APPROVED

MINUTES

SCOTTSDALE CITY COUNCIL

CITY COUNCIL MEETING

Tuesday, October 7, 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, October 7, 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, Ned O'Hearn, Robert Littlefield, and Cynthia Lukas

Also Present: City Manager Jan Dolan
Deputy City Attorney Donna Bronski
City Clerk Carolyn Jagger

Pledge of Allegiance

Vice Mayor Ecton led the audience in the Pledge of Allegiance.

Announcement

Mayor Manross announced that the quilts being displayed on the walls of the Kiva are part of the NAMES Project AIDS Memorial. Each quilt commemorates the life of someone who has died of AIDS.

Presentations/Information Updates
Declaration of McDowell Sonoran Preserve Month

Mayor Manross declared October 2003 as McDowell Sonoran Month. She urged everyone to visit the preserve and participate in one of the activities occurring this month.

Appointment
Reappointment of Judge Joseph Olcavage

Mayor Manross thanked the Judicial Appointments Advisory Board for their diligent work in the reappointment process. The board unanimously recommended that Judge Olcavage be reappointed.

COUNCILWOMAN LUKAS MOVED TO REAPPOINT JUDGE OLCAVAGE PER THE PREDETERMINED EMPLOYMENT TERMS AND PACKAGE. COUNCILMAN ORTEGA SECONDED THE MOTION WHICH CARRIED 7/0.

Public Comment

Lois Fitch, 1229 N. Granite Reef, reminded everyone that the Winfield Scott Memorial Committee is raising funds for a memorial to be placed in front of the Little Red Schoolhouse.

Amy Berg, 23945 N. 74th Street, clarified the various elements of the redevelopment agreement for the Los Arcos Town Center. She stated that the amount of infrastructure improvements from the project total more than the "subsidy".

Carla, P.O. Box 14365, requested that Council move forward on naming the features in the preserve as recommended by the McDowell Sonoran Preserve Commission.

Christine Kovach, 9525 N. 131st Street, urged Council to move forward on naming the features in the preserve and on approving the proposed manual for the DRB to use as a guide in standardizing access to the preserve.

Minutes

SPECIAL MEETINGS	REGULAR MEETINGS
September 15, 2003	September 23, 2003

COUNCILMAN SILVERMAN MOVED TO APPROVE THE SPECIAL MEETING MINUTES FOR SEPTEMBER 15, 2003 AND REGULAR MEETING MINUTES FOR SEPTEMBER 23, 2003. COUNCILWOMAN LUKAS SECONDED THE MOTION WHICH CARRIED 7/0.

CONSENT AGENDA ITEMS 1 - 16

1. **5th Avenue Gourmet Wine Co. 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 7 (beer/wine bar) State liquor license for a new gourmet wine bar location.
   Location: 7128 E 5th Av
   Reference: 63-LL-2003
   Staff Contact(s): Yvonne Steill, Technology Coordinator, 480-312-2699, ysteill@Scottsdaleaz.gov
   Robert Bushfield, Development Review & Permit Services Director, 480-312-7096, rbushfield@ScottsdaleAZ.gov

2. **The Jade Chinese Dining 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 restaurant currently operating with a series 12 license.
   Location: 23623 N Scottsdale Rd
   Reference: 64-LL-2003
   Staff Contact(s): Yvonne Steill, Technology Coordinator, 480-312-2699, ysteill@Scottsdaleaz.gov

Robert Bushfield, Development Review & Permit Services Director, 480-312-7096, rbushfield@ScottsdaleAZ.gov

3. **Chipotle Mexican Grill #2128 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 a new restaurant located in the Zocallo shopping center.
Location: 15425 N Scottsdale Rd
Reference: 65-LL-2003
Staff Contact(s): Yvonne Steill, Technology Coordinator, 480-312-2699, ysteill@Scottsdaleaz.gov
Robert Bushfield, Development Review & Permit Services Director, 480-312-7096, rbushfield@ScottsdaleAZ.gov

4. **Four Peaks Grill & Tap Liquor License**
Request: Consider forwarding a favorable recommendation to the Arizona Department of Liquor Licenses and Control for a new series 12 (restaurant) State liquor license and a location transfer of a series 7 (beer/wine bar) State liquor license for an existing establishment.
Location: 15730 N Pima Rd
Reference: 66-LL-2003 & 67-LL-2003
Staff Contact(s): Yvonne Steill, Technology Coordinator, 480-312-2699, ysteill@Scottsdaleaz.gov
Robert Bushfield, Development Review & Permit Services Director, 480-312-7096, rbushfield@ScottsdaleAZ.gov

5. **Teakwoods Tavern & Grill Liquor License**
Request: Consider forwarding a favorable recommendation to the Arizona Department of Liquor Licenses and Control for a new series 12 (restaurant) State liquor license for an existing establishment currently operating with a series 12 (restaurant) liquor license.
Location: 8880 E Via Linda
Reference: 68-LL-2003
Staff Contact(s): Yvonne Steill, Technology Coordinator, 480-312-2699, ysteill@Scottsdaleaz.gov
Robert Bushfield, Development Review & Permit Services Director, 480-312-7096, rbushfield@ScottsdaleAZ.gov

6. **Marriott Residence Inn Liquor License**
Requst: Consider forwarding a favorable recommendation to the Arizona Department of Liquor Licenses and Control for a person & location transfer of a series 7 (beer/wine bar) State liquor license for a new beer/wine bar location.
Location: 17011 N Scottsdale Rd
Reference: 69-LL-2003
Staff Contact(s): Yvonne Steill, Technology Coordinator, 480-312-2699, ysteill@Scottsdaleaz.gov
Robert Bushfield, Development Review & Permit Services Director, 480-312-7096, rbushfield@ScottsdaleAZ.gov

7. Construction bid award for modifications to the Reclaimed Water Distribution System (RWDS) Pump Station #96, Pump Station #97A, and Pump Station #45

Request: Authorize Construction Bid Award No. 03PB033 to modify Pump Station #96, located at the Scottsdale Water Campus (metering improvements), modify Pump Station #97A, located east of Pima Road and north of Los Gatos Drive (noise reduction improvements), and modify Pump Station #45, located south of Pinnacle Peak Road and approximately 300 feet east of 94th Street (pumping capacity improvements) to MGC Contractors, Inc., the lowest responsive bidder, at their total lump sum bid of $581,623.

Staff Contact(s): Chuck Henne, Sr. Project Manager, (480) 312-7097, chenne@scottsdaleAZ.gov;
Greg Crossman, Water Resource Engineer (480) 312-5319 gcrossman@scottsdaleAZ.gov; Al Dreska, Capital Project Management Administrator, 480-312-2776, aldreska@scottsdaleaz.gov

8. Construction Bid Award for operating equipment facilities at Potable Well No. 123

Request: Authorize Construction Bid Award No. 03PB053 to Weber Group, LC, the lowest responsive bidder, at their lump sum base bid of $776,744.00 for the construction of operating facilities at Potable Well No. 123.

Related Policies, References: On August 20, 2001, City Council approved Construction Bid Award No. 02PB004 and Engineering Services Contract No. 2001-108-COS to drill and install Well #123 and design associated operating facilities. Drilling activities, well installation, and facility design have been completed for Well #123. This contract will provide construction of the related facilities for operation of the well.

Staff Contact(s): Chuck Henne, Sr. Project Manager, chenne@scottsdaleaz.gov, (480) 312-7097; Marshall Brown, Hydrogeologist, mpbrown@scottsdaleaz.gov, (480) 312-5683; Al Dreska, Capital Project Management Administrator, 480-312-2776, aldreska@scottsdaleaz.gov

9. Sale of Surplus City Property

Request: Adopt Resolution No. 6375 authorizing the sale of 2,500 S.F. of surplus property (the "Property") located at the southeast corner of Shea Boulevard and 142nd Street, in the amount of $14,500, to the adjoining property owner, Windsor Shea, an Arizona Limited Liability Company.

Related Policies, References:

- Scottsdale Revised Code Section 2-221(b)(5) allows the City to sell property directly to owners of adjoining property without conducting a public auction if a determination is made that uniting ownership of the city's real property with the adjoining property will be a public benefit. The determination is based on such issues as proposed use of the property, size and configuration, existing restrictions on development and the value of the property.
- On September 8, 2003 the City Council authorized a construction bid award to MGC Contractors, which includes decommissioning telemetry communication and chlorine application functions on the Property and salvaging the operational equipment.

Staff Contact(s): Ron King, Asset Management Coordinator, 480-312-7042, rking@scottsdaleaz.gov;

Al Dreska, Capital Project Management Administrator, 480-312-2776, adreska@scottsdaleaz.gov

10. **Intergovernmental Agreements (IGAs) accepting grant funding to construct an Airport Perimeter/Blast Fence.**

Requests:

- Adopt Resolution No. 6363, authorizing IGA No. 2003-139-COS with the Federal Aviation Administration (FAA) accepting grant no. 3-04-0032-17 for $150,000 and a 15% contingency of $22,500; and
- Authorize IGA No. 2003-140-COS with the Arizona Department of Transportation (ADOT) accepting a grant for $7,363 and a 15% contingency of $1,104. The total grant funded budget of $180,967 will be used with $7,364 and a 15% contingency of $1,104 of Aviation Enterprise funds to fund the design and construction of an Airport Perimeter/Blast Fence. Grant budget includes contingency in the event change orders are needed. The contingency is funded by the FAA grant agreement, ADOT grant agreement, and the Aviation Fund.

The blast fence is comprised of two separate sections of fence that will be used to reduce the amount of direct exhaust fumes and jet wash generated by aircraft that use Taxiway B at the City's airport.

Staff Contact(s): John C. Little, Jr., Transportation General Manager, (480) 312-2539, jlittle@scottsdaleaz.gov; Scott T. Gray, Aviation Director, (480) 312-7735, sgray@scottsdaleaz.gov

11. **Award of Contract 04PB017 for the Construction of the Airport Perimeter/Blast Fence**

Request: Consider authorizing bid award No. 04PB017 for $122,734.92 to Embala Corp. and a 15% project contingency at a bid price of $122,734.92 plus 15% project contingency, total project budget required is $134,836. Estimated maximum cost to Aviation funds is $6,309.

Related Policies, References: Federal and state grant funds cover 95% of grant-eligible costs, including both the cost of the contracted consultant and of City staff contract administration. The City is required to provide a 5% match. Grant budget includes contingency in the event change orders are needed. The 15% contingency is funded by the Federal Aviation Administration (FAA) grant agreement, Arizona Department of Transportation (ADOT) grant agreement, and the Aviation Fund. See Resolution No. 6383 authorizing Intergovernmental Agreements 2003-139-COS and 2003-140-COS, respectively. The blast fence is comprised of two separate sections of fence that will be used to reduce the amount of direct exhaust fumes and jet wash generated by aircraft that use Taxiway B at the City's airport.

Staff Contacts(s): John C. Little, Jr., Transportation General Manager, (480) 312-2539, jlittle@scottsdaleaz.gov; Scott T. Gray, Aviation Director, (480) 312-7735, sgray@scottsdaleaz.gov

12. Intergovernmental Agreement (IGA) with Maricopa County for Special Transportation Services (STS) for elderly and disabled clients.

Request: Consider adoption of Resolution No. 6358 to authorize a one-year IGA No. 2003-133-COS with Maricopa County for the provision of STS. The estimated cost of purchasing these services from Maricopa County for fiscal year 2003/04 is $44,334.

Recognizing that this service benefits City residents, Scottsdale has supported STS since 1987. STS should provide an estimated 5,000 free trips to City residents under the fiscal year 2003/04 contract. Trips will cost the City an average of $9 per trip, which is an increase in cost. The increase in cost is attributable to increased usage, and increases in capital and operating costs. The previous contract was based on a service level of 3,364 trips per year. This contract provides 45% more service, reflecting increasing demand. Contributing to the increase in demand is the growing reliance on STS for life-saving dialysis treatment.

Related Policies, References: IGA No. 2003-133-COS; City Procurement Code

Staff Contact(s): John C. Little, Jr., Transportation General Manager, (480) 312-2539, jlittle@scottsdaleaz.gov; Michelle Korf, Transportation Planning Director, (480) 312-2638, mkorf@scottsdaleaz.gov; Michael Spletter, Contract and Grant Coordinator, (480)-312-7656, mspletter@scottsdaleaz.gov

13. Downtown Circulation Service Contract for operation of the Scottsdale Trolley service in Fiscal Year 2003/04.

Request: Consider authorization of Downtown Circulation Service Contract No. 2003-146-COS as sole source procurement with Atypical Transportation to contract for the operation of the Scottsdale Trolley service for one year. The estimated cost of purchasing these services for fiscal year 2003/04 is $415,000. The trolley route has been extended to serve the Galleria, increasing basic operating costs approximately 25 percent from previous years.

The City contracted trolley service from Atypical Transportation for the last five years. Beginning in the Fall of 2003, the City of Scottsdale will be placing new trolleys on the Downtown routes that it purchased with the assistance of a Federal Transit Administration grant. Due to the uncertainties and risks of bringing new, untested vehicles into a service where reliability is critical, and the need for contractor owned backup vehicles configured as trolleys, the Purchasing Director has determined that a sole source procurement of this service is in the best interest of the City. This measure allows for the orderly transition of the City-owned trolley fleet into service by a contractor who is familiar with the operation and has contractor owned trolleys available for use until the City's fleet becomes fully operational. Future operating contracts will be subject to the usual competitive procurement.

Related Policies, References: ***Downtown Circulation Service Contract No. 2003-146-COS, City Procurement Code***

Staff Contact(s): John C. Little, Jr., Transportation General Manager, (480) 312-2539, jlittle@scottsdaleaz.gov; Michelle Korf, Transportation Planning Director, (480) 312-2638, mkorf@scottsdaleaz.gov; Michael Spletter, Contract and Grant Coordinator, (480)-312-7656, mspletter@scottsdaleaz.gov

14. Professional Services Contract for Aerial Photography & Digital Terrain Modeling
Request: Authorize Professional Services Contract #2003-142-COS with Stewart Geo Technologies in the amount of $128,956.26 for the purchase of new color digital aerial photography and digital terrain models.
Staff Contact(s): Rob Chasan, GIS Analyst, rchasan@scottsdaleaz.gov, 480 312-4128

15. Authorize Settlement Relating to Hoffman v. Connell, et al.
Request: Consider approval of settlement of $75,000 in lawsuit filed against the City, Hoffman v. Connell, et al., Cause No. CV2002-011693, Maricopa County Superior Court.
Related Policies, References: Settlement Agreement No. 2003-163-COS.
Staff Contact(s): Deborah W. Robberson, Deputy City Attorney, 480.312.2405, drobberson@scottsdaleaz.gov; Michael Mason, Risk Management Claims Manager, 480.312.2490, mmason@scottsdaleaz.gov

16. Intergovernmental Agreement between Cities of Phoenix and Scottsdale for joint use of Well No. 65.
Requests:
- Adopt Resolution No. 6327 authorizing the execution of Intergovernmental Agreement No. 2003-117-COS and Settlement Agreement No. 2003-162-COS.
- Authorize execution of Intergovernmental Agreement No. 2003-117-COS with the City of Phoenix. It provides for the City of Phoenix and City of Scottsdale joint use of City of Scottsdale Well No. 65 and designates the City of Phoenix as the provider of utility services to Section 16 in the City of Phoenix.
- Authorize execution of Settlement Agreement No. 2003-162-COS for the release and discharge of water line reimbursement Agreement Number R9509021 with Cave Creek School District.

Staff Contact(s): David M. Mansfield, Water Resources General Manager, (480) 312-5681, dmansfield@Scottsdaleaz.gov

COUNCILMAN ORTEGA MOVED TO APPROVE CONSENT ITEMS 1-16. COUNCILWOMAN LUKAS SECONDED THE MOTION WHICH CARRIED 7/0.

REGULAR AGENDA ITEM 17

17. Scottsdale Waterfront
Requests:
1. To qualify and to designate an Infill Incentive District and to adopt an Infill Incentive Plan with amended development standards and establish new stipulations including site plan and elevations approval on a 11.3 +/- acre parcel located at the southwest corner of Scottsdale Road and Camelback Road in Downtown Scottsdale.
2. To adopt Ordinance No. 3527 affirming Infill Incentive District boundaries, the infill incentive plan, the amended development standards, new stipulations and to repeal the existing stipulations.
3. To adopt Resolution No. 6376 declaring the above Ordinance exhibits as a public record filed with the City of Scottsdale.
4. To adopt Resolution No. 6379 authorizing the Mayor to execute Development Agreement No. 2003-164-COS.
5. To adopt Resolution No. 6385 removing the Waterfront Redevelopment designation.

Reference: 1-II-2003

Staff Contact(s): Kurt Jones, Interim Current Planning Director, 480-312-2524, kjones@ScottsdaleAZ.gov; Kroy Ekblaw, General Manager Planning and Development Services Dept., 480-312-7064, kekblaw@ScottsdaleAZ.gov; Ed Gawf, Deputy City Manager, 480-312-4510, egawf@ScottsdaleAZ.gov: Craig Clifford, General Manager Financial Services Dept., 480-312-2364, cclifford@ScottsdaleAZ.gov; Dave Roderique, General Manager Economic Vitality Dept., 480-312-7601, droderique@ScottsdaleAZ.gov

Ed Gawf introduced item 17 and presented the following information.

Staff Presentation

Ed Gawf – Introduction & Overview
Kroy Ekblaw – Site Plan, Architecture, Circulation, Open Space, Height
David Roderique – Development Agreement, Business Plan, Removal of Redevelopment Designations
Ed Gawf – Wrap-up

City Council Action Items

-**Adopt Resolution No. 6376** declaring the Scottsdale Waterfront Development Plan to be a public record filed with the City of Scottsdale
-**Adopt Ordinance No. 3527** (with or without emergency clause) to qualify & designate an Infill Incentive District which includes:
–Adoption of an Infill Incentive Plan
–Approval of a development plan with amended development standards
–Establishment of new stipulations & site plan/elevation approvals (Development Review Board approval)
-**Adopt Resolution No. 6379 & Development Agreement No. 2003-164-COS**
-**Adopt Resolution No. 6385** removing the Waterfront Redevelopment Area Designation

Downtown Scottsdale Vision

The vision of Downtown Scottsdale is that of a vibrant, high quality, diverse physical, social & economic environment that over time has developed identifiable districts with distinct characteristics and functions. Downtown is the symbolic heart of the community, with key commercial, cultural, civic, medical, residential, and community uses, which serve to attract both resident and visitor alike. Downtown's image is that of a vibrant, sophisticated Southwestern destination that projects both a national and international draw.

Adopted by Council February 2002

Downtown Vision Principles

Preserve character & scale of existing specialty districts
Locate major economic drivers outside specialty districts
Emphasize unique regulations & guidelines for downtown districts
Revitalize downtown using strategic infrastructure investment, financial & small business assistance, revised regulations & ordinances
Take a more direct role in the provision & management of downtown parking, circulation & signage

Staff Goals

Support long term fiscal health of Downtown
Active major corridors
–Marshall Way, Canal Bank & Camelback Rd.
Create a Downtown neighborhood (mixture of uses)
–Residential component
–Private and public gathering spaces
–Marshall Way Retail Corridor
–Office / Retail
Scottsdale/ southwestern character

Waterfront Site: Link between two key districts

Marshall Way
Pedestrian Connections
Canal Bank

Economic Focus Area

1. Large # of vacant, older buildings or structures
2. Large # of vacant or underused parcels
3. Absence of development and investment activity
4. Continuing decline in population

Infill Incentive District

•Applies only to this site
•Not appropriate in specialty districts
•City Council has the power to designate
•Unique Site
•High Visibility
•Remove Re-development designation

Kroy Ekblaw presented the following information regarding the development plan.

Site Plan

•Residential in Downtown
•Retail and Office Uses
•Pedestrian Scale with Scottsdale / Southwestern Design Focus
•Canal Bank Orientation – Compliments City Project
•Pedestrian Focus for Marshall Way
•Connects to South

Circulation

- **Marshall Way**
  - Pedestrian
  - Trolley
  - Cars
- **Camelback Road**
  - Cars
  - Pedestrian
  - Transit
- **Canal Bank**
  - Pedestrian
- **Internal Connections**
  - Hierarchy of Open Spaces

Open Space

Public Open Space
- Canal Bank
- Entry Plazas
- Marshal/Camelback

Public Access Open Space
- South and North Plazas
- Internal connections
- Southwest Courtyard

Private Open Space
- 2 small limited areas

Architecture, Massing and Height Analysis

- 2 Buildings: 13 stories 1 Building: 8 stories
- Remainder 36-45'
- Analysis
- Impacts on surrounding neighbors
- Quality of design materials
- Pedestrian scale and southwestern design style

Public Open Space
- Canal Bank
- Entry Plazas
- Marshal/Camelback

Development Review Considerations
- Pedestrian Scale
- Quality of Materials
- Scottsdale Southwest Design

Community Ideas/Input
•Support Downtown Goals
•Sense of Neighborhood
•Mixture of Uses
•Active Corridors
•Connect Districts
•Mitigate Impacts
•Building Height Precedent
•Pedestrian Open Space
•Design Character
•Key Resolutions
•Height Limitations
•Council Design Approval
•Planning Commission Recommended Approval 6-0
•Economic Vitality

Dave Roderique presented the following information.

Business Points
§Approve New Development Agreement No. 2003-164-COS
§1996 Redevelopment Agreement
§Proposed New Development Agreement
§Public Benefits
§City Obligations
§Remove the Existing Waterfront Redevelopment Area Designation

Existing Redevelopment Agreement
In 1996, the City approved 2 agreements relating to this 15-acre site
–"Nordstrom" agreement w/ Westcor (4 acres) – resulted in the addition of Nordstrom, Fashion Square expansion, and public parking garage.
–"Waterfront" agreement w/ Scottsdale Waterfront LLC (11 acres) -- no activity occurred on the 1996 Waterfront Agreement
City would pay up to $7.7 mil. for up to 550 public parking spaces, through rebate of 90% of G.F. sales tax generated by the site, plus 9% interest, for up to 25 yrs.
City paid $2 mil. for 14,500 sq. ft. of public plaza easements, with developer obligation to improve and maintain those plazas
City builds/maintains adjacent canal banks
City has buyout option at $13.5 mil. if timing deadlines were not met; these were extended through 6/02 Tolling Agreement

Proposed Agreement: Benefits
Public Parking: Easement to minimum of 300 spaces evenings & weekends; plus additional 40 spaces over code will be built by project. Est. value of the 340 spaces (based on City's in-lieu fee) = $3.37 mil.
Fiesta Bowl space: City will receive title to 4,000 sq. ft. of first floor space (museum); the Fiesta Bowl will purchase 16,000 sq. ft. over retail for offices at a discounted rate. Est. value of both = $1.82 mil.

Proposed Agreements: Benefits
Public Amphitheater: On canal bank, built by developer in phase 1. Est. value $150k
Public Infrastructure: Including sidewalks, landscaping, drainage. Est. value $275k
Maintenance: Of public infrastructure, plus north canal bank. Est. value (25 yrs.) $350k
Well Relocation: Developer will relocate AWC well to facilitate contiguous retail frontage. Est. value $700k

Proposed Agreement: Benefits
Open Space: The existing public plaza easements (14,500 sq. ft.) will be replaced by new easements (38,000 ft.) which developer will improve/maintain. Project will also grant public access agreement to additional +/- 4 acres within the site. Est. value $964k
Public Art: Developer will provide $1 mil. in public art; normal code required amount would be about $250k. Est. value $750k

Proposed Agreement: Benefits
Development Phases: Agreement sets out specific dates for phases. Phase 1 must start by 3/05 and finish by 12/06. Failure to start phase 1 triggers City buyout option at $13.5 mil. Failure to start other phases means loss of parking subsidy. Entire project must be completed by 2012.

Total est. value of City benefits = $8.38 mil. plus net $16.8 mil. tax revenues over 25 yrs

Proposed Agreement: Costs
Sales Tax Rebates: City will rebate future sales tax revenues generated by project on a performance basis – 90% of General Fund portion, plus simple interest at 7.5%, up to 20 years:
–Parking: up to $1.5 mil.
–Retail Space: up to $1.5 mil.
–Amphitheater: up to $150k – only out of construction sales tax from phase 1

Proposed Agreement: Costs
Public Infrastructure: City will pay for:
–Streets: $1 mil. for Camelback and Marshall Way improvements; if these cost less than $1 mil. balance to be spent on other adjacent projects (canal bridges). Money from cost savings in City's CIP fund.
–Well Relocation: up to $700k. Money to come from City's Economic Investment Fund.
–Canal Bank: City continues with obligation to build canal banks. Money already budgeted.

Proposed Agreement: Costs
Waivers: City will waive up to $500k in building permit fees for this project.

Total City obligations in this Agreement, should all maximum amounts be reached, and should project achieve performance levels needed, would be $5.35 million, plus interest (est. at approx. $1.6 mil.)

Removal of Waterfront Redevelopment Area Designation
§Waterfront was designated Redevelopment Area in 1993
§Downtown property owners have expressed concern about "cloud" this creates
§In 2002 the City eliminated the Downtown Redevelopment Area, but Waterfront area needed to wait until a new Development Agreement was reached.
§Eliminates redevelopment tools, but generally not used.

Business Points: Summary
§New Development Agreement replaces 1996 Redevelopment Agreement
§Proposed New Development Agreement
§Public Benefits: at least $8.38 million
§City Costs: max. $5.35 mil (plus interest)
§Existing Waterfront Redevelopment Area Designation would be removed.

Mr. Gawf presented the following information.

Staff Recommendation – Approval
--Supports long term fiscal health of Downtown
–Public benefits outweigh city costs
–Fiesta Bowl headquarters & museum
–Removal of redevelopment area designation
Activates major corridors
–Marshall Way north-south retail corridor in downtown
–Canal Bank/Waterfront integration
Creates a downtown neighborhood
–Mix of land uses
–Residential component
–Private & public gathering spaces/special event venues/village square
–Reflects Scottsdale/ southwestern character

City Council Action Items

Adopt Resolution No. 6376 declaring the Scottsdale Waterfront Development Plan to be a public record filed with the City of Scottsdale
Adopt Ordinance No. 3527 (with or without emergency clause) to qualify & designate an Infill Incentive District which includes:
–Adoption of an Infill Incentive Plan
–Approval of a development plan with amended development standards
–Establishment of new stipulations & site plan/elevation approvals (Development Review Board approval)
Adopt Resolution No. 6379 & Development Agreement No. 2003-164-COS
Adopt Resolution No. 6385 removing the Waterfront Redevelopment Area Designation

Additional Council Direction for City Staff

Assign the responsibility of monitoring the Waterfront final plans and construction phases of the project to ensure compliance with City Council direction
Create a policy that will ensure height of buildings remains limited in the downtown specialty districts
Create incentives that encourages private reinvestment in the downtown specialty districts while maintaining regulatory height limitations in these areas
Create incentives that encourages private reinvestment in the downtown specialty districts while maintaining regulatory height limitations in these areas

Absence of Development & Investment Activity

Economic Focus Area:
--Office vacancy rate = 21%
–Retail vacancy rate = 12%

Compared to:

Downtown:
–Office vacancy rate = 13%
–Retail vacancy rate = 6%

Vacancy rates provided by Willdan & Associates Spring 2003

Removal of Waterfront Redevelopment Area Designation

§Eliminating Redevelopment area means:
§City can no longer use condemnation for private purposes
§City can not use GPLET property tax abatement as a redevelopment tool
§The existing Enhanced Municipal Services District (EMSD #2) can remain in place, but can not be modified, nor can any other EMSDs be created.

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John Berry, 4800 N. Scottsdale Road, spoke as the applicant's representative. He stressed that tonight is the beginning of realizing a 30-year community held dream to replace the utility corridor with a beautiful development. He explained that Starwood, the owner of the property, made the plan possible by taking a one-third reduction in the price of the property to attract a quality joint venture partner. He noted that approval of this item would bring a quarter billion dollar private sector investment into the downtown.

Jeff Dishner, 591 West Putnam Avenue, Greenwich, CT spoke on behalf of Starwood Capital Group. He explained his belief that the proposed project will be very successful for the community and thanked everyone involved in the process.

Lee Golub, 625 North Michigan Avenue, Chicago spoke on behalf of Golub & Company. He noted that his firm is honored to be involved with the project and looks forward to making it a success for every stakeholder involved.

Mr. Berry outlined the history of the site and two other development plans, which were previously approved for the property, to illustrate the improvements in the current plan. He stressed that the plan represents a reduction in density of 14.1%, a traffic impact reduction of 56%, and a 575% increase in open space.

Betty Drake, with Drake and Associates, outlined the architectural details of the proposed project and displayed conceptual designs depicting the impacts of the surrounding community.

Mr. Berry explained that he has never been involved in a project with more extensive public outreach. He submitted signatures from approximately 800 property owners and residents in support of the project. He noted that the developer is striving to construct the buildings on the site in accordance with the Green Building Standards.

Mayor Manross opened public testimony.

Robert Pettycrew, 8620 E. Turney, spoke in support of the proposed project. He emphasized that the currently proposed plan represents a reduction in traffic, density, and the wrong types of uses from the previously approved plan. He stated his belief that the project is exactly what is needed to help the downtown survive in a historic manner.

Van Swinderen, 4600 N. 68th St., stated that he could not think of a development that is more important than this one. He explained his belief that everyone should be grateful that the site is being developed.

Patty Badenoch, 5027 N. 71st Place, spoke in opposition to the proposed height of the buildings in the plan.

Darlene Petersen, 7327 E. Wilshire Drive, stated her opposition to the proposed heights of the buildings in the development plan.

Bob Elliott, 9808 E. Monument Drive, spoke in support of the proposed project. He presented several examples where cities have improved their downtowns by anchoring improvements with hotels and expressed his desire to see the city do the same.

Norwood Sisson, 7431 E. Portland, expressed his opposition to the building heights in the proposed development.

Coreen Young, 10080 Mountain View Lake Drive, #137, stated her support of the proposed project and urged Council to evoke the emergency clause. She stated her opinion that the proposed project provides all the elements that the area needs.

John Bartolomeo, 6748 East 1st Avenue, stated his support of the project.

Liz Dawn, 7341 E. Thornwood, stated her opposition to the project's proposed height, although she felt the project had some beautiful elements.

Pat Lamer, 6945 E. Glenrosa Avenue, encouraged Council to move forward with the project since it is a great improvement over the plan approved in 1996.

Rick Kidder, 7343 Scottsdale Mall, spoke as a representative of the Scottsdale Area Chamber of Commerce in support of the proposed project with the emergency clause.

Ann Smock, 5101 N. Casa Blanca Drive, expressed support for the proposed project and the residential component.

Bob Vairo, 10040 E. Happy Valley Road, #451, spoke on behalf of the Coalition of Pinnacle Peak. He noted that members of the coalition think the plan is wonderful with the exception of the height element. He suggested that the city hire a person to supervise the construction to ensure that quality materials are used.

Susan Wheeler, Cactus Corridor, stated her opposition to the height of the proposed project.

Leon Levitt, 8654 E. Cheryl Drive, spoke as chairman of the Fiesta Bowl. He confirmed that the organization made a decision to relocate its headquarters from Tempe to Scottsdale. He stressed the need for the project to move ahead without delay in order for the organization to be settled into its new offices in time to make the December 31st deadline to finalize their deal with Starwood.

Michele Rufenacht, 4167 N. Marshall Way, expressed support of the proposed plan since she felt it would help revitalize the downtown area. She spoke in detail of the challenges she has endured while trying to operate her business in the declining downtown area.

Deborah O'Hara, 4201 N. Marshall Way, was excited about the project since it is very important to her business. She urged Council to approve the plan.

John Junker, 4135 N. 52nd Place, explained that he serves on the staff of the Fiesta Bowl. He emphasized that the proposed offices in the project were chosen as the future headquarters for the Fiesta Bowl since it is a quality project. He urged Council to support the project.

Sam West, 8610 N. Hayden #J210, spoke in opposition to the project due to the proposed height of the buildings. He expressed his belief that the buildings would be totally out of context with the city, the city's guidelines, master plan, and downtown plan.

Barbara L. Espinosa, 8626 E. Vista Drive, spoke as chairman of Save Old Scottsdale. The majority of the group consisting of property and business owners in the downtown is in favor of the proposed project. Their only request was that the proposed open space be in perpetuity.

Timothy D. Keller, 111 West Monroe Street, Ste, 1107, introduced himself as an attorney for the Institute for Justice. He stated the group's support of the removal of the Waterfront Redevelopment Designation. He cautioned that the city would face litigation if Council doesn't repeal the designation by passing Resolution 6385.

Margaret Dunn, 9617 N. 83rd Way, read a letter of support for the project from the Scottsdale Focus group.

Bernard Blaustein, 15838 N. 107th Pl., expressed strong support of the proposed project. He urged Council to approve and expedite the plan if possible.

Bill Negrey, 4701 N. 68th Street, #120, strongly supported the proposed project.

Virginia Korte, 8222 E. Gail, spoke as president of the Scottsdale Area Chamber of Commerce. She urged Council to approve the project since she felt it would be a signature development.

Jude Nau, 7320 E. Camelback, respectfully requested that Council approve this item and remove the area from the redevelopment designation.

David Scholl, 11411 N. Tatum Blvd., spoke on behalf of the ownership of the Scottsdale Fashion Square. He stressed their support of the proposed project.

Kathy Duley, 7100 E. Main Street, explained her belief that it is time this property, which has been vacant for some time, is developed. She expressed support for the proposed development plan.

Frank Maguire, 7121 E. 5th Avenue, represented the Fifth Avenue Merchant's Association in supporting the proposal. He explained his belief that the building height is needed to help people identify the downtown area.

Mayor Manross closed public comment. Sixty-one additional cards in support of the project were received from citizens who did not wish to speak.

In response to questions from Councilwoman Lukas, Mr. Berry confirmed that his client is willing to fund the pedestrian bridge and an ombudsman to ensure the quality of the project with the following understanding: 1) the amount would be reasonable, 2) that it extend over the period that would be related to the major development of the property, and 3) his client has the ability to work with city staff to ensure the individual is qualified.

Councilman Lukas suggested that since the estimated cost of the pedestrian bridge is between $400,000 and $500,000, perhaps a cap of $500,000 should be placed on the amount to be funded by the developer. Mr. Berry confirmed that the linkages are an important component of the project. As such, his client's are

committed to fulfilling the desire of the Council and the community by contributing up to $500,000 for the pedestrian bridge at the time the central park area is developed between the residential components of the project.

Mr. Berry stressed that it is important that the ombudsman's responsibilities include assisting in expediting the project.

Mr. Berry pointed out the increasing vacancy rates, decreasing tax base, undesirable businesses, etc. in the downtown area to emphasize the need for quality development. He stressed that any delay in the project would jeopardize its feasibility.

Mayor Manross requested that staff bring back options to Council for consideration outlining appropriate steps that could be taken to protect the specialty areas of the downtown.

In response to questions from Councilman O'Hearn, Mr. Golub assured Council that the project would be high quality. He confirmed that the funding of $500,000 for the pedestrian bridge is an add-on to the development agreement. He explained that any delay in approval would result in the loss of momentum and his company would most likely pull out of the project.

Councilman O'Hearn acknowledged the concerns that were raised about the height of the proposed project. He noted that, although Council has the alternative to deny the proposed plan, another project would be a long time in coming. He stated his belief that it is simply unrealistic to wait for a better development while the city improves the canal banks. He emphasized that the development and the canal improvements are compatible projects.

COUNCILMAN O'HEARN MOVED TO **QUALIFY** AND TO **DESIGNATE** AN INFILL INCENTIVE DISTRICT AND TO **ADOPT** AN INFILL INCENTIVE PLAN WITH AMENDED DEVELOPMENT STANDARDS AND ESTABLISH NEW STIPULATIONS INCLUDING SITE PLAN AND ELEVATIONS APPROVAL ON A 11.3 +/- ACRE PARCEL LOCATED AT THE SOUTHWEST CORNER OF SCOTTSDALE ROAD AND CAMELBACK ROAD IN DOWNTOWN SCOTTSDALE; TO **ADOPT** ORDINANCE NO. 3527 AFFIRMING INFILL INCENTIVE DISTRICT BOUNDARIES, THE INFILL INCENTIVE PLAN, THE AMENDED DEVELOPMENT STANDARDS, NEW STIPULATIONS AND TO REPEAL THE EXISTING STIPULATIONS AND EVOKING THE EMERGENCY CLAUSE; TO **ADOPT** RESOLUTION NO. 6376 DECLARING THE ABOVE ORDINANCE EXHIBITS AS A PUBLIC RECORD FILED WITH THE CITY OF SCOTTSDALE; TO **ADOPT** RESOLUTION NO. 6379 AUTHORIZING THE MAYOR TO EXECUTE DEVELOPMENT AGREEMENT NO. 2003-164-COS; TO **ADOPT** RESOLUTION NO. 6385 REMOVING THE WATERFRONT REDEVELOPMENT DESIGNATION; AND **ADDING** SECTIONS 14.5 ENTILED "BRIDGE" AND 14.6 ENTITLED CITY OVERSEER TO THE DEVELOPMENT AGREMENT. (REFERENCE: 1-II-2003) VICE MAYOR ECTON SECONDED THE MOTION WHICH CARRIED 7/0.

Vice Mayor Ecton expressed his belief that it is important for the local architects to continue to play a part in the development since the city needs the local flavor. He stressed that the Waterfront Project being proposed was not negotiated behind closed doors. The developers openly solicited public and Council opinions and responded positively to many of the suggestions. He listed the amenities and elements of project that attributed to the developer's low returns. He stated his belief that the project is a great for the city.

Councilman Ortega reiterated the history of the site and the redevelopment designation in the area. He stated that he views the opportunity in front of Council tonight as an insurance policy for the Fiesta Bowl. He noted that the city wants to ensure it has the vitality to attract the Fiesta Bowl's visitors. He also stressed that the city must revitalize the downtown area or risk everything.

Councilwoman Lukas explained her belief that the project would serve as a catalyst for renewal and would be a new beginning for the downtown area. The project will be beneficial for area businesses and provide amenities for residents. The removal of the redevelopment designation would be renewed while providing an economic boost for the area.

Councilwoman Lukas noted that she met with the Director and the Chairman of the Board of the Fiesta Bowl who are willing to allow the use of their building for community groups and activities. She stated her initial hesitation in evoking the emergency clause; however, overwhelming support of the project from neighborhoods and business owners convinced her that it is necessary.

Due to concerns over building heights, Councilwoman Lukas recommended that Council change the city's zoning ordinance requiring any zoning change within the specialty districts south of the canal banks to have approval of six Council members. She also recommended that the city create an assistance program tied to the 36' height limitation for the specialty districts south of the canal bank.

Councilman Silverman responded to the concerns that were raised over the project having negative impacts on tourism. He stressed that the visitors to the city have changed dramatically over the years. For the most part, tourists today visit the city for golf, dining, shopping, art galleries, and weather. He stressed his belief that revitalization must occur in the downtown and that the heights of the buildings don't have to lead to other exceptions.

Councilman Littlefield acknowledged that the project isn't perfect, but has some huge advantages for the city while contributing to the revitalization of the area. He explained his belief that the city has changed over the years and will see more height increases proposed for developments in the future. He stated his objection to evoking the emergency clause since he felt it set the wrong precedent and is unnecessary.

Mayor Manross stated her belief that the emergency clause is needed in this case to avoid jeopardizing the project with unnecessary delays. She felt that denial of the project would send a deleterious message to investors. She emphasized that the entire community participated in the planning of the development. She noted that the project would compliment other projects moving forward in the community. She stated her belief that the small businesses would benefit the most from moving forward with the proposed project.

Ms. Dolan read the additions to the development agreement into record as follows:

14.5 Bridge
Upon issuance of the temporary certificate of occupancy for the (first) residential tower to be constructed as shown on the Development Plan, the Owner shall contribute to the City $500,000 for the City to apply to the cost of a pedestrian bridge between the Property and the south side of the Arizona Canal.

14.6 City Overseer
The Owner shall contribute the sum of $35,000 per year for the City to oversee the development of the Camelback Parcel. The first annual contribution shall be made on January 15, 2004; subsequent annual contributions shall be made on the anniversary of such date thereafter. The final annual

contribution shall be made in the calendar year in which the City issues the temporary certificate of occupancy of the final building in the Camelback Parcel as shown in the Development Plan.

Councilman O'Hearn and Vice Mayor Ecton accepted the additions (for the motion) as read.

Public Comment - NONE

City Manager's Report - NONE

Mayor and Council Items - NONE

Adjournment

With no further business to discuss, Mayor Manross adjourned the meeting at 9:27 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 7th day of October 2003.

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

DATED this 10th day of October 2003.

CAROLYN JAGGER
City Clerk

CORRECTION NOTICE

The minutes for Council Meeting dated Tuesday, October 7, 2003 for Item 10 were corrected on April 1, 2004.

The originally approved minutes erroneously stated that the resolution number for Item 10 was 6383 when the correct resolution number was 6363.

Carolyn Jagger, City Clerk