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#### **CALL TO ORDER**

[Time: 00:00:10]

Mayor Lane: Good evening, everyone. It's nice to have you here. I would like to call to order the June 17<sup>th</sup>, 2014, City Council meeting. And we'll start with the roll call, please.

#### **ROLL CALL**

[Time: 00:00:15]

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.

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.

[Time: 00:00:42]

Mayor Lane: Thank you. Some items of business, we do have cards if you would like to speak on any of the items that are on the agenda for Public Comment. They are the white cards being held over the head by the City Clerk Ms. Jagger. And there are yellow cards for any of the agenda items and we will be looking to read them during the course of the meeting as those items come up and they are available for you there. Scottsdale Police officers Dave Pubins and Jason Glenn are here with us. They are at 11:00, off of my left shoulder here. And they are here to assist you, should you have the need. The area behind the Council dais are reserved for Councilmembers and staff only. We have facilities to my left over here, under the prominently displayed exit sign. That doesn't mean that the restrooms are outside. But in any case, they are there for your convenience.

**PLEDGE OF ALLEGIANCE**

[Time: 00:01:41]

Mayor Lane: So today, for Pledge of Allegiance, I will call upon Councilman Phillips to lead us in the pledge, if you could all rise, if you can.

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, Vice Mayor. Pardon me. This evening we have an invocation from Reverend John Busic from First Baptist church. Reverend, if you could come forward.

### **INVOCATION**

[Time: 00:-02:20]

Reverend John Busic: Before we pray, last week, we were all struck by the tragedy that happened in Nevada with two Police officers and talking about the Mayor earlier, there's a lot of just angst out there. As we pray tonight or this afternoon, as we remember those families, as well as pray for wisdom, for discernment on how to proceed with what's going on all around us. So I ask you to join me as I pray. Father, we thank you so very much that you hear us when we pray, that you respond to us that you are very near to us. Father we pray for these families that were affected by this shooting last week. We pray that your grace, your mercy, your compassion, your comfort would be very real to them. We pray for all of those would serve and whether it be through Police or fire or other public officials that are in harm's way, we pray that you would help them, that you would draw close to them and remind them of your goodness and of your power and of your presence with them. Father, we pray tonight as the Council meets, we pray that you would grant them wisdom, discernment, understanding, compassion, and insight into the various issues that they will be dealing with this evening. We pray that your grace would be very real to them, and we pray for the city, we pray that we would understand better what it means to be a people that truly cares for one another, looks out for one another, is there for one another. So Father, we pray that you would guide this meeting, that it would go for your glory, and that you would continue to do the work necessary among your people in Jesus' name we pray, amen.

Mayor Lane: Amen. Thank you, Reverend. You know, just to further on some of the comments of what's happening in our society today, I suppose it's pretty, it's almost overwhelming the kinds of things that are happening and I think at the same time, we remember the two officers who were assassinated. There was an armed citizen would actually tried to come to their aid and was also killed in that incident. And then just within the last week, to have two priests assaulted and one of them killed here in Phoenix, it's just, it's an unbelievable display of violence that seems to be perpetrating our society and I think we all should give some thought and prayer as to how we might be able to change our thinking and maybe just the environment that we are living in right now.

### **MAYOR'S REPORT**

[Time: 00:04:40]

Mayor Lane: So with that said, I will move on to a little bit of a happier note, I suppose and say that it's a little hard times to move on to this, but we are certainly happy to report that MyLife.com has ranked Scottsdale number one place to raise children. They were judged on crime rate, public school ratings, public parks, the average family salary, and the cost of living. So that's certainly something to be celebrated because it's wonderful and a viable city, given some of the aging process that we hear about for our city, that we are a number one place for families to raise children or raise a family.

We were also named the number two place for foodies by Livability.com, and I just have to give you this quote. Livability writes this oasis of culinary delights continues to attract creative chefs who have led the city in a culinary Renaissance. Visitors should be warned, your taste buds won't want you to leave. Now, you know, we are still investigating why we are number two in this regard, but nevertheless, we'll take that too. I think they were all well deserved. So we have no City Manager report, is that right Mr. Behring? Okay.

#### **PRESENTATIONS/INFORMATION UPDATES**

[Time: 00:06:49]

Mayor Lane: We do have a presentation this evening from the Environmental Quality Advisory Board. And Vice Chair Bill Sheaffer of that board is here to make a presentation.

[Time: 00:07:10]

Environmental Quality Advisory Board Vice Chair Bill Sheaffer: Well, thank you Mr. Mayor and members of the Council for opportunity to make this presentation to you this evening. I would like to correct an egregious omission that I made during our last presentation and that is to recognize our staff liaison Tim Connor. This guy rolls out the minutes and the agendas and all of those perfunctory things like magic, the city protocols and directions which we need a lot of, reminding, but there's an additional attribute and that is, I think he's able to draw some of the talent out of our members and help to direct us and even sit down and do the computer thing and put down the words that we're talking and making sure that we have an agreement. So Mr. Mayor and Councilmembers were very lucky to have Tim Connor as our staff liaison.

We would like to review what we, what our goals are in this program. This will be our second presentation. We have interacted with many of the Scottsdale departments and we found that some had diligently developed effective and important accomplishments that are due recognition. EQAB has a passion for measurable results and equal compassion for recognition of those results. We are not addressing just the environmental issues, but ones that have delivered improved service and reduction in cost of operations and one of the definitions of sustainability is you have to be able to afford to sustain it! And we are very proud to see that those can come together with an environmental, development and economic development can be hand in hand. Our goals are, and the program is to present a plaque to that department that we're recognizing and the documentation that can go further as far as really consolidating the achievements that these people have made.

The goal is threefold. Number one, to recognize, give recognition where recognition is due, number two, to encourage that department to continue to excel in their activities and number three, to encourage other departments to follow their lead in sustainable, environmental accomplishments. We want to give a big thanks to Channel 11 for putting together a video. Tonight we are going to be recognizing the Solid Waste Department and so if you may, Mr. Maestro, we're going to introduce this with your video. ¶

Thank you very much. We're going to ask our director of the Scottsdale Department of Solid Waste to come up here and we're going to review some of the things, some of the accomplishments that we found so compelling. So Mr. Frank Moreno. We want to tell folks what you are accomplishing and we will put these in the dimensions that I think add up to an incredible picture. First of the scope of operation. Our Solid Waste people operate 51 trucks and many are converting to natural gas. There's been some controversy on natural gas. There was a poor contract written sometime ago but that's behind us. These folks learned how to operate natural gas equipment, and went through that trial and now with practice, the price of natural gas has cratered. Engine developers are now bringing to market engines that were developed to run on natural gas. So we are enjoying some tremendous economies in the cost of fuel, the could have of maintenance and reduced maintenance. This is a great path we went through. We went through some briars during this, but we have come out smelling like a rose, believe me.

[Time: 00:13:26]

As far as the scope, the Solid Waste people collect 125,000 tons of trash every year. They service 82,000 black containers and 81,000 mauve containers. I took my calculator out and if you were to put all of these containers in a group, it would fill 22 football fields of containers. Now, add the dumpsters and all that to it, and we are talking about another four or five football fields. So that's the dimension of the operation. Now, the history of Solid Waste people is compelling. As you saw some of it on the video. First Scottsdale was the innovator of the train system, where a pickup pulled a bunch of trailers and the folks dumped the trash into it and hauled it away. This is a great deal more efficient. It was done by two people. But it was a dirty, messy job, and it was hot and they had a personnel turnover of 91%. So something had to be done.

In 1964, Public Works Director Mark Stragier began experimenting with an automated system. The manufacturers began to work with Scottsdale. They were leading this parade. Scottsdale that is. And they received a grant in 1969 to develop a system, including the truck, the system, the containers and the whole package. The result was Godzilla. And this first thing was the monster, aptly named. This has been, this was the first mechanized refuse system in the United States. This development changed the scope of refuse collection in the United States. And, of course, they continue to develop this system and have perfected one that's really working well. They also provide some special services, some that I was not aware of. The after-hours pickup, after special events like the Super Bowl or the baseball games, they are out there, after hours, after 2:00, after 3:00, picking up those refuse containers so that when the folks come back to, let's say downtown Scottsdale in the morning, there's not trash flowing out of the trash bins.

They have a nice, clean environment to go about and enjoy rest of their day. They have a composting system, and pick up box collection for new move-ins and the household hazardous waste and the goal here is to keep things out of the landfill. And they have an appliance collection program. These are all specialized programs that citizens can participate in, beyond the regular trash pickup. And they continue to deliver an incredible service and major savings. Recent "Wall Street Journal" which was frankly designed as a hit piece on Chicago, I think, they listed in this article, they ranked all of the cities and the cost per ton of picking up refuse. Scottsdale had the lowest cost per ton of any city in this list. Number two, their cost per ton was 50% higher than Scottsdale. If Scottsdale operated at the level of the second city, which is not too far from here, it would cost us an additional \$3 million. If they operated with the same inefficiency as Chicago, and incidentally, they still operate the truck with three people, one guy drives and two guys throw the trash in the back. Our additional cost would be \$35 million per year, if we operated at Chicago's level. But that's not all.

Mayor Lane: Bill, I tell you, we allocated 10 minutes to the presentation and I would certainly want you to be able to wrap it up, if you could.

Bill Sheaffer: We will wrap this up very quickly Mr. Mayor and thank you. The recycle program had a profit of \$736,000 and they avoided landfill costs of \$592,000. So based on this package, we are very, very pleased and it is our privilege to present this award to Mr. Frank Moreno and it's our privilege to provide this to you, Frank for a continuing job beautifully done.

Mayor Lane: Thank you very much, Bill, and Frank, congratulations for the great work you are doing. All right.

#### **PUBLIC COMMENT**

[Time: 00:18:48]

Mayor Lane: Our next area of business should be for Public Comment and this is time that's reserved for citizen comments regarding non-agendized item with no official Council action taken on these items. The speakers are limited to three minutes each with a maximum of five speakers and there will be another opportunity at the end of the meeting if there is need. At the present time, we have three requests to speak in Public Comment. We will start with David Dubner.

[Time: 00:19:32]

David Dubner: Thank you, Mayor Lane, Vice Mayor Mr. Phillips and the rest of the Council. My name is Dave Dubner. You can say Dubner, that would be the writer who wrote Freakonomics. He's the rich Dubner. I'm here on the La Contessa Homeowner's Association in Scottsdale. As the president of the board, I was asked to bring you some information about the Upper Camelback Wash project that started a few years ago. We went to meetings and the city showed us what they were going to do why they had to do it for the 100 year flood, and I think we have 99 more years to wait for it, but I'm sure we can wait. We decided after talking to the city, they said you have a choice. You can keep your grass

or you can go to a desert landscape. And wanting to save water, knowing the situation out here in Arizona, we decided to go with the desert landscape. They came in, and they gave us and I gave you gentleman and ladies copies of what some of the original plans of desert landscape was going to look like and lo and behold, they have now finished and we are left with this, which they are considering desert landscape. I personally call it scorch and burn. It looks like someone took a big bulldozer and went down the center and just scratched it up. They left no stone, no rock, nothing! And as we get a little bit of water from the plant watering, it's kind of eroding.

Now, I took some pictures of other areas throughout Scottsdale, some of which are up on Hayden Road near where you put in that beautiful roundabout. And that, to me, is what desert landscaping was presented to us as being. This is not desert landscape. We really cannot accept this scorch and burn policy. If someone went to your neighborhood and took a front end loader or a bulldozer and just scraped everyone up, I don't think you would really appreciate living there. It's hurt property values according to some of our Realtors that have come in. The other side, we have that riffraff whatever it is. It's there but we are not worried about erosion. Would somebody in the city come by and take a look at this. You have my numbers. And see whether we should accept it as it is. Thank you for your time.

Mayor Lane: Thank you Mr. Dubner. The next will be Mike Mayer. He will be followed by Mike Aloisi.

[Time: 00:22:44]

Mike Mayer: Thank you, Mayor and Councilmembers. My name is Michael Mayer. I live in McDowell Mountain Ranch. When I speak, I keep in mind all the innocent victims past and future of drunk drivers in Scottsdale. Last month, I warned about WestWorld fireworks. Today, new under contract is an unlawful alcohol event called Beer Palooza. Same as it seems to be, I agree with Mayor Lane's WestWorld events. Beer Palooza is unlimited and a call to get drunk. Beer Palooza is advertised as an all out crazy party, partying at one place with a ton of people like there's no tomorrow. You may remember Cody Clark, his body was crushed by a Scottsdale drunk driver. He has a multimillion dollars civil lawsuit against Scottsdale. By condoning an unlawful Beer Palooza on taxpayer owned land, the city is showing willful intent to profit from overserving alcohol and drunk driving. This is what we are going to come to expect from Fred Unger and Edsel.

Arizona statute 4-244, it's unlawful to sell alcohol to deliver more than 40 ounces of beer. Beer Palooza will serve 100 ounces of beer over eight bottles of beer per person. Arizona statute, 4-33, says the city will have liability if it, quote, continues serving intoxicated persons. Do you deny that people won't drink their \$50 admission price worth of beer? Do you deny that there will be, that after more than a six pack a person is not drunk? At Beer Palooza, dozens, if not hundreds of DUIs will be released on the McDowell Mountain Ranch Residents. Either stop or limit the alcohol events at WestWorld or increase the tax levy that you will talk about later tonight. I ask the Tourism Commission this morning to contact the City Council recommending that Beer Palooza contract be canceled immediately. As before, WestWorld, civilian city directors are acting irresponsibly. You have a chance now to act with some responsibility. I do not want to see this meeting record used in court by another Cody Clark. Thank you.

Mayor Lane: Thank you, Mr. Mayer. Mr. Mike Aloisi.

[Time: 00:25:59]

Mike Aloisi: Law enforcement, fire, first responders, I have sent a letter to the President of the United States, to the Governor of this state, and other important officials regarding what happened in Las Vegas, Nevada. I would like to read it. Slowly and methodically. How to end cold-blooded murders of law enforcement officers. The two Police officers who were slain in a Las Vegas restaurant by an insane coward our gallant men of valor. To prevent this from happening again, the following are the solutions:

One, no Police officers will enter restaurants or any place in uniform without a bulletproof vest and have a bulletproof helmet with them easily accessible. Two, there needs to be a nationwide edict by Eric Holder, the United States Attorney General, and supposed chief law enforcement officer to this effect. Three, Police officers must sit only with their backs to walls as to visualize all aspects of customers' movements, especially those of insane cowards. The officer who was shot in the back of the head could not have been surprised if his back was to the wall. All Governors are to disseminate this Magna Carta to any officers in the United States, and any officers will be dismissed should they not comply with the before said mandate. These are basic skills via martial arts training and as a student of said discipline for 25 years, incidents of this kind can be avoided.

Finally, the slaying of innocent, courageous officers ends today. Are you listening Attorney General Holder and Governor Brewer? Now, look, I intend to become Governor of this state and first thing I will do is mandate that the Police officers take martial arts training and learn that if somebody wants to strike them, they strike first and the handcuffs will be taken off Police and put back on the criminal. Finally, and resolutely, my dad gave his life for his city. Enough is enough. Thank you, Mayor, City Councilmembers and most of all, the people that have put on a uniform and protect us from a sick society.

Mayor Lane: Thank you, Mr. Aloisi. That's the last of the testimony from the public on the Public Comment period.

## **CONSENT AGENDA**

[Time: 00:29:44]

Mayor Lane: I move on to the next order of business which are the Consent items, 1 through 38. And we have item 23 that was removed by staff and will be brought forward in July. We have another item that will be pulled for a separate vote in that Councilwoman Korte has recused herself from item 24. So it will be removed for a separate vote. 24 and 25. So they both will be removed for a separate vote. And now I've had a request of Councilman Littlefield to also pull and move to Regular Agenda item 16 so we have three items removed and one more or less continued.

Item 23, 24, 25, will all be, well, item 23 and 16, item 23 will be removed. Item 16 will be moved to Regular Agenda. And item 24 and 25 will have a separate vote. So with that being said, I have no comment cards for any of those items that remain on consent, unless there's any other comments from the Council. And seeing none, I would accept a motion to accept or move to approve items 1 through 38 with item 23 removed and item 24 and 25 removed to the Regular Agenda and item 16 removed to the Regular Agenda.

Councilman Robbins: So moved, Mayor.

City Clerk Carolyn Jagger: Your Honor. Could we just correct that motion to be items 1 through, I'm sorry, never mind.

Mayor Lane: I will make one clarification, obviously 24 and 25 are not removed but only for a separate vote. So if somebody wants to make that motion and further clarify.

Councilman Robbins: So moved, Mayor.

Mayor Lane: All right.

Councilwoman Milhaven: Second.

[Time: 00:32:10]

Mayor Lane: The motion has been made and seconded. Any further comment is not seen. So I think we are ready to vote on those items as has been indicated. All of those in favor of the remaining items on the consent, please indicate by aye. Those items as indicated, the tally is 7-0. It's unanimous for those items. So we will move to the first item that was removed, well, let me first, just because it's a separate only, if Councilwoman Korte would like to recuse herself, I will accept a motion, unless there's any questions open it, items 24 and 25. I will accept a motion to approve.

Councilman Robbins: Mayor, I move we approve itemed 24 and 25 on the Consent Agenda.

Councilwoman Milhaven: Second.

Mayor Lane: A motion has been made and seconded. No questions or comments on those items and for the record, Councilwoman Korte has recused herself and is outside, off the dais. Are we now ready to vote? All of those in favor indicate with an aye and those opposed with a nay. The tally is 6-0 and it's unanimous for the members that remain on the dais. Councilwoman Korte, if you would like to return.

## **REGULAR AGENDA**

### **ITEM 16 – FISCAL YEAR 2014/15 SCOTTSDALE CULTURAL COUNCIL FINANCIAL PARTICIPATION AGREEMENT**

[Time: 00:33:49]

Mayor Lane: We will move on to remaining item 16, which was pulled for Consent for consideration under the Regular Agenda. Just to reiterate, item 23 was removed and will be continued to a meeting in July.

So the first item on the revised Regular Agenda is 16, which is the Fiscal Year 2014/15 Scottsdale Cultural Council Financial Participation Agreement. That's a request to adopt Resolution 9773, authorizing Agreement 2014-068-COS, an annual financial participation agreement to the Scottsdale Cultural Council in the amount of \$4,254,207 to be allocated as outlined in the Council report.

[Time: 00:34:18]

Councilman Littlefield: I don't need a staff presentation. I pulled it because as I have every year for the last 12 years, I have two actions, one is to the amount which is too, two objections. One is to the amount, which it's too high. And I object to the ridiculous practice of giving these guys half their budget, roughly, before they even come out with a budget and we know how they are going to spend the money. The Cultural Council depends upon the city to run. It's taxpayer dollars that are funding it. It's about half of their operation. We are supposed to be holding them accountable for how they spend those dollars and yet here we are going to give them 4.2 some million dollars in advance of when they have even done their budget. We don't have any idea of how they are going to spend that money. So how can we hold them accountable? And I have been complaining about this for 12 years now. We should make them give us their budget first so we know where they are going to spend that 4 plus million dollars of taxpayer money. So, I don't need a presentation, Paul. I'm just going to make a motion that we not approve this item.

Vice Mayor Phillips: I will second it.

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

Vice Mayor Phillips: Yes, Mayor. Along with what Councilman Littlefield said, we have a packet and in the packet it says that the Cultural Council at the end of June will get the fiscal report and they will have a financial audit and we, that should be done sometime in July and then we'll get it a copy of it then. So it's kind of like Pelosi saying vote for it and then you get to see what's in it. We are voting for it and then we will get to find out where it will go. We've got a memo from our City Attorney that said, you know, you already agreed to this amount when you agreed to the budget. So we could have some legality problems if we didn't vote for this. But the thing of it is, if that's the way it's going to work then next year I will make sure that this doesn't happen before the budget is over. Thank you.

Mayor Lane: Thank you, Vice Mayor Phillips. Seeing that there's no further comments on this, and we have the motion and the second, are we prepared to vote. All of those in favor, please indicate by aye. Those opposed with a nay. The motion fails, 5-2 with Councilman Littlefield and Vice Mayor Phillips for that motion. That completes the vote on that particular item which was removed for a vote and for explanation. We'll move on to our next Regular Agenda item.

Councilwoman Klapp: We have to vote on this.

Mayor Lane: All right, all of those in.....

Councilwoman Milhaven: We need a motion, right?

Mayor Lane: I'm sorry, a motion on, oh, I see. The opposite side of it. Thank you very much. So I will accept a motion to approve it. If anyone desires to do so.

Councilwoman Milhaven: I will make a motion but I would like to ask a question first, Mr. Katsenes, I see you were going to make a presentation. My understand asking that Cultural Council has approved a budget for this coming year. And that we, at least, we have seen at least their tentative budget?

[Time: 00:39:06]

Community and Economic Development Executive Director Paul Katsenes: Mayor and Councilwoman Milhaven, we have Mr. Hayslip here who will answer some of these detailed questions about their budget in advance. So I call Dick Hayslip forward.

Scottsdale Cultural Council Interim CEO Richard Hayslip: Thank you, Paul. My name is Richard Hayslip, I'm a 40-year resident of Scottsdale and I'm the Interim Chair of the Scottsdale Cultural Council. We have a budget and it should be included as part of the package.

Councilwoman Milhaven: Thank you very much. So I think we can feel confident that we have the appropriate oversight of this contract. So I will make a motion to approve the Scottsdale Cultural Council Financial Participation Agreement for 2014/15 and adopt Resolution number 9773.

Mayor Lane: Do I have a second?

Councilmember Korte: Second.

Mayor Lane: Okay, Councilwoman Korte, you would like to speak towards that?

Councilmember Korte: I do have a question, Mr. Hayslip. So the motion, if approved, would allocate about \$4.2 million to the Scottsdale Cultural Council. What percentage of the total budget is that?

Richard Hayslip: Our current budget is getting close to \$11 million. It's \$10.7, I believe. So this is 4.2, so it's, to Councilman Littlefield's point, it's not quite 50%. It's in the 40% range right now.

Councilmember Korte: Thank you.

Mayor Lane: Thank you, Councilwoman. Councilman Littlefield.

Councilman Littlefield: Franz Kafka would be proud of the idea that we will hold them accountable after we have already given them the money. It's ridiculous for us to be allocating 10 cents when we don't know how they are going to spend it. They should be required to tell us how they are going to spend those taxpayer dollars before we cut the check. The way this is written, the checks will start being cut before we find out what they are planning, before they are audited. That's ridiculous. This is the cart before the horse. It's not accountability and it's not good fiscal policy. Independent of the amount, which I still think is too high, given we have so many other needs, this is bad policy to keep cutting checks to these guys or to anybody before we know what they are going to do with it.

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

[Time: 00:40:48]

Vice Mayor Phillips: Thank you, Mayor. On page 395 of our packet, it says a comprehensive 2013/14 attendance report will be available later this summer after the close of the fiscal year on June 30<sup>th</sup>, followed by a complete financial audit. Detailed 2014/15 overviews and 20 forecasts in the three operating divisions are included in this report. We have not got this report yet.

Mayor Lane: Thank you, Vice Mayor. If I might just ask the question, the report we have not received their budget or is there a report that you are referring to?

Vice Mayor Phillips: It's the comprehensive 2013/14 attendance report, detailed 2013/14 overviews and 2014/15 forecast for each of the Cultural Council three operating divisions.

Richard Hayslip: Pardon me, Mayor. When are those due, Councilman Phillips?

Vice Mayor Phillips: Well, I believe this is your report here. It says comprehensive report will be available later this summer after the close of fiscal year on June 30<sup>th</sup>.

Richard Hayslip: Right and we will get you those.

Vice Mayor Phillips: I appreciate those, but we are giving you the check before we get the report.

Richard Hayslip: Yes, I understand:

Mayor Lane: If I might add to that, we are talking about historical reports that are assembled after the end of your fiscal year, which wouldn't be available at this point in time. Okay. Thank you.  
Councilwoman Milhaven.

[Time: 00:42:23]

Councilwoman Milhaven: Thank you, Mayor. I was going to say we don't get reports until the year closes. We have been getting regular reporting from the Cultural Council as required by their contract. To suggest that we are not holding these folks accountable is not so. And they are audited every year

and so we've gotten all of their previous audits and so we can't get an audit for the year until the year is closed out and the audit is done. So I think it's irresponsible to say that we are not holding the Cultural Council responsible. I would like to point out, and I can't remember the exact number, but we are spending less than half of what Mesa spends on the arts and a community that prides itself as an arts community, I think that's embarrassing and I think \$4 million is entirely appropriate. Thank you.

Mayor Lane: Thank you, Councilwoman. Councilman Littlefield.

Councilman Littlefield: The fact that they have given us the reports that we require goes to another thing that I don't like about the contract, is that we don't require enough. \$4 million plus in public taxpayer dollars, we should require more accountability. And as for Mesa, are you suggesting we should double their, are you suggesting we should double the \$4 million?

Councilwoman Milhaven: I'm suggesting we are better than Mesa. Thank you. I would like to call the question.

Councilman Littlefield: So you are. We should double it? Is that, I mean is.....

Mayor Lane: She just answered that. All right. The question has been called. Is there then a motion? We have the motion. I'm sorry. So the motion has been made and seconded. So we are in good shape as far as that is concerned. I will try to keep track of that, but I guess I would want to say that the process that we go through in this regard, whether you agree or disagree with what the extent of funding from the City Council and the taxpayers to the Cultural Council, there are things we agree and disagree on, but the process has been one of reasonable accountability per the contract and it has worked reasonably well when we assemble our information here and making a decision to go forward. And when changes have been felt to be necessary, as it was this year, we did make changes in that allocation. So to that point, I think we are then ready to vote. All of those in favor the allocation as has been presented please indicate by aye, and those opposed with a nay. The motion passes 5-2 with Councilman Littlefield and Vice Mayor Phillips opposing. That completes that item. Thank you, gentlemen. Okay.

**ITEM 39 – ITALIAN GROTTO PATIO EXPANSION**

[Time: 00:45:25]

Mayor Lane: We move on then to our, now we move on to the Regular Agenda item 39, the Italian Grotto patio expansion and Paul Basha, the Transportation Director is here to present.

[Time: 00:45:37]

Transportation Director Paul Basha: Thank you Mr. Mayor. My name is Paul Basha, Transportation Director for the City of Scottsdale. Item 39 before you this evening is a request from the Italian Grotto restaurant. It involves converting a public parking space into a patio extension. The Transportation Department has already declined this request. The Italian Grotto has requested an audience with the

City Council to essentially appeal the Transportation Department decision. The Italian Grotto is located in Old Town Scottsdale, as this aerial photograph indicates, it's in the east corner of Scottsdale Road and Main Street.

Here's a close-up of the intersection, Italian Grotto as I say is in the southeast corner. The subject parking space is immediately in front of, just north of the Italian Grotto. We have received similar requests over the past several years for converting a public parking space into use by private restaurant, in fact there have been five requests. In each of those requests, we have required 100% approval of the immediately adjacent businesses and we have also required 80% approval of businesses in what we have determined to be the affected area. This particular request is in the southeast corner of Scottsdale and Main. The affected area, we determined to be two buildings, a property on the north side of Main and south side of Main. The only signature received was from the Italian Grotto.

Then another business located in the same building signed a petition opposed to the conversion. The building to the north chose to remain neutral on the question and provide us a letter to that effect. This aerial photograph shows four other businesses on Main Street that have signed a petition opposed, sorry opposed to this conversion of a public parking space into a private patio. We also received signatures from businesses outside of the immediately affected area. These businesses are located, sorry, these businesses identified in red also signed a petition opposed to the conversion of a public parking space for use by the Italian Grotto for a private patio. This is one of the two reasons why the transportation department declined this request. There's opposition from the adjacent businesses in the immediate vicinity.

[Time: 00:48:32]

Our second concern is the amount of available parking spaces in this portion of our downtown. This is First Avenue, between Scottsdale Road and Brown Avenue, and you hopefully can see on this aerial photograph that every single parking space on First Avenue, between Scottsdale and Brown is occupied with one exception, and there's actually a vehicle pulling into that parking space and also on First Avenue, west of Scottsdale Road, all the parking spaces are occupied. This aerial photograph was taken in March of this year. Similarly, on Main Street, this aerial photograph, it shows that all the parking spaces are full and also on First Street, all the parking spaces are full.

The second reason for denying this request is we need all the parking spaces we can find in Downtown Scottsdale. We in the Transportation Department believes that we should not lose a public parking space for private use. As we are all aware, the reason we have public property is so it can be used for the common good, the common purposes, the surrounding businesses prefer that this parking space remain a parking space. Our only recommendation this evening is that you do not direct us to continue to process the application. We request that you, I guess, support our decision to not convert a public parking space into a private patio restaurant. That concludes my comments. I would be happy to answer any questions you may have.

Mayor Lane: Thank you, Paul. We do have some requests to speak on this and we may have some questions here from the dais after that period of time. But let me go ahead and go with this. If you

could stand by. Okay. A request to speak on this item. We will start with Marilyn Atkinson, who has one card from Richard Garcia. Marilyn, will four minutes work for you?

[Time: 00:51:10]

Marilynn Atkinson: Mayor and City Council members, my name is Marilyn Atkinson, we have a business in downtown Scottsdale. As you can tell from the number of the signatures on the petition, we do not want to relinquish any parking space for any particular business. I do have a letter here, and it is from Richard Saba. He's one of the property owners that has signed that petition on three spaces of his parking, along with George Cavalliere as a matter of fact. He put into words, Richard put into words what really describes what our focus is and our goal is. Parking spaces are precious as gold for Old Town Scottsdale. These parking spaces do not belong to any single merchant to use for their discretion. They belong to all of the merchants regardless of the size or the number of stores that the merchants operate in Old Town. During the season, it is very common for visitors and customers to circle Old Town looking for parking spaces. This need escalates to almost impossible during spring training and special events at the center for the arts. To give special treatment to one will only encourage others to follow. Once a precedent is set, it becomes impossible to deny others the same. Old town merchants should be applauded by the Council for the economic driver they have become. To dismiss the importance of every single parks space would be tantamount to ignoring the importance of tourism to Scottsdale. This petition is from those who cannot support of the removal of any parking spaces in Old Town. Thank you very much, Richard Saba and I have copies of that letter for the Council.

Mayor Lane: Thank you, Ms. Atkinson. Next, Gary Horowitz. Mr. Valenzuela, if you want to go first, then, that's fine.

[Time: 00:54:01]

Peter Valenzuela: Good evening, Mayor and Council. For the record my name is Peter Valenzuela from the Genesis Group, Government Relations, 7272 Indian School Road, Scottsdale, Arizona, 85251. I'm the representative for the applicant. The applicant is here as well. He will speak after me, if that's okay, Mayor and Council. So I will go ahead. I believe I have got 10 minutes to go ahead and discuss the application. The picture you have before you Mayor and Council is a photograph of our patio that we did, we believe is a beautiful patio and it's really been, it's been a tremendous enhancement and it's really added to improve the streetscape for the corner, the southeast corner of Main and Scottsdale Road, which is the epicenter of the city and Old Town, of course. For, the request we have before the Mayor and the Council tonight is to have just the ability to be able to apply for design review to D.R.B. The request is not to approve design review or license agreement. It's simply to have the ability to apply and request through an application process that we be considered for design review. That's the sole basis of our request to come before the Mayor and the Council tonight.

For the purpose of providing you the project background, I'm going to read a portion of the original planning application project narrative. In December of 2012, the city of approved a 420 square foot outdoor dining patio to be developed on city-owned property. The patio itself did not utilize any city owned parking spaces, however, it did utilize decomposed granite area that was in front of the

restaurant itself. The patio has vastly improved the existing streetscape, the existing streetscape for all merchants in the Old Town area as well have all benefited from the improvements on Main Street. The Italian Grotto restaurant, located to the southeast corner of Scottsdale Road and Main is a landmark and destination for both visiting tourists and Scottsdale residents alike. The Italian Grotto has been serving dining patrons for almost 40 years by the same owner, the same restaurant and location. And the Italian Grotto is considered to be one of the city's premier restaurants for 40 years.

Italian Grotto is applying for design review as well as amending the current license agreement as the request includes using additional city-owned properties. The existing patio space on city-owned property is 420 square feet on the north side of the restaurant. The expansion request for the outdoor patio is approximately 200 additional square feet. This will bring the patio area to 620 square feet if it was to be approved. The total expansion includes total of one city-owned parking space. This expansion would benefit the expansion of the restaurant and the existing streetscape. The restaurant maintains a southwest design and fill in the patio's consistent with that as well. The existing patio is consistent with the western decor. It's not contiguous to the restaurant store front and maintains an 8-foot wide pedestrian walkway. The proposed expansion would maintain the non-contiguous patio and the walkway.

There are no city utilities or as built within the existing patio space or proposed expansion area. The same goes for SRP or APS owned utilities. The proposed area is free of water lines, sewer lines and storm drains. The Italian Grotto will include the easement between the restaurant and the patio. The license agreement would need to be amended to maintain the license. This would be a permanent extension of premises and that's probably everything we need to cover on the narrative.

[Time: 00:58:45]

We filled out a pre-app application, and met with the staff, including traffic and transportation, as well as fire. When we sat down with the different folks from Planning they had a few concerns. Two major concerns. One was support for the request and the other was parking. We discussed at that pre-app meeting the need for parking and how congested Old Town gets with its lack of parking. We agreed at that meeting, what if we were able to go ahead and replace parking with like parking. What we did was our architect and ourselves and other consultants went and walked the Old Town area and in April of, I'm sorry, in February of last year, I'm sorry, February of this year, we provided the city, through Planning department three potential sites for an additional parking space.

What we mean by finding addition parking space we would locate some city-owned property that is striped differently. The first of which is right outside in front of the Italian Grotto. There's a small little area on Scottsdale Road that fronts Scottsdale Road, that line in red there, it would require us to, again, utilize some of the decomposed granite area. Right now, there's a motorcycle parked there. There's nothing there. It's not even a parking space but someone parked their motorcycle there, but it could be utilized and created into one of the compact parking spaces that are right there in front of the restaurant. We provided this to Planning. They took a look at it and said it wouldn't work for a couple of different reasons, none of which really resonated. So a no was no.

So we moved from that to a second parking space that we identified on the west side of Brown Road, just off first. Again, we provided this in the Planning department. They took a look at it and says it does look like it could be utilized. That's in front of the Gelato store there, but there's an existing fire hydrant there. They ran this through the fire department and they said, no, because of the turning radius and the need to have access to that fire hydrant, that would not be a suitable place either. So we said okay. The last site that we had identified was on the east side of Brown Road. We took a look at it. You can see there through the measuring table, we identified that there was once a Bank of America building now where the Bischoff place is. The reason that was striped there was because there was a drive thru for the bank at the drive thru teller at this area. From what I understand, this was a plan at one time to create three parking places through this a couple of years back. But this was a mistake through traffic and transportation somehow and they only made two spaces.

So we didn't know that history at the time and we identified this space and we gave it to the Planning department. They sent their engineers out there and they sent us back an email saying this works. This is a parking space. So we thought in our mind that we had fulfilled part of the obligation to be able to apply for design review, if we replaced parking with like parking. We then provided the city with that parking space and now the city has actually striped it and the parks space is now available and being used. Had not Italian Grotto and its consultant been proactive to go ahead and identify a parking space as requested by the city, that parking space would not be there.

[Time: 01:03:19]

We understand the city's need for parking. We understand the city, how congested it can be during the high peak seasons, however, those seasons go from December through March. And if we could maybe even better utilize the public transportation through the city's trolleys, all of those trolleys go to every one of these hotels. They pick up the visitors as well, and so parking could, we could go ahead and put our arms around this parking issue, if we had a concerted effort to do a little more additional outreach through some of those avenues that we have available to us. In the evenings on Main Street, you will see a number of taxis stack up and utilize those parking spaces, even in the high point season or in the summer, you will see them out right in front of the Rusty Spur and across the street. And those parking spaces should not be utilized by taxis that are taxiing there and sitting there all night long either.

Mayor Lane: You need to wrap it up Mr. Valenzuela. You need to wrap it up. We are out of time.

Peter Valenzuela: Let me go ahead and wrap this up real quick. With regards to support, we had an overwhelming amount of support the first time around from the association and the surrounding merchants. There have been other instances in the city, such as Sting Ray, Geisha Gogo, Dos Gringos where they have utilized public parking space. Now, I do not believe they received 100% of surrounding merchant support in lieu of creating their own design standards. We did that as well the first time around. We already have those approved design standards for the original patio. We think in lieu of the support we have the design standards that were approved and supported originally and those should be being able to be utilized in terms of support because they don't have a maximum capacity or anything that says this is the one and only time.

Mayor Lane: Mr. Valenzuela, please.

Peter Valenzuela: In closing, Mayor and Council, we sincerely hope that you would give us the opportunity to simply apply. It doesn't mean we are going to be approved to design review. We want the ability to approve and go to the D.R.B. Thank you.

Mayor Lane: Thank you, Mr. Valenzuela. Next will be Gary Horowitz. All right. So Mr. Horowitz is declining any further conversation on it from yourself. Okay. Okay. That completes the comment on this particular agenda item, and so we'll start with some questions or comments from Councilman Littlefield.

Councilman Littlefield: I didn't realize there were other comments. So I will wait.

Mayor Lane: I'm sorry. The one card of additional comment, he's declined to do that.

Councilman Littlefield: Well, in that case, I move that we accept the recommendation of the Transportation staff and direct them not to process this forward.

Vice Mayor Phillips: I will second that.

Mayor Lane: Okay. Would the second like to speak to it?

Vice Mayor Phillips: No Mayor.

Mayor Lane: Councilman Robbins.

[Time: 01:06:56]

Councilman Robbins: I have a question for the City Attorney about process here. So the applicant is talking about getting the right to apply to D.R. for some type of approval, however in our Council report, it talks about our role as the City Council is to amend or possibly amend the existing licensing agreement. So can you explain exactly why this is before us today and what would the process be from here?

City Attorney Bruce Washburn: Mayor, members of Council, Councilman Robbins, my understanding of the matter that was being brought forward was as stated in the agenda, and in the Council report, whether to amend the outdoor dining license agreement to include the extra parking space and basically, that would result in direction being given to staff to go ahead and process, to bring forward the, all the approvals necessary for the parking space to be converted into the patio. Truthfully, I'm not aware of the status with respect to the D.R.B. process. Randy, can you speak to that?

Planning, Neighborhood and Transportation Administrator Randy Grant: Mayor, members of the City Council, typically the process is that an applicant would come forward and request going through the

Development Review Board for a site plan approval and then a license agreement would be processed through the City Council. In the instance where there is a parking space that is requested being taken, there is a policy that the City require that the adjacent property owners and businesses sign on to that. Because that sign off did not occur, the Transportation staff declined to accept the application, therefore nothing was processed. And the request here this evening from you is to direct staff, either to process that application or not to process that application. The license agreement would still come back to Council for approval and Development Review Board if you direct staff to do so, we would consider the site plans and the aspects of the patio itself.

Councilman Robbins: Let me ask a follow-up question. If there was 100% agreement would that still come back to Council for a licensing agreement? Do we still have purview over whether or not we lose a parking space?

Randy Grant: Mayor Lane, Councilman Robbins, it would still come back to you for approval of the license agreement, and you would still have the opportunity to say yes or no.

Councilman Robbins: Thank you.

[Time: 01:09:43]

Mayor Lane: Thank you, Councilman. Randy, I suppose maybe this is directed, sort of a follow-on, so if, in fact, there had been a sign on by the residents or I should say the businesses within the proximity somewhere above that 80% mark, I guess was indicated by some type of policy in place this would have simply gone through the process, and we would have received it through a decision from the D.R.B.?

Randy Grant: Mayor Lane, that's correct.

Mayor Lane: So the D.R.B.'s decision is really final, unless we were able to appeal it, is that not right?

Randy Grant: Mayor, the D.R.B. approval would not be valid until the license agreement.

Mayor Lane: So irrespective of what they might be approving, the license agreement is the one that would come before us.

Randy Grant: That's correct.

Mayor Lane: Okay. Okay. I understand completely. I certainly am always sympathetic to the applications to improve the business environment for any kind of restaurant or business that's in our downtown. But I will say that it's not been that many years ago this we did dedicate or did at least a certain amount of right-of-way to the Italian Grotto and I think that it's been to the great benefit and certainly we like that idea. We want to see people work and thrive in the community, but I think this is a little bit of a horse of a different color when we talk about at this stage, for us to make a decision to either accept or reject staff's position on it, given their policy on this, as well. I have thought it's perfectly appropriate that we are here with this right now.

And I would say that given not only the businesses in the community, which in this, the surrounding community and their position on this and a very eloquent letter by Richard Saba, I think we really do have a situation where parking is such an essential component that this is not something I think we can follow through on. Some of the other examples which some of the members on this dais have been involved with, where this happened, we were under very different circumstances. I'm talking about where the parking space has been taken. Right now we have a very vital downtown. In season, and out of season, it's very well attended, but certainly in season, it's doing everything it can to accommodate the cars and traffic that's in the area. So I would just simply say that I would, and I would not, I would support the staff's position as far as its recommendation on. Councilmember Korte.

[Time: 01:12:19]

Councilmember Korte: Thank you, Mayor. Well, Mr. Basha, I've got a question for you. Is the Transportation, is the Transportation declining this project based on the opposition of the property owners or is it based on Transportation best practices protocol?

Paul Basha: Mayor Lane, Councilwoman Korte, there are two reasons we arrived at our decision. One is certainly the opposition of the adjacent businesses and businesses in the area. And the second is the limited number of parking spaces available in this portion of our downtown.

Councilmember Korte: Thank you.

Mayor Lane: Thank you, Councilwoman and thank you, Mr. Basha. All right, there's a motion and a second on the table to accept the recommendation to deny. Unless there's any further comment, I think we are ready to vote. All of those in favor of it, as the motion stands, please indicate by aye and those opposed with a nay. The tally will come up, but it's unanimous, 7-0 to accept that recommendation from staff. So thank you, all the participants and certainly to the owner of the Italian Grotto, certainly, I hope you understand the circumstances under which we make these types of decisions. Thank you very much.

#### **ITEM 40 – FISCAL YEAR 2014/15 PROPERTY TAX LEVIES**

[Time: 01:13:46]

Mayor Lane: Next item is item 40 which is our Fiscal 2014/15 Property Tax Levies. And we have Lee Guillory moving to the podium. Ms. Guillory.

[Time: 01:14:11]

Finance Director Lee Guillory: Mayor Lane and members of Council, on June 3<sup>rd</sup> of 2014, we held our 2014/15, truth in taxation hearing. The property tax levy proposed at the hearing included \$25,744,348 for General Fund purposes. \$2,076,000, excuse me, \$20,076,849 for recovery of tort claims incurred during calendar year 2013. And \$35 567,691 on voter authorized general obligation

bonds. The total levy of \$63,388,888 results in the primary and secondary tax rates that are shown on the screen. Your roll call vote on June 3<sup>rd</sup> of 5-2 passed a motion to propose, to proceed with adopting the property tax levies at this June 17 meeting. The action item tonight is a request to adopt Ordinance 4154, for the primary and the secondary primary taxes.

Mayor Lane: We have no cards or public testimony on this item. As we speak right now, we have no particular additional comments. Is there a, any particular, Ms. Jagger, is there any particular vote style we have to take? There's not a roll call vote or anything like that for this? Thank you very much. Then I think we are ready then to vote.

Councilman Robbins: I will make a motion. I will make a motion that the Council adopt Ordinance 4154, assessing the fiscal year 2014/15 primary and secondary property tax levies.

Councilmember Korte: Second.

Mayor Lane: A motion made and seconded. Any comments on either? None. Then we are now ready to vote then. All those in favor please indicate by aye and those opposed with a nay. The motion passes 5-2 with Councilman Littlefield and Vice Mayor Phillips opposing it. Thank you very much for that input and that completes that item.

**ITEM 41 – FISCAL YEAR 2014/15 STREETLIGHT DISTRICT PROPERTY TAX LEVIES**

[Time: 01:16:51]

Mayor Lane: The next is item 41, Fiscal Year 2014/15 Streetlight District Property Tax Levies. We have Ms. Guillory still standing and ready to give us the information on that.

[Time: 01:17:02]

Finance Director Lee Guillory: Yes, Mayor Lane and members of Council, on June 3<sup>rd</sup>, 2014, you also had a hearing on the streetlight improvement district, property tax levies. At that meeting, the proposed tax levy amount for all the districts was \$533,043. This motion to proceed was passed by a roll call vote of 7-0. So your action tonight would be to adopt Ordinance 4155, assessing the fiscal year '14/15 streetlight district property tax levy by district.

Mayor Lane: You have a comment, motion or a question? Councilwoman Korte.

Councilmember Korte: That is a motion, Mayor, to adopt Ordinance number 4155, assessing the fiscal year '14/15 streetlight property tax levies by district.

Vice Mayor Phillips: Second.

Mayor Lane: A motion has been made and seconded. Is this any further comment on that item? I'm seeing none, then we are ready to vote, all of those in favor, please indicate by aye, those opposed

with a nay. The motion passes and it's unanimous. So now, thank you, Ms. Guillory. I appreciate it.

**ITEM 42 – MONTHLY FINANCIAL UPDATE**

[Time: 01:18:22]

Mayor Lane: That leaves with us one remaining item and it's item 42, Monthly Financial Update and we have our, the Monthly Financial Update and we have our City Treasurer, Mr. Nichols here to make that presentation.

[Time: 01:18:33]

City Treasurer Jeff Nichols: Good evening, Mr. Mayor and members of Council. I'm happy to be here tonight, mostly because it's good news in the financial report and I'm always willing to give that. However, hopefully I don't have to give bad news at any time. I would like to start off with the first slide on General Fund operating sources.

One thing I would like to point out, there are four items on this slide, the general purpose 1% sales tax, the franchise fees and in lieu, the miscellaneous revenues, and those four items basically make up 90% of the favorable variance that you see at the bottom of the slide of 13.9 million. At the next slide, I will address the 1% general purpose sales tax. What I would like to focus on right now is the primary property taxes, because you see a positive variance of 10% or 2.2 million there. That variance, we expect to be gone at the end of June 30<sup>th</sup>. It's a timing issue. We have received payments.

We truly believe, I mean with most property taxes, we will collect a fairly close to 100% of them, maybe a little bit more in one year, maybe a little bit less, but over time we collect all of our property taxes. So this will go away. The franchisees and in lieu, the majority of that positive variance of approximately 600,000 is attributable to cable TV franchise fees that we charge. And then in the other miscellaneous, down towards the bottom, the 1.8 million or 32% positive variance that you are seeing, it's related to the sale of real property that we have had this fiscal year, on Scottsdale Road and in the Bellevue, on Bellevue. It's related to increased outdoor dining leases, which we kind of discussed tonight. And the increased revenues that we are enjoying from them, related to passport fees, the TPC rental increase from 10% to 12.5% that we're enjoying and then we also had recently some recovery of expenses unexpected related to utilities and projects that we did in public works and it was from APS giving us back some rebates. And so we put that in this category.

Moving down to the 1% sales tax category, again, I would like to point out four items in this category make up about 85% of that positive variance of \$3.4 million. They would be in the areas of small stores, miscellaneous goods and services, auto sales and maintenance and construction and the small stores, we're just experiencing increased sales overall, but we have had a few new vendors this fiscal year on that, again, we get new vendors every year. We weren't expecting and they are doing very well. Our miscellaneous goods and services, what we are seeing in the data that is provided is we are seeing some increased sales from computer and hardware/software vendors.

On the auto sales and maintenance, increased auto sales in both the used and the new vehicles, and in construction, if you, I'm sorry, if I go back up to the building permits, you will notice the variance of \$5 million, or 57% positive variance, and the sales tax related to that construction, we are seeing an increase there as well. So we are enjoying that. Only the building permit revenue increase from, building permit revenue increase, but sales tax related to, yes, sir, Mr. Mayor it looks like a question.

[Time: 01:22:16]

Mayor Lane: If you could momentarily go back to the previous slide, you said some thing about the franchise fees and the in lieu tax, there's \$600,000, 5%, I'm not sure that that's seemingly out of whack but when you said that that's because of the cable franchise fees that we're collecting were they not included in our normal budget projection for that or is, or this somehow is 5% over and above? Something has changed in that category that would have lent an increase in that?

Jeff Nichols: Mr. Mayor, members of the Council, I'm not sure whether it's an increase or Internet sales. I can have staff look at it. Why was it unexpected? But it is \$532,000 of that that \$600,000 variance is related to that one category and the majority of that is in cable TV.

Mayor Lane: Okay. It seems actually a little bit somewhat consistent with some of the other increases. So I'm just going to assume that there's increased number of clients and, of course, sales, but when you worded it that way, I just wondered if there was something that had changed in the program that might have led to it. Thank you.

Jeff Nichols: You're welcome. Going to General Fund sales tax, the 1% general purpose, year-over-year change, you note that for the month of May, 2014, year-over-year, an increase of 8.4%, one thing I would like to point out on this slide, which is, doesn't stand out is that we are up 8% on average year-over-year at this point in time. So 2014 compared to 2013. As you can see, the forecasted line there of 4%, we were expecting the increase, but we are doing even better than that for this fiscal year. So hopefully, very good sign. Will it continue into next fiscal year, I certainly hope so. And we'll wait and see for those numbers when we start reporting on them.

General Fund operating leases by category overall. The bottom right-hand corner, \$4.1 million positive variance. I said this before, and you will see it later in my presentation in the forecast, I don't believe the whole \$4.1 million will be there at June 30<sup>th</sup>. We have actually seen a lot of activity in this past month related to departments getting things done at the end of the fiscal year, however, again, in overtime, under personal services, you notice \$900,000 negative variance. The vast majority of that, nearly 100% of is related to the Police department, and, again, that's related to minimum staffing levels in the P.D. We are also seeing some increased overtime in the areas of S.W.A.T. and Police investigations. So it's, at this point, May, it is what it is and we will see if this carries through to June.

And in contractual commodities and capital outlay, as I reported before, there's just a variety of issues that we're dealing with related to construction. They are working on the garage over behind the SCPA. Those bills haven't been paid yet. We have some software purchases, both in the administrative area and in Capital Project Management that are still being negotiated. They were budgeted for this fiscal

year. It's not certain that they'll complete them this fiscal year. So we may enjoy those variances, however, those expenses will hit 14/15. The other thing is we have some contracts, I talked before about the jail services contract, and we still have not received January through April, the bills from Maricopa County for those services. We also are two months behind in our photo radar contract payment on that contract. So as we move through the fiscal year, and we start accruing the expenses back, I would expect that we will pick some of those expenses up at June 30<sup>th</sup>. Again, operating uses by division, as you can see, only one public safety and that's actually the administrative area, all other divisions are enjoying a positive variance for a number of reasons, depending on the division.

And General Fund sources, this is our year-end estimate at this point in time. As you can see, the 1.1% sales taxes we are looking at a favorable estimate of June 30<sup>th</sup> and \$4.3 million, building permits at \$5 million. Total sources variance above budget of \$9.2 million, however, as I just mentioned on the uses, General Fund uses, we believe we'll end the fiscal year with about a \$2.1 million favorable variance, again, you see the overtime million dollars negative variance not going away and under contractual commodities and capital outlay from the previous slide is decreasing from 4 million to what we expect will be about \$1.6 million favorable variance at the end of June 30<sup>th</sup>. A summary of where we think we will finish the end of the fiscal year, with an \$11.3 million favorable variance, and we were projecting or forecasting an ending unreserved fund balance of 2.8 million, and now it's 14.1 million due to the favorable variance and with that, I will take any questions that Council may have.

[Time: 01:28:02]

Mayor Lane: Thank you, Mr. Nichols, for that report. And particularly since it's as positive as it seems to be reflecting. Thank you. I had one really quick question and I'm assuming that it's probably all in here, but just as a restatement, I'm looking at the year-end estimates of forecasts, and the state shared revenue forecast. And I know that it's right on from the standpoint of what we haven't received nor do we have any final tally of that. So this is really a swag more or less, as far as where this might land but it probably has, and this is where my question is, it's already been at least considered for some of the changes taking place in the taxing cycle, or is that didn't even affect this year.

Jeff Nichols: No.

Mayor Lane: So it's on the basis of strict trends of what has happened in the past.

Jeff Nichols: I believe that's correct but I believe our historical data that we have, the state shared revenues come in pretty exact, kind of like property taxes.

Mayor Lane: They will under the current system.

Jeff Nichols: That's correct.

Mayor Lane: The system changes and then we will work that into the system.

Jeff Nichols: When it changes, we will change our budget estimates as well.

Mayor Lane: Thank you. I show no other questions on this item. And I notice that it does indicate or at least it does indicate what I have got here is that you may, there is some direction or possible direction. There's some, so information only at this point in time.

Jeff Nichols: Yes, sir.

Mayor Lane: Since we have no comments. Okay. So no vote on that. There's no further Public Comment. And thanks again, Mr. Nichols. We have no petition items.

### **MAYOR AND COUNCIL ITEMS**

[Time: 01:29:48]

Mayor Lane: I would like to, as a Mayor or Council item, I would like to request, subject to a vote, of course to agendaize for discussion and possible action the official naming and to give historical designation to Schrader's Pond. This was a pond located on Bill Schrader's farm just to the east of the wash and frankly, included in the wash. It's on the southwest corner of Indian School and Hayden. And, of course, their former farm, his dad and where he grew up. If you don't know, Mr. Schrader was a previous Mayor here in Scottsdale, one of our original Mayors. He will be 85 in August. I hope to agendaize this for the next meeting, subject to the vote here right now. And so I would maybe just ask for a vote then if we could put the tally up on that since we have to vote for an agendaized item, unless there's any, well, actually, we are not really here to discuss it. Hmm? Oh, all right. Okay. And then we have a second as well. That would be Councilwoman Klapp. Okay. So with that, I ask that we vote on this item with an aye if you agree and a nay if you oppose. Okay. So the item is tallied to a unanimous vote, 7-0. And so therefore, if we could, direct staff to bring this back as an item for consideration, discussion, and vote.

### **ADJOURNMENT**

Mayor Lane: That's the only item I've got, unless there as any other items, I will accept a motion to adjourn. Moved and seconded. All of those in favor of adjournment, please indicate by aye. We are adjourned.