIGHT. AND THAT'S ESSENTIALLY JUST AN EARMARK.

Councilman Robbins: CORRECT, AND YOU TALKED ABOUT THE CHANGES TO THE ACTUAL WORDING ON THE CONTRACT THAT WERE TYPOGRAPHICAL ERRORS. WE'RE CHANGING THAT AS WELL.

Mayor Lane: YOU WANT TO PUT THEM UP?

Councilman Robbins: MR. CITY ATTORNEY, DID WE COVER IT?

Bruce Washburn: MAYOR, IF YOU JUST WANT TO INCLUDE THE CHANGES TO THE PARAGRAPHS ON THE SCREEN, YOU DON'T NEED TO READ THEM INTO THE RECORD.

Mayor Lane: WE WILL NOW REFERENCE THOSE A AND B, THE CHANGING IN THE LANGUAGE WAS REQUIRED THERE TO BE INCLUDED IN THE MOTION.

Councilman Robbins: THANK YOU, MAYOR. THAT'S MY SECOND AND MY COMMENTS.

Mayor Lane: OKAY. THANK YOU COUNCILMAN. COUNCILWOMAN KORTE.

Councilmember Korte: THANK YOU, MAYOR. WHAT A SPECIAL NIGHT! AND I WANT TO THANK STAFF FOR YOUR HARD WORK TO PUT THIS DEAL TOGETHER. IT HAS BEEN A LONG ROAD, AND I KNOW THAT. I ALSO WANT TO THANK AND TO EXPRESS THE FACT THAT I'M HONORED TO BE IN THE SAME ROOM WITH MANY OF YOU. I'VE KNOWN MANY OF YOU YEARS AND YOUR COMMITMENT AND LOYALTY TO

THIS COMMUNITY CALLED SCOTTSDALE. IT'S A BLESSING. SO THANK YOU. I AM IN SUPPORT OF THIS, CERTAINLY. IT IS NOT ONLY GOING TO ENHANCE OUR ARTS AND CULTURE, OUR SOUL AS THE COUNCILMEMBER HAS STATED, I THINK THE LOCATION IS PERFECT, IT'S GOING TO CONTINUE TO SUPPORT OUR VISION FOR A VERY DYNAMIC DOWNTOWN. BUT MOST IMPORTANTLY, I THINK IT PARALLELS SCOTTSDALE'S VALUES AND VISION, PARTICULARLY AFTER OUR VISIONING PROCESS WITH 100 RESIDENTS OF SCOTTSDALE. THESE VALUES OF INTEGRITY AND CREATIVITY AND CELEBRATING THIS WESTERN CULTURE IS AN IMPORTANT ONE TO OUR COMMUNITY. SO THANK YOU FOR THAT, AND THANK YOU FOR CARRYING THE FLAG.

Mayor Lane: THANK YOU. COUNCILMEMBER PHILLIPS.

[Time: 02:45:36]

Councilmember Phillips: THANK YOU, MAYOR. I DO HAVE SOME COMMENTS TO MAKE TOO. BUT I HAVE A COUPLE QUESTIONS. AND I GUESS THE FIRST WOULD BE TO MR. BRUNER. THEY'RE REALLY MINOR QUESTIONS. BUT I WANT THE PUBLIC TO UNDERSTAND THIS.

Jim Bruner: YES, SIR. AFTER ALL THESE YEARS, I CERTAINLY HAVE A COUPLE MORE MINUTES.

Councilmember Phillips: THANK YOU FOR THAT. DO YOU HAVE MONETARY AND ART DONORS CHOMPING AT THE BIT WAITING FOR US TO DROP THE HAMMER ON THIS?

Jim Bruner: I'M NOT SAYING CHOMPING AT THE BIT, BUT WE HAVE A SIGNIFICANT NUMBER OF PEOPLE IN THE ART DISTRICT, THE ART GALLERIES AND FOUNDATIONS WHO HAVE CONTRIBUTED MONEY TO US IN THE PAST. THE COMMENT WE WERE HEARING THE LAST COUPLE YEARS, THEY WEREN'T SURE WHAT THE CITY'S ROLE WITH THIS WOULD BE. A POSITIVE VOTE TONIGHT WOULD JUST WORK WONDERS IN TERMS OF GOING BACK TO THOSE PEOPLE AND TELLING THEM YES, THE CITY IS COMMITTED TO THIS, PUTTING THE BED TAX FUNDS IN IT, AND NOW WE NEED YOUR PARTICIPATION.

Councilmember Phillips: BUT YOU DON'T HAVE ANYBODY RIGHT NOW THAT'S SAYING I CAN'T WAIT TO DO THIS AS SOON AS THE CITY COMMITS?

Mr. Bruner: WE HAVE A COUPLE, ONE PLEDGE ALREADY BUT WE'D RATHER NOT DISCLOSE IT.

Councilmember Phillips: OKAY. AND THE SECOND QUESTION IS IN THE AMENDMENTS, UNDERSTANDING THIS, THE MATCHING FUNDS RESTRAINT, A COUPLE OF COUNCIL PEOPLE HAVE SAID THEY WOULD PREFER NO LIMIT ON THAT. WOULD THAT MEAN IF SOME DONOR GUY PASSED AWAY AND LEFT HIS \$10 MILLION, THE CITY HAS TO MATCH THAT?

[Time: 02:47:19]

Jim Bruner: NO, I DON'T THINK SO. I THINK LANGUAGE THE AS I RECALL, IF SOMEBODY GAVE A CONTRIBUTION OF \$100,000, ONLY 50 OF IT WOULD QUALIFY. MY FEELING IS MONEY IS MONEY, IF SOMEBODY WANTS TO GIVE US ALL \$400,000, WHY NOT?

Councilmember Phillips: BUT IF THEY WANT TO GIVE YOU A MILLION DOLLARS, DOES THE CITY HAVE TO MATCH THAT?

Mr. Bruner: NO, THE CITY'S CONTRIBUTION IS JUST TO THE FIRST FIVE YEARS. WE'LL BE GLAD TO TAKE IT IF YOU'D LIKE TO GIVE IT BUT WE DON'T EXPECT IT.

Councilmember Phillips: OKAY. THANK YOU VERY MUCH.

Jim Bruner: YOU BET.

Councilmember Phillips: AND MY NEXT QUESTION, MR. SMITH, YOU SAID EARLIER WHEN YOU WERE TALKING ABOUT THE BED TAX MONEY, SOME FOLKS WANTED TO USE SOME OF THAT MONEY FOR THE DESSERT DISCOVERY CENTER. IF WE DID THIS, WOULD THAT TAKE AWAY ANY CHANCE OF FUNDING FOR THAT?

David Smith: MR. MAYOR, MEMBERS OF COUNCIL, THE REFERENCE I MADE WAS THAT THE TOURISM DEVELOPMENT COMMITTEE WHICH IS THE GROUP OF CITIZEN ADVISORS THAT YOU HAVE ON HOW TO SPEND TOURISM DOLLARS, THEY HAVE HAD A PRESENTATION IN THE PAST FROM THE DESERT DISCOVERY PROPONENTS, AND THEY PUT A RESERVE OR EARMARK IF YOU WILL ON ONE BED TAX BLOCK OF \$600,000 IN THEIR MIND THAT WOULD BE A SUPPORT FOR THAT PROJECT. IT DID NOT TAKE THE NEXT STEP AND COME BEFORE COUNCIL. SO YOU ALL HAVE NOT ACTED ON THAT RECOMMENDATION ONE WAY OR THE OTHER. BUT THEY FELT IT WAS IMPORTANT THAT I REPORT TO YOU THAT THEY IN THEIR MINDS HAVE A RESERVATION OF 1 BLOCK, \$600,000 OF DEBT SUPPORT FOR THE DESERT DISCOVERY CENTER.

Councilmember Phillips: AND THIS ISN'T TAKING THAT AWAY?

David Smith: THAT IS CORRECT.

Councilmember Phillips: THANK YOU VERY MUCH.

Mayor Lane: THANK YOU, COUNCILMAN.

Councilmember Phillips: EXCUSE ME FOR THIS. AND I DON'T MEAN TO BE PREACHING TO THE CHOIR. BUT I HAVE A LIST HERE OF REASONS FOR PEOPLE WATCHING TONIGHT. NO. 10, I THINK WE NEED TO GET BACK TO OUR ROOTS, AND I THINK THIS IS ONE WAY TO DO IT. I THINK THERE'S AUTOMATIC TOO MANY PEOPLE IN THE CITY THAT WANT TO GET AWAY FROM THE WESTERN AND BRING ALL THE NEW MODERN THINGS HERE AND DON'T LIKE TALKING ABOUT COWBOYS AND WESTERN ART. AND I'VE EVEN HEARD FROM SOME CIVIC LEADERS THAT. SO I THINK IS THIS ONE WAY TO GET BACK TO OUR ROOTS. NO. 9, MR. SMITH IS AMAZING FOR FIGURING OUT A WAY FOR US TO WORK THIS THROUGH, AND I APPLAUD YOU FOR THAT. NO. 8, AND THE THING I LIKE ABOUT THIS, IT TAKES THE FOCUS OFF THE ENTERTAINMENT DISTRICT WHICH I THINK HAS BEEN VERY NEGATIVE FOR SCOTTSDALE'S DOWNTOWN. NO. 7, I LIKE THIS BECAUSE THE CITY OWNS IT, AND IT'S A VERY GOOD THING FOR SCOTTSDALE. NO. 6, IT TAKES AWAY APARTMENT SPACE. NO. 5, WE TALKED EARLIER, IT SOUNDS LIKE A PLAN TO BREAK EVEN, WHICH I THINK IS BETTER THAN MOST MUSEUMS AROUND THE COUNTRY. NO. 4, I HAVEN'T HEARD ANY NEGATIVE COMMENTS TONIGHT. AND I'M KIND OF AMAZED AT THAT

BECAUSE USUALLY YOU GET HALF AND HALF OR SOMETHING, YOU KNOW. I HAVE NO E-MAIL, NO PHONE CALLS, NOBODY SAYING THIS IS A BAD IDEA. WE CAN'T AFFORD IT. WE DON'T WANT IT. SO HOW CAN YOU ARGUE WITH THAT? NO. 3, INTEREST RATES ARE LOW RIGHT NOW. THINK IT'S A GOOD TIME TO BE ISSUING BONDS. NO. 2, NEXT TO THE ARTS DISTRICT, IT'S THE PERFECT SPOT FOR IT, IT'S GOING TO REVITALIZE THAT AREA. AND NO. 1, IT'S OBVIOUS THE GENTLEMEN OVER 30 YEARS YOU'VE DONE YOUR DUE DILIGENCE. THE AMOUNT OF WORK, THE AMOUNT OF CIVIC LEADERS, IT BLOWS MY MIND. AND I FEEL HONORED TO BE HERE TO SUPPORT IT AT THIS TIME. MAKE US PROUD. AND DON'T FORGET TO SPELL MY NAME RIGHT.

Mayor Lane: THANK YOU, COUNCILMAN. VICE MAYOR KLAPP.

[Time: 02:52:03]

Vice Mayor Klapp: I'LL BE BRIEF. EVERYBODY HAS SAID A LOT ABOUT THIS ALREADY. I'M VERY MUCH IN SUPPORT OF THIS PROJECT. I'M GLAD IT LANDED DOWNTOWN. IT WAS DISCUSSED TO BE MOVED OTHER PLACES OVER THE LAST FEW YEARS. BUT IT ENDED UP RIGHT BACK ALMOST TO THE POINT WHERE IT BEGAN, AND THAT'S DOWNTOWN. AND THAT PLEASES ME PRIMARILY BECAUSE THIS IS GREAT FOR THE GALLERIES AND THE ART DISTRICT. THIS IS WHAT THEY NEED TO HELP SUPPORT WHAT THEY'RE TRYING TO DO AND BRING MORE TOURISTS AND RESIDENTS INTO THE GALLERIES BECAUSE IT'S GOING TO CREATE MORE INTEREST IN ART IN GENERAL. I THINK THIS IS AN EXTREMELY IMPORTANT PROJECT TO BOOST THE GALLERY DISTRICT. THERE ARE MAGAZINES THAT RECOGNIZE CITIES THROUGHOUT THE COUNTRY FOR THEIR ARTS AND THEIR INCLINATION TO PROMOTE THE ARTS AS WELL AS ART IN GENERAL. AND I THINK THAT BECAUSE WE'RE GOING TO HAVE A MUSEUM DOWN THERE THAT WILL DEAL WITH THE WESTERN ART IN PARTICULAR, WE DO HAVE ANOTHER MUSEUM THAT'S OBVIOUSLY MODERN ART, THAT IS JUST GOING TO ENHANCE OUR REPUTATION THROUGHOUT THE COUNTRY AS A COMMUNITY THAT COMES TOGETHER FOR PROMOTION OF THE ARTS AND THAT COULD BE GREAT FOR GENERATING MORE TOURISM IN SCOTTSDALE, WHICH IS TAKES US BACK TO WHERE WE STARTED. WE'RE USING TOURISM DOLLARS TO CREATE THIS MUSEUM. AND WE'RE GOING TO BRING MORE TOURISTS IN TO SPEND MORE MONEY. SO IT'S FULL CIRCLE.

Mayor Lane: THANK YOU. MR. WASHBURN?

[Time: 02:53:52]

Bruce Washburn: THANK YOU. WITH YOUR INDULGENCE BEFORE THE CALL FOR THE VOTE, I'D LIKE TO GO THROUGH THE MOTION TO MAKE SURE THAT STAFF IS ABSOLUTELY CLEAR ON WHAT THE COUNCIL IS VOTING ON. AS I UNDERSTAND IT, THE MOTION IS TO APPROVE THE MANAGEMENT AGREEMENT, WITH THE LANGUAGE CHANGES TO PARAGRAPH FIVE AS STATED ON THE SCREEN. AND WITH RESPECT TO THE RESTRICTIONS ON THE AMOUNT OF DONATION THAT CAN BE COUNTED TOWARD THE MATCHING FUNDING OF \$400,000 PER YEAR, YOU WISH TO STRIKE THE LIMITATION ON THAT. SO THAT WOULD MEAN SECTION 3.2 WOULD BE STRICKEN. ALSO I UNDERSTAND THAT YOU INTEND TO GIVE DIRECTIONS TO STAFF WITH RESPECT TO THE \$400,000 THAT IT WOULD BE DERIVED FROM THE BED TAX, UNRESERVED BED TAX, THE CARRY-OVER BALANCE OF THE BED TAX EACH YEAR. AND THEN ALSO YOU INTENDED TO TREAT THIS AS A PROJECT AND A HALF, SO THERE WOULD BE NO NEED TO RESTRICT THE BED TAX LICENSE, WHICH MEANS THAT THE PROVISION IN ORDINANCE 4071 SECTION 1 WOULD BE STRICKEN FROM THAT ORDINANCE; IS THAT CORRECT?

David Smith: THAT IS MY UNDERSTANDING.

Bruce Washburn: OKAY. AND THEN IT WAS NOT CLEAR TO ME, DID YOU INTEND TO WAIVE OR NOT INTEND TO WAIVE THE FINANCIAL POLICY THAT REQUIRES THE RESERVE?

Mayor Lane: NO, NOT WAIVE IT. BUT I'M NOT SURE EXACTLY HOW THEY INTEND IT, BUT IT WOULD BE TO REPLACE THAT RESERVE FROM A FINANCING STANDPOINT WITH THE CARRY-OVER FUNDS TO THE TUNE OF I BELIEVE IT'S \$900,000.

David Smith: AND MR. MAYOR, THAT'S CORRECT. IT'S \$900,000 OF RESERVE THAT WOULD BE REQUIRED.

Mayor Lane: AND IT WOULD BE EARMARKED.

David Smith: WELL, ACTUALLY IT'S NOT EARMARKED IN THAT CASE. IT MOVES FROM THE SPECIAL TOURISM FUND TO THE DEBT RESERVE FUND UNTIL THE TERMINATION OF THE DEBT AND THEN IT WOULD COME BACK.

Bruce Washburn: SO IN ORDER TO ACCOMPLISH WHAT THE MAYOR IS PUTTING IN THE MOTION, WOULD WE NEED TO WAIVE POLICY 37?

David Smith: NO, YOU DO NOT NEED TO WAIVE POLICY 37 BECAUSE YOU WILL BE ESTABLISHING THE RESERVE AS STIPULATED IN THE FINANCIAL POLICY NO. 37.

Bruce Washburn: IN WHICH CASE THE TWO WAIVERS THAT ARE IN THE ORDINANCE NO. 4071, NEITHER ONE OF THOSE IS REQUIRED; IS THAT CORRECT?

David Smith: THAT IS CORRECT.

Bruce Washburn: THEN BASICALLY THE MOTION IS NOT TO APPROVE ORDINANCE 4071 BECAUSE THAT HAS THE POLICY WAIVERS IN IT, AND THE INTENTION IS NOT TO WAIVE EITHER OF THOSE POLICIES. SO I WOULD ALSO LIKE SINCE WE'RE CHANGING THE AGREEMENT THAT HAS ALREADY BEEN EXECUTED BY MR. FOX, I'D LIKE MR. FOX TO CONFIRM THAT HE HAS THE BOARD'S AUTHORIZATION TO CHANGE THE AGREEMENT THAT HE'S ALREADY SIGNED AND THAT HE HAS THE AUTHORITY FROM THE BOARD TO GRANT THAT PERMISSION. ALL RIGHT, THANK YOU.

Mayor Lane: THANK YOU VERY MUCH FOR CLARIFYING ALL OF THAT. I WAS A LITTLE LIGHT ON THAT. BUT THANK YOU. THE MOTION IS ON THE TABLE AND HAS BEEN SECONDED. I THINK WE'RE READY TO VOTE. ALL IN FAVOR OF THE AGREEMENT AS HAS BEEN STIPULATED BY THE MOTION? PLEASE INDICATE BY AYE. IT'S UNANIMOUS. THANK YOU ALL FOR YOUR COMMITMENT, AND SACRIFICE IN TIME AND EFFORT.

MR. WASHBURN, I INTENDED TO INCLUDE 18 IN HERE. IF EVERYBODY WANTS TO TAKE THEIR SEATS, I WILL MAKE THE MOTION ON ITEM 18. AND THAT IS TO ADOPT RESOLUTION 9285.

Vice Mayor Klapp: AND SECONDED.

Mayor Lane: AND SECONDED IT. WE'RE READY FOR A VOTE UNLESS THERE'S COMMENT ON THAT. ALL IN FAVOR, INDICATE BY AYE. UNANIMOUS. THANKS.

**ITEM 19 - ACTIVE AND RETIRED EMPLOYEE MEDICAL PLANS AND PREMIUMS**

OKAY. 17 AND 18 COMPLETE. MOVE ONTO ITEM 19. AND I BELIEVE WE HAVE KEN NEMEC TO GIVE US A PRESENTATION ON THAT. WE DO HAVE SOME ADDITIONAL WORK TO COMPLETE. SO IF YOU COULD EXIT QUIETLY, I'D CERTAINLY APPRECIATE IT.

[Time: 03:00:55]

Human Resources Manager Ken Neme: GOOD EVENING MAYOR AND MEMBERS OF COUNCIL. I'M ONE OF THE HUMAN RESOURCES MANAGERS FOR THE CITY AND HAVE SOMETHING A LOT MORE MUNDANE TO DISCUSS WITH YOU, WITH ITEM 19 THIS EVENING. WITH US THIS EVENING IS CHARLEY BRUSAC FROM HAYS COMPANIES, DEEPLY INVOLVED IN PUTTING TOGETHER ALL THE CITY'S PRESENTATIONS AND RATES THAT WE'RE GOING TO TALK ABOUT THIS EVENING. I BELIEVE THE PURPOSE OF THIS EVENING'S PRESENTATION IS TO WALK THROUGH THE MAJOR ISSUES CONSIDERED IN DEVELOPING THE MEDICAL BENEFIT PROPOSAL AND BENEFIT RATES FOR THE FISCAL YEAR THAT BEGINS THIS JULY 1ST.

JUST A QUICK LOOK AT THE CITY OF SCOTTSDALE'S MEDICAL PLAN CURRENT ENROLLMENTS. WE HAVE 2,229 EMPLOYEES AND 73 RETIREES ENROLLED UNDER THE PLAN. RETIREES HAVE THE SAME MEDICAL PLAN CHOICES AS EMPLOYEES, BUT WE DO NOT SHOW THE BREAKDOWN BETWEEN PLANS. THE SELECT PLAN CONTINUES TO BE THE PLAN SELECTED THE BY THE MAJORITY OF EMPLOYEES. LAST YEAR WE REPRICED THE PLAN TO MAKE IT THE MOST EXTENSIVE. BUT ONLY ABOUT 2% OF EMPLOYEES OPTED OUT. IT STILL REMAINS THE PLAN OF CHOICE. ALSO OF SIGNIFICANCE, LAST YEAR AT THIS TIME WE HAD 270 RETIREES ENROLLED UNDER THE PLAN. THIS YEAR, THERE ARE ONLY 73 ENROLLED AT THE POINT. OVER THE LAST YEAR, NEARLY 200 RETIREES ADOPTED TO ENROLL IN THE STATE PLAN OR SOME OTHER STATE RETIREMENT SYSTEM MEDICAL PLAN, OR SOME OTHER MEDICAL PLAN THEY MIGHT BE ELIGIBLE TO ENROLL FOR.

THESE ARE THE KEY ISSUES I'D LIKE TO ADDRESS. THE PROPOSAL FOR 2013/14, WE WORKED WITH HAYS AND OUR CARRIER AETNA TO REVIEW PLAN COSTS AND DETERMINE RATES AND BENEFIT CHANGES NEEDED FOR THE COMING YEAR. THE RESULT IS THAT BOTH EMPLOYEE AND RETIREE RATES NEED A 6% RATE INCREASE. AND THE PROPOSAL GOING FORWARD ASKS FOR A 6% RATE INCREASE. FOR EMPLOYEES, THIS MEANS THAT THE AMOUNT THE EMPLOYEE CONTRIBUTES TOWARD THE COVERAGE HAS INCREASED 6%, AND ALSO THE AMOUNTS THAT THE CITY CONTRIBUTES IS INCREASED BY 6% AS WELL. SO IN ESSENCE, WE WOULD NOT BE CHANGING THE RATIO OF WHAT EMPLOYEES PAY FOR THEIR COVERAGE, WHICH IS CURRENTLY ABOUT 22%. WE'D ALSO PROPOSE TO INCREASE RETIREE RATES BY 6%, FOR REGULAR RETIREES, ALSO THE RATES FOR THE PUBLIC SAFETY DISABILITY RETIREES WOULD BE INCREASED BY 6% AS WELL. THE PUBLIC SAFETY DISABILITY RETIREES PAY ONLY THE FULL EMPLOYEE RATE.

[Time: 03:04:34]

REGARDING ITEM B, THE EMPLOYEE WELLNESS PROGRAM, HAYS COMPANIES HAVE RECOMMENDATIONS ON THIS AND PAYMENT INCENTIVE FOR EMPLOYEE PARTICIPATION IN THE PROGRAM. IN REGARD TO ITEM E THERE, THE FEDERAL REINSURANCE FEE BECOMES EFFECTIVE JANUARY 1ST, 2014. AND THAT'S PART OF HEALTHCARE REFORM AND REQUIRES THE CITY AND ALL THE HEALTHCARE PLANS' EMPLOYERS TO PAY A FEE OF \$5.25 PER COVERED PERSON, NOT JUST EMPLOYEES AND RETIREE, BUT DEPENDENTS AS WELL. THAT AMOUNTS TO ABOUT \$380,000 A YEAR. AND THOSE MONIES WILL BE USED BY THE FEDERAL GOVERNMENT TO BE SEED MONEY FOR THE CHANGES THAT TAKE EFFECT IN 2014. THE CHANGES WILL BE OPERATED IN FEDERAL GOVERNMENT AS MARKETPLACES FOR INDIVIDUALS WITHOUT INSURANCE TO PURCHASE HEALTHCARE INSURANCE. ITEM F, THE ONLY BENEFIT CHANGE PROPOSED FOR THIS YEAR IS AN INCREASE IN THE HIGH DEDUCTIBLE PLAN WHICH IS THE HSA COMPATIBLE HEALTHCARE PLAN WE OFFER. AND UNDER FEDERAL LAW, DEDUCTIBLES UNDER THAT PLAN NEED TO BE A MINIMUM OF \$1,250 FOR A SINGLE PERSON. \$2,500 FOR A FAMILY. WHAT WE'RE DOING IS INCREASING DEDUCTIBLES BY \$50 FOR AN INDIVIDUAL, \$100 FOR A FAMILY IN ORDER TO COMPLY WITH THAT IRS REQUIREMENT. THE LAST ITEM, G, NO CHANGE TO THE RATES UNDER EITHER OF THE DENTAL PLAN BEING PROPOSED. WE HAVEN'T CHANGED THE RATES SINCE 2006/27. I THINK THAT MEANS THAT WE'VE PRICED THOSE PLANS CORRECTLY. AND OUR VENDORS ARE PROBABLY DOING A PRETTY GOOD JOB OF CONTROLLING THE COSTS UNDER THAT PLAN.

WE HAD A PRETTY GOOD YEAR ON HEALTHCARE RATES. IS AN INCREASE IN RATES REALLY NEEDED? THIS SHOWS THE CURRENT EMPLOYEE COST PER MONTH. AND OVER THE 18 MONTH PERIOD, OUR RATES INCREASED BY 11%. FOR 2012, THEY ONLY INCREASED 5.5% FOR THAT PERIOD OF TIME. WHAT'S ALSO INTERESTING HERE IS FOR THE LAST THREE MONTHS OF IT, OCTOBER THROUGH DECEMBER 2012, THE RATES CAME DOWN, THE AVERAGE COST CAME DOWN A LITTLE BIT FROM 692 TO 687 AS A RESULTING IN A LITTLE BIT OF SMOOTHING OVER THE 18 MONTHS. WHEN WE LOOKED AT THIS CHART A YEAR AGO, WE SAW A BIG SPIKE OVER THE LAST THREE OR FOUR MONTHS OF 2011 WHICH LED TO A HIGHER RATE INCREASE NEEDED.

THE 6% RATE INCREASE BEING SOUGHT REPRESENTS A COMBINATION OF THINGS INCLUDING ANTICIPATED HIGHER PRICES FOR HEALTHCARE, IMPROVED USAGE OF HEALTHCARE FROM AN AGE TO THE NEXT, AND THE FEDERAL REINSURANCE FEE THAT WE'VE SEEN. SO ALL OF THOSE THINGS COMBINED ARE INCLUDED IN THE 6% RATE INCREASE THAT WE'RE PROPOSING. ACTUALLY THE 6% RATE INCREASE THAT'S BEING PROPOSED IS LESS THAN WHAT MOST EMPLOYERS WILL SEE THIS YEAR AND MOST EMPLOYERS ARE SEEING 8-10% OR EVEN MORE. REALLY HAYS AND CHARLEY HERE ARE USING AN 8.7% TREND FOR THE COMING YEAR. SO REALLY WHEN THEY LOOK AT WHAT THE PRICES THAT ARE GOING TO BE PAID NEXT YEAR AND USE OF MEDICAL SERVICES, THEY'RE LOOKING AT AN 8.7% INCREASE. WHAT'S HAPPENED WITH THE CITY, FOR THE FIRST 6 MONTHS OF THIS YEAR, CLAIMS ARE COMING IN LESS THAN THE BUDGET. SO WE'VE DEVELOPED A SURPLUS. WE'RE PROJECTING FROM UNDER BUDGET. SO WE ONLY NEED ABOUT A 6% INCREASE.

[Time: 03:10:06]

THEY PROPOSED THE CITY CONSIDER A WELLNESS INCENTIVE FOR THE COMING YEAR. WHY PAY A WELLNESS INCENTIVE? THIS SPEAKS TO SOME OF THE IDEAS THAT WE HAVE. AND THE CITY'S LIVE WELL PROGRAM BEGAN ABOUT FIVE YEARS AGO IN ORDER TO PROMOTE EMPLOYEE WELLNESS AND

ENCOURAGE PREVENTIVE CARE AND NUTRITION AND EXERCISE. AND WE CULMINATED A COUPLE YEARS AGO WITH THE PHOENIX BUSINESS JOURNAL NAMING THE CITY AS ONE OF THE VALLEY'S HEALTHIEST EMPLOYERS. WE'VE BEEN NAMED THAT FOR THE THIRD STRAIGHT YEAR THIS YEAR. AND WHERE WE FIT AMONG THEM THIS YEAR WILL BE ANNOUNCED SOMETIME LATER THIS YEAR. IT'S DIFFICULT TO GET CREDIBLE DATA ON WELLNESS PROGRAM PERFORMANCE AND PROGRESS. BUT WE ARE MAKING SOME PROGRESS ON THAT. AETNA HAS TRACKED CITY EMPLOYEES AND SPOUSES OVER THE LAST FEW YEAR, THEIR BIOSTATISTIC RESULT, AND THEIR HEALTH RISK ASSESSMENT ANSWERS, AND WE FOUND FROM 2010-2011 WE HAD A SIGNIFICANT DECREASE IN THE NUMBER OF EMPLOYEES AND SPOUSES THAT HAVE HIGH STRESS, HIGH BLOOD PRESSURE, TOBACCO USE, HIGH CHOLESTEROL, AND HIGH BLOOD SUGAR. SO AS A RESULT OF GREATER AWARENESS OF HEALTH AND ITS EFFECTS ON HEALTHCARE COSTS AND THE QUALITY OF LIVING, WE'RE STARTING TO MAKE SOME PROGRESS IN THE HEALTH STATUS OF OUR EMPLOYEES.

AS PART OF THIS YEAR'S PROGRAM, WE'RE REALLY STRESSING THAT EMPLOYEES, THEM AND THEIR SPOUSES, SEE THEIR PRIMARY CARE PHYSICIAN SOMETIME BETWEEN LAST JUNE AND THIS JUNE AND COMPLETE AN AETNA HEALTH ASSESSMENT SURVEY. THEY'LL BE PAID AN INCENTIVE OF \$120 FOR A SINGLE EMPLOYEE AND \$240 FOR AN EMPLOYEE WHO HAS A SPOUSE. AND THAT WILL BE PAID OUT OVER 24 PAYCHECKS OVER THE COURSE OF THE YEAR. THE SINGLE EMPLOYEE WOULD GET \$5 A PAYCHECK. FAMILY EMPLOYEES WHERE BOTH THE EMPLOYEE AND THE SPOUSE COMPLETE THE INCENTIVE WOULD BE PAID \$10 A MONTH FOR THAT PERIOD. OUR THOUGHT AND OUR HOPE IS THAT REQUIRING THESE VISITS WILL ENCOURAGE INDIVIDUALS TO DEVELOP RELATIONSHIPS WITH THEIR PRIMARY CARE PHYSICIAN, RESULT IN MORE ACCURATE LAB TESTS AND LEAD TO INTERVENTION FOR CHRONIC DISEASES. WE'VE HEARD IN THE PAST THAT PEOPLE ARE DIAGNOSED WITH HIGH BLOOD PRESSURE AND HIGH CHOLESTEROL AT OUR SCREENING EVENT, BUT WE DON'T KNOW THEY'RE GETTING INTO THEIR DOCTORS TO GET EARLY CARE FOR THOSE THINGS. SEEING THEIR PRIMARY CARE PHYSICIAN WE THINK WILL TAKE CARE OF THAT.

WE FOUND A REALLY INTERESTING QUOTE FROM TOMMY THOMPSON. WHAT HE HAD TO SAY RECENTLY, 80% OF HEALTHCARE COSTS IN THE U.S. ARE FROM PREVENTIBLE CHRONIC DISEASES. WHATEVER A COMPANY CAN DO TO HELP THEIR EMPLOYEES MANAGE THE DISEASES THEY ALREADY HAVE, IT CAN HELP THEIR COST SITUATION. COMPANIES ARE DOING ALL SORTS OF POSITIVE THINGS; PREVENTIVE CARE MANAGEMENT FOR HEALTHY EMPLOYEES, AND CONSUMER-DIRECTED HEALTHCARE PLANS. AND THAT KIND OF HITS THE NAIL ON THE HEAD AS TO WHY WE'RE DOING WHAT WE'RE DOING, TRYING TO HELP EMPLOYEES PREVENT CHRONIC DISEASES, AND FOR THOSE THAT HAVE CHRONIC DISEASES, GET THEM INTO EARLY CARE. AS FAR AS THE SLIDE IS CONCERNED, THIS SHOWS OVER A 3-YEAR PERIOD A NUMBER OF EMPLOYEES AND SPOUSES WHO HAVE HAD WELLNESS VISITS THROUGH AETNA. 5%. THIS IS A LITTLE BIT SURPRISING. FOR FOUR OR FIVE YEARS, THE WELLNESS VISITS HAD NO COPAYMENT OR INSURANCE. SO AN ANNUAL VISIT UNDER THE HEALTHCARE PLANS WITHOUT PAYING ANY COST FOR IT, AS YOU CAN SEE HERE, THE NUMBER OF MALE EMPLOYEES AND SPOUSES TAKING ADVANTAGE ARE WAY BELOW IN FEMALE EMPLOYEES AND SPOUSES. AND OVERALL ABOUT 35% OF EMPLOYEES TAKE ADVANTAGE OF AN ANNUAL WELLNESS VISIT. THAT'S THE UNDERLYING REASON FOR PUTTING THE PROGRAM TOGETHER AS WE PROPOSE FOR THIS YEAR. WE ENCOURAGE OUR EMPLOYEES AND SPOUSES TO SEE THEIR PCP, DO THE SURVEY, GET REPORTS BACK FROM THE SURVEY, AND FOR THOSE WHO NEED CARE, GET CARE. ALSO IN THE HEALTH RISK ASSESSMENT REPORTS BACK TO THE CITY, GIVES US SOME INDICATORS OF HEALTH STATUS OF

EMPLOYEES. AND WE USE THAT INFORMATION TO PUT TOGETHER PROGRAMS FOR THE COMING YEAR.

THIS IS A BIT OF A QUICK SNAPSHOT OF WHAT A 6% RATE INCREASE MEANS TO CITY AND EMPLOYEE COSTS. AND CHANGE FOR THE CITY IN COLUMN NO., OR THE MIDDLE THERE, ANYWAY. AN INCREASE IN CITY COSTS BY ABOUT \$1.25 MILLION, EMPLOYEE COSTS MOVING TO THE RIGHT OF ABOUT \$300,000, AND AN INCREASE TO RETIREES OF ABOUT \$600,000. I'D LIKE TO POINT OUT, AND IMPORTANTLY, THESE RATES AND THE WELLNESS INCENTIVE PROGRAM WE'RE PROPOSING WERE ALL REVIEWED BY THE CITY'S LOST TRUST FUND BOARD, AT THEIR JANUARY 31st MEETING.

[Time: 03:17:05]

THIS SLIDE GIVES A SNAPSHOT ON HOW CITY EMPLOYEE RETIREE RATES ARE AFFECTED BY THE 6% RATE INCREASE. THE CITY RATES INCREASE ANYWHERE FROM 19-21 DOLLARS FOR SINGLE COVERAGE, AND 54 TO \$62 FOR A FAMILY COVERAGE. AND, EMPLOYEE RATES FROM 2 TO \$5 A MONTH FOR SINGLE COVERAGE AND 14 TO \$19 DOLLARS FOR FAMILY COVERAGE, SO FAIRLY MODEST INCREASES.

THIS LOOKS AT IT JUST A LITTLE DIFFERENT IN A WAY. THIS TAKES THE AETNA SELECT PLAN WHERE ABOUT 83% OF EMPLOYEES ARE ENROLLED AND COMPARES THE CONTRIBUTION THEY'RE PAYING THIS YEAR COMPARED TO WHAT THEY'D BE PAYING UNDER THE 6% INCREASE PROPOSAL. AND FOR THE AETNA SELECT PLAN, THE SINGLE EMPLOYEES WOULD PAY \$5 MORE A MONTH. EMPLOYEES WITH FAMILY, \$19 MORE A MONTH. AND INCREASES UNDER THE OTHER TWO PROGRAMS WOULD BE SLIGHTLY SMALLER. AND PRETTY IMPORTANTLY HERE, EMPLOYEES CAN OFFSET THOSE MONTHLY RATE INCREASES IF THEY TAKE ADVANTAGE OF THE WELLNESS PROGRAM. EMPLOYEES WITH A FAMILY CAN EARN \$20 A MONTH UNDER THE WELLNESS PROGRAM. AND SINCE THE 6% RATE INCREASE WAS ANNOUNCED ABOUT TWO WEEKS AGO, WE HAVE HAD A SERIES OF EMPLOYEE MEETINGS. WE'VE ALSO DISCUSSED WITH THE TRUST FUND BOARD IN A MANAGEMENT FORUM, AND ALSO HELD TAILGATE MEETINGS WHICH ARE DEPARTMENT MEETINGS AND DISCUSSED THIS PROPOSAL WITH PROBABLY SEVERAL HUNDRED EMPLOYEES OVER THE PAST COUPLE OF WEEKS AND HAVE NOT MET WITH ANY KINDS OF RESISTANCE. NO ONE IS INTERESTED EVEN IN PAYING \$5 A MONTH MORE. BUT REALLY THE NEWS THIS YEAR AND THE OPPORTUNITY TO EARN A WELLNESS INCENTIVE, THE PROGRAMS HAVE BEEN WELL RECEIVED BY EMPLOYEES.

THIS IS ACTUALLY JUST A SUMMARY OF WHAT WE'RE ASKING COUNCIL TO DO THIS EVENING, WHICH IS TO ADOPT RESOLUTION 9313. MONTHLY MEDICAL PREMIUMS FOR ACTIVE EMPLOYEES AND CITY RETIREES, MONTHLY MEDICAL PREMIUMS FOR ASSEMBLE SAFETY ACCIDENTAL DISABILITY RETIREES. APPROVE THE INCENTIVE TO ACTIVE EMPLOYEES AND SPOUSES COVERED FOR MEDICAL BENEFITS AND PARTICIPATE IN THE CITY'S WELLNESS SCREENING PROGRAM AND IMPLEMENT THE ONE MEDICAL PLAN CHANGE TO INCREASE THE CHOICE PLUS HSA PLAN DEDUCTIBLES PER IRS REGULATIONS. AND THAT CONCLUDES THE PRESENTATION FOR THIS EVENING.

Vice Mayor Klapp: BEFORE WE MAKE A MOTION, I DON'T KNOW IF MR. WASHBURN WANTS ME TO READ ALL FIVE POINTS OR JUST SAY THAT IT INCLUDES THE FIVE POINTS ON THE SCREEN. I MOVE TO ADOPT RESOLUTION 9313.

Mayor Lane: THE MOTION HAS BEEN MADE AND SECONDED. THANK YOU. WE DO HAVE A MOTION ON THE TABLE, AND A SECOND. IF THERE'S NOTHING FURTHER COMMENT ON IT, THANK YOU FOR THE PRESENTATION. AND I THINK WE'RE READY TO VOTE. ALL THOSE IN FAVOR, PLEASE INDICATE BY AYE, OPPOSED WITH A NAY, UNANIMOUSLY APPROVED. THANK YOU.

[Time: 03:21:45]

Mayor Lane: ITEM 20, THE FISCAL YEAR GOALS AND OBJECTIVE.

**ITEM 20 - FISCAL YEAR 2013/14 GOALS AND OBJECTIVES**

[Time: 03:21:45]

Brent Stockwell: THANK YOU. A LIST OF KEY OBJECTIVES FOR THE NEXT FISCAL YEAR HAS BEEN PROVIDED IN YOUR PACKETS. OUR INTENT IS TO OBTAIN YOUR INPUT ON THE SHORT-TERM PRIORITIES OF THE CITY. FOR THE PAST THREE YEARS, A SIMILAR LIST HAS BEEN INCLUDED IN THE ANNUAL REPORT TO THE CITIZENS. AND OVER THE PAST YEAR, DAN HAS BEEN PROVIDING THREE UPDATES TO YOU ON A BIWEEKLY BASIS FOR THESE AND OTHER ITEMS. THESE OBJECTIVES WERE IDENTIFIED BY STAFF, AND THE LIST WAS REVIEWED, DISCUSSED, AND AGREED UPON BY THE EXECUTIVE TEAM. I WILL BRIEFLY REVIEW THE LIST PREPARED BY STAFF, THEN WE CAN RESPOND TO ANY QUESTIONS YOU HAVE ABOUT THE LIST OR FIND OUT WHAT ITEMS YOU NEED MORE INFORMATION ABOUT. THEN WE'RE READY TO RECEIVE YOUR DIRECTIONS ABOUT ANY OBJECTIVES YOU WOULD HAVE. THIS IS PART OF THE CITY'S ANNUAL STRATEGIC PLANNING PROJECT. IT'S PART OF THE CITY'S PERFORMANCE MANAGEMENT PROGRAM AND TRAINING IS BEING PROVIDED TO STAFF IN ALL DIVISIONS ON HOW TO ALIGN OBJECTIVES, WITH THE STRATEGIC GELS. THE SIX GOALS SHOWN ON THE SCREEN WERE INCORPORATED IN THE VOTER-APPROVED 2001 GENERAL PLAN AS THE CHAPTER HEADING. THE STRATEGIC GOALS ARE EQUAL WITH NO PARTY IN THE LISTING, HOWEVER THEY ARE LISTED IN THE SAME ORDER THEY APPEAR IN THE GENERAL PLAN. THE LIST OF KEY OBJECTIVES HAS BEEN REVIEWED TO ENSURE CONSISTENCY WITH THE GENERAL PLAN, AND THAT WAS INCLUDED IN YOUR PACKET. SCOTTSDALE'S UNIQUE LIFESTYLE AND CHARACTER, FOUR KEY OBJECTIVES HERE, WE LABELED EACH WITH A LETTER AND A NUMBER TO MAKE IT EASIER FOR YOU TO REFER TO THEM. THEY HAVE NOT BEEN PRIORITIZED AND ARE NOT LISTED IN ANY PARTICULAR ORDER.

SO RUNNING THROUGH THAT LIST, THE FIRST ONE PROVIDES SIGNIFICANT OPPORTUNITY FOR WIDESPREAD CITIZEN INVOLVEMENT AS THE GENERAL PLAN PROCESS MOVES FORWARD. ENHANCE THE ROADSIDE APPEARANCE AND BICYCLE ACCESSIBILITY THROUGH THE THOMAS ROAD STREETScape AND BIKE LANES. OPEN THE TONY NELSSSEN EQUESTRIAN CENTER EXPANSION BY HOSTING NEW AND LARGER EVENTS, EXPANDING EXISTING SHOWS, AND CONTINUE EFFORTS TO DEVELOP NEW ATTRACTIONS SUCH AS THE DESERT DISCOVERY CENTER AND THE MUSEUM OF THE WEST.

[Time: 03:24:24]

Mayor Lane: MR. STOCKWELL, AT THAT POINT, A COUPLE OF THINGS OF COURSE. THE COUNCIL IS GETTING SET TO HAVE A STRATEGIC SESSION OF THEIR OWN AS FAR AS REVIEWING SOME OF THE DESIGNS AND DETERMINATIONS THAT THE COUNCILMEMBERS WOULD LIKE TO BE DIRECTED TOWARD ON POLICY AND ON A BROADER SCOPE OF THINGS. AND AS I SEE THIS, AND I THINK THIS IS CERTAINLY IN THE RIGHT DIRECTION, THE ONLY THING THAT I WOULD TAKE EXCEPTION WITH IN THE FIRST

GROUP , I DON'T KNOW IF THE COUNCIL OR THE PUBLIC HAS WEIGHED IN ON IT. THE INITIATIVES ON THE STAFF SIDE, AND THE EXECUTION OF POLICY AND DIRECTION THAT'S GIVEN BY THE COUNCIL AND BY OUR COMMUNITY, THE DESERT DISCOVERY CENTER IS NOT YET AT A POINT OF EXECUTION. I REALIZE THE EFFORTS ARE CONTINUING TO DEVELOP THE ATTRACTIONS BUT IT PUTS THE CART BEFORE THE HORSE A LITTLE BIT AS FAR AS THE STAFF EXECUTION OF SOMETHING. THAT WOULD BE THE ONLY COMMENT THAT I HAVE ON THAT. EVERYTHING ELSE IS IN THE EXECUTION OF SOMETHING THAT'S ALREADY BEEN ESTABLISHED.

Brent Stockwell: WE WERE JUST TRYING TO PROVIDING ENOUGH FLEXIBILITY TO LET YOU KNOW THAT WE'RE GOING TO CONTINUE SUPPORTING THE EFFORTS ONGOING RELATIVE TO THOSE. UNDER THE ECONOMIC VITALITY AREA, WE SEE ATTRACTING NEW DEVELOPMENT AND JOBS TO SCOTTSDALE, IMPROVING THE ONLINE SCOTTSDALE.COM, AND PROMOTING TARGETED INDUSTRIES, IMPLEMENT ENHANCED STAFF OUTREACH PROGRAMS DESIGNED TO ATTRACT NEW AND RETAIN AND EXPAND EXISTING BUSINESS, AND TO REGULATE CONTACT DOWNTOWN BUSINESS AND PROPERTY OWNERS TO ENGAGE IN PROGRAMS AND EVENTS OR MEETING THEIR NEEDS AND TO COORDINATE THE ACTIVITIES OF THE TOURISM DEVELOPMENT AND MARKETING STRATEGIC PLAN.

Mayor Lane: COUNCILMAN ROBBINS?

Councilman Robbins: MY COMMENTS RELATE TO I GUESS B1 AND B3. I AGREE WITH THESE, BUT I THINK WE NEED AS A COUNCIL MAYBE THIS WAS WHAT THE MAYOR WAS ALLUDING TO A LITTLE BIT, WE NEED TO HAVE A MORE STRATEGIC PLAN WHEN WE TALK ABOUT WHAT KIND OF DEVELOPMENT, WHAT KIND OF JOBS, AND THEN WHEN YOU'RE SPEAKING OF OUTREACH PROGRAMS TO ATTRACT OR RETAIN, WHAT TYPES OF BUSINESSES ARE WE LOOKING FOR? I'D LIKE TO PUT A FINER POINT ON THESE SO THE COMMUNITY AND STAFF KNOW WHAT THE COUNCIL AND COMMUNITY DESIRES FOR THOSE AREAS. I DON'T KNOW HOW THAT COMES UP, IF THAT'S A WORK STUDY OR IF WE NEED TO HAVE A COUNCIL DIALOGUE. BUT I'D LIKE TO HAVE MORE OF AN ECONOMIC DEVELOPMENT PLAN THAT DOES THOSE THINGS BUT IS MORE SPECIFIC TO WHAT WE'RE LOOKING FOR.

Mayor Lane: COUNCILMAN, IF I MIGHT JUST SAY THIS IS ESSENTIALLY WHAT I WAS GOING TOWARD. WE WILL BE PUTTING TOGETHER MORE OR LESS A RETREAT FOR US TO LOOK AT EACH OF THESE OBJECTIVES, EVEN THOUGH WE'VE BEEN ONLINE WITH CERTAIN OBJECTIVE TO THIS POINT IN TIME. UNTIL WE REFINE THAT, IF IT'S REDIRECTION OR AN AFFIRMATION OF THOSE EFFORTS. I'M SORRY. IF YOU WANTED TO ANSWER FURTHER ON THAT?

Brent Stockwell: THAT'S FINE. IN THE ENHANCED NEIGHBORHOODS AREA.

Mayor Lane: OH, I'M SORRY. YES, COUNCILWOMAN KORTE.

[Time: 03:28:16]

Councilmember Korte: THANK YOU, MAYOR. JUST TO RE REITERATE COUNCILMEMBER ROBBINS' COMMENTS AND THANK YOU MAYOR FOR BRINGING UP THE STRATEGIC PLANNING RETREAT. I'M ANXIOUS FOR THAT TO GET SCHEDULED BECAUSE I THINK WE REALLY DO HAVE SOME IMPORTANT WORK HERE. AND THAT WORK IS REALLY AROUND DRILLING DOWN INTO REAL TACTICAL STRATEGIES SO THAT THE STAFF HAS BETTER DIRECTION OF WHERE TO GO, WHERE TO FOCUS, WHETHER THE

COUNCIL IS INTERESTED IN ACCOMPLISHING IN A GIVEN AMOUNT OF TIME THAT PROVIDES DIRECTIONS IN MEASURABLE OUTCOMES. THANK YOU.

Mayor Lane: THANK YOU COUNCILWOMAN. GO AHEAD AND PROCEED THEN.

Brent Stockwell: UNDER THE ENHANCED NEIGHBORHOOD STRATEGIC GOAL, UPDATE THE 5-YEAR HUMAN SERVICES PLAN TO ADDRESS COMMUNITY NEEDS, IDENTIFIED BY RESIDENTS AND AGENCIES; TO FINISH THE RENOVATION OF THE COMMUNITY CENTER AT CHAPARRAL PARK; TO UPDATE OUR ONLINE MAPS TO IMPROVE CUSTOMER USABILITY ON MOBILE DEVICES; TO RESPOND TO CRIME TRENDS THROUGH INCREASED PREVENTION AND ENFORCEMENT ACTIVITIES; AND TO UTILIZE THE FIFTH COURTROOM WITH PRO TEM JUDGES TO DIMINISH THE DUI CASE BACKLOG.

MOVE ONTO PRESERVE MEANINGFUL OPEN SPACE, ACQUIRE 2,400 ACHORS OF MOUNTAINOUS STATE TRUST LANDS IN THE SOUTHERN AREAS OF THE PRESERVE. COMPLETE THE FIRST PHASE OF TWO TRAILHEADS NORTH OF DYNAMITE. FIELD LOCATE AND COMPLETE THE FIRST PHASE OF CONSTRUCTION OF THE NORTHERN PRESERVE TRAILS.

UNDER SEEK SUSTAINABILITY, INCREASE INVESTMENT IN CITY ASSETS, INFRASTRUCTURE, AND EMPLOYEES THROUGH BALANCED AND SUSTAINABLE BUDGETS. REDUCE DEFERRED MAINTENANCE BACKLOG BY PROVIDING TIMELY ON-DEMAND MAINTENANCE/REPAIR TO CITY FACILITIES. STABILIZE FUEL COSTS, EMISSIONS AND DEPENDENCE ON FOREIGN OIL BY INCREASING ALTERNATIVE FUEL VEHICLE FLEET. NEGOTIATE THE LONG-TERM LANDFILL CONTRACT TO ENSURE SUSTAINABLE DISPOSAL LOCATIONS FOR RESIDENT AND BUSINESS REFUSE, AND COMPLETE THE ADVANCED WATER TREATMENT PLAN EXPANSION TO IMPROVE RECLAIMED WATER FOR IRRIGATION AND RECHARGE.

AND THE LAST ONE IS ADVANCE TRANSPORTATION. EXPAND ACCESS TO TRANSIT BY OPENING THE THUNDERBIRD PARK AND RIDE, MUSTANG AND SKYSONG TRANSIT CENTERS. IMPROVE TRAFFIC FLOW THROUGH THE AIRPARK AREA BY COMPLETING THE NORTHSIGHT ROADWAY EXTENSION, AND TO COMPLETE THE SCOTTSDALE ROAD IMPROVEMENTS BETWEEN THOMPSON PEAK AND PINNACLE PEAK ROADS.

OKAY, A COUPLE POINTS I COULD WRAP UP WITH, THEN I'M DONE. WHAT WE WANTED TO EMPHASIZE FOR YOU IS THAT THIS IS TRULY A WORK IN PROGRESS. WE JUST WANTED TO BRING THIS FORWARD AT THIS POINT IN TIME AS A QUALITY CHECK RATHER THAN GETTING EMBEDDED IN ALL THE DOCUMENTS YOU GET AS PART OF THE BUDGET PROCESS WHEN THAT COMES OUT ON MARCH 19TH. AND WE WANTED TO MAKE SURE THAT WE'RE ON THE SAME PAGE WITH YOU AND THE COMMUNITY. IF NOT, WE CAN MAKE ADJUSTMENTS AND FLESH SOMETHING OUT IN MORE DETAIL AS PART OF THE PROPOSED BUDGET. AND THESE ARE INTENDED TO BE SHORT-TERM OBJECTIVES TO BE SUBSTANTIALLY COMPLETE BY JUNE 30TH 2014. IT'S NOT INTENDED TO BE AN EXHAUSTIVE LIST. WHEN YOU DO GET THE BUDGET BOOK, THERE WILL BE A COMPLETE LISTING OF ALL DEPARTMENT OBJECTIVES INCLUDED IN THAT.

Mayor Lane: VERY GOOD. WE DO HAVE A QUESTION. VICE MAYOR KLAPP.

Vice Mayor Klapp: WHEN IS THE PLANNED COMPLETION OF THE THOMAS ROAD IMPROVEMENTS?

Brent Stockwell: WHAT WE'LL DO IS SHIFT INTO, IF YOU HAVE SPECIFIC QUESTIONS ABOUT PROJECT, WE'LL HAVE THE EXECUTIVE DIRECTORS OR CHIEFS COME UP AND RESPOND.

Vice Mayor Klapp: OKAY.

[Time: 03:32:29]

City Engineer Derek Earle: WE'LL BE GOING TO BID ON THE THOMAS ROAD IMPROVEMENTS THIS FALL. WE'RE WORKING WITH LOCAL PROPERTY OWNERS, AND IT'S PROBABLY ABOUT A YEAR PROCESS OF CONSTRUCTION.

Vice Mayor Klapp: SO SHOULD THAT BE ON THIS LIST OR IS IT FURTHER OUT THAN THE TRANSPORTATION ITEMS ON THIS LIST?

Derek Earle: IT'S APPROPRIATE FOR IT TO BE ON THIS LIST. IT'S FOR THIS COMING FISCAL YEAR. A MAJORITY OF THE WORK IS GOING TO BE DONE THIS COMING FISCAL YEAR.

Vice Mayor Klapp: THAT'S SOMETHING THAT APPEARS THAT NEEDS TO BE ADDED.

Mayor Lane: I'M SORRY, NEEDS TO BE ADDED? WASN'T IT ON THERE?

Vice Mayor Klapp: WAS THOMAS ROAD IN THERE? OR DID I MISS IT?

Brent Stockwell: YES, IT WAS ON THE LIST. THE THOMAS ROAD STREETSAPES, THAT'S UNDER VALUES SCOTTSDALE'S UNIQUE LIFESTYLE AND CATEGORY.

Vice Mayor Klapp: DIFFERENT CATEGORY. I WAS THINKING OF IT AS A TRANSPORTATION CATEGORY.

Brent Stockwell: IT'S A2. THE GENERAL PLAN AND STREETSAPPE PIECES ARE UNDER THAT ELEMENT.

Vice Mayor Klapp: I UNDERSTAND. THANK YOU.

Mayor Lane: THANK YOU, MR. STOCKWELL. LOOKS LIKE WE HAVE GOT THE MESSAGE. AND I THINK WE'RE IN THE RIGHT DIRECTION.

Mayor Lane: OUR NEXT ITEM IS FISCAL YEAR 2013/14 GOALS. I'M SORRY, LEGISLATIVE UPDATE 21.

#### **ITEM 21 - LEGISLATIVE UPDATE**

[Time: 03:34:16]

Government Relations Director Brad Lundahl: GOOD EVENING MAYOR, MEMBERS OF THE COUNCIL. I'M HERE TO GIVE YOU A BRIEF UPDATE ON WHERE WE ARE WITH THE LEGISLATURE. I WANT TO PROVIDE YOU WITH AN UPDATE ON A COUPLE OF ISSUES GOING ON RIGHT NOW. FEEL FREE TO STOP ME AS WE MOVE THROUGH THE PROCESS ON THIS, I REALIZE THE HOUR IS GETTING LATE, AND I'LL TRY AND MOVE AS QUICKLY AS POSSIBLE. BRIEFLY LET ME GIVE YOU A QUICK SNAPSHOT OF WHERE

WE ARE. TODAY IS THE 44TH DAY OF THE LEGISLATIVE SESSION. WE'RE ALMOST ON THE HALFWAY MARK IF WE HOLD TO OUR GENERAL 100 DAY SESSIONS. LAST WEEK WAS A MILESTONE. IT WAS THE LAST WEEK TO HEAR A BILL IN THE HOUSE OF ORIGIN. ALL THE BILLS THAT DIDN'T GET UP THERE IN THE PAST WEEK, THEY'RE PRETTY MUCH DEAD. TO DATE, 1145 BILLS HAVE BEEN INTRODUCED, IN COMPARISON TO LAST YEAR, WITH 1,300. SO WE'RE A LITTLE BIT LOWER THAN WHERE WE WERE LAST YEAR. SO WE'LL TAKE THAT AS A GOOD SIGN. THE FIRST BILL I WANT TO TALK TO YOU ABOUT IS ONE THAT THE COUNCIL DIRECTED ME TO SEEK. I BELIEVE IT WAS IN DECEMBER WHEN I CAME BEFORE YOU AND GOT CLEARANCE TO GO AND SEEK LEGISLATION ON STREET LIGHT IMPROVEMENT DISTRICTS. IF YOU RECALL, WE WANTED TO RUN A BILL THAT WOULD CLARIFY AN ISSUE THAT WE'RE HAVING HERE IN SCOTTSDALE. I'M HAPPY TO SAY THAT WE DID FIND A BILL SPONSOR, REPRESENTATIVE MICHELLE UGENTI SHE HAS SPONSORED OUR BILL, HOUSE BILL 2526. AND IT WOULD AUTHORIZE THE CITY COUNCIL TO ADJUST THE STREET LIGHTS LEVY THAT'S DONE ANNUALLY BY THE COUNCIL TO RECOVER THE MUNICIPALITIES COSTS FOR STREET DISTRICTS WHERE THE UTILITY PROVIDER HAS PULLED OUT AS NO LONGER PROVIDING THOSE MAINTENANCE PROCEDURES. THE BILL PASSED OUT OF THE HOUSE GOVERNMENT COMMITTEE ON FEBRUARY 12TH, AND RIGHT NOW, IT'S WAITING TO BE HEARD IN THE HOUSE COMMITTEE AS A WHOLE. THE BILL DID HAVE QUITE A BIT OF DISCUSSION IN THE HOUSE CAUCUS. WE HAVE BEEN MEETING WITH MEMBERS THROUGHOUT THE WEEK TRYING TO RELAY CONCERNS AND EXPLAIN WHAT THE BILL DOES AND MORE IMPORTANTLY WHAT IT DOESN'T DO. BECAUSE IT IS A SPECIAL TAXING DISTRICT BILL, THE LEGISLATOR GENERALLY GIVES THESE QUITE A BIT MORE OVERSIGHT TO MAKE SURE THEY'RE IN GOOD AND PROPER FORM. THE NEXT ISSUE IS THE TRANSACTION PRIVILEGE TAX BILL THAT MOST OF YOU HAVE PROBABLY HEARD ABOUT ALREADY. IT'S HOUSE BILL 2657. WHAT WE'RE SEEING RIGHT NOW IS THERE'S GOING TO BE TWO SIGNIFICANT ISSUES IN THE LEGISLATURE THIS YEAR, THE FIRST BEING MEDICAID EXPANSION, AND THE SECOND WOULD BE SALES TAX SIMPLIFICATION. HOUSE BILL 2657 IS THE RESULT OF GOVERNOR BREWER'S EXECUTIVE ORDER THAT SHE ISSUED LAST MAY TO FORM A TASK FORCE TO GET EXPERTS FROM AROUND THE STATE TOGETHER TO LOOK AT THE SALES TAX SYSTEM AND MAKE RECOMMENDATIONS ON HOW TO MAKE IT MORE SIMPLE FOR TAXPAYERS.

THE TASK FORCE FINISHED ITS RECOMMENDATIONS JUST PRIOR TO THE START OF THE SESSION. THEY CAME UP WITH TEN RECOMMENDATIONS MOVING FORWARD TO MAKE TPT OR SALES TAX MORE SIMPLE FOR TAXPAYERS. THERE WAS UNANIMOUS SUPPORT WITH SEVEN OF THE RECOMMENDATIONS. EVERYBODY ON THE TASK FORCE SAID THESE ARE GREAT IDEAS, LET'S MOVE FORWARD. THERE WERE THREE ITEMS THAT DID NOT RECEIVE UNANIMOUS SUPPORT AND IN FACT THE THREE ITEMS WERE OPPOSED BY THE MUNICIPAL MEMBERS ON THE TASK FORCE.

THOSE THREE ITEMS THAT WERE OPPOSED ACTUALLY ENDED UP BECOMING THE BASIS FOR HB 2657. AND THE OTHER SEVEN ITEMS DO NOT REQUIRE LEGISLATION. THEY COULD BE DONE ADMINISTRATIVELY WITHOUT LEGISLATION. THE THREE MAIN ITEMS ARE STATEWIDE ADMINISTRATION OF TPT TAXES, SINGLE AUDIT PROVISIONS AND CONSTRUCTION SALES TAX TO THE RETAIL LEVEL. AND I'LL GO THROUGH THEM BRIEFLY. THE ADMINISTRATION BILL WOULD REQUIRE THE ARIZONA DEPARTMENT OF REVENUE TO ADMINISTER ALL THE TPT ON BEHALF OF THE STATE AND ALL MUNICIPALITIES. CURRENTLY THERE ARE 18 NONPROGRAMMED CITIES OR SELF-COLLECTING CITIES THAT COLLECT THEIR OWN SALES TAX. SCOTTSDALE IS ONE OF THEM. WE COLLECT AND ADMINISTER OUR OWN SALES TAXES. UNDER THIS BILL, SCOTTSDALE WOULD LOSE THE ABILITY TO COLLECT AND ADMINISTER THE TPT TAXES THAT ARE GENERATED HERE IN SCOTTSDALE. AND THE ACCOUNTS WERE APPROXIMATELY 39% OF THE CITY'S GENERAL FUND. ESSENTIALLY WE WOULD LOSE CONTROL OF THE

COLLECTION AND ADMINISTRATION OF THESE FUNDS AND WOULD HAVE TO RELY ON THE STATE TO PROVIDE THAT SERVICE TO US. THE NEXT ISSUE WAS SOMETHING THAT THE BUSINESS COMMUNITY HAS INDICATED THEY ARE VERY STRONGLY IN SUPPORT OF, AND THAT'S THE SINGLE STATE AUDIT. HOUSE BILL 2657 WOULD ELIMINATE THE ABILITY OF CITIES AND TOWNS TO PERFORM SALES TAX OR TPT AUDITS, AND IT WOULD REQUIRE THE DEPARTMENT OF REVENUE TO PUT FORTH ALL OF THESE AUDITS. AGAIN, WE WOULD LOSE CONTROL OF THE AUDIT PROCESS AND EVERYTHING WOULD REST AT THE STATE. THERE IS CURRENTLY A SINGLE AUDIT PROCESS IN PLACE RIGHT NOW. IT'S CALLED THE MULTIJURISDICTIONAL AUDIT COORDINATOR PROCESS. IT'S BEEN IN PLACE FROM MY UNDERSTANDING ABOUT TEN YEARS. IT DOES PROVIDE ESSENTIALLY A SINGLE AUDIT. HOWEVER THE WAY IT'S STRUCTURED, A LOT OF THE BUSINESS COMMUNITY DOES NOT LIKE TO USE IT, AND IT HAS NOT SEEN QUITE A BIT OF USE. SO THERE IS ROOM FOR IMPROVEMENT IN THIS AREA.

Mayor Lane: ONE SECOND. WE DISCUSSED A COUPLE OF THESE COMPONENTS AT OUR LEGISLATIVE BREAKFAST. AND WE DO HAVE ALLIES IN OUR DELEGATION HERE IN SCOTTSDALE THAT ARE PROMINENT IN THIS. AND ONE OF THE THINGS IN THE APPROACH WE TOOK ON THIS, AND I SPECIFICALLY PUT TOGETHER A LETTER ADDRESSING THE AUDIT AND THE ADMINISTRATION SIDE OF THIS, THERE'S A LOT MORE TO THIS THAT REALLY GETS ENTANGLED WITH THE PRIME CONTRACTOR, THE RECALCULATION OF THE PRIME CONTRACTING CONSTRUCTION SALES TAX WHICH I'M SURE BRAD IS ABOUT TO GET TO. BUT ONE OF THE THINGS THE GOVERNOR'S OFFICE HAS BEEN LOOKING FOR IS A WAY TO SIMPLIFY SALES TAX IN AN EFFICIENT AND EFFECTIVE WAY FOR THE BUSINESS COMMUNITY AND FOR THE CITIES. SO WE'VE OFFERED THOSE ALTERNATIVES TO HER. AND WE'VE GOT A MEETING LATER THIS WEEK WITH THE GOVERNOR'S OFFICE OF MIKE HUNTER AND HAVE ARRANGED TO GET-TOGETHER WITH THE OTHER SIDE OF THE BUSINESS COMMUNITY AND UTILITIES. ON THIS AUDIT SIDE, ONE OF THE THINGS THAT WE HAVE PURSUED STRONGLY IS TO DEPUTIZE OUR MAJOR CITIES' AUDIT DEPARTMENTS. WE'VE PROVEN TO BE FAR MORE SUCCESSFUL IN RECOVERY IN THIS AREA THAN THE STATE HAS. AND THE STATE HAS A MUCH LARGER MATURITY LEVEL IN THAT DEPARTMENT. THE ADMINISTRATION, WE'RE ALWAYS WORRIED ABOUT THE STICKY FINGERS ASPECT OF HOW THEY CALCULATE THESE MONIES AND HOW THEY COME BACK TO US AND GET INVOLVED IN THE POLITICAL PROCESS MUCH LIKE OUR SHARED REVENUE ACCOUNTS COULD COME BACK TO THE CITY. THE ADMINISTRATION SIDE IS SOMETHING THAT WE'VE ALSO OFFERED SOMETHING THAT'S ALREADY IN THE PROCESS, A PORTAL TO SIMPLIFY IT AND TO HAVE ONE POINT OF CONTACT ON IT. SO I THINK THERE'S A COUPLE OF VERY CLEAR WAYS TO GO. AND I'D HAVE TO SAY AGAIN THAT WE HAVE IN JOHN KAVANAUGH, WHO IS WITH US ON THIS, AND THIS IS IT A STRONG AREA BECAUSE IT IS WHAT IS PERCEIVED TO BE AN EFFORT ON THE BUSINESS COMMUNITY TO SEEK A SIMPLIFIED PLAN. AND I'M SURE THAT IS THE INTENTION.

BUT THERE'S ANOTHER PORTION OF IT THAT WOULD DENIGRATE THE RECEIPT, POTENTIALLY DENIGRATE THE RECEIPT TO THE CITIES ON THE RECEIVING END. MORE SPECIFICALLY, AND THIS IS SOMETHING THAT'S BEEN IDENTIFIED, AND WE DON'T GET A LOT OF SYMPATHY FOR THIS, BUT IF THIS GOES TO A REALLOCATION PROCESS THROUGH THE STATE, THERE'S A MAJOR EFFORT TO TAKE THOSE COMMUNITIES THAT HAVE A HIGHER PER CAPITA EXTENT OF CONSTRUCTION AND CONSTRUCTION SALES TAX, TO TAKE IT BACK AND REALLOCATE IT BASED ON SOMETHING ELSE. IT PUTS MILLIONS OF DOLLARS OF OUR REVENUES AT RISK. SO THIS IS A NO. 1 PRIORITY FOR US. AND I KNOW BRAD HAS BEEN ON THIS WITH THE OTHER INTERGOVS IN CRAFTING, AND THEY HAD A MEETING WITH JOHN KAVANAUGH'S STAFF ON MONDAY AT 10:00 TO GO OVER A DRAFT, WHICH I ACTUALLY HAVEN'T SEEN YET, BUT NEVERTHELESS A DRAFT OF AN ALTERNATIVE BILL THAT WOULD ONLY GO TO THE AUDIT

AND ADMINISTRATION. THE ONLY REASON I WANTED TO GET FURTHER INTO THE BACKGROUND ON THIS IS BECAUSE THIS IS A MAJOR ISSUE FOR US. IT IS A MAJOR ISSUE FOR THE GOVERNOR'S OFFICE, BUT IT'S A MAJOR ISSUE FOR THE CITY OF SCOTTSDALE AND A LOT OF OTHER CITIES LIKE US. IN OUR LETTER WE HAD SEVERAL OTHER MAYORS THAT SIGNED ON WITH THAT. AND IT'S CONSISTENT WITH THE STATE LEAGUE OF CITIES AND TOWNS. AND I KNOW MAYBE THIS ISN'T BEING CONVEYED THIS WAY, WE'RE NOT STANDING QUIETLY ON THIS. WE'RE DRAWING ON ALL RESOURCES WE HAVE TO GET THIS IN THE BEST FORM POSSIBLE. AND WE DO HAVE ALLIES AND POLITICAL CAPITAL. BUT IT'S A BIG ISSUE FOR THE GOVERNOR TOO, AND WE WANT TO MAKE SURE WE GET THE DESIRED INTENT. I HOPE THAT'S OKAY. I DID WANT TO AT LEAST INSERT THAT AS A SORT OF EXTENSION ON THAT.

[Time: 03:46:47]

Councilman Littlefield: THE PROBLEM HERE IS THAT OUR FEAR IS THAT IF WE CEDE CONTROL OF THE 39% REVENUE TO THE STATE, THAT WOULD CAUSE THAT TO DECREASE.

Brad Lundahl: THAT IS ONE OF THE FEARS, YES.

Councilman Littlefield: BECAUSE OF ALL THE ISSUES YOU TALKED ABOUT BEFORE. IT DOESN'T NECESSARILY MEAN WE'LL LOSE ALL THAT MONEY. BUT BASED ON THE FACT THAT WE DON'T CONTROL IT ANYMORE, THERE'S A GOOD OPPORTUNITY THAT SOME OF THAT MONEY WE'RE CURRENTLY GETTING MIGHT BE SYPHONED AWAY?

Brad Lundahl: THAT AND JUST THE STRUCTURE OF THE DEPARTMENT OF REVENUE, THEY TEND TO GO AFTER THE LARGER BUSINESSES AND NOT THE LOCAL FOLKS THAT ARE HOUSED IN THE CITY. THEY'RE CONCENTRATING ON THE BIG FISH IN THE POND WHEREAS WE LOOK AT THAT AND SOME OF THE SMALLER FISH AS WELL.

Councilman Littlefield: SO THE LIKELIHOOD IS IF THIS PASSED UNCHANGED, WE WOULD LOSE? OKAY. IF THIS PASSED OUT OF COMMITTEE 8-0; WHAT ARE THE CHANCES THAT WE HAVE THE OPPORTUNITY TO CHANGE IT EITHER IN THE MANNER THAT THE MAYOR SUGGESTS OR SOME OTHER MANNER THAT WE DON'T END UP WITH THIS PROBLEM?

Brad Lundahl: I THINK THERE IS AN EXCELLENT CHANCE OF MAKING CHANGES. MAYOR LANE HAS BEEN IN TOUCH WITH THE GOVERNOR'S OFFICE, THEY HAVE INDICATED THAT THEY WOULD LIKE THE CITIES TO WORK WITH THEM AND FIND COMMON GROUND ON AS MANY ISSUES AS POSSIBLE. DO A ROUGH VOTE COUNT WITH THE PROVISIONS IN THE BILL THE WAY IT IS NOW, THERE'S MANY THAT BELIEVE THERE ARE ENOUGH VOTES TO PASS THE BILL. THAT DEFINITELY ALLOWS ROOM FOR SOME CHANGES.

Councilman Littlefield: IF THIS WERE TO PASS IN ANY FORM, WHEN WOULD IT TAKE EFFECT?

Brad Lundahl: I BELIEVE THE DATE WAS JANUARY 1ST, 2014. I'D HAVE TO DOUBLE CHECK.

Councilman Littlefield: OKAY. SO THAT WOULD BE HALFWAY THROUGH OUR NEXT BUDGET YEAR.

Brad Lundahl: THAT'S CORRECT.

Councilman Littlefield: WHICH WOULD BE BAD.

Brad Lundahl: THAT WOULD BE CHALLENGING.

Councilman Littlefield: WELL, I MEAN THE PROBLEM IS WE ANTICIPATE THE EFFECT WILL BE NEGATIVE. WE WOULD HAVE NO WAY OF KNOWING HOW NEGATIVE IT IS. SO THAT'S GOING TO MAKE IT HARDER TO PLAN FOR THE 2013/14 BUDGET IF HALFWAY THROUGH THE STATE STARTS COLLECTING THIS INSTEAD OF US, WE DON'T KNOW WHAT NEGATIVE IMPACT IF ANY WE HAVE.

Brad Lundahl: YOU'RE CORRECT. AND THAT'S ONE OF THE PROBLEMS WE'VE BEEN TRYING TO RELAY TO THE LEGISLATURE, A LACK OF INFORMATION WHICH REALLY HURTS US IN MAKING THE LONG-TERM PLANS.

Councilman Littlefield: AND THEY HAVE BEEN SO GOOD TO US IN THE PAST TOO. ALL RIGHT.

[Time: 03:49:51]

Mayor Lane: JUST TO PUT SOME QUANTIFICATION TO IT, THERE'S SOME \$14 MILLION AT RISK AS FAR AS THE CONSTRUCTION SALES TAX IS CONCERNED. THE 39% IS INCLUSIVE OF ALL SALES TAX THAT WOULD EFFECTIVELY GO THROUGH THE ADMINISTRATION AT THE STATE LEVEL. THERE'S \$14 MILLION OF COURSE THAT CHANGES FROM YEAR TO YEAR. BUT WE'VE ALREADY TALKED ABOUT THE IMPACT THAT WE'RE ANTICIPATING BY SOME OF THE PROJECTS THAT ARE COMING ON THAT WILL BE DONE HERE. IT MAY BE THAT THEY'LL OCCUR BEFORE 2014, BUT NEVERTHELESS IT STILL PUTS US AT RISK. ALL THREE ISSUES, ADMINISTRATION, AUDIT AND THE PRIME CONTRACTING CALCULATION, ALL THREE OF THEM PUT A CERTAIN LEVEL OF SALES TAX AT RISK FOR A VARIETY OF REASONS. AS WAS JUST POINTED OUT, IT'S SOMEWHAT UNKNOWN BECAUSE WE DON'T EVEN HAVE A CALCULATION IN HAND AS TO HOW THEY WOULD RECALCULATE AND REDISTRIBUTE. COUNCILWOMAN?

Councilmember Korte: THANK YOU, MAYOR. AM I RIGHT TO ASSUME THAT NOT ALL MUNICIPALITIES ARE NOT HOLDING HANDS ON THIS?

Brad Lundahl: EVERYBODY IS IN LOCK STEP IN OPPOSITION TO THIS AS IT IS RIGHT NOW. BUT WE'RE ALL WORKING ON A SOLUTION.

Councilmember Korte: EVEN PHOENIX AND TUCSON?

Brad Lundahl: YES.

Mayor Lane: WELL, THERE WAS A RUMOR THAT PHOENIX WAS SEEKING A DIFFERENT PATH. THAT WAS NOT ENTIRELY CONSISTENT WITH THE REST.

Brad Lundahl: IN TERMS OF OPPOSITION, EVERYONE HAS STATED THEY ARE OPPOSED TO THE BILL.

Councilmember Korte: OKAY. THANK YOU.

Mayor Lane: THANK YOU, COUNCILWOMAN.

Brad Lundahl: GETTING TO THE FINAL PIECE, THAT'S THE CONSTRUCTION AND SALES TAX. THE IDEA WOULD BE TO CONVERT OVER THE CURRENT SYSTEM WHICH IS A TAX ON GROSS RECEIPTS AND CONVERT THAT OVER TO A TAX ON BUILDING MATERIALS AT THE RETAIL LEVEL. I PROVIDED AN EXAMPLE OF HOW THIS WOULD WORK OR HOW IT WORKS CURRENTLY. ON THE LEFT SIDE, I HAVE AN IMAGINARY \$200,000 BUILDING. THE BUILDING WOULD BE TAXED OR THE CONTRACTOR WOULD PAY THE TAX ON GROSS RECEIPTS OF 65% OF THE VALUE OF THAT BUILDING. IF YOU SUBTRACT OUT 35% FOR LABOR COST WHICH IS NOT TAXABLE, THAT LEAVES YOU WITH A TAXABLE AMOUNT OF \$130,000. THEN YOU MULTIPLY THAT BY THE TAX FACTOR WHICH IS 0.895, WHICH CONSTITUTES THE STATE, COUNTY, AND LOCAL TAXES. YOU COME UP WITH \$11,635 WHICH IS THE TAX AMOUNT. \$2,145 GOES TO THE CITY OF SCOTTSDALE, AND THE REMAINDER GOES TO THE STATE OF ARIZONA. IT'S KIND OF A SIMPLIFIED VERSION, BUT IT PROVIDES US A NICE OVERVIEW OF HOW THE CURRENT SYSTEM WORKS. UNDER THE NEW PROPOSAL, THIS ALL GOES AWAY, AND CONSTRUCTION MATERIALS WOULD BE TAXED AT THE RETAIL LEVEL AT THE LUMBER YARDS AND WHEREVER MATERIALS ARE PURCHASED.

I DID WANT TO POINT OUT THAT OF ALL THE CITIES IN ARIZONA, SCOTTSDALE RATES 3RD IN THE AMOUNT OF TPT MONEY BROUGHT IN. TOTAL FOR ALL THE CITIES IS \$169.1 MILLION, SOME SIGNIFICANT REVENUE THERE. THAT IS WHY THE CITIES ARE VERY CONCERNED ABOUT THIS.

SO A COUPLE OF DISCUSSION POINTS; ONE THING I DID NOT MENTION, WE DO RISK LOSING ALL THE CONSTRUCTION SALES OR NEARLY ALL OF IT BECAUSE SCOTTSDALE DOES NOT HAVE HOMES TO THESE LARGE VENDORS. WE WOULD RECEIVE BACK A SMALL AMOUNT OF SHARED REVENUE FROM THE CONVERSION TO THE RETAIL LEVEL, SALES FROM MATERIALS. HOWEVER, WE BELIEVE THAT DOES NOT NEARLY COME CLOSE TO MAKING UP FOR THE LOSS IN THE TPT REVENUES.

[Time: 03:54:24]

Mayor Lane: BRAD IF I MIGHT JUST ADD TO THAT JUST SO WE'RE ALL CLEAR. SHARED TAX REVENUES, THE CITY IS ALREADY IN A DEFICIT POSITION ON THIS. WE'RE A DONOR TAXPAYER BECAUSE OUR SALES TAX THAT THE STATE COLLECTS ON OUR BEHALF AND THEN COMES BACK TO US ON THE BASIS OF POPULATION. I'M NOT SURE WE'RE AT A POINT IN TIME THAT THE DEFERENTIAL BETWEEN THAT IS SOME \$8 MILLION AND I DON'T KNOW, MR. SMITH, IF YOU CAN CONFIRM THAT OFFHAND BUT IT'S SOMETHING LIKE THAT AS A DONOR. THE CITY IS ALREADY ON A DONOR STATUS ON IT AND THEY'RE TALKING ABOUT IT DOING MORE OF THE SAME WHICH PUTS US IN A FURTHER DONOR STATUS. SO IT'S NOT A GOOD ANSWER FOR US.

Brad Lundahl: MAYOR, AND THAT'S WHY I REALLY WANTED TO POINT OUT THIS SLIDE. IF YOU LOOK AT THE POPULATION VERSUS THE REVENUES, THE EQUATION BECOMES VERY CLEAR, EXACTLY WHAT YOU'RE TALKING ABOUT.

Mayor: AS FAR AS CONSTRUCTION SALES TAX IS CONCERNED.

Brad Lundahl: YES. THERE'S ALSO A NUMBER OUT THERE THAT THE STATE IS ASSUMING A NON-COMPLIANCE. IN OTHER WORDS, FOLKS WHO ARE NOT PAYING THEIR FAIR SHARE OF THE TAXES. A RATE OF 31% NON-COMPLIANCE ON TPT. WE'VE ASKED FOR INFORMATION ON EXACTLY HOW WE

GOT TO THIS NUMBER. SO FAR WE HAVEN'T REALLY GOTTEN ANYTHING IN CONCRETE ON HOW THEY ARRIVED AT THIS NUMBER BUT THIS 31% IS REALLY WHAT LOCKS THE WHOLE BILL IN AND MAKES IT WORK AND MAKES IT REVENUE-NEUTRAL. SO WE'RE HEARING THROUGH OTHER CITIES AND OUR WON CITY THAT THE 31% NUMBER MAY BE INFLATED, TO WHAT DEGREE WE'RE NOT QUITE SURE.

Mayor Lane: INTERESTINGLY ENOUGH HERE TOO, WHEN PRESSED ON THIS ISSUE, THIS COULD BE ANYWHERE BETWEEN 41 TO 31, NUMBER ONE, AND THE OTHER IS THAT WHEN PRESSED AS TO WHERE THIS LEAKAGE IS OCCURRING, THEY SAID IT WOULD BE AT THE SUBCONTRACTORS WHICH ARE WHOLESALERS TO THE GENERAL CONTRACTORS AS WELL AS THE SUPPLIERS. THEY'RE TALKING ABOUT SHIFTING MORE OF THAT INTO THAT QUADRANT, THOUGH IT'S AN INTERESTING ARGUMENT I SUPPOSE.

Brad Lundahl: IT'S INTERESTING TO POINT OUT CITIES AREN'T THE ONLY ONES THAT COULD LOSE IF THIS NON-COMPLIANCE NUMBER WAS OFF. FOR ABOUT EVERY TEN PERCENT OFF YOU ARE, SUPPOSE THE NUMBER ACTUALLY COMES IN AT 21%, THE STATE WOULD LOSE CLOSE TO \$100 MILLION. SO JUST A FEW PERCENTAGE POINTS HAS A DRAMATIC IMPACT ON THE STATE GENERAL FUND. AGAIN, I MENTIONED THAT WE JUST DON'T HAVE ENOUGH INFORMATION TO MAKE A SOUND JUDGEMENT ON THIS ISSUE. SOME OF THE QUESTIONS THAT HAVE NOT BEEN ANSWERED YET ARE WHERE ARE THE MATERIALS CURRENTLY BEING PURCHASED, THERE'S NO WAY TO TRACK THAT RIGHT NOW. THAT 31% NON-COMPLIANT NUMBER, IS THAT ACCURATE? HOW DO WE GET THE DATA TO SHOW THAT? ANOTHER EXAMPLE IS HOW MUCH MATERIAL IS BEING PURCHASED OUT OF STATE AND HOW MUCH WOULD THAT CHANGE IF WE CHANGED TO A RETAIL LEVEL SYSTEM. AS YOU MENTIONED, THE BILL PASSED OUT OF THE WAYS AND MEANS COMMITTEE, BY A VOTE OF 8-0 AND WILL BE HEARD NEXT IN THE HOUSE APPROPRIATIONS COMMITTEE WHICH IS REPRESENTATIVE KAVANAUGH'S COMMITTEE. AS YOU ALLUDED TO EARLIER, MAYOR, YOU DID HOLD A STAKEHOLDERS WITH THE OTHER MAYORS HERE AND THAT WAS THE FORMATION OF YOUR LETTER TO THE GOVERNOR. THOSE RECOMMENDATIONS HAVE REALLY BECOME THE FOCAL POINT OF DISCUSSIONS WITH THE GOVERNOR. SO THAT MESSAGE WAS HEARD LOUD AND CLEAR AND I THINK FOLKS ARE FALLING IN LINE AND THAT'S A GOOD WAY TO GO.

AS PART OF A POSSIBLE SOLUTION, AND AGAIN WE'RE LOOKING FORWARD HERE, THERE IS AN ONLINE PORTAL THAT WAS CREATED LAST YEAR THROUGH LEGISLATION. WHAT THIS PORTAL WOULD DO IF IT WERE ENHANCED, IT WOULD ALLOW TAXPAYERS TO PAY ALL THEIR TPT TAXES AND COLLECT LICENSES ALL IN ONE LOCATION AT THEIR COMPUTER, A ONE-STOP SHOP FUNCTION. RIGHT NOW THE PORTAL ONLY APPLIES TO US SELF-COLLECTING CITIES BUT A PROPOSAL COULD BE TO EXPAND THAT TO HAVE DOR PARTICIPATE AS WELL AS THE REST OF THE CITIES AND THE STATE. SO AGAIN, AN IDEA OF MOVING FORWARD. I THINK WE HAVE COVERED THAT. ANY OTHER QUESTIONS BEFORE I LEAVE THE CONSTRUCTION SALES TAX OR THE TPT ISSUE?

[Time: 03:59:46]

Mayor Lane: I THINK JUST REALLY FROM A STANDPOINT OF THE COUNCIL, I THINK FULL SUPPORT OF THE ACTIONS WE'RE TAKING AND WORKING TOGETHER AND WHATEVER WE CAN COLLECTIVELY CALL UPON BY OUR POLITICAL CAPITAL FROM OUR DELEGATION AND BEYOND ON THIS SUBJECT IS AN IMPORTANT ELEMENT GOING FORWARD. YES, COUNCILWOMAN KORTE.

Councilmember Korte: I AGREE, MAYOR. MAY I ASK THAT WE'RE KEPT IN STEP WITH THE WORK THAT YOU'RE DOING AND CERTAINLY WE CAN PROVIDE SOME SUPPORT AND VOICES FOR THIS IF CALLED UPON.

Mayor Lane: EXCELLENT. ABSOLUTELY, IT HAS BEEN A LITTLE BIT OF A RUSH-RUSH DEAL BECAUSE THE REPORT RECOMMENDATIONS FROM THE TPT COMMISSION CAME FORWARD. NEXT THING WE KNEW IT WAS BEING ENDORSED. I APPRECIATE THAT. VERY VALID POINT.

Brad Lundahl: I WILL MAKE A POINT TO SHARE AS MUCH INFORMATION AS I CAN. AS THE MAYOR MENTIONED, IT IS MOVING VERY QUICKLY. SO, THE FINAL ISSUE WAS SENATE BILL 1210 THAT I WAS PREPARED TO TALK TO YOU TONIGHT ABOUT BUT THE BILL DIED YESTERDAY, NOT MUCH POINT IN GOING ON ABOUT IT UNLESS YOU WANT TO BEAT THE PROVERBIAL DEAD HORSE. WITH THAT, I'LL FINISH UP RIGHT HERE AND ANSWER ANY FURTHER QUESTIONS.

Mayor Lane: I DON'T SEE THAT WE HAVE ANY OTHER QUESTIONS SO THANKS VERY MUCH. APPRECIATE IT. KEEP UP THE GOOD WORK ON THAT. OUR NEXT AND FINAL ORDER OF BUSINESS IS THE MONTHLY FINANCIAL UPDATE. JOYCE GILBRIDE.

## **ITEM 22 - MONTHLY FINANCIAL UPDATE**

[Time: 04:01:49]

Accounting Director Joyce Gilbride: MAYOR LANE AND MEMBERS OF THE CITY COUNCIL, THIS IS THE MONTHLY FINANCIAL UPDATE AS OF JANUARY 31ST, 2013. BEGINNING WITH GENERAL FUND OPERATING SOURCES, FISCAL YEAR TO DATE AT THE END OF JANUARY, WE SHOWED A 3% POSITIVE VARIANCE COMPARED TO BUDGET. THE REVENUE ITEMS THAT ARE CONTRIBUTING TO THIS FAVORABLE VARIANCE ARE PROPERTY TAXES COMING IN AT \$1.1 MILLION. HOWEVER, THIS IS JUST A TIMING DIFFERENCE. WE DON'T ANTICIPATE THAT OUR REVENUE AS RELATED TO PROPERTY TAXES WILL COME IN ANY HIGHER THAN WE HAD FORECASTED FOR THE FISCAL YEAR. ADDITIONALLY, THE FRANCHISE FEES AND TAXES SHOW A FAVORABLE VARIANCE OF \$4.2 MILLION. THIS IS HIGHER THAN ANTICIPATED. AND THEN UNDER THE MISCELLANEOUS CATEGORY WE ARE SHOWING A VARIANCE OF \$1.9 MILLION. \$1.3MILLION OF THIS TOTAL IS RELATED TO THE ASRS SETTLEMENT THAT OCCURRED IN THE MONTH OF JANUARY. ADDITIONALLY, IN FEBRUARY, IN THAT REPORT WE'LL BE SHOWING AN ADDITION \$550,000 THAT WE HADN'T ANTICIPATED AND THIS RELATED TO THE SALES TAX REFUND. AND THEN FINALLY, 1.7 MILLION IN OUR BUILDING PERMITS. THAT CONTINUES TO SHOW A POSITIVE VARIANCE. WE HAVE HAD SOME DISCUSSION WITH THE PLANNING GROUP. THEY ARE SAYING BASICALLY THEY ARE JUST SEEING HIGHER ACTIVITY THAN THEY ANTICIPATED AS WELL AS HIGHER VALUATIONS IN THE PERMITS. THAT SPECIFICALLY IS SOME HIGH END APARTMENT COMPLEXES THAT PULLED PERMITS THIS FISCAL YEAR. THEY THINK THAT THEY'LL MAINTAIN THAT 1.7 MILLION FAVORABLE VARIANCE AND COULD EVEN EXCEED THAT FOR THE FISCAL YEAR. SO, AGAIN, IN TOTAL, OPERATING FOR THE YEN FUND ARE AT 133.4 MILLION VERSUS A BUDGET OF 129.7 MILLION FOR A PA OF 3.7 MILLION. YOU'LL ALSO SEE THAT, FOR A FAVORABLE VARIANCE OF .7348, YOU'LL ALSO SEE A LINE SHOWING THE PROCEEDS TO PAY OFF THE NORDSTROM GARAGE LEASE AGREEMENT THAT WE HAD. YOU'LL SEE THE USE OF THESE FUNDS ON A SUBSEQUENT SLIDE. LOOKING AT THE 1% SALES TAX COLLECTIONS BY CATEGORY, FISCAL YEAR TO DATE AT THE END OF JANUARY, WE HAVE AN UNFAVORABLE VARIANCE OF 2%. HOWEVER, COMPARED TO THE TOTAL FISCAL YEAR WALL

COLLECTION, WE'RE AT ABOUT A 4.7 INCREASE OVER THE PRIOR FISCAL YEAR. AND WE DO HAVE SOME FAVORABLE VARIANCES UNDER CONSUMER SPENDING. THE MISCELLANEOUS GOODS AND CATEGORIES SHOWS A .4 MILLION. AS WELL THE RENTAL CATEGORY SHOWS A FAVORABLE VARIANCE OF .2 MILLION. AS WE HAVE SEEN THE CONSTRUCTION CATEGORY CONTINUES TO LAG BEHIND OUR BUDGET. HOWEVER, THIS VARIANCE OF .5 IS EQUIVALENT TO WHAT WE SAW IN DECEMBER. THE GROUP IS WORKING ON REVISING THEIR METHODOLOGY FOR FORECASTING THE CONSTRUCTION SALES TAX REVENUE. AND I BELIEVE THEY'LL BE PRESENTING THAT INFORMATION TO YOU AT THE NEXT MEETING. THIS SLIDE SHOWS THE CHANGE, THE YEAR OVER YEAR CHANGE IN THE 1% GENERAL PURPOSE SALES TAX. AND FOR THE MONTH OF JANUARY 2013, WE REALIZED ABOUT A 6.8% INCREASE OVER JANUARY 2012. AGAIN, WE HAD BUDGETED FOR AN OVER ALL INCREASE OF 5% FOR THE FISCAL YEAR AND AS WE SAW IN THE PREVIOUS SLIDE, WE'RE AT ABOUT 4.7%. SO WE'RE GETTING VERY CLOSE TO THAT 5% GOAL. MOVING TO GENERAL FUND OPERATING USES BY CATEGORY. TOTAL PERSONNEL SERVICES SHOWS A SLIGHT VARIANCE AT THE END OF JANUARY. WE STILL ARE SHOWING A .6 MILLION VARIANCE IN OUR OVERTIME CATEGORY. ABOUT 85% OF THAT TOTAL IS RELATED TO THE POLICE DEPARTMENT AND ABOUT 15% IS THE FIRE DEPARTMENT. HOWEVER, FOR THE MONTH OF JANUARY ALONE, THE OVERTIME LINE ITEM DOES NOT SHOW A VARIANCE FOR THE MONTH OF JANUARY. SO THAT IS AN IMPROVEMENT OVER WHAT WE'VE SEEN IN PRIOR MONTHS. CAPITAL CONTRACTUAL AND COMMODITIES WE'RE SHOWING AN 8% FAVORABLE VARIANCE. MOST OF THAT IS OCCURRING IN THE CONTRACTUAL LINE ITEMS. AT THE END OF JANUARY WE HAD ABOUT A HALF MILLION DOLLARS SAVINGS IN OUR JAIL SERVICES CONTRACT. WE HAVE SAVINGS IN OUR PHOTO ENFORCEMENT, UTILITIES AND SOME OTHER OF OUR CONTRACTUAL AGREEMENTS. DEBT SERVICE AND CONTRACTS. HERE YOU SEE THE OUT FLOW OF THE BOND PROCEEDS FOR THE PAYOFF OF THE NORDSTROM GARAGE LEASE PAYMENT. WE DO SHOW AN UNFAVORABLE VARIANCE AT THIS POINT IN THE FISCAL YEAR, BUT THAT WILL BE RECONCILED BY YEAR END. IT IS JUST THE TIME OF THOSE DEBT PAYMENTS. SO THE GENERAL FUND AT THE END OF JANUARY IS 1.60.1 MILLION VERSUS A BUDGET OF 161 MILLION FOR A FAVORABLE VARIANCE OF .9 MILLION OR 1%. LOOK AT USES BY DIVISION. AT THE END OF JANUARY, ALL DIVISIONS SHOWED A FAVORABLE VARIANCE. 8.6 MILLION IN MAYOR'S COUNCIL AND CHARTER OFFICES. HALF OF THAT IS OCCURRING IN THE CITY CLERK'S OFFICE AND CITY ATTORNEY'S OFFICE. THAT'S DUE TO SOME CONTRACTUAL SAVINGS THAT THEY ARE REALIZING. COMMUNITY SERVICES WITH A .6 MILLION FAVORABLE VARIANCE. MAJORITY OF THAT IS IN PERSONNEL SERVICES. PUBLIC SAFETY POLICE IS SHOWING .1 MILLION FAVORABLE VARIANCE. ALTHOUGH AT THE END OF JANUARY THEY HAVE ABOUT A 700,000 UNFAVORABLE VARIANCE IN PERSONNEL SERVICES. THEY'RE OFFSETTING THAT WITH ABOUT AN \$800,000 FAVORABLE VARIANCE AND CONTRACTUAL SERVICES. AND, AGAIN, PUBLIC WORKS WITH A \$.5 MILLION VARIANCE. THAT'S OCCURRING PRIMARILY IN UTILITIES AND SOME OF THEIR COMMODITY LINE ITEMS. SO IN TOTAL OPERATING EXPENSES ARE AT 122.9 MILLION VERSUS A BUDGET OF 125.3 MILLION FOR A FAVORABLE VARIANCE OF 2.4 MILLION OR 2%. YES.

[Time: 04:08:47]

Mayor Lane: I WAS JUST CURIOUS BECAUSE SOME OF THE CONVERSATIONS ON FEES FROM WATER RESOURCES, ACTUALLY THAT'S OUTSIDE OF THIS. NEVERTHELESS, ONE OF THE THINGS IS INCREASE IN POWER AND UTILITIES COST. I'M JUST SURPRISED TO SEE UNDER PUBLIC WORKS THAT WE'VE GOT A FAVORABLE VARIANCE. A QUITE SUBSTANTIAL ONE.

Joyce Gilbride: THE LARGEST VARIANCE THEY ARE SAYING IS IN THE GAS LINE ITEM.

Mayor Lane: GAS AS IN GASOLINE OR NATURAL GAS?

Joyce Gilbride: WELL, I'M THINKING THAT'S PROBABLY NATURAL GAS. THEY DO HAVE SOME SAVINGS THOUGH IN WATER AS WELL. ELECTRICIANTY PROBABLY HAS AN UNFAVORABLE VARIANCE AT THIS POINT.

Mayor Lane: OKAY. COUNCILWOMAN KORTE.

Councilmember Korte: THANK YOU, MAYOR. CAN I GO BACK TO THE GENERAL FUND ON SALES TAX OPERATING SOURCES. I'LL GET A PAGE NUMBER FOR YOU. THAT'S IT. SO NOT KNOWING WHEN WE'LL GET AN UPDATE FROM CVB, I'M LOOKING AT TOURISM ENTERTAINMENT LINES, THEY'RE BASICALLY FLAT FOR THREE YEARS NOW. SO MY QUESTION IS, IS TOURISM AND ENTERTAINMENT FLAT IN OTHER RESORT TOURISM COMMUNITIES? HOW DO WE COMPARE WITH THOSE OTHER COMMUNITIES FOR WHICH WE COULD BE COMPARABLE TO? BECAUSE I'M CONCERNED, IS THIS AN ANOMALY FOR SCOTTSDALE? SEE WHERE I'M GOING?

Joyce Gilbride: I KNOW IN THE BEGINNING OF THE FISCAL YEAR WE HAD SOME GENERAL INFORMATION JUST FOR THE PHOENIX AREA THAT IT WOULD BE A FLAT. I DON'T KNOW HOW WE WOULD COMPARE OUTSIDE OF THIS AREA, BUT I'M SURE WE CAN PROVIDE IT AT THE NEXT MEETING.

Councilmember Korte: I WONDER IF IT WOULD BE USEFUL FOR US TO MAKE SURE THAT WE ARE DOING EVERYTHING TO SUPPORT THAT INDUSTRY. AND THEN LASTLY, IT'S ALWAYS GOOD TO SEE AUTO SALES UP 2% FROM MY COMRADES IN THE AUTO BUSINESS.

Joyce Gilbride: RIGHT.

Mayor Lane: THANK YOU COUNCILWOMAN. YOU WANT TO PROCEED, THEN.

Joyce Gilbride: BASICALLY THAT'S THE CONCLUSION OF THE PRESENTATION. IF YOU HAVE ANY OTHER QUESTIONS, I'D BE HAPPY TO ANSWER THEM.

Mayor Lane: I THINK WE'RE COVERED. NICE JOB, THANK YOU VERY MUCH. THAT COMPLETES OUR REGULAR ITEMS. I SEE NO FURTHER PUBLIC COMMENTS. FRANKLY NOT FURTHER, I DON'T SEE ANY. WE DIDN'T HAVE ANY THIS EVENING. NO PETITIONS SNUCK IN UNDER THE WIRE.

WE'LL ADJOURN.

[Time: 04:11:51]

Councilman Littlefield: MOVE TO ADJOURN.

Mayor Lane: I WILL ACCEPT THAT MOTION. ALL THOSE IN FAVOR OF ADJOURNMENT, WE ARE ADJOURNED, THANK YOU VERY MUCH.