APPROVED

MINUTES

SCOTTSDALE CITY COUNCIL

CITY COUNCIL MEETING

Tuesday, November 4, 2003

The Kiva
City Hall
Scottsdale, Arizona

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CALL TO ORDER (IN CITY HALL KIVA FORUM)

Mayor Manross called to order the Regular Meeting of the Scottsdale City Council on Tuesday, November 4, 2003 in the Kiva, City Hall, at 5:03 P.M.

ROLL CALL

Present: Mayor Mary Manross
Vice Mayor Wayne Ecton
Council Members David Ortega, Tom Silverman, Robert Littlefield, and Ned O'Hearn

Also Present: City Manager Jan Dolan
City Attorney Brad Woodford
City Clerk Carolyn Jagger

Pledge of Allegiance

Scout Troop #63 from Kiva School led the audience in the Pledge of Allegiance.

Invocation

Reverend Jack Sylvester of the Brotherhood of Man Church offered the invocation.

Announcements

National Gold Medal Award

Mayor Manross announced that the city's Community Services Department is a recipient of the prestigious National Gold Medal Award sponsored by the National Sporting Goods Association and the National Sports Foundation. The award recognizes outstanding park and recreation agencies for excellence in the field of park and recreation management.

2003 Greater Phoenix Workplace Diversity Award

Mayor Manross announced that the city's Diversity Department was recently awarded the 2003 Greater Phoenix Workplace Diversity Award. Don Logan accepted the award on behalf of the city and credited Council for their support.

Presentations/Information Updates

Cultural Council Semi-annual Business Update

Frank Jacobson provided an overview of how the private and public partnership with the Cultural Council is working to make Scottsdale the focus of the region's cultural attention. He highlighted cultural events, programs, and accomplishments within the city under the direction of the Cultural Council.

He announced that the Cultural Council has recently received a five-year grant for approximately a quarter of a million dollars from the federal government, channeled through the Arizona Department of Education, entitled The 21st Century Community Learning Center Grant.

He reported that the Cultural Council concluded its last budget cycle (2002) in solid fiscal shape, which included a 43% increase in private donations. In addition, the Board of Directors has made progress in articulating a clear and compelling strategic vision of the exciting future of the arts in the city (outlined below).

Strategic Priorities

- Assure the relevance, diversity and leadership of arts programming to our community.
- Achieve a high Level of financial strength and stability.
- Gain recognition and awareness for the Scottsdale Cultural Council and its operating divisions.
- Consider new opportunities to advance Scottsdale's capacity and reputation as an arts and cultural hub.
- Ensure the authority and accountability of its institutions.

Next Opportunities

Renovate the Scottsdale Center for the Arts
Downtown Theater District with a Signature 350-seat Theater for a Resident Company
Museum of Art of the American West
Opportunities for New Performing Arts Spaces in Downtown
1,800-Seat Concert Theater

*****Appointment**

Consider the appointment of Joseph R. Bertoldo as City Attorney

Mayor Manross explained that Council is considering appointing Mr. Joseph Bertoldo as the new city attorney. She highlighted Mr. Bertoldo's experience, education, and professional affiliations as well as the city's recruitment process. She noted that if appointed, Mr. Bertoldo would assume his duties with the city on January 5, 2004.

Mayor Manross opened the floor for a motion to appoint Mr. Bertoldo as the new city attorney.

COUNCILMAN ORTEGA MOVED TO APPOINT JOSEPH BERTOLDO AS THE CITY ATTORNEY AS PER THE EMPLOYMENT AGREEMENT. VICE MAYOR ECTON SECONDED THE MOTION WHICH CARRIED 6/0.

Boards, Commissions & Committees – continued until December 8, 2003

Board of Adjustment (2)
Building Advisory Board of Appeals (2)
Environmental Quality Advisory Board (2)
McDowell Sonoran Preserve Commission (1)
Scottsdale Pride Committee (3)

Mayor Manross explained that the appointments listed above were continued until December 8, 2003.

Public Comment

Daniel Basinger, 29503 N. 107th Place, encouraged everyone to participate in the November 8th Household Hazardous Waste Collection Day event being held at 9191 E. San Salvador from 7:30 a.m. to 2:00 p.m.

Minutes

SPECIAL MEETINGS	REGULAR MEETINGS	EXECUTIVE SESSIONS
October 8, 2003	October 7, 2003	August 25, 2003
October 13, 2003 (4:30 P.M.)		August 26, 2003
October 13, 2003 (5:00 P.M.)		September 8, 2003
October 14, 2003		September 9, 2003
October 20, 2003		September 24, 2003
		October 8, 2003
		October 13, 2003
		***October 20, 2003**

COUNCILMAN SILVERMAN MOVED TO APPROVE THE SPECIAL MEETING MINUTES FOR OCTOBER 8, 2003, OCTOBER 13, 2003 (4:30 P.M.), OCTOBER 13, 2003 (5:00 P.M.), OCTOBER 14, 2003, AND OCTOBER 20, 2003; THE REGULAR MEETING MINUTES FOR OCTOBER 7, 2003; AND THE EXECUTIVE SESSION MINUTES FOR AUGUST 25, 2003, AUGUST 26, 2003, SEPTEMBER 8, 2003, SEPTEMBER 9, 2003, SEPTEMBER 24, 2003, OCTOBER 8, 2003, OCTOBER 13, 20003, AND OCTOBER 20, 2003. VICE MAYOR ECTON SECONDED THE MOTION WHICH CARRIED 6/0.

CONSENT AGENDA ITEMS 1 – 17A

1. **REMOVED FROM THE CONSENT AGENDA FOR SEPARATE DISCUSSION. SEE PAGE 9**

2. **Thai Thai Restaurant Liquor License**
   Request: Consider forwarding a favorable recommendation to the Arizona Department of Liquor Licenses and Control for a series 12 (restaurant) State liquor license for an existing location currently operating with a series 12 license under the business name Mika.
   Location: 6166 N Scottsdale Rd
   Reference: 77-LL-2003
   Staff Contact(s): Robert Bushfield, Development Review and Permit Services Director, 480-312-7096,
   rbushfield@ScottsdaleAZ.Gov

3. **Colina Vista Replat**
   Request: Approve replat for 16 residential lots on a 9.2+/- acre parcel.
   Location: Northwest corner of Cholla Rd & Pima (101) Freeway
   Reference: 12-PP-2003
   Staff Contact(s): Tim Curtis, Project Coordination Manager, 480-312-4210, tcurtis@ScottsdaleAZ.gov;
   Kroy Ekblaw, Planning and Development Services General Manager, 480-312-7064, kekblaw@ScottsdaleAZ.gov

4. Colina Vista Right-of-Way Abandonment

Request:

1. Abandon all public rights-of-ways within the Colina Vista subdivision except a portion of Cholla Road.
2. Adopt Resolution No. 6386, subject to the stipulations.

Location: Northwest corner of Cholla and Pima (101) Freeway
Reference: 2-AB-2003
Staff Contact(s): Pete Deeley, Project Coordination Manager, 480-312-2554, pdeeley@ScottsdaleAZ.gov; Kroy Ekblaw, Planning and Development Services General Manager,
480-312-7064, kekblaw@ScottsdaleAZ.gov

5. Grayhawk Executive Center (Parcel 20b) Development Agreement Amendment

Request:

1. To amend an approved Development Agreement to allow access from Pima Road to a 6.82 +/- acre parcel located at the northwest corner of Thompson Peak Parkway and Pima Road.
2. To adopt Resolution No. 6388 authorizing the Mayor to execute the Amended Development Agreement No. 960046A.

Location: Northwest corner of Pima Rd. & Thompson Peak Pkwy
Reference: 46-ZN-1990#15
Staff Contact(s): Suzanne Colver, Senior Planner, 480-312-7087, scolver@ScottsdaleAZ.gov;
Kroy Ekblaw, Planning and Development Services General Manager, 480-312-7064, kekblaw@ScottsdaleAZ.gov

Vice Mayor Ecton questioned if the proposed entrance from Pima Road to the development is necessary. Randy Grant explained that the left-hand turn has been constructed as part of the improvements planned for Pima Road. He clarified that traffic studies were undertaken and it has been determined that the entrance is not a detriment to safety and traffic flow.

Councilman Ortega requested that the area plan be corrected to reflect the appropriate location as it erroneously reflects Thompson Peak Pkwy and Scottsdale Road currently.

6. Scottsdale Airport Engineering Services Contract

Request: Adopt Resolution No. 6387, and authorize Contract #2003-161-COS to Gilbertson Associates Inc., to provide Airport Engineering Services for Scottsdale Airport. Scottsdale Airport has a need for on-call engineering and consulting services from aviation-qualified professionals. Gilbertson Associates, Inc. was determined after competition and panel evaluation to be the most qualified provider.
Staff Contact(s): John C. Little, Jr., General Manager, Transportation, (480) 312-2539, jlittle@scottsdaleaz.gov; Scott T. Gray, Aviation Director, (480) 312-7735, sgray@scottsdaleaz.gov

7. Ingleside Inn Tract Unit 03 Annexation

Request: Approve Ordinance No. 3530 to annex a narrow strip of Parcel 128-44-001A from the City of Phoenix. This annexation deals with one single-family lot that has been partially located in the City of Phoenix, while the existing home is within the City of

Scottsdale. Approval of this ordinance would allow the property to be completely located within one City. The City of Phoenix de-annexed the land on October 15, 2003.
Location: 6002 E Carnation Cr
Reference: 2-AN-2002
Staff Contacts: Teresa Huish, Community Planner, 480-312-7829, thuish@ScottsdaleAZ.gov;
Kroy Ekblaw, Planning and Development Services General Manager, 480-312-7064, kekblaw@ScottsdaleAZ.gov

8. **Engineering Services Contract for the design of Shea Boulevard intersection improvements at 90th & 92nd Streets**
Request: Authorize Engineering Services Contract No. 2003-156-COS with Kirkham Michael Consulting Engineers, in the amount of $235,952 for design services for intersection improvements on Shea Blvd. at 90th and 92nd Street.
Related Policies, References: Bond 2000 CIP Project
Staff Contact(s): Al Dreska, Capital Project Management Administrator, 480-312-5555, adreska@scottsdaleaz.gov; Douglas G. Cullinane, P.E., Sr. Project Manager, 480-312-2681, dcullinane@scottsdaleaz.gov

In response to questions from Vice Mayor Ecton, Al Dreska explained that the Transportation Department maintains an on-going list of traffic capacity priorities. These two Shea intersections were high on the priority list due to the impact from traffic traveling to and from the Pima freeway.

9. **Engineering Services Contract for evaluating design options for Indian Bend Road between Scottsdale Road and Hayden Road**
Request: Authorize Engineering Services Contract No. 2003-157-COS with URS Corporation, in the amount of $261,730.92 for evaluating design options for Indian Bend Road between Scottsdale Road and Hayden Road, including intersection improvements and widening Indian Bend Road from two to four lanes across the wash.
Related Policies, References: Bond 2000 CIP Project
Staff Contact(s): Al Dreska, Capital Project Management Administrator, 480-312-5555, adreska@scottsdaleaz.gov; Douglas G. Cullinane, P.E., Sr. Project Manager, 480-312-2681, dcullinane@scottsdaleaz.gov

10. **Construction Bid Award for Zone 12 Reservoir and Zone 13 Booster Pump Station**
Request: Authorize Construction Bid Award No. 03PB134 to Currier Construction Inc., the lowest responsive bidder, at their lump sum bid of $4,824,280.00 for upgrades to a reservoir and pump station located at 114th St. and Dixileta, and upgrades to an existing booster pump station located at 11180 E. Dynamite Road.
Related policies, references:
    a. Water Resources Master Plan, Integrated Water Master Plan, dated September 2001.
    b. Engineering services contract 2000-030-COS for development of plans and specifications for the Zone 12 Reservoir, the Zone 13 Booster Pump Station, and the upgrades to Pump Station #100.
Staff Contact(s): Al Dreska, Capital Project Management Administrator, 480-312-5555, adreska@scottsdaleaz.gov; Doreen Song, P.E. Project Manager, 480-312-2367, dsong@scottsdaleaz.gov

In response to comments from Vice Mayor Ecton, Ms. Dolan clarified that developer fees would fund the project.

11. Construction Bid Award for the Renovation of the Chaparral Park Aquatic Center Building

Request: Authorize Construction Bid Award No. 03PB120 for Renovation of the Chaparral Pool Aquatic Center Building to S & S Paving and Construction, Inc., the lowest responsive bidder, at their lump sum bid of $1,013,044.00.

Related Policies, References:

a. Architectural Services Contract No.2001-116-COS with TRK Architecture and Facilities Management, Inc., to provide construction documents for the renovation of the Chaparral Pool Facility approved by Council on 8/20/01.
b. Development Review Board approval of project (Case No. 4-DR-2003) on 3/6/03.

Staff Contact(s): Al Dreska, Capital Project Management Administrator, 480-312-5555, adreska@scottsdaleaz.gov; Doreen Song, P.E., Project Manager, 480-312-2367, dsong@scottsdaleaz.gov

Councilman Ortega noted that this project is very significant and that Bond 2000 improvements are moving forward.

12. U.S. Environmental Protection Agency Grant for Groundwater Source Protection Public Outreach

Request: Adopt Resolution No. 6394, authorizing the City of Scottsdale to accept a groundwater source protection non-matching grant from the U.S. Environmental Protection Agency for $26,250.

Related Policies, References:

a. Sections 300h-7 and 300j-14 of Title42, Safe Drinking Water Act, pertaining to Source Water Assessment and Protection.
b. Professional Services Contract No. 2001-089-COS to conduct a source water assessment, approved by City Council on September 4, 2001.

Staff Contact(s): David M. Mansfield, Water Resources General Manager, dmansfield@ScottsdaleAZ.gov; 480-312-5681, Jim Clune, Water Quality and Treatment Director, jclune@ScottsdaleAZ.gov, 480-312-8722

13. Contract for Legal Services for *City of Scottsdale v. Ancala Global Company, L.C., et al.*

Request: Adopt Resolution No. 6391 authorizing the Mayor to execute Contract No. 2000-081A-COS, an outside counsel contract renewal in a maximum amount of $125,000.00 with the law firm of Graham & Associates, LTD. for legal services regarding representation of the City of Scottsdale in the litigation entitled *City of Scottsdale v. Ancala Global Company, L.C., et al.*, Superior Court Case No. CV 99-16269, an eminent domain action brought to acquire real property for McDowell Sonoran Preserve.

Related Policies, References: Resolution No. 6391

Staff Contact(s): Bruce Washburn, Assistant City Attorney, bwashburn@scottsdaleaz.gov, 480-312-2405; C. Brad Woodford, City Attorney, bwoodford@scottsdaleaz.gov, 480-312-2405

Note: Comments were submitted electronically by Leon Spiro (see attached).

14. Contract for Continued Legal Services for *City of Scottsdale v. Skyridge Estates, L.L.C., et al.*

Request: Adopt Resolution No. 6396 authorizing the Mayor to execute Contract No. 2000-083A-COS, an outside counsel contract renewal in a maximum amount of $100,000.00 with Graham & Associates, LTD. for legal services in connection with *City of Scottsdale v. Skyridge Estates, L.L.C., et al.*, Superior Court Case No. CV99-13646 brought to acquire real property necessary for the McDowell Sonoran Preserve. The contract will enable the City to continue receiving expert legal services with respect to this matter.

Related Policies, References: Resolution No. 6396

Staff Contact(s): Bruce Washburn, Assistant City Attorney, bwashburn@scottsdaleaz.gov, 480-312-2405; C. Brad Woodford, City Attorney, bwoodford@scottsdaleaz.gov, 480-312-2405,

15. P.F. Chang Rock 'n Roll Arizona Marathon

Request:

A. Authorize event funding in the amount of $20,000 from the Bed Tax funds as recommended unanimously by the Tourism Development Commission (TDC) for the P.F. Chang Rock 'n Roll Arizona Marathon and Half-Marathon on January 11, 2004

B. Approve Contract No. 2003-171-COS with Elite Racing, Inc. (Event Producer) Authorize Resolution No. 6401 granting funding and authorizing the City to execute the agreement with the Event Producer.

Staff Contact(s): David Roderique, General Manager, Economic Vitality, 480-312-7601, droderique@scottsdaleaz.gov; Kathy Carlisle O'Connor, Tourism Development Manager, 480-312-7057, kcoconnor@scottsdaleAZ.gov

16. Police Allocation, Scheduling and Deployment Study

Requests:

- Authorize Contract No. 2033-128-COS (RFP#03RP026) with Northwestern University Center for Public Safety consultant to analyze the current Police Department staff allocation, deployment and scheduling practices and needs.
- Authorize the use of $79,680 in expenditure authorization from the Special Programs Fund Expenditure Contingency Budget (280-99538-52890) to the Police Department State RICO Special Programs Fund center (280-02302-52190). Racketeering Influenced Corrupt Organization (RICO) dollars of $79,640 will fund this request.

Staff Contact(s): Alan Rodbell, Chief of Police, 480-312-5000, arodbell@scottsdelaz.gov; Paul Bentley, Records and Analysis Division Manager, 480-312-5095, pbentley@scottsdaleaz.gov

As requested by Vice Mayor Ecton, Chief Rodbell explained that the proposed study would be comprehensive encompassing issues such as deployment, shifts, hours of deployment, workload studies for investigators, etc. and is being paid for with forfeiture funds. He pointed out that the schedule would be aggressive with completion targeted over a six-month period.

17. Contract modification for a third health insurance plan for all benefit eligible employees and retirees

Request: Authorize contract modification #2003-148A-COS with Aetna Life Insurance Company to provide medical and pharmaceutical networks and discounts, and related

customer support and administrative services to implement the City's self-insured $1,000 deductible PPO health insurance option (referred to as the "Aetna Open Choice PPO").
Staff Contact(s): Neal Shearer, Human Resources General Manager, 480-312-2604, nshearer@scottsdaleaz.gov

*****17A. Confirm the placement of Resolution No. 6324, Los Arcos Development Agreement, on the March 9, 2004 General Election ballot.**
Request: Confirm the placement of Resolution No. 6324, Los Arcos Development Agreement on the March 9, 2004 General Election ballot (Referendum Petition No. RF-01-2003).
Related Policies, References:

- Scottsdale City Code, Article 1, Section 2-5, Call of Referendum Election, establishes the time of holding a referendum election.
- The Scottsdale City Charter establishes the time of holding general elections and run-off elections, if necessary, in even numbered years on the first calendar dates authorized by state law establishing mandatory election dates.
- Maricopa County Elections Department is statutorily required to provide voter registration and other election services and is well qualified to assist cities and towns with election operations and procedures.

Staff Contact(s): Carolyn Jagger, City Clerk, 480-312-2411, cjagger@ScottsdaleAZ.gov

Councilman O'Hearn requested clarification on the process that would be followed if this item is approved tonight and the previous court ruling is later overturned in the event that the Ellman Companies decide to pursue an appeal. Attorney Woodford explained that it is expected that any decision by the court on an appeal would be forthcoming in early January. If the previous ruling were overturned, the court would have the authority to remove the question from the ballot if time permitted. If the decision were overturned too late to remove the question from the ballot, the court has the authority to void the vote.

COUNCILMAN ORTEGA MOVED TO APPROVE CONSENT ITEMS 2-17A WITH THE REQUESTED CORRECTION TO ITEM 5. COUNCILMAN SILVERMAN SECONDED THE MOTION WHICH CARRIED 6/0.

ITEM REMOVED FROM CONSENT AGENDA FOR SEPARATE DISCUSSION

1. **Dirty Dogg Saloon Liquor License**
Request: Consider forwarding a favorable recommendation to the Arizona Department of Liquor Licenses and Control for a person & location transfer of a series 6 (bar) State liquor license.
Location: 10409 N Scottsdale Rd
Reference: 76-LL-2003
Staff Contact(s): Robert Bushfield, Development Review and Permit Services Director, 480-312-7096,
rbushfield@ScottsdaleAZ.Gov

Kroy Ekblaw explained that the request before Council this evening is for a Series 6 liquor license. He noted that application had previously been made for a Series 12 for the establishment; however, during staff review, it was determined that a Series 6 license would be required. The police have investigated a

complaint in the form of a letter that was received in the spring from a visitor expressing concern over behavior in the bar. Planning review has identified that throughout the entire center, there is adequate parking when all uses are combined and the establishment meets the zoning requirements. The applicant has past violations that have since been brought into compliance.

Mayor Manross invited the applicant, Jack Estes to speak on behalf of his application. Mr. Estes and his consultant were introduced before responding to questions from Council.

In response to questions from Councilman Ortega, Mr. Estes confirmed that he spoke with the president of the homeowner's association and received no objections. He noted that he has a letter from the owner of the property expressing approval of the planned use.

Mayor Manross opened public testimony.

Michael Merrill, 8713 E. Vernon Avenue, requested that Council forward an unfavorable recommendation to the State, along with a letter regarding the proposed use and the applicant's past violations.

Mayor Manross closed public testimony.

Mayor Manross clarified that the city does have the ability to comment on their recommendations to the State. Mr. Estes confirmed for Mayor Manross that the open container violation was dismissed. He emphasized that he has been involved in many charity fundraisers throughout the years to illustrate that he does give back to the community.

Chief Rodbell confirmed for Vice Mayor Ecton that this establishment is located in an area that has recently had problems associated with bars. Vice Mayor Ecton explained that there are forty-nine liquor licenses within a half-mile radius; therefore, he expressed doubt if the business is necessary in the area for convenience. He questioned if staff's review of the application includes factors such as overburdening certain communities. Chief Rodbell clarified that this issue has been discussed; however, there is no policy recommendation at this time.

COUNCILMAN ECTON MOVED TO FORWARD AN UNFAVORABLE RECOMMENDATION TO THE STATE. COUNCILMAN LITTLEFIELD SECONDED THE MOTION [WHICH CARRIED 4/2 (M.M., D.O.)].

Councilman Littlefield expressed his belief that the city must develop standards on these issues so applicants and staff have clear guidelines to follow.

Mayor Manross clarified that twenty-four of the forty-nine liquor licenses in the area are restaurants, while only seven are bars. She acknowledged that she has some concerns that the applicant has some violations although they were misdemeanors.

Mr. Ekblaw clarified for Councilman Ortega that there were previous liquor licenses on the property. Councilman Ortega explained that there is history on the site. He expressed his belief that there are not adequate grounds to deny a favorable recommendation to the State.

Councilman O'Hearn requested reports be made available to Council summarizing the State's actions involving cases where the city forwarded recommendations. He expressed his belief that if the city

forwards an unfavorable recommendation to the State, the State would conduct a more detailed review of the application.

Following the discussion, THE MOTION CARRIED 4/2 (M.M., D.O.).

REGULAR AGENDA ITEMS 18 - 19

18. Hotel Valley Ho Historic Preservation Incentive and Easement Agreement

Request: Approve Resolution No. 6399 approving City of Scottsdale Agreement No. 2003-175-COS with MSR Properties, LLC for providing a preservation incentive based upon a portion of the privilege and use tax proceeds generated from the historically designated portion of the property in return for a preservation easement over the historically designated Hotel Valley Ho; to realize economic vitality, historic preservation and Downtown objectives; and to receive public improvements as part of the Hotel Valley Ho revitalization.

- **Related Policies, References:** Mayor and City Council Mission and Goals; Scottsdale Historic Register; Historic Preservation Ordinance; Scottsdale General Plan; July 2002 HP rezoning; and April 2003 Historic Preservation Plan; and March 2003 Historic Preservation Program.

Staff Contact(s): Robert Cafarella, AICP, Director, 480-312-2577, rcafarella@scottsdaleaz.gov

Robert Cafarella introduced item 18 with a slide presentation, which has been summarized below.

Hotel Valley Ho Preservation Incentive and Easement Agreement

Council is Requested to

♦ Approve Resolution No. 6399

♦ Approving Agreement No.2003-175-COS between the City and MSR Properties (owner of the Hotel Valley Ho)

Provisions of Agreement- Overview

♦ City Receives

—Preservation Easement (so the property would remain for at least 20 years)

—Substantial Private Investment

—Public Improvements/Amenities

—Contribution to Historic Preservation Rehabilitation Fund- $10k/yr

♦ Owner Receives

—Preservation Incentive

Why Consider an Incentive for the Hotel Valley Ho

- Hotel is a Significant and Unique Historic Resource
- Recognition HP Properties are Valuable Community Assets
- Epitomizes Council Goal B
- Strong Economic Impact
- Revitalized Hotel serving Niche Market
- Revitalize Key Downtown Gateway

Private Investment

A. Loloma Residential - $47 million ('02 -'06)
B. Hotel Valley Ho – $47 million('02 -'04)
C. Old Town Hotel - $6 million ('03 -'04)
D. 3rd Ave. Lofts - $31 million ('02 -'04)
E. Galleria Renovations- $65 million (COMPLETE)
F. Scottsdale Renaissance Retail – $11 million (COMPLETE)
G. Scottsdale Healthcare - $49.5 million
H. Waterfront – $150 million
TOTAL: $256.5 MILLION

Incentives for Historic Preservation

- Recognition that these resources are valuable assets for the entire community
- HPC recommendation on incentives submitted to Council
- Successful programs employ incentives as a reward and to offset perceived burdens
- Incentives encourage good preservation practices, investment in historic properties

Underlying Assumptions

Substantial Private Investment Required

- Hotel has sustained decades of neglect

¨Rehabilitation of Hotel will cost $47 million in Phase 1
¨Phase 2 will generate millions of dollars of additional investment

Underlying Assumptions

- Provision of Public Amenities
- Public pedestrian walkway system
- Trolley turnaround
- Perimeter upgrades (landscaping, wall treatments)
- Water, sewer and drainage enhancements
- Sprinkling the building
- Land for Downtown entry feature
- Meeting and public space

Underlying Assumptions

- Lost Development Opportunity
- Owner sacrificing allowable building opportunity to maintain historic features
- Development Potential- 320,220 sq ft

Total Project Size - 188,960 sq ft
Unused Dev Potential - 131,260 sq ft

Underlying Assumptions

- Tax Generation
- Hotel is currently not generating privilege, use or bed tax
- Comparison

Today	$ 0
First 4 Yrs (Reopening)-	$2,325,000
Last 4 Yrs of Operation-	$ 297,000
Net Increase-	$2,028,000

- $13M generated over 20 yrs, City gets $10.5M
- Additional property and constr sales tax

Underlying Assumptions

- Demonstration of Support for Historic Preservation

Landowner's Initial Request

- 1% of the Privilege and Use Tax (71% of the total 1.4 % tax)
- 1% of the Bed Tax (100% of portion that goes to General Fund)
- Cap of $3.5 million, or 20 years

Landowner's Initial Request

- 1% of the Privilege and Use Tax (71% of the total 1.4 % tax)
- 1% of the Bed Tax (100% of portion that goes to General Fund)
- Cap of $3.5 million, or 20 years

Council Action Requested

- Approve Resolution No. 6399
- Approving Agreement No. 2003-175-COS

****

Debbie Abele, Historic Preservation Officer, explained that Council passed the Historic Preservation Ordinance in 1999, which moved the city to the forefront on historic preservation across the nation. One of the innovations contained in the ordinance is a requirement that the city proactively develop a preservation plan for property upon its historic designation. The plan proactively identifies the needs and issues that must be dealt with for the preservation to be successful.

Since that time, the city has taken a lead in studying past resources; i.e., those buildings that were developed in the post war era. The historic designation of the Valley Ho is an example of this effort. She noted that Council's support tonight would demonstrate the city's commitment to preservation.

Scott Lyon spoke on behalf of the Valley Ho, stating that the owners believe that the hotel is one of the most important historic landmarks in the city. Another unique aspect of the property is that it is located in a critical part of the downtown, which has seen neglect over the past decade. He expressed his belief that this project could be the key catalyst in the revitalization of the area.

Mr. Lyon emphasized the extent of planning and engineering that has been conducted to move the project forward. He noted that construction is scheduled to begin on April 1, 2004, with completion scheduled for September 2005, assuming that the item is approved tonight.

Mayor Manross opened public testimony.

Nancy Dallett, 6286 E. Catalina Drive, spoke in support of the agreement as a member of the city's Historic Preservation Commission.

Lyle Wurtz, 6510 E. Palm Lane, spoke in opposition to the incentive and inquired if the hotel's property taxes would be reduced in any way. He questioned how long the city could keep subsidizing businesses to locate or renovate within the city. He requested clarification on the tax figures as presented earlier in the meeting.

Doug Sydnor, 7460 N. Willowrain Court, identified himself as the founding chairman of the Historic Preservation Commission and past chair of the Incentives Committee. He spoke in support of the project since he believed it would benefit the city while preserving history.

Jane Fallek, 6633 E. 2nd Street, expressed support of the proposal since the investment would last many life times.

Mayor Manross closed public testimony. She clarified that the only portion of the sales tax that would be impacted by this agreement is the unrestricted part of the General Fund.

Councilman O'Hearn explained that the private-public partnership would ensure that the project moves forward.

COUNCILMAN O'HEARN MOVED TO **APPROVE** RESOLUTION NO. 6399 APPROVING CITY OF SCOTTSDALE AGREEMENT NO. 2003-175-COS WITH MSR PROPERTIES, LLC FOR PROVIDING A PRESERVATION INCENTIVE BASED UPON A PORTION OF THE PRIVILEGE AND USE TAX PROCEEDS GENERATED FROM THE HISTORICALLY DESIGNATED PORTION OF THE PROPERTY IN RETURN FOR A PRESERVATION EASEMENT OVER THE HISTORICALLY DESIGNATED HOTEL VALLEY HO; TO REALIZE ECONOMIC VITALITY, HISTORIC PRESERVATION AND DOWNTOWN OBJECTIVES; AND TO RECEIVE PUBLIC IMPROVEMENTS AS PART OF THE HOTEL VALLEY HO REVITALIZATION. COUNCILMAN SILVERMAN SECONDED THE MOTION [WHICH CARRIED 5/1 (R.L.)].

Councilman Silverman stated that, although he has never supported an incentive for a hotel before, this building is an exception due to its historical significance.

Councilman Littlefield expressed his belief that the incentive is too high and unnecessary. He suggested that the item be continued due to its late inclusion in Council's packet.

Councilman Ecton questioned how the subsidy compares to others in the Phoenix area. Ms. Abele explained that the City of Phoenix has a Historic Preservation Bond Fund it uses to promote preservation. She noted that the City of Phoenix awarded a grant of $500,000 to rehabilitate apartments on North Central. Ms. Dolan clarified that historic preservation is new to the valley. In itself, aging doesn't result in historic designation. She noted that approval of this proposal doesn't necessarily set a precedent and it would be very appropriate to review each case individually.

Councilman Ecton expressed sympathy for the historic value of the property to the city. He explained that he never expected an incentive of this size to be offered for historic preservation. Nevertheless, he stated his reluctant support for the motion since the hotel will be a valuable asset to the city and tourism.

Councilman Ortega stated his belief that the Valley Ho Hotel is important to revive Main Street. He noted that the preservation of the Valley Ho property is vital to the city's efforts to preserve the past. He emphasized that the hotel will generate bed tax that will be a huge return to the city. On top of that, their advertising budget, over a ten-year period, ranges from $500,000 to $900,000 per year.

Mayor Manross felt that approval of this item would send a strong message that the city is committed to preservation. In this case, economics is not the only consideration since the property is a historical icon in the community. She noted that the public amenity features of the project totaling approximately $3 million were strongly requested by the city and the neighborhood. She emphasized her belief that the project is another strategic step for revitalization of the downtown area. She stated that the city does have an incentive policy; however, there are no overall caps, which allows flexibility.

Councilman Ortega stated his belief that the city's incentive policy needs some rational controls.

Following the discussion, THE MOTION CARRIED 5/1 (R.L.)

*****19. Ordinance creating a Commission to administer and manage the downtown Enhanced Municipal Services District (EMSD) funding**

Request: Consider adoption of Ordinance No. 3532 to establish a seven (7) member Enhanced Municipal Services District (EMSD) Commission to administer and allocate funds within the EMSD area for marketing, promotion and special events.

Related Policies, References: City Council Report October 13, 2003 directing staff to return to Council with an ordinance to establish a commission for the EMSD.

Staff Contact(s): Ed Gawf, Deputy City Manager, 480-312-4510, egawf@scottsdaleaz.gov;
Lisa Collins, Customer Service and Communication Director, 480-312-7616, lcollins@scottsdaleaz.gov

Deputy City Manager Ed Gawf introduced the item for discussion with a slide presentation, which has been outlined below.

Commission to Administer and Manage the Enhanced Municipal Services District (EMSD)

Request
Adoption of Ordinance #3532 to establish a 7 member commission to administer and allocate EMSD funds for marketing, promotions and special events

Background
On October 13, Council reviewed alternatives to manage the EMSD and directed staff to create an ordinance for a City Council appointed Commission

An EMSD Commission is recommended to reflect the focus of duties on the EMSD area only

EMSD Commission
Key Issues
Equal Representation within the EMSD
7 members:
5 from geographic areas covering the entire EMSD; and
2 at large (1 a hotelier)

EMSD Commission Key Issues
Commission Appointments: Eligibility & Residency Requirements
Business & Property Owners from within the EMSD that are residents of the City are eligible as candidates for appointment to the Commission
Or an employee that is a resident of the City, nominated by a property or business owner from within the EMSD, is eligible as a candidate for appointment to the Commission

EMSD Transition
Commission Selection Process
Advertise Commission openings Nov. 7
Appointments to Commission Dec. 8 or Jan. 5
1st Commission meeting Jan. 2004
2003-2004 Season
DSP contract expiration: Dec. 31, 2003
Functions
Special Events/Ambassadors Program
Physical Operations
Marketing

Resource Impacts
Available Funding
Recommend using remaining budgeted money and funds annually budgeted to EMSD for Commission administration

Staffing, Workload Impact
Existing staff reassigned from throughout the organization
Downtown Director, currently being recruited, would support the new Commission

Requested Action
Approve Ordinance # 3532 to Establish the EMSD Commission
EMSD Area Only
7 Member Board: geographic & at large
Staggered Terms
Property & Business Owners or their Employee eligible for appointment by Council
Term Limits

******

Mayor Manross opened public testimony.

Frank Maguire, 7121 E. 5th Avenue, spoke on behalf of the 5th Avenue Area Merchants Association. He noted that most small businesses struggle on a day-to-day basis. He pointed out that although the sales tax might not have increased with the inception of the EMSD; it didn't decrease even during tough

economic times. He requested that Council extend the DSP contract for a few more months to get the area through the tourism season.

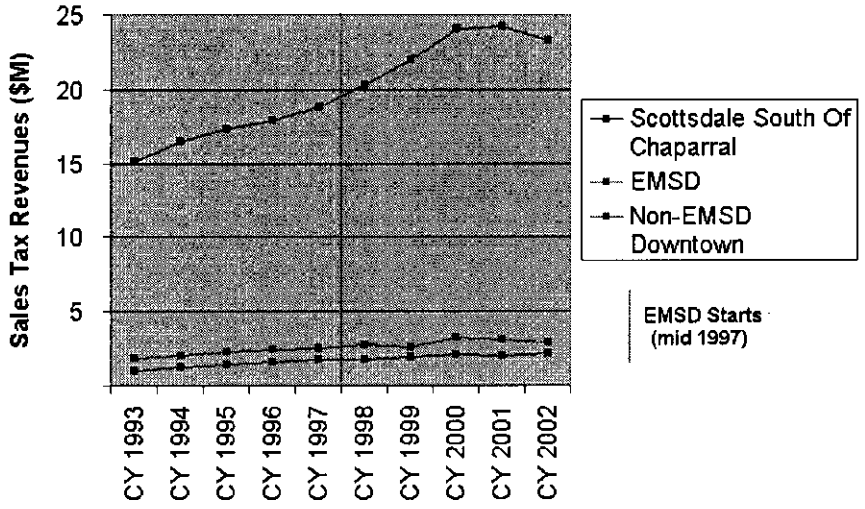
Bernard Blaustein, 15838 N. 107th Place, requested that Council call for a vote now rather than prolonging the decision.

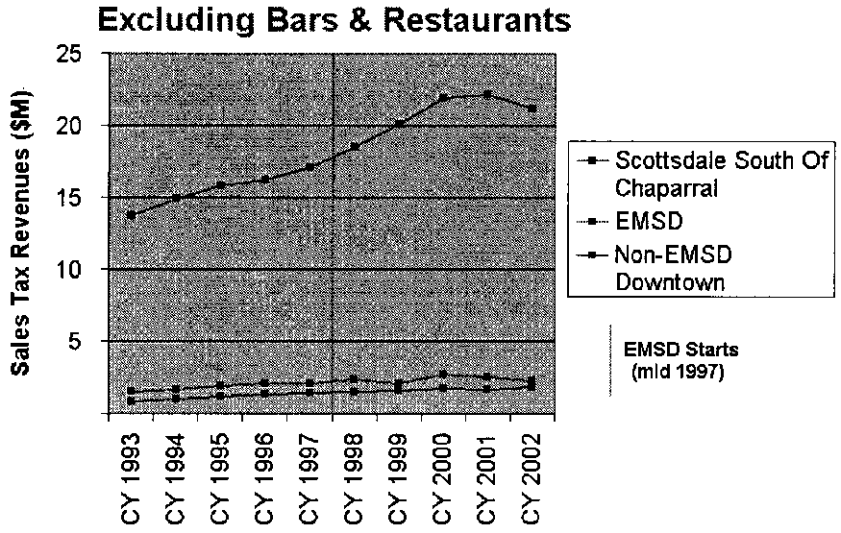
Marilynn Atkinson, 3957 N. Brown Avenue, read a letter from the Old Town Merchants Association in support of the commission and offered to participate.

Scott Larsen, 4235 N. Marshall Way, spoke as the president of DSP. He outlined the transitional issues that must be addressed and noted that the DSP is fully cooperating to ensure a smooth transition. He recommended that the contract for DSP be extended to allow management of the special events for this year's campaign that was put in place last year.

Mayor Manross closed public testimony.

Councilman Littlefield presented the following slides to illustrate that the EMSD has not been effective since its inception.





COUNCILMAN LITTLEFIELD MOVED TO **ADOPT** ORDINANCE NO. 3532 TO ESTABLISH A SEVEN (7) MEMBER ENHANCED MUNICIPAL SERVICES DISTRICT (EMSD) COMMISSION TO ADMINISTER AND ALLOCATE FUNDS WITHIN THE EMSD AREA FOR MARKETING, PROMOTION AND SPECIAL EVENTS WITH NO EXTENSION TO THE DSP CONTRACT. COUNCILMAN SILVERMAN SECONDED THE MOTION [WHICH CARRIED 4/2 (M.M., D.O.)].

Responding to questions from Councilman Silverman, Mr. Gawf confirmed that the transition could be accomplished in January. Councilman Silverman stated his belief that it is time Council listens to the property owners who have not been happy with the EMSD.

Councilman Ortega expressed his belief that this action is being taken at the worst possible time. He felt that, in the long term, the commission would cease to exist since it would not adequately represent the business owners' due to membership restrictions. He questioned if the commission would be able to maintain the level of volunteerism that the DSP inspired.

Councilman O'Hearn thanked the DSP for their cooperation in the transition. He noted that although the decision to create the commission has already been made, tonight's issue is one of what the commission will look like as well as when and how the transition would take place. He stated his belief that the transition has been a cooperative effort and is well underway.

Mayor Manross explained that the commission won't represent some significant business owners because they don't live within the city limits. She disagreed with the language in the ordinance and the mentioned transition. She believed that the transition could occur in the time outlined; however, it would be challenging.

Mr. Gawf confirmed for Councilman Silverman that the ordinance provides for subcommittees whose members will not be restricted to residents of the city.

Following the discussion, THE MOTION CARRIED 4/2 (M.M., D.O.).

Public Comment - None

City Manager's Report - None

Mayor and Council Items

Councilman Ortega reminded everyone that the holidays are approaching and the food banks are in need of supplies. He encouraged attendees at the November 17, 2003 Council meeting to bring food items for donation.

Adjournment

With no further business to discuss, Mayor Manross adjourned the meeting at 7:52 P.M.

SUBMITTED BY:

Ann Eyerly, Council Recorder

REVIEWED BY:

Carolyn Jagger, City Clerk

CERTIFICATE

I hereby certify that the foregoing Minutes are a true and correct copy of the Minutes of the Regular City Council Meeting of the City Council of Scottsdale, Arizona held on the 4th day of November 2003.

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

DATED this 12th day of November 2003.

CAROLYN JAGGER
City Clerk

Eyerly, Ann

From: Jagger, Carolyn
Sent: Tuesday, November 04, 2003 1:46 PM
To: Eyerly, Ann
Subject: FW: Consent Agenda Item#13 4 Nov. 2003

-----Original Message-----
From: leon spiro [mailto:leonspiro@hotmail.com]
Sent: Tuesday, November 04, 2003 1:44 PM
To: cjagger@scottsdaleaz.gov
Cc: mmanross@ci.scottsdaleaz.gov
Subject: Consent Agenda Item#13 4 Nov. 2003

City Clerk Jagger:, Mayor Manross and Council: I am unable to attend 4 November 2003 Council Meeting and so request that you read this Agenda Comment at the appropriate time for "the record " and "insertion into the Council Minutes" for item #13, Contract for Legal Services for City of Scottsdale v. Ancala Global Company,L.C .Council, your Case File for this case as presented in the Agenda for this item fails to mention "parcel number" inorder to determine why approximately $140,000.00 an acre was paid for this preserve land? I oppose awarding this contract renewal to Graham and Associates because of excessive hourly legal fees. The Council has just recently authorized contract renewal for the same type case to Brown and Ayers Law Firm at an hourly legal fee of $125.00 an hour. No mention is made of past legal fee charges for previous contracts? A previous contract to Graham and Associates mentions $250.00 an hour for this same type litigation. Why is Grand Bazar type trading being permitted? Suggest that Council reconsider award of this contract(Resolution 6391) and put it out for bid within the legal community.It is your duty as well as the City Manager to watch expenditures. Why not start now. L. Spiro A concerned Citizen of Scottsdale.

leonspiro@hotmail.com

MSN Shopping upgraded for the holidays! Snappier product search...

Eyerly, Ann

From: Jagger, Carolyn
Sent: Tuesday, November 04, 2003 3:49 PM
To: Eyerly, Ann
Subject: FW: Consent Agenda Item#14 4 Nov. 2003

-----Original Message-----
From: leon spiro [mailto:leonspiro@hotmail.com]
Sent: Tuesday, November 04, 2003 3:49 PM
To: cjagger@scottsdaleaz.gov
Cc: mmanross@ci.scottsdaleaz.gov
Subject: Consent Agenda Item#14 4 Nov. 2003

City Clerk Jagger, Mayor Manross, Council: I am unable to attend 4 Navembr 2003 Council Meeting and so request that you read at the appropriate time this Agenda Comment "for the record" and "insertion into the council Minutes" for item #14. Contract for Legal Services for City of Scottsdale v. Skyridge Estates,LLc.. Council, your Case File for this case as presented in the Agenda for this item fails to mention "parcel number" in order to determine location of said parcel nor does it mention the number of acres nor the cost of acquisition? How are concerned citizens to know just what is occurring in this city of Scottsdale? . Legal fees ,if this is approved, will total $210,000.00. and this case is still not resolved. In Agenda Item #13, legal fees will be 6 1/2 percent of acquisition cost with approval. This Council, has the reputation of always approving anything placed on the Consent Agenda. Consent Agenda Item comments are always stiffled or ignored. Please note my disapproval of Resolution 6396 regarding this contract for legal service renewal to Graham and Associates at the rate of $200.00 an hour when like services can be had by awarding this contract to Brown and Ayers at the hourly rate of $125.00 as done just recently for similar type legal services. All requests for "legal services" should be put out for bid rather than the present procedure now being used. I am well aware that the code permits the procedure that you are using. But this does not make it right. Question; How many acres are in this parcel, and how much have you acquired it for? What does this figure out to per acre? L.Spiro A Concerned Citizen of Scottsdale.

leonspiro@hotmail.com

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