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CALL TO ORDER

[Time: 00:00:02]

Mayor Lane: Thank you. I would like to call to order our June 3rd, 2014 City Council meeting, a Regular meeting. It's approximately five, a little after 5:00 and we will start with the roll call, please.

ROLL CALL

[Time: 00:00:10]

City Clerk Carolyn Jagger: Mayor Jim Lane.

Mayor Lane: Present.

Carolyn Jagger: Vice Mayor Guy Phillips.

Vice Mayor Phillips: Here.

Carolyn Jagger: Councilmembers Virginia Korte.

Councilmember Korte: Here.

Carolyn Jagger: Suzanne Klapp.

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Councilwoman Klapp: Here.

Carolyn Jagger: Bob Littlefield.

Councilman Littlefield: Here.

Carolyn Jagger: Linda Milhaven.

Councilwoman Milhaven: Here.

Carolyn Jagger: Dennis Robbins.

Councilman Robbins: Here.

Carolyn Jagger: City Manager Fritz Behring.

Fritz Behring: Here.

Carolyn Jagger: City Attorney Bruce Washburn.

Bruce Washburn: Here.

Carolyn Jagger: City Treasurer Jeff Nichols.

Jeff Nichols: Here.

Carolyn Jagger: City Auditor Sharron Walker

Sharron Walker: Here.

Carolyn Jagger: And the Clerk is present.

Mayor Lane: Thank you. Just a little bit of business here. We do have cards if you would like to speak on any of the items on the agenda or for public comment, those are the white cards that the City Clerk is holding over her head to my right. And if you would like to give us any written comments, any item of the items that are on the agenda, that's the yellow card she has over her head you can fill that out. We do have Scottsdale police officers Greg Carlin and Jason Glenn are here to assist. They are right out here. Greg, is this where, are we at the end of, okay. All right. Just didn't want to miss it. We'll start mourning now, though. In any case, the areas behind the Council dais are reserved for the staff and Council and the restrooms over here to my left, under that exit sign. They are there for your convenience.

PLEDGE OF ALLEGIANCE

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[Time: 00:01:36]

Mayor Lane: This afternoon, we have Boy Scout Troop 649 to lead us in the pledge. Gentlemen, if you could come to the microphone.

Boy Scout Troop 649: 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: Thank you, gentlemen. If you want to turn that microphone around and introduce yourself, where you go to school, what your subjects are, what your aspirations are maybe.

Boy Scout Troop 649: I'm Joey Reo, I go to Scottsdale Preparatory Academy. I'm Peter Vogel, I go to Chaparral. My name is Nick Kovac and I go to Desert Mountain High School. My name is Nils and I go to Brophy.

Mayor Lane: Thank very much, gentlemen. As you may know, we do have some sad news that occurred earlier this week, actually. Officer Jair Cabrera from our neighboring community from the Salt River Pima-Maricopa Indian Community was killed on May 24th. His service to our community will not be forgotten. So his family is in our prayers and thoughts and we certainly hope that he rests in peace.

INVOCATION

[Time: 00:03:19]

Mayor Lane: Tonight we do have Chandler City Councilman and pastor of Trinity Christian Fellowship Church, Kevin Hartke. Pastor Hartke currently leads the For our City initiative where faith, business, and municipal leaders initiate service projects through a host committee that networks to build a community alliance and was a crucial member of this year's East Valley Mayors' Prayer Breakfast that we hosted here in Scottsdale. I would like to welcome Pastor Hartke, please.

Pastor Kevin Hartke: Thank you, Mayor. Earlier this year, our Supreme Court affirmed having prayer at the beginning of Council meetings was constitutional, because of prayers at Council gatherings and other meetings. I have adopted a prayer from one of the First Continental Congress gatherings on September 7th, 1774, by Reverend Jacob Duche. Please join me in prayer. Be thou present oh God of wisdom and direct the counsels of this honorable assembly. Enable them to settle all things on the best and surest of foundations, that order, harmony and peace may prevail. And truth and justice, religion and piety prevail and flourish amongst the people. Preserve the health of their bodies, and the vigor of their minds. Shower down on them and the thousands they here represent touch temporal blessings thou seest expedient for them and crown them with everlasting glory in the world to come. All this we ask in the name and through the merits of Jesus Christ, thy son and Savior, amen.

Mayor Lane: Amen. Thank you, Pastor.

MAYOR'S REPORT

[Time: 00:05:21]

Mayor Lane: Just a report, on March 6th I and a great committee of volunteers hosted the East Valley Mayor's Prayer Breakfast at the Fairmont Princess Resort. It included over 400 business, faith and civic leaders from all over the East Valley who joined faith leaders of Christian, Jewish and Muslim backgrounds in prayer. It was a marvelous event and Jim Duchene, chair of that committee and some other very valuable members of the host team are here to give the proceeds of that breakfast to our two nonprofit entities Family Promise which lifts families out of homelessness through community collaborations, and Arizona 211, a referral service in need of health and human services. I would like to say this event was marvelous and although it was a community building event, and not a fund-raiser, we managed to raise over \$5,000 over and above our cost to donate to the worthy causes. The next breakfast will be in Mesa. I encourage you to attend this uplifting and inspiring event. Jim, if you want to come forward, we will make the presentation of the checks.

[Time: 00:06:50]

Jim Duchene: Thank you, Mr. Mayor. The East Valley Mayor's Breakfast, it's not just a one-day event but an ongoing process, bringing together government, nonprofit, business, private sector, and faith-based organizations. So this year's event, the theme was celebrating a higher purpose and putting faith in action. And as a result of those themes, we chose two charities, of which the Mayor just described, 211 Arizona, and Family Promise to be the recipients of whatever funds we had left. We thought that they were both exemplary examples of the faith community in combination with government and private sector. So first, I would like to recognize the folks on the committee that served with me at the pleasure of the Mayor, and from over here, Kevin Hartke, Lisa Randall, Ted Taylor, Andre Wadsworth and Raul Zubia. A great group of people.

The first recipient is 211 Arizona, Renee Moon is here representing them. They are a great agency and they connect people, if you need help with a social service, and you don't know who to call, call 211 and they will put you in touch with the right people. So this \$1,000 check is for your use Renee, and thank you all for that you do.

Family Promise is here in Scottsdale but they serve throughout the valley and they serve homeless families specifically. They partner with the faith community to provide sleeping quarters because they do not have that at their facility. They focus on getting jobs for people, finding ways for these families to get out of homelessness. They do a fantastic job and so we are very, very proud to be able to give this \$4,000 check to Ted Taylor, from Family Promise.

Mayor Lane: Thank you, Jim. And all. Mr. Behring, I see no report for you. Okay.

PUBLIC COMMENT

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[Time: 00:09:51]

Mayor Lane: Next order of business is Public Comment and it's reserved for citizen comments regarding non-agendized items with no official Council action for dialogue taken on these items. Speakers are limited to three minutes each with a maximum of five speakers. There will be another opportunity for Public Comment at the end of the session, if it's needed. We have two cards this evening. And we'll start with Robert Cappel.

[Time: 00:10:33]

Robert Cappel: Mayor Lane, members of the City Council, my name is Robert Cappel and I'm here tonight as president of the Winfield Homeowners Association in north Scottsdale, a community of 511 homes. I was here on April 29th, and I presented information that the Black Mountain Sewer Corporation, also known as Liberty Water, has been billing approximately 1,000 homes in Scottsdale's Winfield and south Boulders communities for treating our wastewater, even though Scottsdale actually receives and provides this treatment. This has resulted in the Scottsdale residents paying one of the highest sewer rates in the state. Currently, \$65.36 a month, soon to go to \$80.36 a month, most of which goes into pockets of what is now a Canadian company. While Black Mountain Sewer Corporation does have a treatment plant located in the Boulders and Carefree, this treatment plant does not process our wastewater. It does process wastewater from about 2,000 Carefree homes and businesses, and has been ordered to be closed by the Arizona Corporation Commission. When this occurs, Black Mountain Sewer Corporation will not have any treatment facilities in this area.

This raises several additional areas where Scottsdale needs to be involved. What will happen to the current wastewater being treated by this plant? Will it come to Scottsdale or Cave Creek or some other treatment facility? This plant also supplies the two Boulders golf courses with reclaimed water which has resulted in a lawsuit to stop the closure of this plant by the Boulders golf courses. So would Scottsdale want to receive this wastewater and also provide reclaimed water to the Boulders golf courses is another question that Scottsdale shouldn't be involved in answering.

I have given each of you a petition, which is signed by 592 of our Winfield homeowners, and it's asking for Mayor Lane and the City Council to please direct city staff to work with us, our communities that are under Black Mountain, so that, as well as future homeowners which can be built in an area that's also controlled by Black Mountain. As we go through this process of closing this treatment plant, and eventually we hope Scottsdale will work with us to take control of us for our wastewater treatment and billing through the Arizona Corporation Commission. Thank you.

Mayor Lane: Thank you, Mr. Cappel. Next is Lisa Haskell.

[Time: 00:14:00]

Lisa Haskell: Good evening, Mayor Lane and members of the City Council. I'm here this evening to discuss the darker side of south Scottsdale revitalization. I'm positive, however, that it is critical to inform residents of some of the negatives associated with the revitalization process. Especially since

they seem to be happening in our area. In the interest of full disclosure, and transparency, I think the good, the bad, the ugly, the positive and the negative need to be discussed and reported. There's a question many of us would like an answer to. How do you plan to acquire property that belongs to somebody else? Let me assure you, we are not anti-development. Developers sometimes do build things we need. I'm bringing this topic up because I know you won't and the paper won't.

A parcel in our area has sold to an LLC. Representatives from the Corporation Commission advised me to research the statutory agent and if it was a real estate attorney, this might be an indication that they plan to acquire property for redevelopment. It was indeed a real estate attorney whose list of credits include the land acquisition, quiet title transfer, arbitration, mediation, all handy skills to have when attempting to acquire property.

After pressing city staff, we received confirmation that someone had expressed interest in an adjacent property for some type of condo project, it was located in close proximity to these parcels also seems to be the focus of attention by an investment group less transparent tactics that may be used to acquire property and we speak from experience, condo communities. They don't have to buy every unit. They just have to buy a controlling percentage of units under a variety of names and LLCs.

Transforming your owner-occupied community into a hotel short-term stay situation, a use that is often not compatible, but profitable for the investment group. If they can get a controlling percentage, according to Councilman Littlefield, they can apply for a conditional use permit to operate as a time share vacation rental property. My personal favorite, lighting the property with criminal activity to lower value. When asked Councilmember Korte why do developers use tactics like purchase properties under a variety of LLCs, she indicated sometimes they do it so they don't have to pay three times what a property is worth. I understand that, I do.

[Time: 00:16:38]

But residents shouldn't have to accept three times less either. Councilwoman Milhaven indicated when I inquired about possible parcel assemblage in the area, that, well, it may be concerning to the neighbors but it's legal. You know, I understand that. But I found that in life, some of the most morally repugnant things are justified with the it's legal argument. And Councilman Littlefield, you know I can't leave you out. You advised us to get out because values would probably be lowered. You advised me to continue to work with Code Enforcement and the Police Department to address issues that may result from this activity, but you know what, the buck doesn't stop with Code Enforcement and Police Department. It stops with you.

It's a little like telling us, well, you know, hey, you are about to be robbed but please don't call the Police Department. You seem to feel that this is simply business as usual but did it ever occur to you to that it shouldn't be? I assure you, there are many folks in this area that would like the opportunity to age in place.

Mayor Lane: Ms. Haskell, if you would, please.

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Lisa Haskell: I will wrap it up. But the problem is, they are not going to, I think, have the opportunity to age in place, and we wondered who gets to make that decision, you or the developers? This is about informing residents who are property owners that they may be involved in a game that they don't know they are playing. It's a high-stakes game where you could lose your property. All we ask is that residents be treated fairly and with respect in line with that transparency that you profess to support down here. And in closing, I would like to say, you know, you might want to consider this before you ask for our vote. Thank you.

Mayor Lane: Thank you, Ms. Haskell. That's the extent of public testimony and Public Comment period.

MINUTES

[Time: 00:18:34]

Mayor Lane: And so we now move on to the next order of business and that's the approval of minutes. Do I have a motion to approve the Regular Meeting minutes of April 29th, 2014, and May 6th, 2014, and Work Study Session minutes of April 29th, 2014?

Councilman Robbins: I move that Council approve those minutes.

Councilwoman Milhaven: Second.

Mayor Lane: The motion made and seconded. We're then ready for a vote. There's no particular comments indicated. So all those in favor, please indicate by aye. Register your vote. Aye. And nay if you oppose. The tally is unanimous, 7-0 on the approval of minutes. Thank you very much.

CONSENT AGENDA

[Time: 00:19:10]

**ITEM 13 – LIVewire/BOTTLED BLONDE (AKA AXIS/RADIUS) CONDITIONAL USE PERMIT
(17-UP-2012#2)**

**ITEM 14 – LIVewire/BOTTLED BLONDE (AKA AXIS/RADIUS) CONDITIONAL USE PERMIT
(61-UP-1997#3)**

[Time: 00:19:37]

Mayor Lane: Moving on to our Consent items 1 through 23. We do have a request by Councilman Phillips that items 13 and 14 be removed from the Consent Agenda for a separate vote. We will honor that request, but I would like to ask anyone on Council if they would like any explanation of those items or presentation. And just for the record, I will say that 13 is Livewire/Bottled Blonde, Conditional use permit 17-UP-2012 number 2 and it's a request to find that the Conditional use permit

criteria has been met and adopted.

And the resolution is to approving an existing Conditional use permit for a bar to add 669 square feet of indoor floor area with 542 square foot second floor balcony and expand the hours of operation for weekends and New Year's Day for 19,397 square foot space with central business district, parking district, downtown overlay zoning. That is the item. Does anybody ask for a presentation on that item? No? Okay. Then, we will hold that for a separate vote. And item 14 is associated with the Bottled Blonde as well and its approval and amendment to the existing Conditional use permit for live entertainment to add 669 square feet floor area and the rest of it is indicated in the previous item 13. Those items are up for separate vote. So I think we might just go ahead and start with those, if I have a motion to approve or deny. Councilman Phillips, do you have a preference?

[Time: 00:21:03]

Vice Mayor Phillips: So Mayor, you are doing the 13 and 14 first?

Mayor Lane: Yeah, and if you want to, well, they do go together. So we can either do them together or you can take it separately if you have a motion.

Vice Mayor Phillips: Okay, well, the reason I pulled them is because both of them have the same stipulation, asked to expand the hours of operation for New Year's and weekend day and that's clearly a way to get around a special use permit. If we allow this, then every single bar in town is going to ask for it. So I'm not against them getting the resolution, if we take that part of it out. Otherwise, I will be voting no on it.

Mayor Lane: Just to be clear, you want to make a motion that you would approve the resolution if the hours of operation for weekends on New Year's Day and, I'm sorry, do I have that right? Yes.

Vice Mayor Phillips: Yes, I can do that. I can make a motion....

Mayor Lane: It says expand operations for weekends and New Year's Day. Okay.

Vice Mayor Phillips: So I will make a motion that we approve items 13 and 14, striking the expanding the hours of operation for weekends and New Year's Day.

Councilman Littlefield: Second.

Mayor Lane: The motion made and second. Would the second like to speak to it?

Councilman Littlefield: Sure. I would like to point out, there we go. I would like to point out that these were the guys who violated their C.U.P. last New Year's Eve, even after being told that it was a, that it was a violation to stay open the next day and they did. And, of course, we didn't really punish them, as we always do. We never punish anyone for violating anything in the bar district. So we should not give them that ability. That's why I seconded his motion.

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Mayor Lane: If I might, Vice Mayor, and I probably should have made that announcement, this is first meeting and that's why I overlooked, it I suppose even in the title but nevertheless, Vice Mayor Phillips, did you want to extend that to both 13 and 14, to both of those resolutions?

Vice Mayor Phillips: Yes, I did state 13 and 14.

Mayor Lane: Okay. So Resolutions 9765 and 9733. Councilman Robbins?

Councilman Robbins: What are the current hours of operation?

[Time: 00:23:45]

Senior Planner Greg Bloemberg: Mayor Lane, Councilman Robbins, staff will look into that real quick. Just a moment. Mayor Lane, City Council, Councilman Robbins, sorry for the confusion. Essentially, the change of hours of operation extends to New Year's Day and it doesn't apply to the original hours of operation for the establishment. It was mainly just for New Year's Day.

Councilman Robbins: Okay. So the only difference between their current hours of operation would be, which are basically 11 a.m. to 2 a.m. They are asking to go from 2 a.m. to 11 a.m., staying open up all night on New Year's Day?

Greg Bloemberg: They are essentially looking for no time limitations for the live entertainment, essentially after 2 a.m. which would be New Year's Day, all through New Year's Day.

Councilman Robbins: Okay. Thank you.

Mayor Lane: Thank you, Councilman. Vice Mayor Phillips?

Vice Mayor Phillips: Thank you, Mayor. Well, both of these say expand the hours of operation for weekends and New Year's Day.

Greg Bloemberg: Yeah, that's, I'm sorry for that miscommunication. That's not the case in this instance. It's just for New Year's Day.

Vice Mayor Phillips: Well, I'm not going to change the motion.

Mayor Lane: If I might ask staff, what is the, I'm presuming the hours of operation on weekends now are not extended under any circumstances. So if the resolutions do so state weekends as well, and I haven't gone through, back through to the resolutions to see if it states that, it would have the effect of extending their hours presumably on the same basis as New Year's Day.

Current Planning Director Tim Curtis: Mayor, members of the Council, the real request here, aside from the changing the floor plan is the hours of operation for New Year's Day. And so the motion

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that was presented was affecting any changes to the original use permit and what we're saying is the only change is for New Year's Day.

Mayor Lane: Okay. So the resolutions are specific to the point of just New Year's Day?

Tim Curtis: Correct. The resolution and the stipulation packet shows all of the hours, but what the request is specifically, different from previously was New Year's Day.

Councilman Littlefield: That's not what it says.

Mayor Lane: Yes, Councilmember Korte?

[Time: 00:27:17]

Councilmember Korte: Given the fact that staff has brought forward a resolution that states to expand the hours of operation for weekends and New Year's Day, I would suggest that staff go back and rewrite that resolution so that it is very clear for us to take action at a later date.

Mayor Lane: I'm sorry, Councilwoman, was your motion to.....

Councilmember Korte: I didn't make a motion. We still have a motion on the floor.

Mayor Lane: Well, as an alternative motion.

Councilmember Korte: I would be glad to make an alternative motion, to table Consent items 13 and 14, to a later date to clarify language.

Mayor Lane: I would second that. If there's any comment on that or otherwise, Councilman Littlefield?

[Time: 00:28:17]

Councilman Littlefield: Well, former Vice Mayor Korte's motion has preempted me. I was going to point out in the Council packet, it does say hours of operations for weekends and New Year's Day. So I don't know how that slipped through, esteemed City Manager, but in any event, well, yeah.

Mayor Lane: All right thank you, Councilman. Councilman Robbins.

Councilman Robbins: Are we tabling or continuing? Is there a legal difference?

Mayor Lane: I think they are interchangeable but I will go to the City Clerk to determine whether tabling is continuing.

Carolyn Jagger: Your Honor, we would show it as a continuance. You can either select a date that

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you would like to continue it to or date to be determined and we can work with staff to get it on the agenda. Most likely before the break.

Councilmember Korte: I will take that as a friendly amendment to use continuance as the verb and also to bring back before the break, back to Council before the summer break.

Tim Curtis: Mayor and members of the Council, the applicant may want to speak to this. The other thing that may be helpful is to understand that Council's position on extending the hours at least on New Year's Day. That's something that the applicant, if this were to be continued can contemplate, but, again, I think the applicant may want to speak to this if the Council wishes to entertain that.

Mayor Lane: We're going a little bit out of order, I suppose because we are now in the midst of a vote and discussion and deliberation on a Consent item, but nevertheless, we can still handle it this way, I believe. Is the applicant available?

[Time: 00:30:27]

Applicant Artie Vigil: Ab3 Design Studio, my name is Artie. I'm an architect on behalf of Les Curry. We are willing to remove the item regarding New Year's Day. That was an idea we were entertaining with city staff. We see that it's confusing at the moment and we do want to expand our hours for bar use and live use on Saturday and Sunday to 9 a.m. rather than the 11 a.m., and the reason for that is to take into account for sporting events that occur prior to 11 a.m. So if we can have this on the next agenda before the break, that would be much appreciated and we apologize for any confusion regarding the New Year's Day. It was an idea we were trying to pursue, not for alcoholic consumption, but for potentially being able to open up later than 2 a.m. on those days, on that day in particular.

Mayor Lane: But if I understand you correctly, continuing this to a date before the break, to consider specific language as to what you are looking to accomplish?

Artie Vigil: Yes.

Mayor Lane: Okay. Well, then we are in the midst of an alternative motion to do just exactly that, but it would be something you will have to work with staff on to get that clarity.

Artie Vigil: Thank you.

Mayor Lane: Yes, Mr. Washburn.

City Attorney Washburn: Thank you, Mayor. I want to make the point if you are going to continue it and since there's only two meetings right before the break, July 1st and 2nd, if you continue it to a date certain, then it doesn't have to be renoticed and it saves some money for the City on notification. So the motion could be amended...

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Mayor Lane: What are the dates available for us then?

City Attorney Washburn: Well, you will bring it back before the break, there's July 1st, July 2nd. July 2nd would probably be the preferable, just from a schedule management.

Councilmember Korte: I move to continue items 13 and 14 to July 2nd of 2014.

Mayor Lane: And does the second concur, and as the second I concur with that. So that has been amended. Councilmember Korte, do you have a further comment? I know you are still on the screen. Okay. We do have an alternative motion and that is to continue it until the July 2nd meeting for clarification and refinement. All of those in favor of continuance, signify by aye. The tally is 6-1 with Councilman Littlefield opposing. So, and that did apply to items 13 and 14, they were taken out of turn, but we do now have the remaining Consent items.

[Time: 00:37:06]

Councilman Robbins: Mayor, I move that Council approve items 1 through 23, except for 13 and 14.

Mayor Lane: The motion and second has been made for those items in the Consent agenda.

Carolyn Jagger: Your Honor, I believe you have a comment card for item 20.

Mayor Lane: Oh. I'm very sorry. I do. Thank you so very much. We do have that on the table as it is, but Mr. Mike Mayer, please come forward.

[Time: 00:34:08]

Mike Mayer: My name is Michael Mayer, I live in a wildfire prone area called McDowell Mountain Ranch. And thank you for letting me speak tonight. I'm here in opposition to the commercial fireworks at WestWorld. The event is okay, just without the fireworks. About a month ago, Governor Brewer signed an emergency Senate Bill 1158 restricting the use of consumer fireworks because of the wildfire threat in Arizona. The public safety side of Scottsdale City government understands consumer fireworks are the highest cause of wildfire. To make our homes safer from the threat of wildfire, the Public Safety side of the City government has worked with the H.O.A.s surrounding west world for years. Thanks to their efforts, we have cleared over 100 miles of brush at a cost of exceeding \$1 million. Yet despite all the warnings, the civilian side of the City government who manages WestWorld are tonight asking you to approve a major annual commercial fireworks event at one of the most wildfire-prone areas in Scottsdale, where I happen to live.

You have a copy of the 4th of July event contract. There's no mention to restrict consumer fire work use in this contract, and there doesn't appear to be any warning given to the people that plan to attend this Scottsdale, despite even stricter use of consumer fireworks in the area. What I'm additionally concerned about is there will be potentially thousands of people who don't want to pay the \$10 a head or \$5 a head fee, not knowing that they are even in the desert with homes they will

have fireworks and sparklers, some that put fire out, 100 square feet and surround WestWorld parking everywhere in the area.

Plus you are going to have catalytic converters on vehicles and cigarette butts that are also known to start brush fires. So even if we could cobble together a wildlife, a wildfire prevention plan, we will still never be able to get it to be 100% effective. One fire event could result in the loss of millions of property value or worse. This is not about the Preserve but our homes. People want to know who is going to be responsible for the destruction if it happens and tonight's meeting will document who is responsible. Despite all the warnings it will be the civilian city staff that approved the fire work event and any of you that do also. Thank you very much.

Mayor Lane: Thank you, Mr. Mayer. And that is the only item that has a card on it for the Consent items. We do have the standing motion to accept items 1 through 23 except for 13 and 14. It's made and seconded. There's no further comment. Any discussion. All those in favor with an aye. And those opposed with a nay. It's unanimous on those items, the tally is 7-0. So we are finished with the Consent items. If you are here for the Consent items, you can welcome to stay if not, leave quietly.

REGULAR AGENDA

ITEM 24 – MARICOPA ASSOCIATION OF GOVERNMENTS ANNUAL MEMBERSHIP DUES

[Time: 00:37:43]

Mayor Lane: We will start with item 24, which is the Maricopa association of government annual dues, and we have Mr. Lundahl.

Government Relations Director Brad Lundahl: Thank you, Mayor and members of Council, I'm here tonight for a couple of items, our annual dues. I will start first with the dues for the Maricopa Association of Governments. Each year we do bring these forward to you for your approval. Just to give you a bit of background on M.A.G. It was established back in 1967. It is an M.P.O. or Metropolitan Planning Organization. It was designated that back in 1973. And one of the major reasons why we have M.A.G. is for urbanized areas with a population greater than 50,000 persons. It is a requirement of federal law for transportation planning purposes. There are currently 27 members in M.A.G. M.A.G. did recently expand down into Pinal County and so we did pick up a couple of new members through Pinal County. There are three Native American Indian communities. And both Pinal and Maricopa are members.

The policies for M.A.G. are developed by an executive committee of which Mayor Lane will be the Vice Chair of the Executive Committee. The annual dues for M.A.G. are based on population and I do need to point out that during the economic downturn, M.A.G. did reduce their annual dues for the cities and towns by 50%. That went for several years and this is the first year that we will be paying if Council does approve it, we will be paying back to the 100% level so they cut us a deal for several years, but they could no longer sustain that discount to us. So the annual dues this year will be

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\$40,300. As I mentioned, before they were \$18,635 last year. So Resolution 9770 would authorize payment of the dues to the Maricopa County Association of Governments for this year. With that, Mayor, members of Council, I would be happy to answer any questions.

Mayor Lane: Thank you, Brad. For the presentation. Yes, we had some comments or questions and we will start with Vice Mayor Phillips.

[Time: 00:40:19]

Vice Mayor Phillips: Thank you Mayor, thank you, Brad. Do you know what the total dues are for all the cities for M.A.G.?

Brad Lundahl: The total M.A.G. combined?

Vice Mayor Phillips: Yes.

Brad Lundahl: I don't have that in my packet. I apologize. I can get that number for you, but...

Vice Mayor Phillips: Okay, I'm sorry. I just thought of that. Because the other question was, what is it used for? And so you wouldn't know that without the total amount.

Brad Lundahl: That's correct. Yeah, I don't have that total amount.

Vice Mayor Phillips: That would be good to know.

Brad Lundahl: As I mentioned before, it's based on population. So it would be hard for me on the spot to figure that out, but I can get that to you.

Vice Mayor Phillips: When they did the reduction, the \$18,000, how did they come one that figure in the last three years?

Brad Lundahl: Mayor, Vice Mayor, the number, they just reduced everybody's dues by 50%, and I don't think there was a lot of science used in it. They just wanted to recognize the financial strain that cities were seeing.

Vice Mayor Phillips: It's a little more than 50% but you are rounding that out I'm assuming? Oh, it's based on population change?

Brad Lundahl: Yes, we've had, Mayor, Vice Mayor, we've had some population changes and in addition, we've some new members join M.A.G. and so everything got shuffled around just a little bit. That's why the numbers are a little skewed.

Vice Mayor Phillips: Okay, thank you, Brad.

Mayor Lane: Thank you, Vice Mayor. Councilmember Korte.

Councilmember Korte: Thank you, Mayor. I would like to make a motion, to adopt Resolution number 9771 authorizing payment of annual membership dues in the amount of \$40,300 to the Maricopa Association of Governments for fiscal year 2014/15.

Councilwoman Klapp: Second.

Mayor Lane: A motion is made and second. Would the second like to speak toward it's at all?

Councilwoman Klapp: No thanks.

Mayor Lane: Okay. So seeing that there's no further comments on it. Again thank you, Brad, for that. I think we are ready to vote. All of those in favor, indicate by an aye. Those opposed with a nay. The motion passes unanimously, 7-0. Thanks again, Brad. Okay.

ITEM 25 – LEAGUE OF ARIZONA CITIES AND TOWNS ANNUAL MEMBERSHIP DUES

[Time: 00:42:36]

Mayor Lane: Now you are standing in place for obvious reasons. Item 25 is League of Arizona Cities and Towns Annual Membership Dues.

Brad Lundahl: Yes, thank you, Mayor. The next one up and the final one for tonight is the annual dues for the League of Arizona Cities and Towns. Just a little bit of quick history. The League which we are a member of, was formed back in 1937, to advocate on behalf of all cities and towns in Arizona. City of Scottsdale has been a dues paying member since 1951 and there are currently 91 cities and towns who are members of the League. The League's operations are overseen by their executive director, Ken Strobeck and the policies for the League are developed by an Executive Committee of which Mayor Lane is a committee. There are 25 members on that committee. Just like M.A.G., the annual dues are based on population, and for this year, the dues will be \$88,250 and that is a \$250 increase over last year's dues. So before you, Councilmembers, you have Resolution number 9770, which would authorize payment of these dues and I would be happy to answer any questions.

Mayor Lane: Thank you, Brad. I'm sorry, but in this case, what was the increase in the dues?

Brad Lundahl: Mayor, \$250 over last year.

Mayor Lane: Okay. How much do we, this may be just an associated item, but how much do we contribute in membership dues to the N.L.C.?

Brad Lundahl: Mayor, for National League of Cities, our dues will be \$12,468 this year.

Mayor Lane: Okay. Thank you. I don't believe we have any other comments on this item. Thank

you for the report. I will accept a motion.

Councilmember Korte: Mayor, I move to adopt Resolution number 9770, authorizing payment of annual membership dues in the amount of \$88,250 to the League of Arizona Cities and Towns for fiscal year 2014/15.

Councilwoman Klapp: Second.

Mayor Lane: A motion has been made and seconded. Any comments from anyone? We are then ready to vote. All those in favor, please indicate by aye. Those opposed with a nay. The motion passes unanimously, 7-0. Thanks again, Brad.

Brad Lundahl: Thank you.

ITEM 26 – SCOTTSDALE FAN FEST EVENT

[Time: 00:45:19]

Mayor Lane: Next order of business is item 26 which is the Scottsdale Fan Fest, and with that Mr. Katsenes is going to be leading this off. Maybe I'm wrong.

Economic Development Manager Steve Geiogamah: Good evening, Mayor. Steve Geiogamah. In just a moment, I'm going to bring up Kate Birchler to introduce us to an event, the Scottsdale Fan Fest event which is an event which will take place at Scottsdale Fashion Square during an ESPN broadcast. I would like to introduce the funding request, some of our net process and some of the highlights of this particular contract. This slide illustrates the funding request which is in front of City Council this evening. The Tourism Development Committee, which I will refer to as the T.D.C., has recommended funding of \$475,000 of carryover funds for next fiscal year and this is indicated on the left-hand side of the screen and the red arrow, as well as the red box there, which shows the carryover balance for next fiscal year, as well as some allocations already approved by City Council. City Financial Services has estimated there to be \$4.7 million available in that particular fund for next year.

In regards to our process, I would like to spend a few moments going over that. The Tourism Development Commission, along with City staff, have developed some criterion objectives for our four tourism programs and they utilize or we utilize those criteria objectives as we move forward an application or a proposal from an event producer depending on the application they applied for. It helps the commission identify a funding recommendation in addition to some event surveys, as well as some post reports, if it's applicable to the report, but we also utilize in particular for this program as well a marketing consultant will come in and take a look at some of the benefits and deliverable of the agency and they have done that for this event. It's included in the packet for City Council's review this evening and we'll talk a little bit about that as we go through the presentation here this evening. In addition to that, once the tourism development commission has made a recommendation, the City staff looks at the event, and works with the event producer to ensure that we substantial legal value as it moves forward to City Council.

They are identified in the contract and Exhibit A in the deliverables and you have that here as well. On the back end, we don't make payments to an event until we confirm that the contractual obligations have been met. The return on investment outlined in the contract has been achieved, whatever amount it might be, and due to some changing market conditions this year moving forward, we are looking at bringing in another element to our review on the back end. We would like to have a marketing agent to look at the marketing and branding and a third party audit, if you will, open the back side. So we are not only doing it on the front with the market review, we are also going to do it on the back end, especially related to some of the substantial investments focused around a television broadcast and that type of broadcast. We will do that going forward in this next fiscal year and we will do it on this event as well and going forward.

Some of the contract highlights related to that. Some of these include mentions prior to the event broadcast. There are 14 or 15 deliverables but this is the focus point, if you will, related to the deliverable. Seven mentions in advance the event taking place there. Will be 20 mentions per day of the Scottsdale Fan Fest, in downtown Scottsdale, mentioned 20 per day, as well as 10 on the weekend.

The agency has evaluated this as return value of \$600,000 on the front end and once again on the back end, we will make sure that that is met before payments being made. The last bullet point describes what I mentioned with the post reports all to ensure that we get value. One thing that is unique in this particular contract, that we built into, it we are going to work with Macerich on determining an event budget if you will in September. We will establish that now to meet the fulfillment expectations and depending on Council's decision. As in-kind sponsorship is received in the coming months leading up to the event, if that sponsorship amount exceeds the event budget, then we will reduce our investment or sponsorship proportionally. So we are having a partnership here related to this particular contract and event. So at this point, that covers my area. I would like to bring up Kate Birchler. If you have any questions on, this I will be happy to address them.

Mayor Lane: I have two cards of people who would like to speak towards this. At this point, let's make sure that they are covered and then we will go to yourselves. We have two requests to speak on this topic and we will start with Ren Hirose.

[Time: 00:50:52]

Ren Hirose: Thank you, Mayor, I'm a commissioner on the Tourism Development Commission and I just want to speak about when I first heard about Fan Fest Scottsdale, I knew I wanted to get involved. It's a big event here and I attended their weekly meeting to ensure that the TDC objectives and criterias were met and looking at the presentation during our meeting that we had last week, they did meet those objectives that we have set.

You know, it's Super Bowl coming in town in a few months, Phoenix downtown is poised to get the attention. They are having the Super Bowl Boulevard there. And we have a lot of things that will be going on in Scottsdale but we have several small events. What we have here with Fan Fest Scottsdale

with ESPN provides the anchor that we need in order to bring the guests here, the visitors, to experience Scottsdale, to dine in our restaurants, to shop in all of our retail stores and experience our beautiful city that we have. You know, we want these visitors that come to Scottsdale to enjoy and experience what we have here.

You know, the Fan Fest itself is a fantastic opportunity. It's a fantastic draw to have them here. This proposal is based upon, as you will see on an R.O.I. for that week only. You know, but it doesn't speak about the following, the future. And once these guests, when you have these people that are at downtown Phoenix, or staying in Mesa or Glendale or Tempe, we don't want them just thinking about downtown, the metro area as the valley. Scottsdale is a beautiful area. We want them to return in the future and come here. So having the Fan Fest and having them come to our beautiful city. ESPN is the most watched sports network during the Super Bowl and with the coverage that you see from 4 a.m. to 7 p.m., you know what great opportunity to showcase our city here. And we will be in the forefront of the millions of viewers every single day during that week.

You know, this will be a great opportunity to partner with them during Super Bowl and also the opportunity for the future, when 2015 when Phoenix will host the college football championships. The proposal of \$475,000 in funding is quite a large amount of money but it's well worth the investment. The media value of over \$1 million, it's fantastic there. The sales tax with over \$300,000 just for that week will help to pay for this. And if you think about the future, and what this will bring in return visitors and people that will come to Scottsdale, it will definitely exceed the investment of \$475,000 and I would like to recommend that you approve this funding. Thank you.

Mayor Lane: Thank you Mr. Hirose. The next and final is David Scholefield.

[Time: 00:53:55]

David Scholefield: Good evening, David Scholefield, Scottsdale resident and I sit on the Tourism Development Commission as the Chair. This may be the most vetted, reviewed, stick poked at event since I have been on the commission. Various commission members have attended in excess of 30 meetings reviewing the event guidelines, consulting with city staff, making sure we are following all the rules and protocols so you can hear the presentation in front of you today. So please understand there's an awful lot of work that has gone into this and an awful lot of review. I think we need this event to stay in the game. And if I'm upstaging anybody else's presentation, I apologize.

In the hospitality industry, when we are trying to secure business to come to Scottsdale, we all band together in the community to tell everybody what a great destination this is. However, once they have chosen the destination, that's when the fight begins. That's when I want them to choose my property, versus my esteemed colleague. So the same thing applies here in Scottsdale. We have all banded together to bring the event to the destination, to the valley. Now it's our time to fight for our fair share of that business. So I think this is a great opportunity for us to profile the destination, profile everything about downtown, and then encourage repeat visitors to come back to Scottsdale. So with that said, thank you very much for your time.

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Mayor Lane: Thank you Mr. Scholefield. That completes the public testimony on that item. So Kate, Steve, if you would like to come forward.

[Time: 00:55:47]

Tourism Advisory Task Force Member Kate Birchler: Rachel, could I ask you to join us as well, thank you. Good evening, Mayor and members of Council. Thank you for the opportunity to come before you tonight as a collaborative group to discuss the Fan Fest Scottsdale event. The importance of collaboration as Commissioner Scholefield shared with you, we have spent a considerable amount of time working as a collaborative group to really come together as a group around Fan Fest Scottsdale. It's the Economic Development Department within the City of Scottsdale. It's been our very good friends and partners, the Scottsdale Convention and Visitors Bureau. We have engaged the tourism community as a whole here in Scottsdale, and we have also engaged our community partners. We feel that Fan Fest Scottsdale has a great ring to it and we hope that you agree tonight. What better way to showcase our destination than to host a community event that brings visitors and residents to a great experience during Super Bowl and as for those millions and millions of people from, viewers of ESPN, what better way to encourage them to say, I want to come to Scottsdale. As you see on the screen tonight, this displays our Fan Fest Scottsdale logo and I would like to kick off our presentation with some comments from Rachel Sacco as it relates to the experience.

[Time: 00:57:02]

Scottsdale Convention and Visitors Bureau President and CEO Rachel Sacco: Mayor Lane and Vice Mayor Phillips and members of Council. One of the most wonderful things about having a Super Bowl in your community is that it really spreads the opportunity and the economic impact not just through our valley, but as we learned from the last time we hosted Super Bowl in 2008, there's a reason it was called the Arizona Super Bowl and that is because it generated over \$500 million in economic impact to Arizona. The great thing about it is every single community in our very unique metro area actually had an opportunity to shine. Everyone had a piece of it. And so did Scottsdale.

As a matter of fact, it was a high watermark for us in Scottsdale. Of the night before Super Bowl Sunday, Scottsdale experienced an occupancy of 96.7%, our highest ever on record which is why every community and Scottsdale included, joined together to fund the host committee for the Arizona Super Bowl to go out and bid again and we were lucky enough to secure the 2015 Super Bowl. We used our bed tax dollars to go ahead and make that investment. And what we hear from the Arizona Super Bowl host committee, as well as the City of Scottsdale, is that early projections for 2015 are that Arizona will reap an astonishing \$600 million of economic impact. Scottsdale, according to your folks at the City, will be able to recoup the investment that we made from bed tax funds as a part of the investment to bring the host committee and the bid here, that that was \$645,000. And that their estimate is that we will be able to have about \$727,000 in additional incremental sales tax revenue, just as a result of having the Super Bowl here. We can also say that because ESPN selected Scottsdale, that we have some unique opportunities for Scottsdale. As a matter of fact this is the third time ESPN has selected our community, something we are really proud of. This will be our second Super Bowl with ESPN. This was also an opportunity that we had back in 2011, when ESPN

broadcast from Scottsdale for the B.C.S. championship game.

In 2008, after the Super Bowl, we did a very good analysis, a very lengthy and exhaustive analysis and what we're able to chronicle was the number of hours that ESPN broadcast in Scottsdale, was that in 2008, that broadcast was worth \$1.75 million in its national and international exposure to millions of viewers. That's a 2008 number. We feel very confident with the amount of hours that they will be broadcasting on that seven day period in 2015 that that is a very conservative number and you will add to that, the number of mentions that are in the contract between Macerich and ESPN for specific mentions as well as our television commercial, which will be broadcast to those millions of viewers on ESPN.

So we have an opportunity as we bring the 2015 Super Bowl here. And one of the things that's great about this again, is that every community has a piece of this. Glendale will have the game, and Glendale will have the game, Tempe and Mesa will have events there as well. Downtown Phoenix will be Super Bowl Central in many ways, at the actual downtown will host the major events. And what we are hoping is that Scottsdale will have a chance to shine because ESPN has selected us. We feel it's not only our responsibility to the NFL, to the host committee and certainly to ESPN, to really activate this event in the way that we know will do the best experience for our visitors and for ESPN, but it's also, I think, an opportunity for the entire area to really shine.

So what I would like to also mention is that we have a small event that same week, which is, I'm going to move that. Move that along. We have a small event that same week which is the Waste Management Phoenix Open, and as you recall, we have about 500,000 really ecstatic fans, about 100,000 a day that will be attending that great event. Our thought is what a great opportunity for us to try to bring some of those people down to downtown Scottsdale and frankly, we also know that it's part of our responsibility to help those people see the rest of the valley.

We will have a visitors center presence in the Fan Fest and we hope that we will also say, while you are here, obviously in Scottsdale, we will let them know what to see and do, and check out Super Bowl central in downtown and go to Mesa and Tempe, because that was the idea that I think the NFL had when they called this Arizona's Super Bowl, that it's meant to rise the votes in our entire community but Scottsdale will indeed have its fair share as it did last time. So opportunities are the visitation, the ability to have millions of viewers see us through ESPN but also from the economic development standpoint, think of all the corporations that may be here, may be actually coming to Scottsdale, may be flying into Scottsdale Airport and if they are not here, they are seeing us on ESPN.

That would be the Economic Development Department's, I think, dream come true to have that type of exposure for Scottsdale. We know as we have had successful events in the past with Waste Management Phoenix Open, and Barrett Jackson, that those captains of industry do look at Scottsdale as a place to hold their meetings and as a place to potentially move a headquarters or a place that they can even come and retire to if not just visit, simply because of their exposure. Another opportunity that's fairly unique is we know that our occupancy will probably be at its highest from that Thursday through Sunday, but we have a seven-day period with ESPN and we're thinking that there's an opportunity, perhaps from that Sunday, right after the Pro Bowl, up to Wednesday, where last time in

2008, our occupancy during that time was only about 61%. We feel that having ESPN here and having so much going on in the valley, for communities to share their visitors throughout the whole valley, we have an opportunity to bring more people here to stay during that time period, from Sunday to Wednesday. And that's something that we will be trying our best to try to impact, which, of course, will bring back direct bed tax dollars, as well as sales tax dollars into the City coffers. So I would be happy to answer any questions that you might have.

It's a great opportunity. It's also a responsibility for us to activate this for ESPN, who has once again chosen us, and for us to activate this and responsibly do our fair share to make sure that the Arizona Super Bowl is a vibrant event and that every community shines and that Scottsdale shines, not just for ESPN, but for our visitors and our residents as well. Thank you.

Kate Birchler: Thank you, Rachel. I'm sorry, Mayor.

Mayor Lane: I was just thanking Rachel. I'm sorry, we do have a question for Rachel, Councilwoman Klapp.

[Time: 01:04:18]

Councilwoman Klapp: Rachel, the packet that we have explains when the estimates sales tax benefit will be for Fan Fest but it doesn't outline any additional monies for bed taxes and you said that it's your intention that you want to fill those hotel rooms from Sunday to Wednesday. Do you know what the dollar impact of that estimated increase in bed tax might be for those three or four days?

Rachel Sacco: I think the delta is really large. So if you looked at 2008, which is all that we have to really go by that are concrete numbers and figures. In 2008, when we had our high watermark of 96% or so occupancy, we don't expect to go much over that for that Thursday through Sunday. But leading up to it, we were only at 61%. So as we look, if we took the overall revenue and, that was associated with the high watermark, if you will of 96% and you looked at also what was accumulated during that time period leading up to that of 61%, there's a delta there that if we were able to, let's just take the best case scenario. If that 61% turned into 96%, we would have an opportunity to garner another \$600,000. Using those numbers in 2008 and multiplying the bed tax of 5%. That's unlikely to happen, but there's an opportunity somewhere between 61% and 96% and frankly, half of the bed tax, as you know goes to the City of Scottsdale. There's some ancillary sales tax and the other taxes that accrue when someone is staying in a hotel and enjoying the retail and the restaurants.

Councilwoman Klapp: Thank you.

Rachel Sacco: Thank you.

[Time: 01:21:15]

Mayor Lane: I don't know who would want to answer this, I don't know whether it continues from here, but, and I don't know maybe this is going to be yet portrayed but I'm looking at the reports that

we went over a couple of days ago with regards to summary of revenues and expenses, actual new cash outlays, and I haven't seen that yet. I don't know if that's yet to come or not. But before I enter into getting the answer to that question, I will say that one of my concerns has been the fact that these are bed tax dollars we are talking about, and we have pretty much already, as far as our commitment to the Super Bowl committee and to the game itself, at \$645,000, have taken up what had been labeled as \$727,000 on this, but originally some 600 some odd thousand in incremental additional taxes. They have pretty much be paid for with our participation, the ticket to the party as Rachel puts it sometimes.

But nevertheless, I just, with \$645,000, plus about half a million dollars that we do in in-kind that got us tagged at \$1 million before we get into this and potentially transportation issues that we're going to be faced with, in the upcoming weeks and months. But I guess going back to my original question, I did not see it and I would like to see them portrayed, the work sheets that we had, that indicated the revenue at \$400,000, the event activation at \$800,000, the public safety and security at \$92,000 and advertising and promotions summarized from Macerich at \$160,000 for total estimated expenses of \$1,000,052, showing a deficit on the program of \$652,000 before any other funding or consideration were concerned. Do we have that?

Rachel Sacco: Yes, Mayor. As a matter of fact, I will exit to my left here and allow Kate Birchler and Steve Helm to continue through the rest of the presentation, which will in detail go through that financial presentation if you will.

Mayor Lane: Okay.

Rachel Sacco: I would like to say from the bed tax standpoint, when the voters in 2010 were given the opportunity to vote on increasing the bed tax as one being very involved in that proposition at the time, as many people were, we, the tourism industry, feel that when the voters actually did vote yes to raise the bed tax, with the ordinance language saying that those dollars would be split between the CVB or for marketing and the City, and the City's uses would be for events and for capital projects and other things that would actually assist tourism in recouping those bed tax dollars, the tourism industry definitely feels that this is exactly what we were talking about. So we feel that it's an investment that we'll recoup not only bed tax dollars but sales tax dollars and it will give us something for many, many years to come in terms of the cache and the audience. So let me.....

Mayor Lane: And Rachel, before with you step aside on that last comment, I would like just to say, certainly that's understood as it is.

Rachel Sacco: Thank you.

Mayor Lane: And we do have destination marketing programs and some of that component is being paid for here and that's coming out of promotional dollars. So there's a little bit of a line as to how it all gets defined. Not to mention the fact that we certainly, no matter whether the money is available, and I realize that it is, that we have to be careful. We are fiduciaries with regard to this money and we have to make sure it's appropriately used. When we think of your assertion, of

\$600,000 in additional bed tax for those three or four days we are talking about going from potentially 61 to 96, it amazes me when we think about the entire incremental increase in sales, in taxes that were supposed to be available at 727, so within four days we could actually match this again, another increase in, that's profoundly interesting. But it goes to one point that these dollars really are meant to be tourists and bed tax related kinds of recoveries and one of the schedules that where undoubtedly we will see, we are talking towards \$300,000 in sales tax, which a profoundly large number and I think maybe when Steve has recalculated on the basis of the actual percentages, it may be south of \$18 million, but that's a huge amount of additional revenues coming into the City's coffers but also into Macerich and downtown businesses and I would say Fashion Square.

[Time: 01:10:51]

It's just that we have talked about, it's a balancing act on this. I think everybody understands there's an importance to this, and the fact that we, I don't want to say reluctantly, but certainly with some consideration of the position we were in to commit \$645,000 of these bed tax dollars to begin with and then in kind estimated it at somewhere around half a million dollars. We have a lot of skin in this game. And so it's important to us, but it also make sure that it works out fairly for all involved and that the City is not....

Rachel Sacco: Mayor, thank you so much. We would never want to come before you, knowing that we will be coming before you with many event requests, without the understanding that you are looking at this from the fiduciary responsibility that you have, as the TDC, I believe, in their more limited role in making this recommendation to you and so we appreciate that. And back to the opportunity costs, I think that's why they call it the Super Bowl. As I mentioned earlier, that \$600,000 is unlikely to occur. It's unlikely we are likely to get from 61% occupancy to 96% occupancy during those days but there's an opportunity. And every, perhaps, you know, decibel that gets us a little higher in terms of occupancy brings something that wouldn't have come without this effort. So that would be at the highest amount, but anyway thank you for the consideration that there's opportunity here. There's responsibility here, and that's why we rely on you to hopefully assist us as we put forth the best experience that we can for Scottsdale.

Mayor Lane: Thanks, Rachel.

Kate Birchler: Thank you, Rachel. So what we're here to talk about is the details of the event. And first thing we want to talk about is the fact that yes, ESPN chose Scottsdale and ESPN chose downtown Scottsdale. And they chose it because of the vibrancy and the energy that downtown brings. And what better backdrop to have than the iconic view of Camelback Mountain. And that will be the backdrop, Monday January 26th through Super Bowl Sunday February 1st. Seven full days from 4 a.m. to 7 p.m. And that's very exciting. As part of that, we have entered a fully executed contract with ESPN and as part of the commitment, is that they require that we have 250 people at all times during that broadcast to show that vibrancy and that energy in addition to highlighting downtown but also to show that energy as you would see behind any ESPN broadcast for anyone who watches. In addition to that they want to see event activities. They required an event activation to create that buzz and excitement in downtown Scottsdale. That's why when the CVB and ESPN were

discussing locations and ESPN identified this location in downtown Scottsdale, we as a partner, as a good community partner said yes, we would like to have this event here as well. So now I will turn it over to Steve who will share a little bit with you about the event footprint.

[Time: 01:14:00]

Macerich Assistant Vice President Steve Helm: Mayor Lane, Vice Mayor Phillips, Councilmembers, we are really pleased to be here tonight and talk about ESPN. The site that they chose was the former Days Inn site which is just north of the parking garage by Macy's. And they chose that site, it's marked on the slide, they chose that site because number one, it was in downtown Scottsdale. Number two, it was adjacent to ample parking so we can park the people coming to the event. But most importantly, the backdrop of Camelback Mountain is what really hooked them into that site. And they have been steadfastly committed. We have a signed contract with ESPN. All of the requirements that were talked about for mentions and commercials and everything happening during the week is in writing with them now. So it's a done deal. The site is going to be served by transportation. Like I said before, it's very close to parking. I may be getting off my subject here but she will tell me if I am. What I really want to get to is the budget. Okay. We are going to get there because Mayor Lane was raising that as a question.

Kate Birchler: And we are happy to answer and address those questions. We want to share the event overview. We want this as a high-energy destination experience during the Super Bowl and what an opportunity for the visitor and the residents about to come out and get excited about Super Bowl, not only experiencing what every fan wants to experience in an event, such as this, but to be there with ESPN and be a part of that live broadcast and also experience what downtown, excuse me what Scottsdale is all about. They want to see the spas and the resorts and the golf and the shopping and the dining and so we really want to highlight that throughout this event. As we mentioned, it's seven days, 4 a.m. to 7 p.m. And we plan to go until 9 p.m. in terms of the event activity.

So let's talk about what it might look like. We are envisioning a space that includes food, beverage, live entertainment, interactivity, activities for football fans, for golf fans. We envision booths and all kinds of lounge areas, V.I.P. lounge areas. We envision this as an elevated experience, thinking that we are really catering that affluent Scottsdale visitor, and the first thing you will do upon arrival, however which way you choose to come to Fan Fest. You look at this as the anchor event, the first thing you will do is interact with the Convention and Visitor Bureau welcome center.

With all of that activity and everything happening in Scottsdale, they will be able to provide what else there is to do. That's the first thing you can do. We plan to host some fashion shows. There's a lot of activity and fun planned for this area. We are looking at it as a more elevated experience because of who we are in Scottsdale. The most important thing is create exposure for Scottsdale and branded destination. And make a memorable experience for our visitors and residents alike.

In addition to that we want to leverage our partnerships. The Scottsdale Convention and Visitors Bureau, the City of Scottsdale, the Arizona Super Bowl host committee and the major assets to help promote and activate and promote this event and the entire activities. And we hope, if we create a

successful event that this would warrant a return of ESPN for future years. For example, the 2016 college championship bowl game will be coming up in 2016. So we hope to encourage Scottsdale, encourage ESPN and really exceed their expectation. The time is of the essence.

This is a major milestone for us this evening, and, you know, we really are excited about the marketing and P.R. strategy. There's a lot of work to be done going forward. That's why we are here with you tonight. We want you to know that we have a very proactive marketing and public relations strategy in promoting this pre and post arrival, we will work in conjunction with the Scottsdale CVB for this event and that's what's most important, in addition to we will be promoting the Fan Fest Scottsdale logo in everything that we do.

[Time: 01:18:21]

Steve Helm: Now the budget. You can see we have \$400,000 in estimated sponsorship revenue. That's not a number that we pulled out of our hat. It was a collaborative number. We have been talking to people who are in the sponsorship business and we believe for an event of this magnitude, that's a reasonable amount to expect in sponsorship, but it's an estimate. As are all the numbers on this sheet. Part of our agreement with the City will be to come back with a very specific budget, no later than September 1st, which will detail and great detail all of the various items.

We have \$800,000 in event expenses. This was gathered from several event planners who looked at programming a site like this, for seven days from early in the morning until midevening, and over seven days, you've got to rent the fence and the tents and you have generators and lights, sound systems, stages, rest rooms, all the things that go along with hosting a great number of people. That's estimated at \$800,000. We have \$92,000 in security-related expenses. Our security manager met with Chief Walther and went through the logistics of what the event is, and where people will enter and exit, and what the requirements will be for guiding them through the parking structure, for getting them to the site and also getting them from the street to the site. As mall security, we can't direct traffic in the street. It's got to be the Scottsdale Police Department and they came up with a total of \$92,000 which includes reimbursing the cost of off-duty police, covering the extra cost of security, and then renting the extra equipment.

We need more golf carts and more radio and equipment. We have \$160,000 that goes to marketing the event and that's just a fraction of the total amount of marketing that will be done, but at the end of the day, you reach a number, that's \$1,000,052 and what we are requesting is \$475,000 from the bed tax to be used to offset these expenses, like \$475,000 will pay for a lot of tents, fences, sound systems, lights, rest rooms, those kinds of facilities that are required to stage the event. So when we talk about drawing people for bed tax and whatever, the event itself is going to be a huge draw. So anything that is put into that event helps to create that event, and helps to create the draw for those people to want to come to Scottsdale and that will result in the sales tax and bed tax and I recalculated the sales tax number because I was using the wrong percentage and it's really \$237,000. So thank you for your advice on that.

[Time: 01:21:15]

Mayor Lane: If I might, and I appreciate that, Steve. You know, part of the issue that we've had in going back and forth a little bit on this was the fact that sometimes it was the presentation and sometimes it was some of the numbers that have changed around a little bit. I would like to make one comment with regard to our commission and that we here on the dais, just like the commission, has an absolute responsibility to speaking in public when we go through all the gyrations. I know that there was an awful lot of work put into putting the numbers together. As I sat here, through the TDC's meeting and I realized that something had been done, you know, outside the realm of this open meeting. And so I just, I'm very interested in making sure that everyone realizes that the commissions, just like us have an absolute responsibility to communicate their questions and deliberate discuss these things in public. That was one shortfall, I suppose in how this all came to us, you know, through the TDC.

But my point here, and I think I have already made it with you, but I want to make sure that I'm also saying this in public. My concerns are not with the numbers you've got there, even though you just mentioned something about 160 being a fraction of the marketing. From every report I have seen this is, these are estimates of the marketing for each of your locations across the country and across state as you promote this, to bring folks to the Fan Fest. So, I mean, I had understood that that was the number, this is not just a fraction of the number.

Steve Helm: Kate will take it.

[Time: 01:23:02]

Kate Birchler: Please understand that the \$160,000 is exactly that for the advertising and promotion. What Steve was referring to is the additional value add in which we are going to be promoting Fan Fest Scottsdale throughout Scottsdale Fashion Square, throughout all of our other assets and throughout our portfolio and key feeder markets that are important to Scottsdale and that will be the destination brand in those key feeder markets and Fan Fest.

Mayor Lane: The R.O.I. is the results of those. They don't add to it. Hopefully you get better than dollar for your dollar and that's what I think you are demonstrating on the R.O.I., like on everything else. The 1.7 million for, you know, for really exposure, national exposure is what we talked about when we pay the 645,000, but now specifically to this event, specifically to this I think the more important number is, and frankly, it will be the casual reference, but the defined number of mentions that you have built into the contract that you have with ESPN. And to that point, I guess, I wonder whether or not is there any other, I wonder whether or not are there any other stipulated mentions in that contract? Have we seen the contract?

Kate Birchler: As it relates to the contract with ESPN?

Mayor Lane: Macerich and ESPN, yeah.

Kate Birchler: The contract between ESPN and Macerich is proprietary information, but what we

have done is we have ensured that everything that is between the City contract and Scottsdale Fashion Square is inclusive. So, for example, all of those mentions, the 30 second spot, all of that detail is included in the City contract, and is also included in the ESPN contract.

Mayor Lane: But we don't have and it's proprietary, but we don't have any of the details that might relate to a specific relationship between Fashion Square and ESPN?

Kate Birchler: The relationship between ESPN and Scottsdale Fashion Square was done on a handshake and it was, we want you here in Scottsdale. We want to be a good community partner.

Mayor Lane: No, I mean within the contract. The terms and conditions outlined in the contract, between Macerich and ESPN. You mentioned the mentions of Scottsdale, are there other components. Now that you tell me it's proprietary. Essentially what you are saying, as partners, we can't see that.

Kate Birchler: Everything that was included in the City contract, all of the details as it relates to the relationship in City contract between the City and the Scottsdale Fashion Square were reflected in the ESPN contract. In fact, we held our ESPN contract so we could ensure that the City requirements are in there. So we are contractually bound times two, essentially.

Mayor Lane: I understand, but within a contract, between Macerich and ESPN, there are other factors other than what corresponds directly with the City of Scottsdale's contract. It could be ads for stores who knows. I'm just saying, I don't know what's in it, and I think as a true partner, it would be seem to me that that would be something that we would be able to, our legal department or frankly, our Economic Development Department would be seeing, particularly with the requests...

Kate Birchler: We can definitely, we can have that conversation, and absolutely discuss that.

Mayor Lane: We can discuss it but we may not be able to get it.

Kate Birchler: We will discuss it.

Mayor Lane: All right. Well, let's....

Kate Birchler: But please know, it's important to understand that, you know, these...

Mayor Lane: I'm not accusing anybody of anything. It's just how this shapes up for the City of Scottsdale when you are making the requests that you are. When we went back to the previous slide, we are talking about \$642,000 in real cash dollars. The R.O.I. aside. That's what we hope for as results, what we hope for as a City and what you hope for as Fashion Square and the promotion there.

Kate Birchler: Sure.

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Mayor Lane: As I mentioned the other day, I think, which one are you on right now?

Kate Birchler: I'm on the R.O.I.

Mayor Lane: Yeah, I wasn't....

Kate Birchler: That one is really important.

Mayor Lane: I understand it and frankly, I think some of this is a given, even though it's estimates. We have no idea whether it's 1.7. I realize that's based upon what we had in 2008 on some great calculated effect, maybe by the CVB or otherwise. I realize that someone has put a pencil to the idea that a minimum of 20 mentions a day, Monday through Friday and then 10 on Saturday and Sunday per day, and a 30 second spot equates to \$600,000. That's probably as firm as anything I can probably imagine.

Kate Birchler: That's what Steve Geogamah alluded to earlier in terms of the Artigue agency.

[Time: 01:27:41]

Mayor Lane: I got that. The media value and the other Arizona Macerich, let's see, oh, we removed the reference to Fox Sports and other language.

Kate Birchler: As it relates to ESPN.

Mayor Lane: But we had previously some references to Fox Sports who is also going to be here in town doing a similar type of situation privately. All of those amounts you looked at right there, they are the result of the \$160,000?

Kate Birchler: That's part of it, yes.

Mayor Lane: The \$280,000 I'm looking at, there as far as Macerich's promotional value in that, that's presumably the result of expending \$160,000. Now we have moved on to the next one.

Kate Birchler: Would you like me to go back?

Mayor Lane: Well, only because it references the \$160,000. The \$160,000, that's what you spend to get that return on investment, the \$280,000. So however you calculate your return on advertising and promotion. That's what I'm looking at there.

Kate Birchler: Yes.

Mayor Lane: All right, I am, I'm to this point, I guess I would be relying an awful lot on the first slide. That the \$652,000, and I know the last slide, and you can go to that right now, we're talking about some added costs.

Kate Birchler: No, no added costs. The final slide here just shows, you know, Macerich's commitment from an in-kind and cash contribution.

[Time: 01:29:27]

Mayor Lane: I see, it's adding the 160, the value add is the 280. Are you adding the results.

Kate Birchler: No, they are separate. The 160 is to promote Fan Fest Scottsdale. The additional Scottsdale Fashion Square media and P.R. value is for additional inventory within Scottsdale Fashion Square to promote Fan Fest Scottsdale and Scottsdale as a destination. In addition to, that we will be engaging all of our other assets within Arizona. We have a shopping center in northern Arizona. A shopping center in southern Arizona and many throughout the valley. Those too will help to promote Fan Fest Scottsdale and what you are seeing there is the value for on mall media, on mall advertising, if you will, should an advertiser want to pay to have a presence there. We are providing that as a value add.

Mayor Lane: I got that. On this sheet, we are talking about \$420,000 for use of the land.

Kate Birchler: Yes.

Mayor Lane: That you committed to ESPN for free.

Kate Birchler: That's the value of the land.

Mayor Lane: Leasing it for two weeks.

Kate Birchler: For leasing an event producer. If they were to come during prime real estate in downtown Scottsdale, of which everyone is looking for a place to host an event, during Super Bowl, and so that is the value of which we have determined of the site space and, again, we feel that this was important to go ahead and provide in kind no cost at all, no cost to anyone, and that is because we wanted to ensure that ESPN was in Scottsdale.

Mayor Lane: So it just adds to the sum total of what Macerich has contributed to this. I will say this once again, and we have to use this cautiously. The \$160,000 which is on the first, which is the actual dollars which is added to the R.O.I. which is the return on the same dollars and coming up with \$860,000. So we are actually giving you credit for the return on the investment and the actual expenditure.

Kate Birchler: Essentially, we are prepared, that's the advertising and the promotion for the event. We have that determined as part of our budget. And so we would consider it a cash contribution.

Mayor Lane: The \$160,000 is, but the R.O.I. is only the return on that investment and that very likely is to the benefit of Macerich.

Kate Birchler: I think it's to the benefit of Scottsdale as a whole. We envision ourselves as we are the event venue. We see this as a collaborative effort to really support Scottsdale as a community this is a Scottsdale event. That's why it's called Fan Fest Scottsdale.

Mayor Lane: I understand. You are still talking about increasing sales to the tune of \$15 million, the majority of which will be to Macerich. That's why you are extending the property. I'm now talking about the \$237,000 that you recalculated, Steve, as far as that's concerned.

[Time: 01:32:30]

Steve Helm: We are anticipating an increase in sales. We are estimating it may be \$15 million, over that week period, but it's an estimate. It's not just Fashion Square. It's sales throughout the entire downtown area. It's meals at restaurants and merchandise in stores and it's visits to spas, all of those enter into what people will spend when they come to this event.

Kate Birchler: Yes, again, Mayor, you know, we hope that our retailers and restaurants, as well as the entire downtown Scottsdale area will benefit from this foot traffic but other than that, there's very little in it for us. We just want to be a good community partner. We want to see Scottsdale shine. This is a primo location. This is what they chose. They chose downtown Scottsdale. It happened to be at Scottsdale Fashion Square and we are here to be a good partner and to ensure that Scottsdale is showcased as a great destination and ESPN sees that as part of the relationship.

Mayor Lane: What I don't want to see happen to the taxpayers resources is that we overpay in the division of what is the result of this. And we just have established something new and that's that Rachel has indicated there's up to \$600,000 in recovered bed tax by virtue of the extension of the week of the activities. It may not be there but even if it's half of that, it's some \$300,000. That makes some sense when you are talking about using bed tax for all of this. As far as to give away, the contract between Macerich and ESPN, that was a choice you made and I would think it's in part because you realized it was value to yourselves and I realize, you know, you are philanthropic enough that you are thinking the City of the Scottsdale only but there's some benefit to be spread around. What I would suggest is that we do something on the order where you are at, but not quite to the extent of it.

I have got one other thing that I would like to at least offer into the conversation now, where we will probably make a decision on this conversation too yet today and that is the idea that there's \$400,000 of revenue stream by people who participate with concession stands but this is a revenue stream estimated at \$400,000. I'm wondering who is incentivized, and who is motivated to get sponsors, particularly since it was an earlier representation that the entire \$800,000 might be recoverable through sponsorships and that.

So I'm just, I'm interested as to, and I also understand now, in the agreement that we have, you have with the City, that anything over the \$400,000 would come to the City. I would suggest that anything over the \$400,000 be split between the two partners, because we would split the actual costs of this.

And then I would also suggest that we do something within the contract to make sure that the event producers are motivated to get sponsors. I don't know that field but it seems to me that if I know it's going to be covered, I'm not really going to be looking for sponsors.

Kate Birchler: And I will tell that you everyone is highly motivated to ensure this event's success. As you can imagine the Super Bowl is a very loud market and these are estimated numbers. At the end of the day, the event will be scaled based on the overall budget.

Mayor Lane: All right. Well, I will leave it as it is right now. I have a couple of things on deck and I may come back to them but I think it's time for my Council, they are probably a little tired of hearing me at this point in time. I will go first to Vice Mayor Phillips.

[Time: 01:36:17]

Vice Mayor Phillips: Thank you, Mayor. The sponsors, the \$400,000, I guess that's an estimate. Could that potentially be more? And another question to go along with that, you think some of this sponsorship hinges on the City's decision. Are they waiting to see what the City says about this?

Kate Birchler: The event is scalable to the budget. This is where we want to sharpen our pencil as it relates to the numbers. We have everyone highly motivated for this to be successful. What we are trying to focus on is ensuring that we cover the costs.

Vice Mayor Phillips: Do you agree with that, Steve? You agree with that?

Steve Helm: I totally agree with that.

Vice Mayor Phillips: Okay. Thank you.

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

Councilman Littlefield: Move to approve.

Kate Birchler: Thank you Councilman Littlefield.

Councilwoman Klapp: I second.

Councilman Littlefield: Thank you.

Mayor Lane: Would you like to speak toward it?

Councilwoman Klapp: Based on the numbers I'm seeing here, when you look at the costs and the benefit analysis that was done here in the R.O.I. and you factor in the amount of money that we will also get from bed tax revenue on top of sales tax revenue, then I don't think that \$475,000 ask is excessive. I believe that that's an appropriate amount to put into this project, and as you pointed

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out, if there's money raised over and above \$400,000 for sponsorships, that money will come back to us. So I think this is a good use of bed tax funds for this particular event.

Kate Birchler: Thank you, Councilwoman Klapp.

Mayor Lane: Thank you, Councilwoman. Councilman Robbins.

Councilman Robbins: I think this is exactly what Rachel Sacco pointed out. This is exactly what the bed tax money is for. I'm curious about your comment that the event is scalable. So if we're putting in 475, what is going away if you don't raise your \$400,000. If we are expecting a certain time of event but you only raise \$100,000 in your cash sponsorships then you are saying it's scalable which means you will decrease the budget by \$300,000 because you didn't raise \$400,000 in sponsorship. Are we going to get the event that we think we are going to get or we will get a \$300,000 less event than you're promising.

[Time: 01:38:55]

Steve Helm: There's a provision in the contract with the City that we have to come back with a final budget by September 1st. And so when we say the event is scalable, we will know what our costs are and what our revenue is and if, in fact, we are not succeeding in raising the revenue, we will look at a way in scaling the event back. Until we get the revenue, we can't tell what it is. But I believe that scenario is covered in the City contract.

Councilman Robbins: Then I guess how is the City protected? Is our contribution scalable? If we have a lesser event in September do we reduce the amount we put into this as well?

Steve Helm: I would have to go back and reread the contract. I believe I saw something in there that it would be. It's also based on performance. If at the end of the day, we can't demonstrate that the event performed, like it did, then there is a, we have to. There will be an independent consultant that will review our performance under the event. But I think in that regard, the City is protected.

Councilman Robbins: Okay. So then back to what the Mayor was asking about, being motivated to sell sponsorships. How are you motivated to sell sponsorships in the event is scalable?

Steve Helm: I believe while we don't have an event manager signed up yet, I believe there will be an incentive in that contract so that they benefit from exceeding certain goals and that will provide the incentive for selling more sponsorships.

Councilman Robbins: Okay. Thank you.

Mayor Lane: Thank you, Councilman. Councilwoman Milhaven.

[Time: 01:40:35]

Councilwoman Milhaven: Thank you, Mayor. I for one share the enthusiasm of having ESPN come to town. I think it's incredibly exciting and I hope that that comes through when all the comments and how wonderful that is, and this is a great use of bed tax funds. And what a great win/win for Scottsdale and for Fashion Square. I think we also, we both win and that's wonderful.

As I look at this question, there's two ways to look at this and one is just does Scottsdale get \$475,000 worth of value from the event? And I think, in my opinion, it's a resounding yes. The second way to look at it is to say, is \$475,000 the right amount to spend for an event? And if that's the question, I have to say I don't have enough information to tell me that \$475,000 is the right amount to spend for this event. But I also understand it's a little by chicken and the egg from my observations to say you need to hire an event producer in order to put the details on it but you can't hire an event producer until you have a financial commitment. So I also understand it's a little chicken and the egg. I don't want to create an obstacle because it's such a wonderful opportunity.

We don't want it to be clouded in any way but I think as the Mayor said, we still have a responsibility to spend the bed tax money wisely and I think we are also in a new area in terms of events with the new bed tax, it's sort of what should the process be and so you've got a contract with ESPN and the Mayor would like to see what is it obligating us to? Should we be involved before you signed a contract so we understood what you were committing?

I think those were all really good questions about process that we will learn from this and move on because I think we are all working with the best of intentions and with positive intent. And so you just, another comment about how we can learn from this process to get better at events since we know that's a big part of our future and some of what we will see out of the tourism master plan. So all great stuff.

So what I would like to suggest is maybe a modification to the motion because we have, when I look at all of these numbers, it boils down to me, is you are looking for \$800,000 to activate the site is what it boils down. And you are asking the City to put in \$475,000 to activate that site, but it's really more concept at this point, and the budget you will come back to on September 1st is going to tell us how you are going to spend our 475, and to Councilman Robbins' point of view, if you don't get more sponsorship, it's how you will spend our 475.

I would like an amendment to the motion, that I would like to see the CVB involved in developing the event to make sure that the details of the event and what actually happens in the event, we can learn from and also that it meets the requirements and so it's not Macerich going off to do the event but the CVB in collaboration with Macerich and I would like to modify the motion, that we will pay the 475 based on the CVB's approval of the final event plan.

Steve Helm: This event has been collaborative since day one and it's our intention to continue meetings with the CVB throughout and Economic Development as well and the TDC representatives on the TDC and as necessary City Council so that we do have something that you can be comfortable with, that is fully vetted and accurate and so that commitment on our part is there.

Councilwoman Milhaven: So then would you have no objection to that amendment?

Steve Helm: None.

Councilwoman Milhaven: Terrific, thank you. Was that agreeable to the motion maker?

[Time: 01:44:20]

Councilman Littlefield: Since we have the supreme leader of the CVB here right now, are you happy with the thing, with your motion as it's currently set up and are you happy with your role in it?

Rachel Sacco: Yes.

Councilman Littlefield: Then I don't see any reason to make a change. None of us know any more about this than these guys do. We are depending on them to make this thing work and frankly, tourism is one of the things that actually, tourism is one of the things that actually works well. I'm really not inclined to tinker with the thing at all. So I'm not inclined to change the motion. No.

Mayor Lane: Thank you, Councilwoman. Vice Mayor Phillips?

Vice Mayor Phillips: Thank you, Mayor. Well, you know, maybe I'm Mr. Optimistic but I think sponsors will want to be a part of this, that they will knock down our doors to be a part of it. I don't think it will be a problem. I think \$400,000 is very conservative. And excuse me. I think this is a no-brainer. We are investing in tourism. Tourism is what pays for the amenities that we all enjoy in Scottsdale. And if you consider the cost of WestWorld, this is just a drop in the bucket as far as tourism is concerned. So I'm in full agreement of funding our portion of the Fan Fest and I would like to take my only caveat to exciting events like this is moving forward the approval of height and density will limit our tourism events such as this and we could potentially lose our cache if we don't make responsible decisions on future growth. So I will be voting for this. Thank you.

Mayor Lane: Thank you, Vice Mayor. I think that having the CVB more intimately involved is a good idea and I think it's one of the things that has been lacking to this point in time there. Has been some separation in this, there has been some separation in this and I think this has caused a bit of confusion and a little bit of consternation. But at the same time, I am not the true measure of that. You know, everything that has been said about this event, I wouldn't want my comments and concern about this to cloud the enthusiasm that I think this holds for us. Obviously, the Super Bowl, we paid a high price to have it in the valley and we're into this. So we don't want to do anything to denigrate it and I frankly think it is simply a matter of how well we use the money. I think Councilwoman Milhaven's comments, that it's important for us to develop a strategy that works well and I mean through the TDC and through ourselves that we have some real vetting and we have some real understanding of the contracts that are involved and frankly even the sequence of events, that may take place.

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I believe this is somewhere different than the 475. I guess I still have the question as to where the heck is 475 even came from. Nobody has actually sort of quantified 475. Why not 500,000? Why not 450? I don't know. It's just a magical number and I have heard some things about it. It's development, and it hasn't left me any more comfortable. Be that it's, I think everyone recognizes the value of having a good party, I suppose, and support this. In past years when we had ESPN, we have not had come anywhere close to this kind of commitment in order to do it. If there is something that's been said is that the difference between 2008 and today is the fact that there is much greater competition for this kind of thing, even though we have ESPN wanting to be here. So it does seem like, I'm sorry, Mr. Washburn, did you want to interrupt me on something I said?

[Time: 01:48:20]

Bruce Washburn: No, I did not want to interrupt you.

Mayor Lane: Okay. Just, you popped up there. It must have been something I said. But in any case, what's the matter, Bob?

City Attorney Washburn: The fact that I don't want to interrupt, doesn't mean I don't want to say something. I just don't want to interrupt.

Mayor Lane: Bob is pointing out to me, you are there. You are there. You have overridden everybody. But anyway, see how important that position is. When you hit that button, you go right to the top. But in any case, I do think an amended portion to the, and particularly, since it's acceptable to Macerich holds contract to have at least some oversight on behalf of the City through the CVB on this, I think would be beneficial for us. I would certainly like to know that you and your organization is working very closely on it to ensure its attention to the City, as well as, and frankly, I'm not trying to draw a line here. I know that there's some shared sense of obligation to both the City and to the company. But nevertheless, I just would have found this probably in a different place. But this is still one overriding thing that I am concerned about, and I really do appreciate the Vice Mayor's optimism in this, and maybe that will be the overriding issue, that this thing goes from 400,000 in recovery from sponsors to 800,000 or beyond. Who knows. But in any case, enough said on that. I think I have gotten the sense of where the Council is certainly on this and they are accepting on it. I can understand that. Now Mr. Washburn?

City Attorney Washburn: Thank you, Mayor. I just wanted to clarify that the motion makers move to approve included the staff recommendation that the resolution be amended to say authorized funding not to exceed \$475,000 from the bed tax carryover funds for Scottsdale Fan Fest and authorize the City Mayor to execute an agreement number 2014-052-COS Scottsdale Fashion Square....

Councilman Littlefield: That's absolutely what I remember saying.

City Attorney Washburn: Thank you.

Mayor Lane: Councilmember Korte.

Councilmember Korte: Thank you, Mayor. I would like to offer an alternative motion to authorize or to adopt Resolution number 9756, authorize funding not to exceed \$475,000 from the bed tax carryover funds for Scottsdale Fan Fest and authorize the City Mayor to execute Agreement Number 2014-052-COS with Scottsdale Fashion Square LLC, and additionally include oversight of the event planning process by the Scottsdale Convention and Visitors Bureau.

Kate Birchler: We welcome that. Thank you.

Councilwoman Milhaven: Second.

Mayor Lane: Would the second like to speak to that? Councilman Littlefield?

[Time: 01:51:31]

Councilman Littlefield: You know what cracks me up? Here we depend, tourism is up with of the things that actually works in this town. I will vote for this. Whatever it takes to get it passed. But I can't believe we're spending so much time trying to micromanage these people up here. I mean, what the heck? Does anybody up here know anything about tourism? We're trying to micromanage them? The CVB was happy with it the way it was, and I, you know, I mean, I will vote for it but it just drives me crazy that we are spending all of this time micromanaging and screwing around with it. If anything, we'll screw it up. So I call the question. Let's just vote.

Mayor Lane: Mr. Washburn?

City Attorney Washburn: Yes, Mayor. The language can be added to the resolution, but there will have to be something added to the contract because the contract actually defines the relationship between the City and the other parties. So we can, I will just take it that if this motion passes, the alternative motion passes with the amendment to have the oversight by the CVB, that we'll work out appropriate language to implement that and add that to the contract and not have to bring the contract back.

Kate Birchler: And we would like to reemphasize the point that the Convention and Visitors Bureau has been a great partner and engaged with us in conversations from day one and as Steve alluded to earlier, we plan to continue that conversation. There's a lot of work to be done and we are ready to get started on it. So thank you.

Mayor Lane: Very good. Vice Mayor Phillips?

Vice Mayor Phillips: Well, thank you, Mayor but I think there was a call to the question so we have to vote.

Mayor Lane: We'll give a go at that then. It is our obligation to investigate and deliberate on these items. It's not a matter in just turning it over. We may not be an expert in a lot of things but we

have an obligation. In that case, there's no further comment on that, as indicated here. So thank you very much for the presentation and for your work to this point in time and Rachel to yourself as well. And I think we are now ready then to vote. All those in favor, please indicate by aye and those opposed with a nay. It's unanimous tally of 7-0. That completes item 26.

ITEM 27 – TRUTH IN TAXATION HEARING AND PUBLIC HEARING ON THE PROPOSED FISCAL YEAR 2014/15 PROPERTY TAX LEVY

[Time: 01:54:11]

Mayor Lane: And we'll move on to item 27. The Truth in Taxation Hearing and Public Hearing on the Proposed Fiscal Year 2014/15 Property Tax Levy.

Finance Director Lee Guillory: Mayor Lane, Mayor Phillips and Councilmembers, this is the truth in taxation hearing on the City's property tax levy for fiscal 2014/15. The property taxes are comprised of two components, the primary property tax and the secondary property tax. The first discussion will be about the primary property tax. The primary property tax is used for General Fund purposes as far as paying for police and fire and parks and libraries, et cetera. There are limits to how high the maximum levy can be. So I will step through that. We start with a recap of the fiscal 2013/14 primary levy, starting out at 27.82 million and adding growth, coming up 2.17 million. That's the starting point for the fiscal year '14/15 levy. In addition, you are allowed to increase by an additional 2% per year. With Council's direction, we have not included that this year, nor have we for the past three years. So there's been about \$500,000 that has not been included that could be every year. So for four years, that means an additional \$2 million could have been added to the primary levy if the 2% allowance is approved.

In addition, any new construction or growth on to the property tax roll is added into the primary levy and in '14/15, that would add another \$234,000. So the primary levy as shown on the screen here would be the \$25.74 million that would go to the General Fund. In addition, you are allowed to levy for involuntary tort claims. This money, which for calendar year 2013 totaled just over \$2 million can be levied and collected and this money would go towards the risk fund to pay for those involuntary tort claims. Again, Council gave direction earlier in December and in February, that we should include this in the primary levy. So the bottom line is that the fiscal year '14 primary levy would be \$27.8 million.

This is \$2 million higher than the prior year, and an increase of just over 8%. If that increase totals over 2%, you are required to do the truth in taxation hearing which is what we are doing tonight. And that meant publishing in the newspaper the Tin T hearing notice and the City's desire to increase it over 2% over the prior year's levy. The bottom part of the screen shows the assessed valuation of the City as a whole and we take the levy divided by the assessed valuation, you come up with the primary tax rate per \$100 of assessed valuation. So the rate would go from 53 cents last year, up to 55.8 cents had year, and overall increase in the primary rate of 4.5%. So even though the actual levy is going up 8.4%, it's slightly offset because the assessed valuations went up resulting in the rate only increasing the 4.5%.

[Time: 01:58:20]

The second part of the property taxes is that secondary levy. This levy is used and unlimited in growth every year. It can only be used to pay debt service on general obligation bonds, that the voter have authorized the City issue. So the actual debt service payments on the general obligation bonds has decreased versus prior year and stands at about \$35.5 million. So a little over a million dollars decrease in the levy is needed and we see the secondary assessed valuations listed here that have gone up and resulting in an overall decrease to the secondary property tax rate of 7 cents. On this slide, I have recaptured the combined levy. So in '14/15, the primary level is \$27.82 million. The secondary levy would be \$35.57 million, a total of \$63.4 million. This is a million dollars increase over the prior year and, again, the corresponding rates are listed below. The actual rate would drop even though the amount of the levy has increased. So the action that you actually take tonight is just a roll call vote, what is a truth in taxation hearing is required that we do a roll call vote. In addition, it is state statute that we wait a minimum of 14 days before actually adopting the ordinance. So I will be coming back on June 17th for the adoption of the ordinance. That concludes the presentation.

Mayor Lane: Thank you. We have some comments or questions. Starting with Councilman Robbins.

Councilman Robbins: Can you go back to the primary levy slide and I have something I just want to propose and maybe get some discussion about it and further future budgets. If you look at the tort recovery. Every year when we have involuntary tort payments our City Attorney does an excellent job of minimizing those, however if you see last year, we paid out \$145,000 and this year over \$2 million. So there's a huge swing and that's a big swing to our taxpayers. I know that's difficult to budget for, but maybe if we could look back over a five-year period and budget for a percentage of, that say we paid out \$5 million over five years and it's \$1 million per year and we budget a half a million dollars so that the taxpayers, the property owners are not hit as hard in any one year and it flattens that out. So maybe we can have a portion of the tort recovery that's budgeted and another portion that is done through property tax this way. So that way it seems to be, it doesn't hit people in any particular year. So anyway, that would be a suggestion to make and I see the City Manager nodding his head as to take that under consideration for next year's budget, but obviously, it would be a Council directive and it would have to be agreed on by the majority of the Council.

Mayor Lane: Thank you, Councilman. Vice Mayor Phillips?

Vice Mayor Phillips: Well, thank you, Mayor. Yes, back when we talked about this and Council decided to put the tort on the property tax, I was under the false assumption that that's where you put tort claims is in the property tax. I have since found out that we put them on there because the state allows it, not because it has to be. I think a better way to pay for these would be coming out of the General Fund. That would spread out the claims among all taxpayers, not just property owners. So I think moving forward, and in the future, I think we should look at that as the proper way to do that. So unfortunately, this time around, I have to be voting no on this.

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[Time: 02:02:33]

Mayor Lane: Thank you, Vice Mayor. You know, I concur with Councilman Robbins' assertion, as to how we might be able to redistribute this. I know it's not the topic on our schedule right now, but it will be for future conversation. Essentially that tort recovery is a premium that we pay for the year to reimburse our reserves for the first \$2 million worth of coverage. So we have obviously used well beyond that with some of the claims that have been against the City but they were covered by umbrella policies over and above the \$2 million and then again above \$10 million. So I think that setting someone type of structure where we will have on the basis of risk by department and general staff population, I think in the same calculated format we do the premiums now for our umbrella policies, it would probably be stand in order.

There was a wild fluctuation as was pointed out but if we take it over a five -year period, we would hopefully come into a reasonable realm where it would be coming through the normal budget process and through the General Fund. But as it is right now, I certainly, I will vote for this, but, and I think that's the extent of questions on this. Will we need to take a roll call vote on this and I will ask if the City Clerk, Ms. Jagger, if you would facilitate that if we are all ready to vote and, of course this would be to accept this property tax levy as has been indicated to us.

Carolyn Jagger: Mayor Lane.

Mayor Lane: Yes, aye.

Carolyn Jagger: Councilmember Phillips.

Vice Mayor Phillips: Nay.

Carolyn Jagger: Vice Mayor Korte.

Councilmember Korte: Yes.

Carolyn Jagger: Councilmember Klapp.

Councilwoman Klapp: Yes.

Carolyn Jagger: Councilmember Littlefield.

Councilman Littlefield: No.

Carolyn Jagger: Councilmember Milhaven.

Councilwoman Milhaven: Yes.

Carolyn Jagger: Councilmember Robbins.

Councilman Robbins: Yes.

Mayor Lane: Okay. We've got that tally then. It looks like you stand in place again for the next item. So we have completed item 27.

ITEM 28 – PUBLIC HEARING ON PROPOSED FISCAL YEAR 2014/15 MUNICIPAL STREETLIGHT IMPROVEMENT DISTRICT EXPENSES AND PROPERTY TAX LEVY (BY DISTRICT)

[Time: 02:04:48]

Mayor Lane: We move on to item 28 which is Public Hearing on Proposed Fiscal Year 2014/15 Municipal Street Light Improvement District Expenses and Property Tax Levy by District.

Finance Director Lee Guillory: This is similar to the last agenda item, but this relates to just the street light district within the City of Scottsdale. In fiscal year '14/15, the estimated energy costs to service the 355 street light districts is estimated at \$571 million, in addition we have accumulated reserves that we're trying to draw down every year and the use of those reserves would reduce the levy by approximately 38,000. As you can see, the actual energy costs from the prior year are about the same amount. It's just that the amount of reserves being used has dwindled.

So '14/15, the final levy would be higher. It will be \$533,000 for these districts versus 396,000 last year. In addition, we still have additional reserves that we will be drawing down in the future and the way we are doing that is the reserves are looked at by district, and so some districts that have high amounts of reserves, their levy, their rate is actually zero to try and draw down the reserve but we're not able to do it all in one year. So it's going to take multiple years to do it.

Mayor Lane: Lee, if I might, on that, you know, and I have, I know we have gone over this before, but in the take down of that reserve, we have a stipulated amount by district of a reserve that's stand by. Is that three months bill or what, or cost? For energy?

Lee Guillory: I believe that the new policy is that it's supposed to be 1/12th of the annual cost.

Mayor Lane: Okay. So we are taking it down to that level?

Lee Guillory: Correct. So similar to the last action tonight we are just approving a motion to adopt the levies on the actual ordinance on June 17th.

[Time: 02:07:10]

Mayor Lane: Okay. Thank you very much for that presentation. And I will call upon the City Clerk to give us a roll call vote on this one as well.

Carolyn Jagger: Mayor Lane.

Mayor Lane: Yes.

Carolyn Jagger: Councilmember Phillips.

Vice Mayor Phillips: Yes.

Carolyn Jagger: Councilmember Korte: Yes.

Carolyn Jagger: Councilmember Klapp.

Councilwoman Klapp: Yes.

Carolyn Jagger: Councilmember Littlefield.

Councilman Littlefield: Yes.

Carolyn Jagger: Councilmember Milhaven.

Councilwoman Milhaven: Yes.

Carolyn Jagger: Councilmember Robbins.

Councilman Robbins: Yes.

Mayor Lane: Thank you. Thank you. Okay.

ITEM 29 – FINAL PUBLIC HEARING ON THE FISCAL YEAR 2014/15 BUDGET

[Time: 02:07:43]

Mayor Lane: The final item on our Regular agenda, is item 29, the Final Public Hearing on the Fiscal Year 2014/15 Budget and we have Mr. Behring.

City Attorney Bruce Washburn: Before you proceed on the next item, on the previous two items one of the requirements is that the testimony, the public testimony be solicited and I just wanted to note for the record that there were no cards turned in and so therefore public testimony had been solicited and none had been offered.

Mayor Lane: Thank you. Mr. Behring?

[Time: 02:08:10]

City Manager Behring: Mayor and Council, this evening we finalize our adoption for the City's

spending plan for the next fiscal year. I just want to quickly summarize where we are in the process. The fiscal year 2014/2015 budget is balanced. It does incorporate the priorities and the directives of this governing body. It provides for salary increases for our employees based on performance. It includes \$2.7 million in identified spending cuts in other General Fund items. It eliminates a total of 20 net full-time equivalent positions in the City workforce, 18 of which were in the General Fund. It incorporates organizational changes that eliminates some of our midlevel management structure to provide for a more streamlined operation. It includes \$13 million transfer of funds to the capital improvement program, and it does increase a small property tax increase for sort recovery but no property tax increase for the ongoing daily operations of the City. After tonight, we will hold a final public hearing and final adoption of tax levies on the June 17th Council meeting date. That's where we are at tonight.

Mayor Lane: Thank you very much, Mr. Behring. So this is the final public hearing on the fiscal year 2014/15 budget. And I will ask specifically, there are any questions of Mr. Behring at this time? There are no cards on it. I'm sorry, Councilmember Korte.

Councilmember Korte: I got in there at the last second there! Fritz, we are transferring \$13 million from the General Fund to C.I.P. That is more money than we have transferred to the C.I.P., I think in several years through this economic downturn. Can you give me just general, so that \$13 million, are those one-time funds?

City Manager Behring: A portion of them. A portion are recurring sales tax funds. Approximately \$2.5 million, I'm looking at the budget stats to see if my numbers are right. \$2.5 million comes from the sales tax. A portion of those funds, approximately \$3.5 million I believe we budgeted comes from the sale of excess city property, not including the, um.....

Councilmember Korte: Yes, not including the church.

City Manager Behring: Obviously I learned that lesson! And then the additional cash on hand in the General Fund that we don't need to operate on for next year. Realizing the importance of every extra dollar to the capital program. So some are recurring, and some are not.

Councilmember Korte: So if I heard you correctly, approximately \$7 million was additional cash, which would be one time and \$3.5 was the sale of properties. So we're looking at over \$10 million of one-time money. So what are we going to do next year?

City Manager Behring: We are going to continue to operate the City in as cost effective manner as possible. We will continue to look at every opportunity we have, especially in the General Fund to streamline our costs, to identify potential areas for savings and then if we can get by and still provide the same level of services that our citizens are used to and become accustomed to, in a more cost effective manner, we will implement those changes as we go throughout the fiscal year. We are not going to wait until the fiscal year starts to look at additional modifications. And hopefully when we can realize those savings we can take those dollars and set them aside and earmark them next year for our capital program also.

Councilmember Korte: Thank you.

Mayor Lane: Thank you, Councilwoman. And thank you, Mr. Behring. I think we are then ready for, it does require a vote. Or is it just a public hearing? No vote.

City Attorney Washburn: This is the last hearing. No vote is required on this one. It does require a solicitation of public testimony, but, again, there's no card, so it's been solicited and none have been offered.

ITEM 30 – BOARDS, COMMISSIONS AND TASK FORCE NOMINATIONS

[Time: 02:13:10]

Mayor Lane: Very good. We completed our Regular Agenda items and we are now ready to move on to item 30, which are Boards and Commissions and Task Force Nominations and for that purpose, I will turn it over to our newly appointed Vice Mayor Phillips.

Vice Mayor Phillips: Thank you, Mayor. Are we ready to go? Okay. Well, this evening, the City Council will be nominating Scottsdale residents interested in serving on 12 citizen advisory boards. The 12 with vacancies are the Airport Advisory Commission, the Building Advisory Board of Appeals, the Human Services Commission, the Industrial Development Authority, the Judicial Appointment Advisory Board, the Library Board, the Loss Trust Fund Board and the Neighborhood Advisory Commission, the Parks and Recreation Commission, the Personnel Board, the Planning Commission and the Transportation Commission and the Trails Subcommittee is listed on the agenda, but that member will be appointed by the Transportation Commission and no Council action is needed regarding that subcommittee this evening. Those nominated will be interviewed at the City Council meeting on Tuesday, June 17th and appointments will follow each set of interviews. So can we get started?

Carolyn Jagger: Vice Mayor, I believe we need one more second. All right. Thank you, sir. We are ready to go.

Vice Mayor Phillips: Okay. So we start with the Airport Advisory Commission. We have one opening. The Airport Advisory Commission advises the City Council on policy matters relating to the operation of the airport. Airport area land use fees and safety concerns. There's one vacancy and three applicants. The applicants are: Brad Berry, John Celigoy and Jim Fendley. Each Councilmember can nominate one applicant and we will start with Councilmember Korte.

Councilmember Korte: Thank you, Vice Mayor. I nominate John Celigoy.

Councilman Littlefield: John Celigoy.

Mayor Lane: Brad Berry.

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Councilwoman Klapp: Jim Fendley.

Councilwoman Milhaven: Jim Fendley.

Councilman Robbins: No additional.

Vice Mayor Phillips: And no additional for me. Building Advisory Board of Appeals. There's no applicants for this one at this time.

Vice Mayor Phillips: The next one is Human Services Commission. There's one opening. The Human Services Commission provides advisory recommendations to City Council on Human Services priorities and programs and funding allocations for Scottsdale Cares, CDBG Block Grants, HOME Funds and General Funds. So there's one vacancy and three applicants and the applicants are Harold Roth, Josina Tishler and Margaret Wieber. I'll entertain nominations with Councilmember Littlefield.

Councilman Littlefield: Tishler.

Mayor Lane: Harold Roth.

Councilwoman Klapp: No further nominations.

Councilwoman Milhaven: Nothing further.

Councilman Robbins: Nothing further.

Vice Mayor Phillips: I will have no further.

Councilmember Korte: No further.

Vice Mayor Phillips: Next the Industrial Development Authority. The main function of this board is to issue tax exempt bonds for the purpose of attracting new economic activity to the community. There's one vacancy and three applicants. The applicants are: Jessicah Amrine, David Gulino, and Paul Watkins. I will now entertain motions for the Industrial Development Authority.

Mayor Lane: David Gulino.

Councilwoman Klapp: No further.

Councilwoman Milhaven: No additional.

Councilman Robbins: Paul Watkins.

Vice Mayor Phillips: No additional.

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Councilmember Korte: No additional.

Councilman Littlefield: No additional.

Management Assistant to the Mayor Rachel Smetana: Vice Mayor, members of Council would it be helpful if I read back who you nominated at the end?

Vice Mayor Phillips: Sure.

Rachel Smetana: So you have nominated for the Industrial Development Authority David Gulino and Paul Watkins.

Vice Mayor Phillips: Thank you.

Rachel Smetana: You're welcome.

Vice Mayor Phillips: Next, the Judicial Appointments Advisory Board there's one opening. It makes advisory recommendations to the City Council regarding appointment and reappointment of full-time judges. Donald Alvarez is eligible for a second term and has submitted his application. For Scottsdale Ordinance number 3254, the Council must appoint members recommended from the Bar Association or the Arizona Supreme Court. The State Bar Association did send three nominations but two of those nominees, while having Scottsdale mailing addresses do not live within Scottsdale municipal boundaries and are not eligible to serve. So there's one vacancy and one remaining qualified applicant that's Donald Alvarez and I will entertain nominations.

Councilwoman Klapp: Donald Alvarez.

Rachel Smetana: Thank you, Vice Mayor.

Vice Mayor Phillips: Next the Library Board. We have one opening. It advises Council on general policy relating to programs and future development of the library. The Board oversees the library's special revenue fund. Mary Wilber has submitted an application and is eligible. There's one vacancy and there are five applicants. It's Dana Braccia, Hamilton Durning, Christine Naiman, Dierk Seeburg and Mary Wilber. I will entertain nominations for the Library Board starting with Councilmember Milhaven.

Councilwoman Milhaven: Mary Wilber.

Councilman Robbins: No further.

Vice Mayor Phillips: I will nominate Dierk Seeburg.

Councilmember Korte: No additional.

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Councilman Littlefield: Durning.

Mayor Lane: Dana Braccia.

Councilwoman Klapp: No additional.

Rachel Smetana: The nominees for the Library Board are Dana Braccia, Hamilton Durning, Dierk Seeburg and Mary Wilber.

Vice Mayor Phillips: Thank you. The Loss Trust Fund Board, two openings. It's required by state statute, the Loss Trust Fund Board makes recommendations regarding administration of the loss trust fund. There are two vacancies but only one applicant. The applicant is Pauline Hecker. I will entertain the nominations for the Loss Trust Fund Board starting with Councilmember Robbins.

Councilman Robbins: Pauline Hecker.

Rachel Smetana: Thank you.

Vice Mayor Phillips: Thank you. Next, the Neighborhood Advisory Commission. There's one opening and the Neighborhood Advisory Commission advises and makes recommendations to the City Council on policies, plans and strategies for the preservation, and improvement and revitalization of Scottsdale neighborhood and housing. There's one vacancy and there's one applicant. Kevin Walling. I will entertain nominations starting with me, and I will nominate Kevin Walling.

Vice Mayor Phillips: Next Parks and Recreation. That's a citizen advisory committee that advises the City Council on the acquisition of lands and facilities for use as parks and recreation centers. Parks and Recreation Commission also advises on operation, use, care and maintenance of these parks and the recreation areas. There's one vacancy and two applicants. The politics are Todd Davis and Sherry Woodley. And we'll entertain nominations for the Parks and Recreation Commission.
Councilwoman Korte.

Councilmember Korte: Sherry Woodley.

Councilman Littlefield: Davis.

Mayor Lane: No further.

Rachel Smetana: Todd Davis and Sherry Woodley have been nominated for the Parks and Recreation Commission.

Vice Mayor Phillips: Thank you. Next Personnel Board, one opening but there are no applicants for this.

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[Time: 02:21:50]

Vice Mayor Phillips: Following that is the Planning Commission. There are three openings. Planning Commission makes recommendations to the City Council on all matters relating to the creation of the zoning districts, enforcement of zoning regulations and amendments to all zoning ordinances. David Brantner is eligible for reappointment and has committed an application. There are three vacancies and 10 applicants. The applicants are: Paul Alessio, Robert Cappel, Ali Fakih, Grant Hayzlett, Larry Kush, Martin Lieberman, Michael Minnaugh, Robert Rogers and Linda Whitehead. I will entertain the nominations for the Planning Commission. Each Councilmember can nominate three. We will start with Councilman Littlefield.

Councilman Littlefield: Cappel, Kush, Whitehead.

Mayor Lane: I will add to that Ali Fakih, and Grant Hayzlett.

Councilwoman Klapp: I will add Paul Alessio and Michael Minnaugh.

Councilwoman Milhaven: David Brantner. And that's it.

Councilman Robbins: Nothing additional.

Vice Mayor Phillips: I will do Martin Lieberman and Robert Rogers.

Vice Mayor Phillips: Okay. Next Transportation Commission, we have two openings. Transportation Commission is an advisory board to the City Council on matters related to transportation, there are two vacancies and four applicants. The applicants are Phillip Apostolou, Jordan Hibbs, Paul Holley and Steven Rosenberg. I will entertain nominations. You can nominate two. We will start with the Mayor.

Mayor Lane: Paul Holley and Steve Rosenberg.

Councilwoman Klapp: No further.

Councilwoman Milhaven: No further.

Councilman Robbins: No further.

Vice Mayor Phillips: No further.

Councilmember Korte: No additional.

Councilman Littlefield: None.

Rachel Smetana: Thank you, Vice Mayor, Paul Holley and Steve Rosenberg have been nominated for

the Transportation Commission.

Vice Mayor Phillips: Thank you, Rachel. This concludes the nomination process. The City staff will contact those who are nominated and provide them with additional information about the interview process, and I would like to take this opportunity to sincerely thank all of those who applied to serve on the citizen advisory board or commission, even if you were not nominated, your application will remain on file for one year for consideration at a future date if there are additional vacancies and thank you very much and with, that I will turn the meeting back over to the Mayor.

CITIZEN PETITIONS

[Time: 02:25:20]

Mayor Lane: Thank you, Vice Mayor. We have no additional Public Comment. We are in receipt of a petition. This is from Mr. Cappel and it's been delivered to each one of us here, and it's in reference to something that Mr. Cappel spoke toward earlier in the meeting, in Public Comment period of time.

Councilman Littlefield: I move that we direct the City Manager to investigate the matter and prepare a written report to the Council and the petitioner.

Vice Mayor Phillips: I will second.

Mayor Lane: The motion is made and seconded. Vice Mayor Phillips, do you still want to make a comment? Okay. So in any case then I think we are ready to vote on that motion. All of those in favor please indicate by aye. Those opposed with a nay. That's unanimous then to move that petition forward as has been indicated. There are no Mayor or Council items.

ADJOURNMENT

Mayor Lane: And so we will adjourn our Regular City Council meeting.

Councilman Littlefield: Move to adjourn.

Mayor Lane: Move to adjourn on that and seconded by all of those in favor of adjournment, please indicate by aye. We are adjourned on the Regular City Council meeting.

SPECIAL MEETING

[Time: 02:27:45]

Mayor Lane: And we are immediately to convene the City Council Special meeting and we will start immediately and we will move right to this. And this is for the coverage of the special, the special districts, Facilities districts that we'll go through here. And I would like to ask the City Clerk if you

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would please stipulate in the minutes that all Councilmembers are present and accounted for, for each of these. We won't take a roll call for each.

Carolyn Jagger: No problem. Mayor, I do want to point out we have a Special Meeting item. So we need to just call to order the Special Meeting and take a vote on the budget and then we can move right into those CFDs.

Mayor Lane: Got it and within the same Special Meeting we will cover that. We do have the singular item, the adoption of the final budget estimates fiscal year 2014/15. I don't know if Judy, is there any further comment that I need to.....

Budget Director Judy Doyle: Mayor and members of the Council, there is not. There is no presentation. This is just requesting the adoption of Ordinance 4159 setting those systems for fiscal '14/15.

Mayor Lane: Very good. Councilwoman Korte.

Councilmember Korte: I move to adopt Ordinance 4159, setting the final budget estimates for the fiscal year 2014/15 operating budget and capital improvement plan as tentatively approved on May 13th, 2014.

Vice Mayor Phillips: Second.

Mayor Lane: A motion has been made and seconded to adopt the final budget as it's just been indicated. Are there any further comments from anyone in Council? Seeing none, we are ready to vote. All those in favor please indicate by aye, and register your vote by aye. The motion for adoption passes unanimously. Now we will adjourn the Special City Council meeting and convene the community facilities district board of directors. We will take an adjournment to this Special Meeting. A motion to adjourn.

Councilman Littlefield: Move to adjourn.

Councilwoman Klapp: Second.

Mayor Lane: Moved and seconded. All of those in favor of adjournment. Please indicate by aye. We are adjourned of our Special Council meeting and we move right into convening our Facilities Districts Board of Directors Meeting.

SPECIAL MEETING ADJOURNMENT

[Time: 02:28:49]

COMMUNITY FACILITIES DISTRICTS MEETINGS

DC RANCH FACILITIES DISTRICT

Mayor Lane: And we start with the, we will convene the DC Ranch Community Facilities District. I call to order this meeting. I ask first, do I have a motion to approve our Regular Meeting minutes of June 4th, 2013?

Councilwoman Klapp: So moved.

Councilman Robbins: Second.

Mayor Lane: Moved and seconded. All those in favor please indicate by aye. Minutes have been approved. First item on our agenda for this is to adopt Resolution 41 that sets out preliminary budget and calls for a public hearing. Do I have a motion to approve or adopt?

Councilman Robbins: So moved.

Councilwoman Klapp: Second.

Mayor Lane: Moved and second. No comment. We're ready to vote on that. Please indicate by aye if you approve. And nay if you oppose. Public comment on the budget. We have none.

Carolyn Jagger: I believe we have one from the City Treasurer, Your Honor.

Mayor Lane: Okay. Very good. Mr. Nichols?

Finance Director Lee Guillory: Actually, I'm sorry. There actually does have to be a special roll call vote at the beginning of the district meeting because your positions are actually different as the district members. You are chairman....

Mayor Lane: So we can't bypass that element?

Lee Guillory: No, and you only have to do it once.

Mayor Lane: Well, we only have to do it once. Maybe I should back up a little bit, but we'll still be coming back to the Public Comment item. But then we'll go ahead and register our roll call vote, which if you would ask for that roll call vote, Ms. Jagger.

Carolyn Jagger: We have not done this before and I want to verify with Lee that we can use their titles, their Council titles?

Lee Guillory: Actually, the chairman and the district members.

Carolyn Jagger: Okay. We will do that. Thank you. Chairman Jim Lane.

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Mayor Lane: Present.

Carolyn Jagger: District Members Guy Phillips.

Guy Phillips: Here.

Carolyn Jagger: Virginia Korte.

Virginia Korte: Here.

Carolyn Jagger: Suzanne Klapp.

Councilwoman Klapp: Here.

Carolyn Jagger: Bob Littlefield.

Councilman Littlefield: Here.

Carolyn Jagger: Linda Milhaven.

Councilwoman Milhaven: Here.

Carolyn Jagger: And Dennis Robbins.

Councilman Robbins: Here.

Mayor Lane: Excellent and we will make note that will carry forward to each of the facilities districts. Since we are not going anywhere. Public Comment. There is no Public Comment then on this budget item. Item 3 is the adopt Resolution item 42 that approves the budget and sets the tax levy. Do I have a motion to adopt?

Councilman Robbins: So moved.

Mayor Lane: Moved.

Councilwoman Milhaven: Second.

Mayor Lane: Seconded. We are ready to vote. All those in favor, please indicate by aye and opposed with a nay. I will accept a motion to adjourn. We are adjourned. Seconded on that, and we are all in favor of adjournment as the DC Ranch CFD Board. Please indicate by aye. We are adjourned.

MCDOWELL MOUNTAIN RANCH COMMUNITY FACILITIES DISTRICT

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Mayor Lane: To convene the McDowell Mountain Ranch Community Facilities District. Okay. Call to order on that and approval of minutes. Do I have a motion to approve Regular Meeting minutes of June 4th, 2013?

Councilwoman Klapp: So moved.

Councilman Littlefield: Second.

Mayor Lane: Moved and seconded. All of those in favor of approval, please indicate by aye. Opposed with a nay. Minutes are adopted. Item 1 is Adopt Resolution 53 that sets out preliminary budget and calls for public hearing. Do I have a motion to adopt Resolution 53?

Councilwoman Klapp: So moved.

Councilwoman Milhaven: Second.

Mayor Lane: Moved and seconded. No comment indicated. All those in favor please indicate by aye. Opposed with a nay. Resolution passes. There's no Public Comment. I don't suppose I need to ask that each time. So there is no Public Comment. Item three is adopt Resolution number 54 that approves the budget and sets the tax levy. Do I have a motion to accept that Resolution?

Councilmember Korte: Move to adopt.

Councilwoman Klapp: Second.

Mayor Lane: Moved and seconded. Excuse me. Seeing no questions or comments, and all those in favor please indicate by aye. Those opposed with a nay. It's adopted. Motion to adjourn. Seconded. All those in favor of adjournment. Please indicate by aye. We are adjourned.

SCOTTSDALE MOUNTAIN COMMUNITY FACILITIES DISTRICT

Mayor Lane: I convene the Scottsdale Mountain Community Facilities District. Do we have a motion to approve the regular meeting minutes of June 4th, 2013.

Councilmember Korte: So moved.

Councilwoman Klapp: Second.

Mayor Lane: Moved and seconded. All those in favor aye, opposed nay. The meeting minutes have been adopted. Item one is adopt Resolution number 56 that sets out the preliminary budget and calls for public hearing. Do I have a motion to adopt Resolution 56?

Councilwoman Klapp: So moved.

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Councilmember Korte: Second.

Mayor Lane: Moved and second. All those in favor of the motion, please indicate by aye. Opposed with a nay. Resolution passes. There's no Public Comment on this budget. Item 3 is to adopt Resolution item 57, which approves the budget and sets the tax levy. Do I have a motion to accept Resolution number 57.

Councilmember Korte: So moved.

Councilwoman Klapp: Second.

Mayor Lane: Moved and seconded. All those in favor of Resolution 57 to be adopted please indicate by aye. Opposed with a nay. All right. The motion to adjourn.

Mayor Lane: Seconded. All those in favor to adjourn, please okay by aye. We are adjourned.

VIA LINDA ROAD COMMUNITY FACILITIES DISTRICT

Mayor Lane: I will convene the Via Linda Road Community Facilities District. With a call to order and then the first order of business is do I have a motion to approve the Regular Meeting minutes of June 4th, 2013?

Councilwoman Klapp: So moved.

Councilwoman Milhaven: Second.

Mayor Lane: Moved and seconded. All those in favor of approval indicate by aye. Nay if disapprove. Minutes are approved. Item one is to adopt Resolution number 37 that sets out preliminary budget. Do I have a motion to adopt Resolution number 37?

Councilmember Korte: So moved.

Councilwoman Klapp: Second.

Mayor Lane: Moved and seconded. All those in favor of adopting Resolution 37, aye. Opposed with a nay. There's no Public Comment. The item three is adopt resolution 38 which sets the tax levy. Do I have a motion to adopt Resolution number 38?

Councilmember Korte: Move to adopt.

Councilwoman Klapp: Second.

Mayor Lane: Moved and seconded. There is no comment. So we are ready to vote then to adopt Resolution number 38. Please indicate by aye. Nay if you oppose. Motion to adjourn.

Mayor Lane: Seconded. All those in favor of adjournment, please indicate by aye. We will be adjourned.

SCOTTSDALE WATERFRONT COMMERCIAL COMMUNITY FACILITIES DISTRICT

Mayor Lane: We will convene as the Scottsdale Waterfront Commercial Community Facilities District board. Do I have a motion to approve the Regular Meeting minutes of June 4th, 2013?

Councilwoman Klapp: So moved.

Councilman Robbins: Seconded.

Mayor Lane: We are ready then to vote on those approval. All those in favor please indicate by aye. There is no Public Comment on this budget. Item 3, it's adopt Resolution number 24 that approves the budget and sets tax levy. Do I have a motion to approve to adopt Resolution number 24?

Councilwoman Korte: So moved.

Councilwoman Klapp: Second.

Mayor Lane: On 23? Oh, did I? Sorry. I'm sorry, let's go back to adopt Resolution number 23. I don't know how that happened. That sets out the preliminary budget and calls for a public hearing.

Councilwoman Klapp: So moved.

Councilmember Korte: Second.

Mayor Lane: Moved to adopt Resolution number 23 is made and the motion is made and seconded. All those in favor of the adoption of Resolution number 23, please indicate by aye. And nay if you oppose. There is no Public Comment on this budget and now to adopt Resolution number 24 that approves the budget and sets the tax levy. Do I have a motion to approve resolution 24? Moved and seconded. All those in favor aye. Nay if you oppose. Motion to adjourn the waterfront CFD Board. All those in favor of adjournment, please indicate by aye. That completes our CFD board meetings.

ADJOURNMENT

Mayor Lane: So we will now, will accept an adjournment from our special meeting.

Councilwoman Klapp: Move to adjourn.

Mayor Lane: Move to adjourn. Second all of those in favor of adjournment, please indicate by aye. We are adjourned. Thank you very much.