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CALL TO ORDER

[Time: 00:00:00]

Mayor Lane: Good afternoon, everyone. Welcome to our 5 p.m. work study session. It's March 2nd, 2015. I would like to call the meeting to order and we'll start with a roll call, please.

ROLL CALL

[Time: 00:00:12]

City Clerk Carolyn Jagger: Mayor Jim Lane.

Mayor Lane: Present.

City Clerk Carolyn Jagger: Vice Mayor Linda Milhaven.

Vice Mayor Milhaven: Here.

City Clerk Carolyn Jagger: Councilmembers Suzanne Klapp.

Councilwoman Klapp: Here.

City Clerk Carolyn Jagger: Virginia Korte.

Councilmember Korte: Here.

City Clerk Carolyn Jagger: Kathy Littlefield.

Councilwoman Littlefield: Here.

City Clerk Carolyn Jagger: Guy Phillips.

Councilman Phillips: Here.

City Clerk Carolyn Jagger: David Smith.

Councilman Smith: Present.

City Clerk Carolyn Jagger: Deputy City Attorney Steve Bennett.

Deputy City Attorney Steve Bennett: Here.

City Clerk Carolyn Jagger: City Auditor Sharron Walker.

Sharron Walker: Here.

City Clerk Carolyn Jagger: And the Clerk is present.

MAYOR'S REPORT

[Time: 00:00:45]

Mayor Lane: Thank you. Just a small item of note for study session. The San Francisco Giants, the world champion San Francisco Giants are returning to Scottsdale stadium this Wednesday, March 4th, to kick off the spring training schedule. So we certainly want to welcome all of our visiting Cactus League fans to Scottsdale and wish the Giants the best of luck this season. I want to thank them for bringing the World Series championship back to spring training with the San Francisco Giants. We had a get together with our friends over on the west side, Mayor Wolcott of the City of Surprise they were here to receive the humiliation for the bet they put in place. Actually what she got out of it was a nice jersey, but I told her she had to wear it for the rest of the season, the San Francisco Giants Jersey. We have no way of policing it in any case.

PUBLIC COMMENT

[Time: 00:02:01]

Mayor Lane: So with that, we have tonight's meeting, it is of course, a work study session. There is no official action on this. This is meant to be a discussion and for guidance purposes as we discuss

these items and the direction to staff. And by virtue of that, we do allow for public comment, but I see that I have no cards on that. So I will leave that go for now.

ITEM 1 – GENERAL OBLIGATION BOND PROGRAM

[Time: 00:02:11]

Mayor Lane: And we just have the one item, of course. And that is the general obligation bond program and we have Mr. Earle, our city engineer here to discuss that with us and I understand he has a very thorough slide presentation to keep us entertained and educated.

City Engineer Derek Earle: Well, thank you Mayor. I was told it was supposed to be a short slide presentation, but we'll try to work our way through it.

Mayor Lane: Okay.

City Engineer Derek Earle: I'm glad the Giants chose to bring some of their weather down with them today. It doesn't hurt us to get a little bit of rain.

Mayor Lane: They always like to feel at home.

City Engineer Derek Earle: What I would like to do tonight for this presentation, portions of this you have you probably seen in the past. I would like to do a quick review of the city's capital asset base and then we'll talk specifically and jump into the proposed bond program and the projects that staff has put together for Council consideration. Following that, we will have a little bit of an update on the city's debt structure so we can understand where a bond program would fit into the ultimate structure for the city, very brief mention of the considerations we need to be cognizant of for the bond election and then we'll open it up for a discussion at that point.

[Time: 00:03:18]

City Engineer Derek Earle: So starting with the city's capital assets, some of these slides you may have seen during the budget presentations. The first pie chart is actually a presentation of the city's governmental assets. The next slide will be enterprise assets but governmental assets are typically those that are not in enterprise funds. A vast majority is street and storm drain system and as you can see, another large piece of this is also building and land improvements.

As you look at the funding source for the purchase of assets or for the investment in assets in this type of category, those investments generally come from two sources one is the general fund, C.I.P. The second is the transportation sales tax which goes to fund many of the streets projects. The storm draining projects are typically funded through the general fund.

The next slide I won't spend much time on, but this is a total asset base for the enterprise funds. Primarily the water and sewer system, it would also include solid waste and any of the other

enterprise funds, for example, the airport. General obligation bonds aren't generally used for this type of assets. They use revenue-based bonds for their funding for assets.

This is kind of an interesting slide. It looks a tad bit complex, but this is essentially a view of the city's asset base and the condition of those assets from an accounting perspective. The blue bar, the blue bars as you follow across from left to right is the city's depreciable capital assets. These are the general government assets as they have grown. This goes back to 2002, up to the most recent fiscal year end, which was '13/'14 and that's total depreciable assets. The red bars as you follow from left to right are the amount of accumulated depreciation. Now, I understand that depreciation is an accounting term, it's a financial aspect, but this is only one way of looking at the city's assets. There are other ways, of course.

What is most interesting about this chart is the green line indicates in essence the difference between the red bar and the blue bar. It tells you the amount of the city's assets from the accounting perspective that have not been depreciated. If you go back to the first bar in 2002, you will see that two-thirds, roughly 66% of the city's assets had not been depreciated. The corollary to that is a third of the assets had been depreciated. If you follow that across to the most recent fiscal year end, you will see that that number has actually trended down as far as undepreciated assets. The reverse of that is assets have depreciated over 50% of the city's assets have accumulated depreciation on them. Now, again, this is just an accounting aspect of your assets. This is not necessarily representative as a physical condition. This is just one aspect that demonstrates over time why it would be necessary to consider reinvestment in your assets.

[Time: 00:06:34]

Mayor Lane: Mr. Earle, if I could, what is the average or what is the range even of the useful life of our capital assets. I know there's variations in, that but 10 to 30 years and with an average of 20 or that because I look at a 12-year period of time here, so a drop off of, or I should say of undepreciated assets to this extent wouldn't be that unusual, certainly, given the useful life of most of this.

City Engineer Derek Earle: Mayor, that's a good point. Typically when you look at the life of depreciated assets and you are absolutely correct it depends on the type of assets. Some assets, especially buildings, portions of the water and the sewer system can go out as long as 50 years in terms of the depreciable life and then depreciation is calculated on a straight line basis for those assets. On all or our assets, it's actually a straight line basis. Some of the shorter assets, streets typically are about a 30-year asset. Some of the land improvements are 25 years. Generally buildings, 25 to 30 year range. So it really varies by asset on what the depreciable life is. Now I really sound like an accountant. I think I just gave you the sum total of my accounting knowledge.

Mayor Lane: That sounded pretty good. You threw into that the water resources system and of course that is MPC bonds. We talked about the separate source of funding for that, are those assets included in this calculation?

City Engineer Derek Earle: No, these are general government assets. The assets we typically

consider streets, city buildings that are funded by either transportation sales tax or general fund.

Mayor Lane: And the reason I wanted to bring that up is the fact that you did sort of stress that those assets in the water resource side of things generally have a longer useful life than some of the others, streets and roads may not be quite as fit as long as 50 years. I'm sure they are not. So when we are talking about these type of assets we are probably talking about a different range, maybe not as high as 50 years for most of what's represented here or no.

City Engineer Derek Earle: That's correct and from reviewing the city's financial reports, I did and not that I maybe a habit of reading them in the evenings, I did note that you are absolutely correct. The water and the sewer assets tend to have longer lives, pipes in the ground have longer lives and some of those assets have longer lives.

Mayor Lane: And just so the public knows, the M.P.C. bonds are not dependent upon a vote on a bond issue at all. They are funded by fees for the services provided and therefore, they are just not dependent upon the same kind of situation that the general obligation bonds are.

City Engineer Derek Earle: That's correct, mayor. And I have a good slide coming up concerning the breakdown of the types of indebtedness and how that's paid. The Preserve, for example, has a different funding source. It's funded by sales tax. Water and sewer are typically funded by water and sewer rates. M.P.C. bonds in some cases, for example the T.P.C., Museum of the West, et cetera, those are funded through bed tax. In all of those cases, we have identified funding for the various types of bonds. In the case of general obligation bonds, those are strictly through secondary property tax.

Mayor Lane: Okay. Thank you.

[Time: 00:09:57]

City Engineer Derek Earle: A slide that we have generally look at every year are contributions to the C.I.P. and I think it's losing the impact of the years back in '05, '06, '07, when we know that there were significant contributions. We all know that those are years with spikes that most likely won't be repeated in perhaps our lifetime. But it's more interesting to look really as we go to the right on the contributions to the C.I.P. Generally this has been mostly construction sales taxes that have been contributed to the C.I.P. Council has made some policy decisions over the last several years that have increased it. Most recently and I would use the pointer. It tends to move a little bit slow. There we go. This bar particularly, in the last fiscal year, council chose an additional contribution to the general fund portion of the C.I.P. through a combination of extra general fund funding and through the sale some of city buildings and offered to allow that to be plowed back into the C.I.P.

The four bars to the right, and it took and I actually was not familiar with this policy. A new policy that council approved last year takes excess interest earnings in the general fund over \$1 million per year and contributes that to the C.I.P. That is going to be a positive benefit to the C.I.P. starting at about half a million dollars for the next fiscal year. And the range that we are looking at here up to a

million and a half dollars additional.

The only other thing that I might note on this chart and I will see if the arrow works, is roughly around the range where this funding has been over the last few years and it's projected in the coming years. That is essentially about equivalent to what we call our programmatic accounts which are the very basic capital needs that are submitted by our departments. We call them program accounts. They are such things as very basic street maintenance, basic building and facility maintenance. These are not significant replacements. These are the annual replacements we have to do. Computers wear out, those types of things. And the funding level that we have been operating with the exception of last year, which was a positive spike, has been about at that basic level to fund our year-end, year out needs of basic facility and equipment replacement. It's not been in excess replacing any large facilities or larger capital projects that might be necessary.

[Time: 00:12:35]

Mayor Lane: Yes? Pardon one second, Mr. Earle.

Councilwoman Klapp: One question. I don't know if you have a chart here but I'm just curious as to what was the city's general contribution to the C.I.P. before '03/'04, like the five years prior to that. Was it running essentially about the same as we see in '03/'04? Was it relatively level or were there spikes in it?

City Engineer Derek Earle: Mayor, Councilwoman Klapp, I don't have the entire history and it gets , I don't want to say it's muddled as in it's confused, a change in policy, changed the way it was funded a few years ago, where we started funding with a percentage of sales tax under our financial policy. Before that, it was basically just excess general fund revenue that was funding the C. I.P. There was no policy. I can't give you a definitive answer on what happened previously. I would be glad to investigate that and provide it as a follow-up.

Councilwoman Klapp: I'm just curious how the C.I.P. was handled prior to, as you said, '6, '7, '8, that period is an anomaly. It is, you know, every business saw that same sort of experience in their businesses, not just in your expenditures for capital items. It's just that most businesses were experiencing high revenues during that time, but prior to that, was more normal. So when you get into the years before '03, '04 that was a more normal period. Sometimes we look at these charts and we see these huge spikes and you think oh, my God, how could we possibly have let this happen, but that is an illustration of a time that will probably not happen again. I'm more interested in what would be a typical normal year. Would it be the '3/'4 year?

City Engineer Derek Earle: I think it will be hard to truly characterize that. You look back and this is just general fund contributions. We had a bond program in 1989, and we had a bond program in 2000, and both of those aren't reflective on this chart, in terms of funding sources. Those were contributing a significant amount of funding to a lot of the capital assets that were being added to the city, as well as a very significant development activity by our developers. When they go out and build a subdivision with the public street and they give that to the city that becomes a city asset. And so I

apologize I don't have the specific answer to your question but I just wanted to add some perspective to your thoughts.

Councilwoman Klapp: Thank you.

[Time: 00:15:11]

Mayor Lane: Thank you, Councilwoman. Councilman Smith.

Councilman Smith: Thank you Mayor. Flip back a slide if you would. I know you will eventually try to give us some perspective on what the reinvestment requirements should be. And I look at the red bar there, the depreciation line and probably no one can read the numbers on there, but the red bar of depreciation looks like it's climbing about \$100 million a year. In the far left side, it is 800 or 700, 600, whatever it is and then it goes up \$100 million a year. And I understand that that's an accounting view of the extent to which the asset base is wearing out or needs to be replaced or whatever. You suggested there was another way of looking at it. And what I'm trying to have you opine on is if you don't think we should be investing \$100 million a year as that red bar would suggest, do you have a different thought of what we should be reinvesting per year?

City Engineer Derek Earle: Mayor, Councilman Smith, two issues. When I say that accounting is not the only measure, there are ways we can measure the quality of our assets. For example, the streets we have an index called the P.C.I., pavement condition index, and that's been declining on a regular basis for the city. We know on specific classes of assets what we need to invest to try to maintain those measurements. I can't give you a specific overall number that I would recommend the city investing in. That number could be anywhere from, you know, a small 100, \$150 million to \$300 million depending on the analysis level that you want to put into this. We're strictly looking and the projects that we are going to be proposing are those projects that we think are most critical to at least stemming potential, I guess, for lack of better term, depreciation or falling apart of our infrastructure. There are more projects that are in the works in the future. We are just not prepared at this time to present all of those projects to you at this time. So I'm not sure I directly answered your question other than I don't have a number in mind that I was going to recommend to you in terms of an annual investment that would make sense.

[Time: 00:17:14]

Mayor Lane: Thank you Councilman. Mr. Earle.

City Engineer Derek Earle: As far as the bond program itself, I will do a quick review of the project, how this was determined and how the projects were put together. I will try to avoid too much detail. We do have our subject matter experts if you have got very detailed questions on any particular projects, we will be glad to bring those up. As far as what we're proposing for Council to consider tonight, it began with the bond task force which was created in 2012 and commuted on through 2013 and created a list of 45 projects that were prioritized for Council's consideration for a bond program.

The ultimate program that came out of that was the original recommendations were nearly \$250 million. Through some work with council, and it was trimmed down to about \$212 million. That formed the basis of our initial take on the capital projects. We reviewed those projects and in many cases, either through an alternative funding methodology, or change in priorities or nature of the infrastructure itself, many of those projects were dropped. Some were built. Some were moved to a lower priority after we detailed them further and some after staff analysis were deemed just not critical to bring to Council at this time. For example, at one point we had library improvements in here and those have been deemed lower priority even though I do know there is some interest from the Library Board to bring those back up. Following the bond task force information, we also took the last two years of capital improvement program updates that staff provided and took those projects into account.

A couple of things that I would like to mention is, is there is a prescribed process for staff to prioritize those projects prescribed in our financial policies. We follow that every year. A couple of things that you will note when we go through the projects, some of these projects that you will see the budgets for, primarily in the transportation and the storm water area are not the full amount that are being shown here because they leverage additional funding. Because you see a number up here, it's not necessary for the full amount to do the project, it's the amount of the city's share of the project. If you have specific questions on that, I will glad to point that out. Mayor?

[Time: 00:19:57]

Mayor Lane: Yes. Mr. Earle, just, and it may be that it will be discussed as another point, but were there any changes in the estimate of those projects that came back to the list?

City Engineer Derek Earle: Mayor, I apologize for not being clear on that. With the bond task force we basically went back and for lack of a better term scrubbed the old list of projects for accurate descriptions, accurate budgets and a lot of cases we updated those. But they are in essence, still the same projects. They just might have a slightly different name, a slightly different budget or a very slightly different description. They are in essence the same projects.

Mayor Lane: Is there any way of determining, and I'm not trying to be too down in the weeds on this, but how much maybe the overall cost of those projects that were retained after the scrubbing, after the reviewing and how much their changes either increased or decreased on a net basis?

City Engineer Derek Earle: Mayor, I believe we might have that information here tonight on a project-by-project basis. I don't have it on an overall basis, because the fact is we ended up with about half of the original bond task force recommendations. So you can't really compare it to the original \$200 million bond task force presentation. But if there was specific projects, we could probably compare apples to apples with some help behind me.

Mayor Lane: I only ask this from the standpoint that one of the challenges has been how much leeway were in the original estimates or not, when we went through the process before. So if it were reviewed, it would be interesting to see if there was some different calculation applied that may be

more, I guess, maybe more trusting or closer to maybe an acceptable methodology on how we set these things. I realize it's sort of open ended and that's the reason I'm sort of struggling to find a way to say those estimates. I don't think there's anything wrong with them. But how conservative or how liberal you might be with regard to putting a tag on it was one of the issues that came up when we talked about that and what happens to the funds if they are not used versus those that when they are short. So just if there was some refinement of that process I would be interested to know that.

City Engineer Derek Earle: Mayor, if I could respond. One of the things that I have learned in my years in engineering is I usually don't like to be a low bidder on a project when I try to put together a cost estimate. On the other side, that doesn't mean that we have gone and tried to inflate all of the estimates. We have probably something that's different now, from when the bond task force first started their work is we have an in-house estimator and we have established some policies for how we put together the cost estimates, standardized contingencies based on the level of the knowledge of the projects, standardized engineering costs, those types of things. We really placed in some standard policies. In a lot of cases, because of our policy of enforcing contingencies, those costs have gone up. The prices have gone up.

As you were well aware, under the type of program that we're looking at, depending on how the program is structured and put forward to the public, staff would need to be prepared to execute the projects and issue bonds later. So we have to have a high confidence level that we can achieve the budgets on all of these projects. I believe that we have really vetted these thoroughly, the projects that you are seeing and we have very, I hate to say detailed, but we have backup for these on a standardized basis. So I didn't directly answer your question but in essence, the cost has gone up by virtue of a uniformed application of contingency.

[Time: 00:23:50]

Mayor Lane: Well, not to belabor this point, but one of the concerns that seems to be out there is that if, in fact, we don't have a high enough estimate on it, it puts in jeopardy the project on the overall because of the inability or at least, I'm not sure exactly where the policy sets right now as to whether you can transfer from one area to another. That was part of the concern, the expressed concern by the public in some respects as to whether or not we were moving funds from one project to another in order to make it up. If you can't do that, you have to probably come in a little higher than you might otherwise.

City Engineer Derek Earle: Mayor, that's correct. I don't think that we would want to put forward estimates that we could not have a high likelihood of achieving and making the program successful, if, in need where we go with that.

Mayor Lane: You are always talking about the timing, as the prices may change within the period of time that these may be executed. So that's another added consideration.

City Engineer Derek Earle: Mayor, that's correct. I think some of the questions that came up about Bond 2000, which is a highly successful program, there were only a few, very few projects that were

not executed in the original bond 2000 program, and those are by virtue of the fact that construction costs skyrocketed.

Mayor Lane: Yes.

City Engineer Derek Earle: Midway through the program and that was really the essence of it by and large, the vast majority of the program was executed as it was presented to the voters.

Mayor Lane: But as we talk about this, eventually wherever this may go, one assurance to the general public would be the fact that if, in fact, we have to estimate on that basis, it doesn't necessarily mean it will go in that direction and if it doesn't, costs don't increase, it doesn't meet that expectation, those monies don't have to be spent, of course. Yeah.

City Engineer Derek Earl: Absolutely. Mayor, our goal is to always bring the projects in not only under budget but significantly under budget and yet meet the goals of the city.

Mayor Lane: Okay. Thank you.

[Time: 00:25:51]

City Engineer Derek Earle: As we look through the project list and, again, I will avoid going into too much detail on the project specifically. There are a couple of things that you might note and I believe you have seen this in your materials. You notice here that I have actually called these categories versus questions. One of the things that I wanted to be clear with Council is we understand that it's Council's purview on how these projects are presented to the voters, not staff's. All we have provided is a recommended breakdown on these projects. So whether we call through my presentation or your materials, you call it a category or a question, that is ultimately the purview of council, not of staff. So that's why you will see me use the category nomenclature here.

A couple of other notes on here, you see the two columns to the right, the source of the project, whether it came from the bond task force or staff capital improvement program updates. And finally, one that was a little controversial even internal to staff and I'm sure you will see it as much, what do we consider this project? Are we expanding the capacity and building something new? Or are we renovating something old? This is only an estimate, but we have used that nomenclature where renovation means we are replacing or rebuilding something. We are not improving the capacity necessarily. We are not making something larger. Expansion would be we're making something larger, we are expanding. We are building something that's not there today.

What you will see as we go through the transportation projects is those are considered expansion projects because we add a lane, we add a turn lane, and so therefore, we have called them expansion, if there are any questions. Parks and recreation, most of these projects are renovation projects. This starting at the Indian Bend Wash and working your way down. Item number 6 is not, that's an expansion project but that's been in high demand from the residents in the Grayhawk area. This is not a new project. This was always contemplated as part of the Grayhawk Park development and

this is the second phase of that project.

Street pavement repair, the amount we are looking at there is the amount that it would take, plus our current annual C.I.P. contributions to bring the pavement condition index for our city streets back up to what we call an 80. 80 is a level that you have seen in the streets in the past, but when we did a thorough evaluation, we found it dropped in the lower 70s. And we were looking at ways to try to improve that. Other cities in the area have lower indexes. Drive over to Phoenix and I think you can see. Mayor?

[Time: 00:28:31]

Mayor Lane: Thank you, Mr. Earle. And this may be just sort of fine tuning the sort of communication of this a little bit. But you know, as I look through the parks and recreation and going through that great display, I think two weekends ago where we were out there explaining all the department's activities as far as improvements and that are concerned. I forget how it was labeled but it was a great, really, I think well attended and a great display of some things that are being done by the city that really have advanced a green component to a certain degree and a safety component for sure and savings in longer run operationally.

As I look down, with the exception of number one which I might want to mention separately, the pool chemical safety program. I had the great opportunity to go through an extensive education as to what exactly that entails, not only in the quality of what we are doing but the less movement and therefore the savings of electrical power as well as the use of the chlorine or the gas or other components that they are exchanging it for. So when we talk about a renovation, I'm wondering, again, this goes to just communication, whether it's not more than that. It's an efficiency and potential, it has prospective savings in the long run operationally. I think those are all things that you know, I think sell well. I could be wrong. Maybe it's something I focus on, but I think it's a good thing to mention.

And if I were to say, the ball field lighting it actually says the efficiency of upgrading, the efficiencies not only with the concentration of the light to the ground but also less light pollution. I don't know whether those are things that are included in this, but also the efficiency operation, again using less power. The aging park building replacement, I suppose, it says replacement on one hand and then it says renovation. So I presume we are probably a complete rehab on the thing. I don't know exactly where that might fit into that, but water conservation again goes into that. I had the benefit of going through quite an interesting conversation with regard to what we're doing in that regard. Saving water, a huge element when we think about how the public sees our obligation and saving water our most precious resource. The off leash park may be just that, an expansion.

I mention that as a possibility, if, in fact, we want to really emphasize a little bit of what this is buying us in addition to, you know, enhancing our capital infrastructure but enhancing it in a way it will save the city operating funds in the long run. The Indian Bend Wash, I remember a few years ago when we redid Chaparral Lake because it was leaking like a sieve and really one of the things that was emphasized there was this was a very expensive project as that one demonstrates and I don't know

how many are involved there, but, again, water conservation. I don't know if that's a component in that too but it certainly is worth mentioning. It is good for us to know and this audience, as well as those that are maybe listening to us, that these things have more than singular role of sort of renovating existing infrastructure. So I mentioned that just from the standpoint of like I say, I want to make sure when we talk about transparency, we are also selling and talking about the really additional positive impacts of this.

City Engineer Derek Earle: You are absolutely correct. Actually on number one, that is a significant water saver. We lose a significant amount of water through the lakes in the southern part and the oldest parts of the system.

Mayor Lane: Yes.

City Engineer Derek Earle: So that is correct.

Mayor Lane: So if, in fact, it can be quantified or it can be demonstrated, I think it's worthy of mention on the overall. Yes? I'm sorry.

[Time: 00:32:27]

Councilmember Korte: On the Indian Bend Wash lakes, did we not approve some renovation of the lakes in kind of the middle part of Indian Bend Wash around Camelback, Indian School areas and then these are further south, such as south of McDowell and those lakes down there. Is that true?

City Engineer Derek Earle: Councilman Korte, that was actually correct. That was an example of a project that actually jumped in priority over an old bond project because we were having significant issues with the Indian School Park Lake right off the northwest corner of Hayden and Indian school. We are literally starting to lose the trees into the water. They are falling in from the banks of the lake.

Councilmember Korte: Those aren't beavers, are they? I'm just checking. Then would this bond project complete the renovation of all the lakes within the Indian Bend Park system?

City Engineer Derek Earle: This project is specific from Thomas Road south to McKellips. Within the Indian Bend Wash, I believe this would conclude all the publicly held water bodies. El Dorado was done years ago in this area, but from El Dorado south, none of those lakes have been touched for years. As a matter of fact, if you drive down McKellips and kind of look to your left up the Indian Bend Wash, you will see the big rock structure, that's not technically a dam. It impounds one of the lakes that's leaking like a sieve and we have got to try to fix it.

Councilmember Korte: Thank you.

[Time: 00:34:11]

Mayor Lane: Thank you, councilwoman. Mr. Earle.

City Engineer Derek Earle: I mentioned street pavement repair, public safety, and fire. The biggest piece is the fire station, the three fire stations. 613 has already been allocated general fund funding. By funding it with bonds, you can replace the general fund and it will help this balance the general fund C.I.P. which is why the project is shown there, fire station 616 is up in Desert Mountain. The fire station 603 is the one located on McDonald Drive to the east of Scottsdale Road. That will improve standards of coverage for the eastern part of the city, if we are able to relocate that. Fire, excuse me, police. None of these were additional police projects, these were considered the most critical. Police continues to have problems with the Civic Center jail and the station on the bond task force these were two projects and we just combined them into a single project because they really go hand in hand. But I think I had at least one conversation with somebody that said can't you come up with better names for these things. The reality is they really describe what the basic issues are. The training track resurfacing, it doesn't sound very exciting but that's how our police and the fire train and the track is literally falling apart under the weight of the fire engines.

Downtown parking, this was a somewhat controversial project from the previous bond program. We have updated the cost. This is another circumstance where it's actually a more expensive project and set it by itself for consideration. Flood control, we have reduced really the request here. I'm sorry, mayor.

Mayor Lane: I didn't want to interrupt you on the downtown parking. On the public safety, on the police, when we talk about the 12, the police civic center jail and the police station renovation, that's a pretty big ticket. But I remember maybe three or four years ago, maybe a little longer than that, time flies, but we renovated it in order to have the cells that we could rent out if somebody didn't want to go to tent city and we would have better accommodations, a small jail hotel we were running for a while. It didn't seem to go together. Is that a rework of some of that?

City Engineer Derek Earle: It's not a rework of the original. At the time, I believe, we also had the Via Linda jail operating. The concept behind this is to consolidate all jail operations at the central facility and this is one of the heaviest used facilities. I would have to get staff comment on the previous renovation. We did do some work on what is called the sally port where the prisoners are brought into the area. We did a significant amount of work.

Mayor Lane: But for longer term types of stays. You say that's not part of what we are doing here, correct?

City Engineer Derek Earle: Correct. These renovations would impact that area because it's part of the renovation project. There's limited amount of space in that facility for all the needs that are called for, for downtown.

Mayor Lane: Okay. Thank you.

[Time: 00:37:37]

City Engineer Derek Earle: And we do have somebody from the police department here if you would like to get more detail on that. Two drainage projects. These were probably the more critical drainage projects. There are others we are working on, of course working on the Reata Path project. The Crossroads East flood control improvements, this used to be not only on the bond program but also on the C.I.P., multi projects. And we have actually pulled this together working with state land into a two-phased project, a bit better defined, more accurate cost estimates and there's dual benefit on this. There is benefit to the future developer for Crossroads East. That will be paid for by the future developer of Crossroads East. The money that we are showing here would be for the city responsibility as a portion of that. So this is about half the cost.

[Time: 00:38:28]

Mayor Lane: Councilman Smith.

Councilman Smith: Thank you Mayor. You may have just answered the question I was going to ask. The entire project is \$27 million or something and we are expecting 13.5 to be paid by the future property owners?

City Engineer Derek Earle: Correct.

Councilman Smith: It would be maybe helpful if you went through here and let us know whether this is a net number or whether there is matching money or future money that we'll get. I thought reading this item 16 and the write-up that comes later, I thought the developers would pay us back this money, the half, the \$13.5 million, I wasn't aware it was a \$27 million project.

City Engineer Derek Earle: Mayor, Councilman Smith, we had actually competing estimates on this. It started out as a \$21 million project and when we added contingency and the administrative costs to this and had an updated cost estimate; it appears it may be closer to the \$26 million. But it's a well-defined project. The devil is in trying to figure out what it is going to cost. We know what the project is but sometimes when you are looking at this, you don't know what it will take to buy right-of-way and you are just guessing at right-of-way costs because that happens two or three years from now. And some of the physical improvements themselves we have defined but we don't know what it will cost until we actually get out there and start building these particular projects or we bid the projects, excuse me. I don't want to say make a comment that we have to approve this before we know when we are going to spend. So Councilman Smith, this is the first project that we anticipate a developer contribution and we believe this would be eligible for flood control district funding but we have not made the request of flood control on this project.

Councilman Smith: Well, perhaps it's in the words or whatever. It later tells us the future developer of the property will pay approximately half of the cost of this project and then it would lead one to believe maybe we'll get back half the \$13.5 million and that's apparently not the case. A companion question that arises is why would the property owner pay half and only half? Why would he not, if he's going to be the beneficiary, why wouldn't he pay the whole thing? Or how do you

come up with this half from him versus half from the city?

City Engineer Derek Earle: Mayor, Councilman Smith, and first of all, you are correct in the clarification. I will be sure that that's actually worded correctly. I can see how those words might be misleading but this was intended to be approximately half of the cost of the project. We are in negotiations with the State Land Department right now to discuss sharing the cost on this project. And the reason there's a sharing of the cost is there a direct benefit for the State Land Department on them being able to get their water to these major facilities. This does not pay for their normal everyday development costs for building the project. That is their expense. We are not touching that. That's their responsibility. So all the drainage on site is theirs. This is a couple of major conveyance channels that takes water that originates from way up north, from as far as Reata Pass and comes down through the project that are not currently properly addressed. It makes some improvements on the north end of state land to Grayhawk and helps benefit Grayhawk and it also benefits a lot of developed properties south of the 101, all the way through the Princess, a lot of residential developments to the south of the 101. So there is a city benefit. We believe that benefit to be approximately half of the value of this. And even the state lands analysis agreed with us.

[Time: 00:42:12]

Mayor Lane: If I might just follow a little on that because if some questions have been raised which I think are legitimate. Number one is how do we present this, if we are leveraging some kind of money, whether it's the Maricopa County Flood District or whether it's FEMA or whatever, if there are, as we have done different times with the tribal lands to the east as well the Salt River Pima Maricopa Indian Community. But that is good for us to know for sure and I'm sure probably some of that is maybe in the detail, but it makes the point a little clearer and particularly interesting when we are leveraging. But when we have done this on state land in the past, when we have gone out ahead of it, it has been seen as a direct benefit to the state, the land trust land department, and upon sale, we have had immediate recovery. But that has involved in the past a lot of different infrastructure issues, streets and sidewalks and all of that kind of thing, and other easements of even of utilities and that.

But in any case, why would this be, and I can certainly understand why the state would be happy to have us just ask for half. I am not talking about the developers, ultimately whoever buys the land, you know, what we have done in the past is we have recovered when it purchased. Now sometimes that timing is not great for us but nevertheless, it would be interesting. If that were the case, though, if we were to try to follow that path, and in the past we have fronted the money and recovered it later on, so I'm not sure whether this proposal is somewhat different in the sense that we are talking about we are only going to be talking about fronting half of it?

City Engineer Derek Earle: Mayor, at this point in time, we don't have a business agreement with the State Land Department. So as far as who would take the lead and exactly, you know is the state land going to sell and then the first developer take the lead and then us follow with our share or us take the lead, vice versa. We have not determined that with the state land. So I don't have a definitive answer for you. This project has the potential of being in, there is flooding south of 101, not on the

state land. It's an issue, Perimeter Center has previously been flooded and areas north of there.

Mayor Lane: Well, you are talking about the effective private property that's been affected and, in fact, we have been subject to risk and lawsuits on that situation.

City Engineer Derek Earle: Correct. This will help to alleviate a lot of those issues and that's the reasoning for this project. It can't be partly build. There are some small pieces we may be able to build but we really essentially broken this out to the smallest component that could go in initially and provide the city a positive benefit, and as a corollary does provide the state land benefit as well. But how they choose to pay for it, whether they reimburse it from the future property purchase or not is their choice. But what we don't have decided is who will take the lead on this project.

Mayor Lane: So if I were to be so direct as to say this is sort of a sum of money so that we have something to work with in those negotiations and determinations. So it's not finally calculated, this probably one of the more uncertain numbers we have out there.

City Engineer Derek Earle: Mayor, the only difference between where we were and where we are with this project, is we do have the benefit of a very detailed analysis from the engineering consultant and that's what changed the cost and how the project would be ultimately executed. Beyond that, I believe you are correct. We just don't have final agreement with the State Land Department on how this would be executed.

Mayor Lane: Okay. Thank you. Yes, Councilman Phillips.

[Time: 00:46:14]

Councilman Phillips: Thank you Mayor. Well, I think it should be noted and to the Mayor's point, usually when the State Trust Land and the developer wants to develop land, they want the infrastructure done first. And what they'll do is they will get the city to do that and to the Mayor's point, we will get reimbursed when the developer buys the property and puts his improvements on it. The point being is this money is going on your property tax and you will not get a check back for that money. The money that gets reimbursed will go back to the city. So in this kind of an instance, when the city is making an improvement on a state trust land for a developer, it should be through a different source I think than property tax, because the property tax people aren't getting their money back for it, the city does.

And you can say, well, the city is going to use that money for the good of everybody but it doesn't exactly work that way and we are the ones that will be paying it for the next 30 years. So the developer can have developable land. I think that needed to be noted. And I think that accounts for number 17 as well. Thank you.

Mayor Lane: Thank you Councilman. Yes, I'm sorry. Vice Mayor?

[Time: 00:47:21]

Vice Mayor Milhaven: I would like to clarify it is my understanding that that \$13.5 million is the city's share of the costs that will not be paid by the developer?

City Engineer Derek Earle: Mayor, Vice Mayor, that's correct. That's the amount that we, are our estimate is that would be our share of the costs.

Vice Mayor Milhaven: To protect the neighborhoods surrounding that not just the immediate development.

City Engineer Derek Earle: Vice Mayor, that's correct.

Vice Mayor Milhaven: Thank you.

[Time: 00:47:46]

Mayor Lane: The only thing I might add to that is in the past we have had different arrangements as far as who fronted it and how we recovered it. This is a little bit different program. And I think what I hear you saying is this is on the basis of a program where we would be supplying half of it. This is the money we talk about. Yeah.

City Engineer Derek Earle: Mayor, that's correct and I will reiterate that we have also not talked to the flood control district about them potentially participating in this. So there could be actually a reduced amount from the city's share if we can get flood control district, but they are a little slow in their capital program, it is in pretty dire straits as well.

Mayor Lane: Is there any prospect that even on our share if we were to do it this way of an assessment on those property owners who benefit from it, recovering to the city, or no?

City Engineer Derek Earle: Mayor, we have not explored that. That hasn't been typical with the city on large scale drainage projects like this. We typically haven't gone to an improvement district type of arrangement where we assessed properties specifically. That would be ultimately a council policy decision if you felt that that was the appropriate direction to go.

Mayor Lane: Okay. Thank you, Derek.

City Engineer Derek Earle: Okay. If we --

Mayor Lane: Oh, I'm sorry. Councilwoman Littlefield.

[Time 00:49:11]

Councilwoman Littlefield: Thank you. This is one of the questions that bothers me the most in this entire bond package because the numbers are not really set. And it's still under negotiation. We

are still working with the state land trust. We don't know exactly what it actually is going to be. So this is something that I think needs to be watched pretty closely and when this comes back again for future discussion, I would like to have something a little bit firmer in what our cost is, what our share would be, what we can expect to get back and have a little bit firmer knowledge of how that's going to end up. This one, it's a little wishy-washy for me. Thank you.

Mayor Lane: Thank you Councilwoman. I think we are set then, Derek.

[Time: 00:50:03]

City Engineer Derek Earle: All right. Transportation projects. Somebody told me they only expect me to make a ten-minute presentation. I think I have exceeded that.

Mayor Lane: You have been trying, though.

City Engineer Derek Earle: One thing to keep in mind when we looked at the transportation projects, the projects you see here are really two categories. They are either widening a street or improving an intersection. That's how we have broken this down. We no longer have trails and paths and bike lanes and some of the other things in here. We really tried to focus primarily on widening a street or improving an intersection and increasing the capacity to help where we have traffic problems.

Several of these projects do have contributions through M.A.G. Prop 400 or approved grants. Three of these projects have a total of about \$32 million and that would be the Airport Park roadway improvements and Happy Valley Road and the path. So there are two of these projects that have a significant amount of leveraged funding. The last two multi use path and trails, as I said we broke that out of transportation. This seems to be appropriate because these were usually pedestrian bicycle improvements. So we classified these all together.

And finally citywide technology is very, very, very difficult to try to plug in any place else. And these are not necessarily all of the technology upgrades that have been requested or desired for the city. These are probably the most key ones. One is to improve efficiency of buildings by upgrading their control systems the other is a public wireless improvement, a public building wireless improvement to enhance access at all of our buildings for both public and for city use. And disaster recovery infrastructure is really just allowing us to be able to recover in the event of a disaster much more quickly. Right now we don't have the necessary backups to be able to do that.

Mayor, with that, I'm concluding on the detail. I will run through the city's debt structure and I have a couple more slides. I will try to move very quickly because I know I have taken up quite a bit of time. The staff recommendation is roughly \$173 million over 34 projects. How it's broken down is ultimately the purview of council. We just presented a recommendation to you.

Debt structure. I won't spend a lot of time on this the city does have about \$1.2 billion outstanding debt, and please, if you have a question, I will be glad to jump into this. The section we are

concerned about is general obligation debt. I think you mentioned earlier about debt service funded through other sources, those are the other slices of this pie. Currently the city has about \$288 million in outstanding general obligation bond debt. In essence general obligation bond debt even though the payments are level it is essentially like paying off the mortgage to your house. The amount of capital outstanding drops over time. Even if your payments are lower, you are basically paying a lot of interest early and you are paying more capital later. And as you can see under our current structure where we project the indebtedness to go, if you look at the addition of this potential bond program, this is a very, very conservative assumption that we issue the bonds in three tranches which we would probably issue them in slightly longer terms. This is the most conservative approach. We would be essentially about six years from now right back at the current level of indebtedness. It drops fairly quickly as soon as you issue your final bonds, you start paying it off, just like a car or house or anything else.

Statutory debt limitations, I won't spend much time but we are nowhere near the state mandated limitations. We are very comfortably below those limitations. City bond ratings, we are triple a, the highest and we don't anticipate this having any impact. In the past there have been comments that, just general comments even to the extent that we are reinvesting our infrastructure maybe looked favorably upon by rating agencies. Comparative tax burden, our bar is the third one over. This is how much of our capacity that we have used. That yellow piece of bar is actually Preserve debt. And that counts as general obligation debt. And reason is because the back stop is secondary property tax but as we know the Preserve is paid through the sales tax. So it does not impact our property tax. If there's ever a problem with the sales tax payments, it would.

The impact of residents on this size of program, two things, I will take you to the middle chart. If you take it on the average residential units across the city, irrespective of their assessed valuation, the average impact is about \$66 per year, \$5.50 a month. If you go to assessed valuation which is a better measure for most people, per \$100,000 of the tax assessors market value of your home, the impact to this program would be just under \$20 or \$1.60 per month. Now you take that and you have to ratchet that based on the assessed valuation of your home or your particular residence.

Elections must be held in November. The clerk has provided an estimate that if this is held in an odd year this would be about a \$500,000 election. If it's held on an even year, it would be held in conjunction with the city's general election and the cost would be significantly lower, perhaps very minimal cost for holding that. Next steps if your direction is to consider an election, we could, of course, schedule an additional work study session, as if you haven't gotten enough of me tonight, I could give you another couple of hours. Then at some point in the future, if council chooses to move ahead, we will bring an action to call the election. This is a review of what happened in 2013, and I'm not going to spend much time on this because most of us know the results of that election. But an interesting piece when I looked at this and also in 2014 is the significant amount of early ballots that are actually submitted by mail in the city of Scottsdale. Nearly 90% in 2013, 80% in the general election just this last year.

There is program oversight. The council touches the program in many different ways. You have to approve the specific projects as they are added to the C.I.P. Staff would be in the position to

recommend creation of a bond review commission if Council sees fit. There was one with Bond 2000 and it was a productive group that provided recommendations to Council. And you will, again, on multiple times after that still see the projects as they come through. So with that, I think I actually got through all of those slides a little over my allocated time.

There are four questions we would recommend Council discussion on tonight. These are the four questions: Should the city consider holding a general bond election? That's a pretty simple yes or no. And if so, when should that be held? This coming year, this year, we have plenty of time yet to hold that election. We do need to make a decision in the next 60 days or so. What would be the size of the program and what projects should be included? So Mayor with that perhaps it might be easiest to go through question by question.

Mayor Lane: Yeah.

City Engineer Derek Earle: On any discussion. We will be all here to help.

[Time: 00:57:56]

Mayor Lane: Thank you very much, Mr. Earle. It was a very reasonably quick presentation, but very informative and I appreciate the work that's been put into it. You know, I would think if I was talking to the council as far as question number one as to whether or not should the city consider holding a general obligation bond election. I guess for one I would say yes. I have been a proponent of that since the past failure, but, of course with refinements to how we present it and the amount and the recalculation and frankly the scrubbing that you have gone through it and we very much appreciate the time and effort that's been put into that without adding a great deal more time in a bond review commission and that. So it looks like it's been a useful process and what's been brought to us.

So my feeling is that I think we do need that bond election, but I think the more critical component is item number two. Is there some thoughts as to whether or not we should pursue a bond election? Anything other than, yeah, you can either make the statement or you can affirm the fact that we do or done. Or say no. If you want to just take a survey. We are not voting here. This is for directional purposes only and for consensus, but I will start with Councilwoman Littlefield.

[Time: 00:58:57]

Councilwoman Littlefield: Should the city consider holding a general obligation bond election, yes.

Vice Mayor Milhaven: Yes.

Councilwoman Klapp: Yes.

Councilmember Korte: Yes.

Councilman Smith: Yes.

[Time: 00:59:48]

Councilman Phillips: Okay well I asked staff for a critical needs only list of things that we had to do otherwise we would have problems in the city and that we didn't have money for, that had to be done now, to have to have a bond election in order to take care of it. I got nothing back. I don't see why we have to have a bond election. I can see why we want to have a bond election. But I don't see any critical needs where the city is going to fall apart unless we do this, and I think the money is way too much. And there's other options and I think one of the options is a sales tax. You know, if we had a sales tax of 1.5% for two years, you would raise the same amount of money and it wouldn't be on the property tax for the next 30 years. So I guess I'm the only no.

Mayor Lane: Okay yes, Vice Mayor.

[Time: 1:00:37]

Vice Mayor Milhaven: I would like to understand Councilman Phillips' thought around sales tax. Because property tax is probably going to be less per year and it's also tax deductible to the property owner. So, I would like to understand better why you think a sales tax would be preferable.

Councilman Phillips: Because a sales tax is paid for by everybody, the tourists and the snowbirds alike. And in two years we can do it and sunset and be over with it. Whereas this we continue to pay and pay. That's my reasoning.

Mayor Lane: Certainly.

Vice Mayor Milhaven: You previously made statements to say that you believed that we could pay for our capital out of our annual operating. Are you still of that opinion?

Councilman Phillips: Yes, I am and, in fact, when the last bond didn't pass, the city manager came to us and said there were 12 critical items we needed to do and we found the money for those in our regular budget. Again, we are at the same point. Why do we have to do this? Most of the projects in here are things that need to be fixed on an annual basis and I believe that we do that. Unless we can see that the dam is leaking and we don't build a new dam that the city would be flooded, I don't see an urgent need to have a bond.

Vice Mayor Milhaven: Just to expand on why I said yes, tomorrow night we will talk about police compensation and so we squeezed money out of the annual operating to pay for some of these critical capital needs and now we are struggling to meet some of our annual operating just to keep pace with paying the staff what we need to pay. And so I respectfully disagree and while I do think we need to work on defining what is critical and which of these projects are critical, I don't see that we can meet our critical needs without a bond. So thank you for sharing your point of view.

[Time: 01:02:47]

Mayor Lane: Thank you, Vice Mayor and thank you Councilman. I wanted to add a little something myself. I see two components to Councilman Phillips' objection. One is he doesn't see the need but on the other hand if, in fact, there is a need of some lesser order, that it be paid for in a different way. And I would just say that I believe when you are talking about these kinds of capital, long-term capital needs, I think one of the easiest and best ways and fairest way to actually impose any kind of payment for these things which are vital for in the long run, they are not something that are absolutely coming crushing down on us today, tomorrow, but they may exhibit themselves over a much longer period of time, that we have some difficulty with or we will have some difficulty with. And we have an obligation too, as far as Scottsdale is concerned, to maintain an infrastructure that we think, not only befits really our residents and our city and our reputation but also what we are looking to supply for a very important industry within, well, all of our industry certainly, but maybe even on a higher scale, our tourism. So I would respectfully disagree with that assessment but nevertheless, I appreciate your point on that. But I would think that at this point, we are just talking about whether we would consider it and I think it's well worth considering. Councilman Smith?

[Time: 01:04:08]

Councilman Smith: Thank you Mayor. I just wanted to maybe echo some of the same comments for the edification of whoever might be watching the program tonight. If we decided to fund the capital program with the sales tax increase, it would be an extraordinary and unusual way to buy long-term assets. That's what we are talking about, assets that last on average 30 years. And to impose the sales tax of 1.5% for a couple of years or whatever would be as I said an extraordinarily unusual way to try to acquire long-term assets and pay for them over their useful life. That's the whole reason for doing bonds is to amortize the payment for the assets over their expected life.

In addition, if we, in fact, raised sales tax 1.5%, virtually doubling the 1.65% that we have now, we would be extracting from the community in sales tax an additional \$100 million a year. Sales tax is a regressive tax. We discussed only two weeks ago the extraordinary regressiveness that it has in terms of tax on food. And we opted to give no relief to the folks in need in our community paying sales tax on food, and now we confront the idea of perhaps doubling that tax as well as every other tax to pay for capital assets with a 20-year life, by a two-year tax.

To the question of whether there's no need, I don't think you could look at the charts that have been presented to us and conclude that there is anything other than an extraordinary need. We have waited and waited and waited year after year during the recession not reinvesting sufficient money in the capital assets. We see that they are wearing out by whatever measure you want, an accounting measure or any other measure that might be proposed at the rate of \$100 million a year, and we're putting into the reinvestment program 5 million, 7 million, 8 million, sometimes we sell capital assets so we can reinvest like we are doing with the buildings.

But in no way are we coming anywhere near meeting what the capital reinvestment needs are. And it may not be apparent. We may not know where the deterioration is occurring. Mr. Earle referred to one of them, which is the deterioration in the pavement condition index in the city, from an

exemplary 85 a few years ago, a very few years ago to now in the low 70s. We have garages that were held up with steel rebar for all of last summer. We have an extraordinary need in the city and it is growing by an extraordinary amount every year. And to pretend that we can take it out of current revenues, I think is misleading to the public. Thank you Mayor.

Mayor Lane: Thank you Councilman Smith. Councilman.

[Time: 01:07:27]

Councilman Phillips: Well, just to respond, you know, it's funny last week we talked about removing this onerous food tax on everybody and then this week we are talking about giving a property tax on everybody. What's the difference? You are paying it one way or the other. My way is you pay it for two years and your way is you pay it for 30 years. Again, where is the critical need? Where is the critical need? You look at the Kiva, is it crumbling or falling down? Should we rebuild this whole new building? This will be here for another 100 years. Sure we need air conditioning and certain things. Last year the parking garages needed \$2 million in repair. We took that out of the C.I.P. contingency budget.

We have the money, we have the resources. I think this is just play money. This is a list of things that we want to do and it would be great. We all want to buy a new car but we don't have to buy a new car. And, you know, to try to find a way to say these are things that, you know, we have been waiting and waiting and the city has been through a bad time and now it's time to go ahead and put in some more debt, we have a triple a rating. We can leverage \$1 billion, why not do it? Well why do it? You don't have to do it just because it's available. I can go get some more credit cards but it doesn't mean I'm going to. Unless somebody can show me a critical need where we need this money and that is why I was saying the sales tax could kick in to cover the critical need cost, I don't see the need for it.

Mayor Lane: Thank you Councilman. Councilwoman Klapp.

[Time: 01:09:00]

Councilwoman Klapp: I would agree with you that we need to be prioritizing this list and determining which items are critical. Yes, we found some money in the budget in the last year to do some things but they weren't any, it wasn't significant dollars and we can always do that, find a couple million here, a million there. But when it comes to larger capital items, I think there are some critical items on this list and I would hope we could agree to what some of those are. I would be willing to discuss prioritization because when I say yes, I think we should consider having a bond election, I really think that bond election should only include those things that are critical or we are never going to have the public want to support the bond election. So I think that you've got some legitimate concerns that I think we can address here in the Council to see if we can get a list that would be more acceptable than the list of the number of projects we have today. I want to expand on why I said yes, we should do it, but there are some things we need to do on this list to make it more palatable and we haven't even talked about when we should do it.

Mayor Lane: You know, yes, Councilwoman Littlefield.

[Time: 01:10:19]

Councilwoman Littlefield: Thank you Mayor. I think that Councilwoman Klapp is correct. We need to prioritize and only do those things that are critical. Some of the things I have a question on and I didn't get a chance to talk about them so much, especially the items that do not have a long life expectancy. For example, high tech renovations, probably not going to last 30 years. If you know the tech industry at all and how it's maturing and evolving and growing, it's not going to be, what we put in today will not be really terrific in 30 years. So when you have something that has a shorter life span, then maybe that's something that we could pull out of a bond issuance and figure out another way to pay for it because I wouldn't want to be paying for 30 years for something that died and went away in five years.

[Time: 01:11:16]

Mayor Lane: Thank you Councilwoman. I would just add a little bit to that. I think that certainly this is only the first question as to whether or not we would consider putting a bond on the ballot for the citizens to decide. We have got a number of steps to take in the interim and between that time that are all set to either prioritize or to assess or consider the term of some of these items that are on here, and the value and the need. But if, in fact, if there's no thought, and I don't think the consensus here is certainly to consider this and we'll move forward in that regard.

And the one thing that I would want to add to the conversation and this is in no way to denounce some of the concerns that Councilman Phillips has, but I wouldn't want the public to go away from this with the idea that the only way tourists contribute to the infrastructure is through a sales tax. And that really is entirely incorrect because all of our hotels and resorts and all the amenities that support that pay a property tax at a commercial rate and they all contribute to the payment of that expense. And so it's a fairly substantial amount that's actually recovered through those same tourists and it doesn't happen to come through sales tax. So that's not the deciding point as far as the fairness of it.

And frankly, I certainly, as I indicated earlier, believe that a general obligation bond is a far more appropriate way, and a fairer way, actually to make an assessment on our constituent taxpayers through a long-term bonding than an immediate two-year sales tax, or something on that order. I think that's an important distinction for us all to remember. But I think what -- yes, I'm sorry. I wasn't going to close it out without looking at least this direction, but that said, that would be my final comment on it. So unless Councilwoman Korte raises some other volatile point.

[Time: 01:13:15]

Councilmember Korte: No. No. Not me. Simple question. A tax revenue bond, which would be a bond paid back by a sales tax, is the interest rate and the cost of that money relatively the same as a G.O. bond?

City Engineer Derek Earle: Mayor, Councilwoman Korte, I don't have that answer. I apologize without our finance department today we have been a little short on being able to answer those. So as far as the types of rates, I'm only going to make a broad assumption that a sales tax based bond -- you know, I know our preserve bonds are very competitive. They are sales tax based but they are backed by property tax. They have a backup of property tax on them but they are a very competitive rate. Our M.P.C. bonds are backed by other sources of revenue, in a lot of cases bed tax revenue and to my knowledge those are competitive rates as well. I think it's more based on our bond rating than it is necessarily the type of revenue, but there are some more dangerous revenues that would be, I'm sure would cost more. That's about as well as I can answer. I apologize without finding it and getting a detailed answer to you.

Councilmember Korte: Thank you.

[Time: 01:14:35]

Mayor Lane: I may be speaking a little out of school on this I don't know if the treasurer is here or not, but the fact remains most of our M.P.C. bonds are still backed by the property tax as a fallback situation. I think that's, what? No, that's not the case? Well, I appreciate that. But the bottom line, is yes, it's our rate and from every indication I have ever seen, our rates are very, very competitive between general bond obligation issuance and M.P.C. So, yes Councilwoman Littlefield.

[Time: 01:15:02]

Councilwoman Littlefield: I would like to know what the differences in the rate are if there is one. And maybe some of this stuff should be done on a revenue bond, based on sales tax and backed by property tax, especially for the things that are shorter in duration and the rest go on a general obligation bond. That would be something that would be worth considering.

Mayor Lane: Okay. Councilman Smith?

[Time: 01:15:28]

Councilman Smith: Mayor, while we are discussing this, there's not a great deal of difference between the interest rate that you pay on an M.P.C. bond and a G.O. bond, but a G.O. bond is the best interest rate that we can get. The caution I would have if we issue M.P.C. bonds to pay for anything, without any identifiable source of repayment, then the repayment will come out of general fund. They will be a general fund expenditure. They will impact the general fund and detract from our ability to balance the general fund in other respects. That's why we put in, why the council put in some years ago, a requirement that M.P.C. bonds only be issued if there's an identified source of repayment, not general fund revenues but revenues from operations or other people contributing or whatever.

[Time: 01:16:30]

Mayor Lane: Thank you Councilman. All right, I think we have got reasonable guidance on that first question. So going to the next, if so, when should the election be held, November of 2015 or '16 or later? If I were to do a similar survey, I will start with -- well, I don't know. I guess there wouldn't be -- Councilman Phillips probably doesn't have anything to add to that one, since it wouldn't be taking place. Councilman Smith?

[Time: 01:16:53]

Councilman Smith: I would be voting for 2015 and I don't know whether you are looking for elaboration or not, but I will give you some. I think we'll obviously incur a small cost to do that, \$500,000 or whatever, and I say it's small. It's obviously a lot of money but as a percent of the total package, it's less than 1% of the total cost of the program. If we wait another year to do these same projects, inflation alone would cost us more than that. So I think the need is urgent. It has been urgent. It continues to be urgent and my recommendation would be to do it as quickly as we can. And I'm not at all bothered by having a separate question.

[Time: 01:17:43]

Mayor Lane: Councilwoman Korte?

Councilmember Korte: 2015.

Mayor Lane: 2015. Councilwoman Klapp?

[Time: 01:17:48]

Councilwoman Klapp: I don't believe the public is going to be too inclined to vote for bonds in 2015. I would be more inclined to say that I would support 2016. If we have a consensus that we do 2015, my recommendation is that we cut the list down significantly in 2015. I would not put anything like \$172 million on the 2015 ballot. I think we should cut it down considerably and put only critical items on and see how they fly. If that works, then maybe there could be another one in 2016, but I just think it's still a little early. We have had bond questions on in the past. And if we put this kind of amount of bond questions on the ballot in 2015, I think that's a difficulty. I'm going back and forth between two and three here as to if there is a 2015 bond election, what should the size of it be. If it's a 2016 bond election, it could be a little larger but I would not put a large one on 2015. My preference is to move it all to 2016.

[Time: 01:19:14]

Vice Mayor Milhaven: I say '15 for the same reason that Councilman Smith said that the increased cost of inflation will offset the cost of the ballot. For me, it's more important that those of us who support the bond agree and so while I say '15, I could be persuaded by my peers to support '16.

Mayor Lane: Thank you, Councilwoman. Councilwoman Littlefield.

[Time: 01:19:32]

Councilwoman Littlefield: I would say 2016. I don't think inflation is a very large item right at the moment. It seems to be under control for a little bit. And I go back to the screen that showed the 2013 bond election review. And looking at the two different dates, 2013 and 2014, we get a much better representation of our citizenry, a much larger vote of the citizens if we go to a year where there's an election for other things as well. I'm not so much concerned about the cost of the election as getting a good representation and a good vote turnout from our citizens. So that's why I would do that.

[Time: 01:20:21]

Mayor Lane: Thank you, Councilwoman. And I would share a good bit of that reflection on the size of the participation. My preference would be the 2016 principally for that reason, but notwithstanding at least some interest in the concern about a half a million dollars price tag. I'm not sure what the offset might be, but nevertheless, I think 2016 would be a better, it's almost 54% of the registered voters versus 31%. It's a fairly significant difference there.

There are obviously other things that each of us in any kind of an election process consider but I think that just the participation is an important one and I think that's something we can't discount. The costs may be a wash one way or the other. The urgency, though I certainly think in the longer run we need this, absolutely, and maybe every year that goes by, it becomes more critical. But I certainly would want to make sure that we have our ducks in a row and we are out there with the population as best we possibly can. So that would be my thinking.

What it has left us with, with no vote by Councilman Phillips is 3-3 with regard to the -- but I did hear, if I -- and I were to make just one small persuasive -- that there was some potential movement with the Vice Mayor, and so I don't know if there's a reconsideration there, but before you got some time to think about it, Virginia. Councilwoman Korte.

[Time: 01:22:06]

Councilmember Korte: So can we, and having a greater number of the electorate make this decision, of course is important. The landscape on the ballot of 2016 is going to be a big one, the landscape. Not only is it a presidential year, it will be city council elections, it will be mayor elections and then we probably are going to be looking at the general plan. If I'm correct, the general plan election in 2016. We haven't talked about it but I think that's kind of where it's going. So I'm just, not that I'm not, I think the political landscape is something that we need to consider too. But I can be persuaded.

Mayor Lane: All right. Well, I'm not sure what else I can pull out of the pocket here as far as to swing on that. So I'm going to turn back to the Vice Mayor and see if she has --

[Time: 01:23:15]

Vice Mayor Milhaven: I could be persuaded. I would like us to continue the conversation, just to start laying the ground work even if we are going to be in '16. I would like to keep working on it.

[Time: 01:19:23]

Mayor Lane: You know, I think that's a very good point because in order to go to 2015, we have to get on a track and there's nothing wrong with us being on this track in any case. If somehow or the other, we get derailed for some reason or the other, there's maybe an alternative. If this is okay and on the basis of what I heard, we'll go with the idea on the track for 2015 subject to our further conversations.

City Engineer Derek Earle: Thank you, mayor.

Mayor Lane: All right.

[Time: 01:24:03]

City Engineer Derek Earle: So it makes the remaining two questions more interesting. And again, the optimum side of the program, this is a little more difficult because of the fact that, you know, if you look at the, and Councilman Smith had asked us earlier about the reinvestment needs for the city. We know that there are \$170 million in needs in front of you, and, you know, is that the right starting point? Should it be smaller or larger? Obviously that's a policy decision.

We feel comfortable that the majority of the projects that we have listed for you, with a few exceptions, really fall to that high priority list. These are projects that over time will eventually continue or will eventually continue to deteriorate if we don't pay attention to these. But we want to be cognizant of council's concerns. With that said, I'm not sure how to best approach this other than to see what type of range. We may get seven different numbers but,

[Time: 01:25:13]

Mayor Lane: Okay. I think the Vice Mayor,

Vice Mayor Milhaven: We are all trying to jump in here. I have every confidence that the list have you given us is critical but what I heard in the last bond election was the appetite for more detail and more information was almost insatiable. And so we have a brief couple of sentence description of what the project is. I also tried to go back through the C.I.P. to see what project descriptions I could find and went back to the old bond task force and I would -- before I could even contemplate size or which projects, I would like to have a more complete -- exactly, yes! I think we need to have, because as you describe here, what's critical is like wow no you can't have mature trees falling in the pond and if the track is crumbling, that's not acceptable. I think we need exactly this to say what makes this critical.

And then in some of the things you talk about that there's offsetting savings and so I know the question that folks will want to know is what is being saved and how much is being saved. And then I think also where there is matching money, we need to know that as well to say we are leveraging these dollars with additional dollars. And so I'm not prepared tonight to say how big it is or what should be included because I want to see what's in your binder. Thank you.

[Time: 01:26:42]

Mayor Lane: Councilwoman Klapp?

Councilwoman Klapp: Well, as I mentioned, before I really would like to hear your recommendations on the priorities of this list. I don't know if in the categories they were prioritized, you know, one through five, number one was more critical than number five. I don't know that. I can probably say what I think are priorities but that's not necessarily the best way to do it, is giving my opinion. So I would like to see if we are going to continue to talk about this -- a list of those items that are most critical.

Let's assume that we had the election in 2016, and we were able to comfortably say that every single project on the list is critical. I would feel more comfortable with that. Does it mean that would years later, we couldn't have another bond election if we needed to? There are items that are critical and there are items that would -- it's the old conversation we had a couple of years ago, what is it we really need and what is it that we want?

Well, we need to be looking at what we really need and we have to determine that first and I think that would make me more comfortable and I think it would make the voters more comfortable that we really scrutinize the list and determine whether or not some things were on there just because we thought it would be nice to have, but not really something that we have to have. When item and I don't mean to pick on this one at all, but one item that comes to mind is I can't imagine why it would cost \$5 million to put in a dog park. I just don't understand why if you are fencing off an area of a park that it has to be \$5 million. And so that's something I really need a better explanation on. I'm sure there are other projects on there too that we should be looking at.

In the last election, there was a great deal of controversy over the parking garage. Should we be actually looking at some other way to provide parking downtown and not put a highly controversial parking garage on the list to affect all the other critical needs that we have? Not that it isn't important that we have more parking downtown, but is it the most critical project on the list? Those are the kinds of things I thought when I looked at it, and I could probably recommend that -- this might be difficult to do but that we have a list of maybe about half the number of projects that I saw. I just think it's a long list of many things and it makes it more difficult to -- to explain to the citizens about why these are important and I'm basing it on all the past failures we had in passing bonds.

We had one a couple of years ago that we had projects that were highly leveraged and they could care less if we were going to get two-thirds of money by the federal government, and the rest paid for by

us. It may be important to us that we would leverage some money, but it may not be important to the voters. Really, what is -- what has to be done, we cannot do it through our -- our general fund. We don't have the money for it. It has to be -- it has to come out of general obligation bonds and what are those projects that would be most important to not only the running of the city but the people who are going to be paying for it?

[Time: 01:30:14]

Mayor Lane: Councilman Smith?

Councilman Smith: Thank you Mayor. First a question of understanding, Derek. This program is not a one-year program, nor is it like Bond 2000 a ten-year program. What do you consider it to be?

City Engineer Derek Earle: Mayor, Councilman Smith, we would consider this a three-year program. The intent was to try to address most critical projects so we could address in the next three years with this.

Councilman Smith: Well, in that context, I guess, you know, if I were picking the optimum size of the program, there are two ways to look at it, I suppose, as many have in saying what would the voters vote for? What would they support? What would they entertain, whatever? I personally think a lot of that depends on how well we communicate with them, how well we sell the projects and sell the program.

The other way to look at it is in a less passionate but just mathematical sense. It seems to me that the needs of the city are demonstrably something on the order of \$100 million a year that we need to be reinvesting. And the voters, I think, would understand the math of this if you told them the city has grown to the point where the assets that we have in the general fund, not the water company or anything else, but just the general city assets are assets which had an original cost of \$3 billion. And stuff wears out. And whether it wears out at the rate of depreciation or wears out at some engineering rate or whatever, it wears out. And if we are going to try to keep the face of the city as pristine and as livable as it has been in the past, then we are going to have to make a sizable reinvestment in the city.

And that's what leads me to believe that the number for the requirements of the city, whether it's these particular projects or not, I don't know, we can debate each one of them. But in the aggregate amount which is what you are asking in question three, in the aggregate amount, I don't think the number that you have proposed is at all out of line for a three-year program. I think the combination of what the voters might approve in this three-year program, plus the leverage, the contribution from other sources that we might get, would put us back on a sustainable program of reinvestment in the city's infrastructure. I don't see anything less.

The other thing I guess I would say, I presume and you didn't really talk to this Mr. Earle, but I presume that when you came up with \$172 million it wasn't a combination of wants and needs. It was a number that was culled from probably \$1 billion of wants and needs. This I assume is your critical list

and you can either affirm that or not.

City Engineer Derek Earle: Mayor, members of Council, and Councilman Smith, yes. The list that you are looking at came from a significantly longer list which came from an even longer list from a few years ago. Nearly \$1 billion was submitted in critical needs or important needs. Excuse me, I don't want to all them all critical several years ago went we culled that down through the bond task force and other processes. I think probably the most instructive thing that I can think of at this point without trying to advocate either way on this, because this is a policy commission is to, I've had several comments about what constitutes as critical.

What is a critical project? I thought I am going to go to the dictionary and look up critical. What does critical mean in this. And I found this, and typically it's really a medical sense, but it's really a meaning of critical it says relating to or being the stage of a disease at which an abrupt change for better or worse may be expected. And when I saw that I thought, well, that explains it. You know, in and of itself is this project x, if we don't invest in it today, is it going to fall apart. The answer is probably no, we will patch it together and keep it going. Could it reach a critical point tomorrow or a week from now or a month from now or five years from now? Yes, it will without that reinvestment. So if we are investing \$1 today to fix that asset today, tomorrow it may be \$2 and a year from now it could be \$20 because the deterioration of these assets is not linear. When it falls apart, it falls apart.

And, again, without trying to take a position either way for council on this, just trying to convey to you, as the city and engineer, my thoughts and opinions on the condition of the infrastructure. We are an aging city. We are not a young city anymore. The city was founded in the, well, in the 1800s but in essence formed in the '50s and heavy investment in the '60s and '70s and '80s in development cycles. That was 30 years ago, 40 years ago. And all of that infrastructure that we are trying to maintain for you is 30 and 40 years old.

Yes, we have new things that we have built since 2000 with Bond 2000 that are in great shape. We don't have to mess with those now. We have to keep them well maintained as we do. But a lot of that 30 and 40-year-old infrastructure is ultimately going to fall apart. And I will submit you to one walk around Civic Center Mall will tell you.

Mayor Lane: Thank you, Mr. Earle.

[Time: 01:36:13]

Councilmember Korte: So speaking about walk around Civic Mall, Brian, you have scanned some really rotten photographs but I wanted to bring those up because as I'm looking at these projects, while I can say that pass and trail supports our tourism industry and pavement of our streets and perhaps parks and rec. What, you know, where specifically do we support our tourism industry which we know is very critical? And if you walk through, and these are just a couple of pictures, if you walk through the Civic Center Mall, you will see deterioration and it's not pretty. And this is where our tourists come into our mall, our downtown, our old town, this whole area is deteriorating. And where is it in this bond that we are supporting our tourism industry?

[Time: 01:37:23]

Mayor Lane: Thank you, Councilwoman. One thing that we addressed just but a few meetings ago was our downtown Civic Plaza, if you will and one of the suggestions that has been made repeatedly over the course of time is the allocation, as we have already authorized by ballot language, the use of bed tax funds for tourism-related infrastructure. And we have suggested that and it was rejected. I think probably in error, but nevertheless, from my point of view, I think it is something that's very important to us and it definitely qualifies as a tourism-based infrastructure. That's where I'm hoping to relieve the public and I think that was what our intent was when we put that on the ballot that way to relieve the public of some of that obligation but use it judiciously and make sure we have got those things covered. I think that where it may and should be.

That's only more or less and pardon me for sort of answering that question as a see it and the way we have had it presented to us. I think the amount is probably in the right area of things right now and I would also say particularly and I haven't really given this a great deal of thought and you mentioned it as a three-year bond issuance. That raises some questions and answers others, but nevertheless, it's one of those things. I will say as far as the amount is concerned, I think we are in the ballpark. I don't know whether tonight we are to determine exactly which things we feel are absolutely right on the money or whether that's subject to another meeting. If it's 2015 that we are shooting for, we will probably have to do something fairly quickly. I saw the chronological order of some of the meetings you had indicated on your timeline. I think we can follow that and probably get ourselves in pretty good stead.

But to the point of question three and four and I'm not trying to jump ahead when I say this. I think some of this, both in three and four probably are still subject to some of the conversation I heard from councilmembers here today. And that is still subject to some additional information and review and prioritization or otherwise, whether we cull this number further or whether we just prioritize it and maybe list it out differently. And frankly, get some information on it.

I was talking earlier too and I wouldn't want this to be lost in this conversation, I think it's vitally important. There are a lot of complicated issues when we talk about a bond issue. Why it is needed, why it is a long-term situation, why this is the mechanism we want to use and should use for this kind of capital expenditure. Those are all valid but when it gets right down to brass tacks, people want to know why we are doing it and how is it going to benefit us in the long run? Certainly a lot of it is maintaining not only our reputation but our brand and our presence for all of our residents, as well as for our tourists, but, nevertheless, we have got to do these kinds of things for the longer haul. So, that's a given.

So what's included in it? And I will certainly and I'm sorry to run on here too much, Kathy, but I'm not missing you. In any case, I think that both three and four from my perspective are things we will still be working on a little bit as we get some of the additional information that we have. What projects, and the dollar amount. So I'm pretty good with that. Yes, Councilwoman Littlefield?

[Time: 01:41:10]

Councilwoman Littlefield: Thank you. I feel a little bit like I have just entered the twilight zone because I chaired the campaign last time against the bonds. And there were various reasons for them and now I'm working on how to make a bond package pass. And I think there are a number of things that we need to consider when we are looking at the size of the package, and looking at the presentation to the citizens. These are things that I heard. I'm not trying to say we can't do it. I'm not trying to be negative. I'm trying to be positive.

I'm a very practical person when it comes down to decisions, dollars and how to make things happen. It's how I think. It's kind of like an accountant, it's kind of weird, but it's how I am. And what I heard is not going to go away this time from last time. They want to know that they are critical needs. They want to know that the bond package has not been padded. We don't need to have a package that's too large. Last time I heard it over and over again. It was too big. They didn't want to pay that much money.

Next, it has to be fairly close to a line item and I'm very glad to see that we have as many questions as we do. There's one or two that have a lot of items on there. We might want to split that up. They want to know that what they vote for is what they are going to get. No wishy-washy. No ability to change or to just put three of the things in from the four questions and the one that they really wanted doesn't get built. They don't want that. They want it transparent in all aspects and what Councilwoman Klapp was saying, they need to know what it is. They need to know the details and I think that's very important. And it has to be defensible.

I looked, you know, I'm a dog lover from way back and I looked at the dog park at \$5 million and I'm going, wow, that's quite a dog park! You know? I'm going to go take a look at that when it's done. It has to be defensible. What is going in? Why is it so much? Have that information on every item readily and easily available to the citizens and the voters so they don't have to struggle to find out what is in the package and why is it there and what will it do for them?

I think that one of the things that I would be interested before I can say what size it should be, on a dollar basis, I would like to know what kind of matching funds are we going to be able to get? Are there going to be some that can significantly reduce this total? That would be an important. And I would like also to itemize these needs and to itemize them by need, by importance. What does the staff consider to be the most pressing and go from there. And so we can take a look at all of those and see what we can come up with. That's all I have to say.

[Time: 01:44:28]

Mayor Lane: Thank you Councilwoman. I think you probably have a pretty good feel for where we are trying to get. I don't know whether or not we are staged tonight to try to go through item by item to do exactly that or not, but it may be that we do need some additional information on that. And you know, if I might, both to Councilwoman Klapp and Councilwoman Littlefield's point, one of the things that we want to overcome but at the same time in a very positive way is to reinvest in a certain

amount of credibility and frankly that we have our ducks in a row and we have some understanding of it. Some of these things are not that easy to explain or even understand how it goes on a longer run. But we can be and we want to establish to the best of our ability something that was really by a campaign that really worked the other direction and that was to sort of undermine our credibility and maybe our integrity in what we were trying to put forward. We want to regain that and do it in an open and as transparent a way possible and as a logical presentation.

We will have a little bit of a different feel for the things that are absolutely necessary or not, or where we ought to stand. But we have to come to a solid place that. To use the word as defensible, I don't think we felt we had to go out that much farther in defense of some of these things but obviously that became apparent when we were sort of seeing a very different light as far as the public is concerned. With that, unless there's any other final, yes, Councilman Smith.

[Time: 01:46:13]

Councilman Smith: Can I request the floor?

Mayor Lane: I suppose I rolled over it, but if you want, we probably should go through that one.

Councilman Smith: Well, Mr. Mayor, I would like to talk to question number four, which is what projects should be included in the project and not specific projects. I agree we are not here to talk about individual projects per se. In looking through the list, the one arena of projects that I find missing is the discussion for projects in arts and culture. And I mention that because it's not just my idea, it's what the voters have said repeatedly in a number of ways, whether it's improving a general plan or setting a vision for the city or whatever. They considered arts and culture to be one of the foundations of our city, one of the defining features of what we all call the cache. And I think they would be supportive of programs that address arts and culture.

I know you have in front of you a comment and request from the library board about the library projects that might be critical and needed in their sense. This is part of our arts and culture. I mean, our community has more libraries per capita than any other community in the valley. And it's intentional. And it's part of what we consider to be the arts and culture. The comments on the Plaza out here, I don't think we are supposed to call it a mall anymore. But the Plaza is part of our arts and culture presentation to citizens and to visitors alike. So I would like when you think about projects to include, more specifically in categories to include, I would like to see something that addresses this which has been the expressed citizen desire.

The other thing I would like to comment on and it's not really on comment number four, but I appreciate you mentioning that one of the features we'll have on this is a citizen task review force board just as we have had in the past. I think the citizens should take some comfort from that. That's a citizen oversight group that will be looking at the investments that are made, making recommendations to city council. So if citizens don't have the same enthusiasm that we might for going through your 3-inch binder there, they need to know that we have put in place a mechanism to represent their interests and I think the bond task force did that in an exemplary fashion for Bond

2000, I think they could do it again for this. Thank you, Mr. Mayor.

[Time: 01:49:11]

Mayor Lane: Thank you Councilman. Any other comments on item 4 that we may have overlooked? So with that being said then, I think, I hope we have gotten some guidance to you as far as what we might need and then on the schedule.

City Engineer Derek Earle: Mayor?

Mayor Lane: And the timing.

City Engineer Derek Earle: If it is any benefit I thought I might repeat what I heard from Council, heads nodding.

Mayor Lane: Always a good idea.

City Engineer Derek Earle: What I did hear is a consensus to consider a general obligation bond program, not clear consensus for particularly on whether it's 2015 or 2016, but that staff should continue to work as if we are doing a 2015 program. And the other thing that I heard council would benefit from more understanding and more -- I want to be careful when I say detail because I don't want to bury you with detail. This is literally the work that we put together on each of the projects. But to provide you additional details and descriptions of these projects so that you are better able to make those decisions on these projects and how critical they are. I heard some additional things, for example Councilman Smith's comment.

So my thought is to potentially consider either a regular council session or another work study session later in perhaps just depends, I'm not throwing out dates yet. But perhaps late April or early May, we have to work with the clerk to see what is available, that would still allow us time if there is a desire to consider 2015, to actually make that decision. But that would just be my thought and then staff would present perhaps a higher level of detail to help you on the project evaluations.

Mayor Lane: And I think you have got a pretty clear outline of exactly what we were trying to communicate as a body. So let's follow that path. I would say from the likelihood, given the kind of conversation and discussion we are going to look for with respect to all of those items, another study session probably would be a good way to facilitate that. So we'll look to that and work on that.

City Engineer Derek Earle: Thank you.

Mayor Lane: Well, you know, if we don't get a 4 or 5-inch binder, we don't really feel like we are complete. Electronics has really taken something away from us, you know? No, I'm kidding, of course.

ADJOURNMENT

[Time: 01:51:12]

Mayor Lane: But in any case, unless there's any other comment, I will ask for a motion to adjourn and a second. All of those in favor of adjournment please indicate by aye. We are adjourned. Thank you very much, Mr. Earle.