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CALL TO ORDER

[Time: 00:00:04]

Mayor Lane: GOOD AFTERNOON, EVERYONE. NICE TO HAVE YOU ALL HERE. THIS IS FOR OUR REGULAR COUNCIL MEETING AND I'M GOING TO CALL TO ORDER THE REGULAR MEETING OF OCTOBER 22nd, 2013.

ROLL CALL

[Time: 00:00:12]

Mayor Lane: AND IT IS APPROXIMATELY A LITTLE AFTER 5:00. AND WE'LL START PLEASE WITH THE ROLL CALL.

City Clerk Carolyn Jagger: MAYOR JIM LANE.

Mayor Lane: PRESENT.

Carolyn Jagger: VICE MAYOR VIRGINIA KORTE.

Vice Mayor Korte: HERE.

Carolyn Jagger: COUNCILMEMBERS SUZANNE KLAPP.

Councilwoman Klapp: HERE.

Carolyn Jagger: BOB LITTLEFIELD.

Councilman Littlefield: HERE

Carolyn Jagger: LINDA MILHAVEN.

Councilwoman Milhaven: HERE.

Carolyn Jagger: GUY PHILLIPS.

Councilmember Phillips: HERE.

Carolyn Jagger: AND DENNIS ROBBINS.

Councilman Robbins: HERE.

Carolyn Jagger: CITY MANAGER FRITZ BEHRING.

Fritz Behring: HERE

Carolyn Jagger: CITY ATTORNEY BRUCE WASHBURN.

Bruce Washburn: HERE.

Carolyn Jagger: CITY TREASURER JEFF NICHOLS.

Jeff Nichols: HERE.

Carolyn Jagger: CITY AUDITOR SHARRON WALKER.

Sharron Walker: HERE.

Carolyn Jagger: AND THE CLERK IS PRESENT.

Mayor Lane: THANK YOU VERY MUCH. IF YOU'D LIKE TO SPEAK ON ANY ITEM, WE HAVE THE WHITE CARDS THAT YOU CAN FILL OUT THAT THE CITY CLERK HAS OVER HER HEAD RIGHT NOW TO MY RIGHT. FOR ANY OF THE AGENDA ITEMS FOR FOR PUBLIC COMMENT AND THERE ARE YELLOW CARDS WHICH SHE'S ABOUT TO FLASH UP THERE THAT YOU CAN GIVEN WRITTEN COMMENTS ON ANY ITEM IN THE AGENDA. WE HAVE SCOTTSDALE POLICE OFFICERS WITH US HERE JUST ABOUT DIRECTLY IN FRONT OF ME. IF YOU HAVE ANY NEED FOR THEIR ASSISTANCE AND WE DO HAVE FACILITIES, RESTROOMS OVER HERE CLEARLY MARKED OVER TO MY LEFT UNDER THAT CLEARLY MARKED EXIT SIGN.

PLEDGE OF ALLEGIANCE

[Time: 00:01:20]

Mayor Lane: TODAY, WE HAVE THE PLEDGE THAT'S GOING TO BE LED BY CUB SCOUT PACK 446 AND THEIR LEADER WAYNE TALLMAN. IF YOU COULD ALL MOVE TO THE MICROPHONE AND LEAD US IN THE PLEDGE. IF WE COULD ALL STAND.

CUB SCOUT PACK 446: I PLEDGE ALLEGIANCE TO THE FLAG OF THE UNITED STATES OF AMERICA AND TO THE REPUBLIC FOR WHICH IT STANDS, ONE NATION UNDER GOD, INDIVISIBLE WITH LIBERTY AND JUSTICE FOR ALL.

Mayor Lane: WELL, THANK YOU VERY MUCH, GENTLEMEN. WE CAN TURN THAT MICROPHONE AROUND SO YOU CAN BE FACING, LOOKS LIKE WE GOT SOME TECHNICIANS HERE, BUT FACE THE AUDIENCE, JUST INTRODUCE YOURSELF AND TELL US WHERE YOU GO TO SCHOOL AND WHAT YOUR FAVORITE SUBJECT IS.

CUB SCOUT PACK 446: MY NAME IS JACOB, I GO TO O.L.P.H. MY FAVORITE SUBJECT IS MATH. MY NAME IS JAMES, I GO TO O.L.P.H. AND MY FAVORITE SUBJECT IS MATH. HI I'M LIAM, I GO TO O.L.P.H., MY FAVORITE SUBJECT IS LIBRARY. I AM JACK, I GO TO GREAT HEARTS ACADEMY. MY FAVORITE SUBJECT IS MATH. MY NAME IS HAWK, I GO TO ARCHWAY VERITAS AND MY FAVORITE SUBJECT IS CHESS. MY NAME IS JACK, I GO TO O.L.P.H. AND MY FAVORITE SUBJECT IS MATH. MY NAME IS JESSE, AND I GO TO KIVA ELEMENTARY AND MY FAVORITE SUBJECT IS READING.

Mayor Lane: THANK YOU VERY MUCH, GENTLEMEN. NICELY DONE.

INVOCATION

[Time: 00:03:35]

Mayor Lane: THIS AFTERNOON, WE WELCOME DR. DAVID JOHNSON FROM THE ARIZONA SOUTHERN BAPTIST CONVENTION TO PROVIDE US WITH AN INVOCATION.

Dr. Johnson: MAY WE PRAY TOGETHER. LORD, THANK YOU FOR THE REMINDER OF WHY WE'RE HERE FOR CHILDREN; FOR THEIR FUTURE. THANK YOU, LORD, FOR MEN AND WOMEN WHO HAVE COMMITTED THEIR LIVES TO THE WELL-BEING OF THIS CITY, FOR THEIR SACRIFICE AND THEIR COMMITMENT; FOR THEIR CONCERN FOR THIS WEST'S MOST WESTERN CITY. AND I WOULD PRAY THAT, LORD, YOU WOULD GIVE THEM WISDOM, WISDOM ABOUT DECISIONS THAT MAY REACH FAR INTO THE FUTURE. I PRAY THAT YOU WOULD GIVE THEM INFLUENCE, INFLUENCE FOR GOOD AND RIGHT AND JUSTICE. AND I PRAY THAT, LORD, YOU WOULD SUSTAIN THEM, AS THEY CARRY THE BURDEN AND CONTINUE TO PERSEVERE THROUGH ALL THE QUESTIONS AND ALL THE ISSUES THEY HAVE TO DEAL WITH. GIVE THEM CLARITY OF THOUGHT. GIVE THEM WISDOM, GIVE THEM STRENGTH AND WE PRAY THIS IN YOUR NAME, AMEN. COUNCILMEMBERS, PLEASE ACCEPT THE GIFT FROM THE ARIZONA SOUTHERN BAPTIST CONVENTION. WE ARE YOUR NEIGHBORS HERE ON HAYDEN ROAD AND WE HOPE YOU ENJOY THOSE PICTURES.

Mayor Lane: THANK YOU VERY MUCH, DOCTOR.

Mayor's Report

[Time: 00:05:14]

Mayor Lane: PART OF THE MAYOR'S REPORT TODAY I'D LIKE TO GIVE A LITTLE REPORT ON, KEEPING WITH THE 27-YEAR TRADITION THE MAYOR'S OFFICE OF CONVENING A COMMITTEE ON THE EMPLOYMENT OF PEOPLE WITH DISABILITIES. TOMORROW EVENING; OCTOBER 23rd, I'M HOSTING AN AWARDS CEREMONY AT 7 P.M. AT CHAPARRAL SUITES. A NEAR FATAL CAR ACCIDENT LEFT 18-MONTH-OLD KENDRA FOTI WITH COGNITIVE DISABILITIES. NOW 22, SHE'S PURSUING HER ASSOCIATE'S DEGREE AT SCOTTSDALE COMMUNITY COLLEGE AND HAS HER SIGHTS SET ON A BACHELOR'S DEGREE IN ENVIRONMENTAL SCIENCE. KENDRA IS AMONG A HANDFUL OF PEOPLE AND ORGANIZATIONS THAT WILL BE HONORED WITH SCHOLARSHIPS AS PART OF MY COMMITTEE ON EMPLOYMENT OF PEOPLE WITH DISABILITIES. THE AWARDS RECOGNIZE INDIVIDUALS WITH DISABILITIES THAT PROVIDE OUTSTANDING EXAMPLES OF COURAGE AND PERSEVERANCE IN THE FACE OF ADVERSITY. IN ADDITION, THE PROGRAM SERVES TO THANK THOSE WHO PROVIDE COUNSELING AND EDUCATION AND ACKNOWLEDGES EMPLOYERS THAT PROVIDE JOBS FOR INDIVIDUALS WITH DISABILITIES. THE SCHOLARSHIPS AND PRIZES WERE GENEROUSLY DONATED BY LOCAL BUSINESSES AND I THANK THEM FOR THEIR SUPPORT. THE EVENT IS FREE AND OPEN TO THE PUBLIC. LOOK FORWARD TO THAT. IT'S ALWAYS A GREAT EVENT.

MR. BEHRING, NO REPORT FROM THE CITY MANAGER? NO FURTHER PRESENTATIONS OR ANNOUNCEMENTS.

PUBLIC COMMENT

[Time: 00:06:52]

Mayor Lane: WE DO HAVE PUBLIC COMMENT PERIOD AND IT IS RESERVED FOR CITIZENS' COMMENTS REGARDING NONAGENDIZED ITEMS WITH NO OFFICIAL COUNCIL ACTION TAKEN ON THESE ITEMS. SPEAKERS ARE LIMITED TO THREE MINUTES, MAXIMUM OF FIVE SPEAKERS AND THERE WILL BE AN OPPORTUNITY AT THE END OF THE MEETING IF THERE IS ANY ADDITIONAL NEED FOR PUBLIC COMMENT. WE DO HAVE THE MAXIMUM OF FIVE CARDS, SO THERE WILL BE THREE MINUTES ALLOTTED TO EACH. WE'LL START WITH SANDRA FOX, WHO WILL BE FOLLOWED BY LOIS FITCH.

[Time: 00:07:37]

Sandra Fox: MAYOR AND COUNCIL MEMBERS, I APPRECIATE YOUR TIME. MY NAME IS SANDRA FOX. I LIVE AT 8527 EAST CORTLAND STREET, SCOTTSDALE, 85257. THIS COUNCIL AND PAST COUNCILS HAVE CAUSED GREAT HARDSHIP BY NEGLECTING THE GRANITE REEF WATERSHED. IT APPEARS THE DEVELOPERS AND THOSE THAT LIVE IN HIGHER INCOME NEIGHBORS HAVE HAD MOST OF THEIR PROBLEMS RESOLVED. I LIVED IN NORTH SCOTTSDALE FROM 1978 UNTIL 1998. IN 1978, WE HAD BACK-TO-BACK MAJOR FLOODING. THE CORPS OF ENGINEERS WAS CALLED IN AND THE PROBLEM WAS RESOLVED. I'VE LIVED IN SOUTH SCOTTSDALE NOW FOR 5-1/2 YEARS. AND I CANNOT BELIEVE THE LACK OF ATTENTION THAT THIS AREA HAS HAD. WE ARE HERE TO REPRESENT OVER 1200 FAMILIES WHO LIVE IN THESE OLD ESTABLISHED NEIGHBORHOODS WHO HAVE BEEN SEVERELY FINANCIALLY IMPACTED BY THE CAUSE OF THEIR FEMA INSURANCE BECAUSE THEY DON'T HAVE THE PROJECT COMPLETED. THESE HOMES HAVE NEVER BEEN FLOODED IN 35 YEARS, YET WE ARE REQUIRED TO CARRY FEMA INSURANCE THAT HAS INCREASED EXPONENTIALLY IN THE PAST YEARS OF INACTION. A

BOND WAS PASSED IN 2000 TO COMPLETE THIS PROJECT. NOTHING WAS DONE. MY QUESTION IS WHY. THERE HAVE BEEN SO MANY STUDIES DONE AT COSTS THAT COULD HAVE BEEN APPLIED TO THIS PROJECT. THE LATEST OF WHICH IS ONE THAT'S COSTING OVER \$300,000. THAT WAS ON ITEM 16 JULY 1st, 2013. ON THE COUNCIL REPORT, WE JUST CAN'T UNDERSTAND WHY GRANITE REEF WATERSHED HAS NOT BEEN COMPLETED. WE REALLY WANT IT DONE NOW. WE'RE IN THE PROCESS OF GATHERING HUNDREDS OF SIGNATURES ON OUR PETITION AND WE'RE STARTING FROM THOMAS ROAD AND WORKING SOUTH TO MCKELLIPS. WE WILL PRESENT THESE SIGNATURES AT A LATER COUNCIL MEETING. THIS TAKES A LOT OF TIME AND A TREMENDOUS AMOUNT OF EFFORT AND IT SHOULD NOT BE NECESSARY IF THE SCOTTSDALE CITY COUNCIL AND THE CITY OF SCOTTSDALE ITSELF HAD DONE WHAT THEY PROMISED 13 YEARS AGO OR MORE. WE WOULD HAVE IT DONE AND WE WOULD NOT BE PAYING THESE OUTRAGEOUS FEES. WE WILL BE ENCOURAGING PEOPLE IN THESE AREAS AND THESE NEIGHBORHOODS TO RUN FOR THE NEXT CITY COUNCIL AND MAYBE OUR VOICES WILL START TO BE HEARD. THANK YOU SO MUCH.

Mayor Lane: THANK YOU, MISS FOX. NEXT WOULD BE LOIS FITCH. FOLLOWED BY WILLIAM BARRAZA, I BELIEVE IT IS.

[Time: 00:10:37]

Lois Fitch: I TOO LIVE IN THIS DISTRICT AND I REALLY COMMEND SANDRA FOR TAKING THIS ON. I JUST ALWAYS PAID MY FLOOD INSURANCE BECAUSE I THOUGHT EVERYBODY HAD TO DO THAT. AND THERE ARE SOME PEOPLE WITHIN THAT REALM THAT DON'T. THERE IS I GUESS A LINE OR SOMETHING THAT INCLUDES SOME AND NOT OTHERS AND I'M INCLUDED. SO IT IS IMPORTANT THAT WE ADDRESS THIS BECAUSE THERE ARE PEOPLE STRUGGLING FINANCIALLY TO KEEP THEIR MORTGAGES AND PAY THEIR BILLS AND THINGS OF THAT SORT, AND IF IT IS DONE, WE WON'T HAVE TO PAY THE FLOOD INSURANCE. I LIVE IN THAT AREA AT SUMMER FIELD 5, WHICH IS ON GRANITE REEF AND ACROSS FROM NOW GENERAL DYNAMICS, SO I AM INCLUDED AND I DIDN'T REALIZE THAT MY NEIGHBORS WEREN'T AND I'M JUST HERE TO SPEAK ON BEHALF OF ALL OF US, INCLUDING ME, AND HOPE THAT THE WATERSHED WHICH WAS PROMISED WILL BE COMPLETED. AND WE WOULD BE VERY GRATEFUL FOR TO YOU TAKE THAT INTO CONSIDERATION, SO WE DON'T HAVE TO PAY THIS INSURANCE IN THE FUTURE. THANK YOU.

Mayor Lane: THANK YOU, MISS FITCH. NEXT WOULD BE WILLIAM BARRAZA, I BELIEVE IT IS AND FOLLOWED BY J.C. BROOKS.

[Time: 00:12:10]

William Barraza: THAT IS CORRECT, BARRAZA. MAYOR, COUNCIL MEMBERS, BASICALLY HERE TO LET YOU KNOW THAT I HAVE TRIED TO WORK WITHIN MYSELF TO GET MY FLOOD INSURANCE TAKEN CARE OF. I'VE DEALT WITH THE SENIOR STORM WATER ENGINEER PROVIDING ME DOCUMENTS STATING THAT I AM NOT IN THE FLOOD AREA, AND, THEREFORE, REGARDLESS, THE BANK IS STATING THAT THEY WILL NOT HELP ME. SO I'M HOPING THAT YOU WILL TAKE CARE OF THIS GRANITE REEF FLOOD PROJECT SO THAT I CAN USE THE \$300 A YEAR THAT I PAY FOR THIS FLOOD INSURANCE FOR MY DAUGHTER'S COLLEGE FUND. THANK YOU.

Mayor Lane: THANK YOU, MR. BARRAZA. NEXT, J.C. BROOKS, FOLLOWED BY I BELIEVE IT'S MACK DALRYMPLE.

[Time: 00:13:13]

J.C. Brooks: HI. MY NAME IS J.C. BROOKS AND I OWN EPIC VALET. I STARTED THIS COMPANY ABOUT 15 YEARS AGO AFTER GRADUATING ASU. MY COMPANY HAS BEEN LICENSED MORE THAN ANY OTHER VALET COMPANY IN SCOTTSDALE. I'M HERE TO DISCUSS THE SIDE OF THE BUSINESS PERSON REGARDING VALET PARKING. I WANT TO EXPRESS MY SUPPORT FOR THE CITY OF SCOTTSDALE, IN PARTICULAR, WALT BRODZINSKI, THE RIGHT-OF-WAY MANAGER AND TERRY HOGLUND. THEY HAVE ALWAYS BEEN GOOD TO COMMUNICATING THE CITY'S STANCE ON VALET PARKING LICENSES. HOWEVER IN THE MOST RECENT YEARS THE EXPLANATIONS HAVE BEEN GIVEN FROM PEOPLE UP THE LADDER IN THE CITY. SOME OF THE MISCONCEPTIONS OVER THE YEAR IS THAT VALET PARKING TAKES AWAY FROM PUBLIC SPACES. THERE ARE ZERO SPACES IN THE DISTRICT USED BY VALET PARKING. THERE ARE A TOTAL OF 15 SPACES USED AFTER 5 P.M. FOR THE VALET ZONE. MY COMPANY ALONE PRODUCES HUNDREDS OF PRIVATE PARKING SPACES FOR VALET PARKING. THAT MEANS WE RENT, CLEAN AND INSURE PARKING SPACES FROM CLOSED BUSINESSES THAT USED TO TOW, CHAIN OFF AND SPEND MONDAY MORNING CLEANING TRASH OUT OF THEIR LOTS. WE WERE DENIED A LICENSE FOR NOT PROVIDING ENOUGH PUBLIC SPACES IN THE RESTAURANT IN THE RESTAURANT'S OWN PARKING LOT. I DON'T UNDERSTAND WHY THE RESTAURANT CAN'T CHOOSE TO VALET WHATEVER PORTION OF THEIR LOT THEY WANT. FOR EXAMPLE, IF THEY LEAVE THE PARKING AREA OPEN, OTHER PATRONS FROM OTHER ESTABLISHMENTS WILL BE ABLE TO TAKE THEIR SPOTS, LEAVING NO PARKING FOR THEIR CUSTOMERS, ULTIMATELY FORCING THEM TO IMPLEMENT A TOW POLICY OR HIRE A LOT ATTENDANT. ONE-TIME LICENSE WAS REJECTED AND THE ONE-WAY LOOP ON SADDLE BAG ROAD FOR THE SUNDAY AND MONDAY NIGHT EVENT. THERE ARE NO TRAFFIC PROBLEMS DURING THOSE TIMES. THE CITY IS RESPONSIBLE AS WELL, WE DON'T KNOW IF THERE ARE ANY OTHER EVENTS GOING ON THAT NIGHT. I TOLD THEM THERE WERE NO EVENTS GOING ON SUNDAY OR MONDAY NIGHT, THEY SAID, NO, WE'RE NOT ALLOWING VALET PARKING IN THAT AREA REGARDLESS OF THE DAY OF THE WEEK. THE POLICIES ARE HURTING THE BARS' ABILITY TO ATTRACT EVENTS TO THE CITY, BECAUSE THE CITY WILL NOT ALLOW VALET PARKING. WE PROVIDE SECURITY TO LOTS THAT DON'T EXIST. WE'VE HAD ONE STOLEN UNRECOVERED CAR IN THE HISTORY OF OUR COMPANY. WE PARKED OVER 1 MILLION CARS IN 15 YEARS. WE MAKE CUSTOMERS FEEL SAFE IN SOME OF THE POORLY LIT ALLEYS IN OLD TOWN. THE PERCEPTION OF PARKING SEEMS TO BE THAT THE SHORTAGE SEEMS TO BE CONSENSUS IN THE CITY. WE NEVER FILLED UP ANY OF OUR LOTS. THERE'S ALWAYS ADDITIONAL PARKING ADJACENT. SOME PEOPLE COMPLAIN ABOUT THE CHARGE OF VALET PARKING, HOWEVER IN THE GRAND SCHEME OF THINGS, WE PROVIDE A SERVICE THAT PROVIDES A SERVICE OF \$250,000 IN VALUE FOR THE NIGHT, SPLITTING REVENUE WITH THE BAR AND PAYING THE SAME PRICE THE BARTENDER CHARGES FOR POPPING OFF THE TOP OF THE BOTTLE.

[Time: 00:16:28]

Mayor Lane: MR. BROOKS, COULD YOU WRAP IT UP, PLEASE.

Mr. Brooks: I APOLOGIZE. THE PHOENIX-SCOTTSDALE AREA HAS THE LOWEST PARKING RATES COMPARED TO THE UNITED STATES. ONE OF THE LOWEST OF ALL THE MAJOR CITIES IN ARIZONA. IF WE CONTINUE THE ANTI-PARKING SENTIMENT, THERE WILL BE UNKEMPT, UNTRAINED EMPLOYEES

COLLECTING MONEY AND LEAVING THE LOT UNATTENDED FOR THE NIGHT. SCOTTSDALE WILL LOOK LIKE A GAME DAY AT A PROFESSIONAL FOOTBALL STADIUM AND I WANT TO BE SPEAKING ON BEHALF OF THE BUSINESSMAN, BECAUSE WE DON'T ALWAYS GET A CHANCE TO SPEAK OUR VOICE.

Mayor Lane: VERY GOOD. THANK YOU, MR. BROOKS. NEXT IS MICK DALRYMPLE.

[Time: 00:17:19]

Mick Dalrymple: THANK YOU, MY NAME IS MICK DALRYMPLE, I'M WITH THE GLOBAL INSTITUTE OF SUSTAINABILITY. YOU SHOULD HAVE AN ENERGY EFFICIENCY IDEA GUIDE HERE. OUR ORGANIZATION WAS SET UP TO TRY AND TAP THE RESEARCH KNOWLEDGE WITHIN THE UNIVERSITY SYSTEM AND BRING IT TO, APPLY IT TO PRACTICAL PROBLEMS FOR ORGANIZATIONS, INCLUDING CITIES. AND THIS ENERGY EFFICIENCY IDEA GUIDE IS ONE EXAMPLE BASED UPON THE RESEARCH WE DID FOR ENERGIZE PHOENIX OVER THREE YEARS WITH A LOT OF TAXPAYER DOLLARS. ONE THING WE THOUGHT WE COULD DO IS TO COLLECT THE 46 BEST IDEAS THAT WE GATHERED FROM AROUND THE COUNTRY ON POLICIES AND PROGRAMS TO ENHANCE THE ENVIRONMENT FOR ENERGY EFFICIENCY AND MAKE THEM AVAILABLE, TAILOR THEM TO ARIZONA'S POLITICAL AND ECONOMIC ENVIRONMENT AND PARTICULARLY TO CITIES BECAUSE IT SEEMS LIKE LOCAL GOVERNMENTS ARE THE ONES THAT ARE TAKING THE LEAD IN THESE AREAS. SO WE WROTE THIS GUIDE TO DO JUST THAT AND PUT IT INTO SIMPLE, CLEAR LANGUAGE, NONRESEARCH-ESE LANGUAGE TO GIVE YOU SOME IDEAS. SCOTTSDALE'S ENVIRONMENTAL QUALITY ADVISORY BOARD ASKED FOR SEVERAL COPIES OF THIS BOOK AND SINCE THEN, THEY'VE PICKED OUT FIVE IDEAS THAT THEY WOULD LIKE TO POSSIBLY FOCUS ON FOR SCOTTSDALE. AND SCOTTSDALE'S ALWAYS BEEN A LEADER THIS AREA, AND IN ENERGY EFFICIENCY, SO WHAT THEY ACTUALLY DID WAS MODIFY SOME OF THE IDEAS AND THEY LIKED TO MOVE FORWARD WITH THEM AND I'M MENTIONING A COUPLE. IMPLEMENT ADOPTED STATE OF THE ART ENERGY CODES AND EFFECTIVELY IMPLEMENT ALREADY ADOPTED VOLUNTARY STATE OF THE ART GREEN BUILDING CODES. THEN ALSO THINGS LIKE TRACK AND REPORT ENERGY USAGE OF CITY BUILDINGS THROUGH ENERGY STAR PORTFOLIO MANAGER IN ORDER TO MEASURE AND TRACK PROGRESS TOWARD IMPROVING ENERGY EFFICIENCY AND ALSO TARGETING RESIDENTIAL AND COMMERCIAL PROPERTY OWNERS THAT ARE MOST LIKELY TO PARTICIPATE IN ENERGY EFFICIENCY AND OFFER THEM PROGRAMS AND SERVICES TO ENCOURAGE THEM TO DO SO. AND ALSO POSSIBLY TO USE INCENTIVES AND THEY COULD BE NONFINANCIAL OR FINANCIAL INCENTIVES. I VERY MUCH COMMEND SCOTTSDALE FOR TAKING THE LEAD AND LOOKING AT THESE IDEAS. THEY WERE GATHERED FROM AROUND THE COUNTRY, GOING TO SEVERAL FEDERALLY SUPPORTED CONFERENCES AND HEARING WHAT OTHER CITIES AND STATES ARE DOING, AND SOME INTERNATIONAL AS WELL. I ENCOURAGE YOU TO INQUIRE WITH THE BOARD ABOUT WHAT THEIR SUGGESTIONS MIGHT BE ON HOW SCOTTSDALE CAN IMPLEMENT SOME OF THESE. AND IF YOU HAVE ANY QUESTIONS THIS IS AVAILABLE ONLINE, INCLUDING POLICY BRIEFS TO BACK UP MOST OF THESE IDEAS AT ENERGIZE.ASU.EDU.

Mayor Lane: THAT COMPLETES THE PUBLIC COMMENT PORTION OF TESTIMONY TO THIS POINT.

MINUTES

[Time: 00:20:34]

Mayor Lane: NEXT ORDER OF BUSINESS IS APPROVAL OF MINUTES AND I'D ASK UNLESS THERE ARE ANY COMMENTS OR QUESTIONS OR ADDITIONS OR DELETIONS THAT IF I COULD HAVE A MOTION TO APPROVE THE SPECIAL MEETING MINUTES OF SEPTEMBER 17th, 2013, WORK STUDY SESSION MINUTES OF SEPTEMBER 17th, 2013, REGULAR MEETING MINUTES OF SEPTEMBER 24th, 2013, AND THE EXECUTIVE SESSION MINUTES OF SEPTEMBER 17th, 2013.

Vice Mayor Korte: MAYOR, SO MOVED.

Councilwoman Klapp: SECOND.

Mayor Lane: MOVED AND SECONDED. NO FURTHER COMMENTS ON THAT. WE'RE NOW READY FOR A VOTE. ALL THOSE IN FAVOR OF THE MINUTES INDICATE BY AYE AND REGISTER YOUR VOTE. MINUTES HAVE BEEN APPROVED UNANIMOUSLY.

NEXT ORDER OF BUSINESS, WE HAD A CHANGE. IT WAS REQUESTED BY AN APPLICANT ON ITEM 22, THEY ARE REQUESTING A CONTINUANCE OF ITEM 22. AND JUST FOR THE RECORD, AND SO WE HAVE IT, 22 IS A SCOTTSDALE MOUNTAIN VILLAGE REZONING, AND THAT ITEM IS REQUESTED FOR A CONTINUANCE TO NOVEMBER 19th, 2013. DO I HAVE A MOTION TO ACCEPT THAT CONTINUANCE?

Councilman Littlefield: SO MOVED.

Councilwoman Milhaven: SECOND.

Mayor Lane: MOTION IS MADE AND SECONDED. COMMENTS ON THAT? THEN WE'RE THEN READY TO VOTE. ALL THOSE IN FAVOR INDICATE BY AN AYE. AND THAT HAS BEEN APPROVED UNANIMOUSLY.

CONSENT AGENDA

[Time: 00:22:19]

Mayor Lane: MOVE ON TO OUR CONSENT ITEMS. I'M GOING TO ASK THAT ITEM 20 BE PULLED FOR SOME COMMENTS IN A SEPARATE VOTE. CONSENT ITEMS 1 THROUGH 21, WE HAVE ONE REQUEST TO SPEAK ON ITEM 17 AND THAT ITEM IS THE ACQUISITION OF STATE TRUST LANDS TO THE McDOWELL SONORAN PRESERVE, AUTHORIZING THE CITY MANAGER OR DESIGNEE TO SUBMIT BIDS AND IF THE CITY IS SUCCESSFUL BIDDER AUTHORIZE STAFF TO PAY REQUIRED DEPOSITS AND PROVIDE COMPLETE PAYMENT TO THE ARIZONA STATE LAND DEPARTMENT FOR THE FOLLOWING PROPERTY TO BE SOLD AT AUCTION ON NOVEMBER 19th AND DECLARING AN EMERGENCY. THE PROPERTY IN PLAY IS APPROXIMATELY 2,365 ACRES OF STATE TRUST LAND LOCATED WEST OF 136th STREET, AND EAST OF 120th STREET, NORTH OF THUNDERBIRD AND SOUTH OF BELL ROAD ALIGNMENTS. SO WE DO HAVE A REQUEST BY MICHAEL AUERBACH TO SPEAK TO THAT.

[Time: 00:22:47]

Michael Auerbach: GOOD EVENING, MR. MAYOR, MEMBERS OF THE CITY COUNCIL. MY NAME IS MICHAEL AUERBACH. I WOULD LIKE TO ASK FOR YOUR SUPPORT TO ADOPT RESOLUTION 9545, THE ACQUISITION OF STATE TRUST LANDS FOR THE McDOWELL SONORAN PRESERVE. THIS AESTHETICALLY

PLEASE OPEN SPACE IS A JEWEL OF THIS GREAT CITY AND EVERY EFFORT SHOULD BE MADE TO PROTECT, PROMOTE AND PRESERVE THIS NATURALLY OCCURRING BEAUTY. THE PURCHASE OF THIS PROXIMATE 2,365 ACRES WOULD CONTINUE A TRADITION THAT THE CITIZENS OF THIS CITY HAVE MADE CLEAR IS AN ASSET. THE PRESERVE OFFERS HIKING TRAILS, OUTDOOR SPACE, WILDLIFE, AND UNIQUE CACTI THAT ATTRACTS LOCALS AND TOURISTS ALIKE. STAFF HAS MENTIONED THAT GROWING SMARTER FUNDS SHOULD BE AVAILABLE AND COULD BE USED TO ACQUIRE THIS STRIP OF LAND. THE COMMISSION THAT AGREED THAT ACQUISITION OF THIS LAND IN 2014 WOULD BE BENEFICIAL TO THE PRESERVE. THEREFORE, I ENCOURAGE THE CITY COUNCIL TO VOTE IN FAVOR OF THIS RESOLUTION AND KEEP SCOTTSDALE THE QUALITY CITY THAT SHE IS. THANK YOU.

Mayor Lane: THANK YOU, MR. AUERBACH. SO WE THEN ARE PREPARED UNLESS THERE ARE ANY COMMENTS ON THE OTHERS, IN THE CONSENT, I'D OFFER OR RATHER ACCEPT A MOTION TO APPROVE ITEMS 1 THROUGH 21 ABSENT ITEM 20.

Councilman Robbins: MAYOR, I MOVE WE APPROVE THOSE ITEMS.

Councilwoman Milhaven: SECOND.

Mayor Lane: MADE AND SECONDED. NO COMMENT INDICATED SO WE'RE READY TO VOTE. ALL THOSE IN FAVOR PLEASE INDICATE BY AYE AND REGISTER YOUR VOTE. FINALLY TALLY ON THAT IS UNANIMOUS, 7-0.

ITEM 20 – OFF-DUTY POLICE SERVICES CODE AMENDMENT

[Time: 00:25:49]

Mayor Lane: THIS IS AN ITEM THAT I ASKED BE PULLED FOR SEPARATE VOTE BUT I ALSO HAVE A COMMENT ON IT. IT'S ITEM 20. WHAT THIS IS, IS A CHANGE IN OUR POLICE SERVICE CODE, IT'S AN AMENDMENT TO AN ORDINANCE, SECTION 17-324 AND 17-325 AND IT'S THE ADOPTION OF A NEW ORDINANCE THAT WOULD AMEND THOSE, THAT IS 4111. THE ISSUE THAT I'VE GOT WITH THIS IS THIS WAS RELATED AND DRAWN OR WAS CONSIDERED FOR CHANGE DUE TO ADDITIONAL PUBLIC SAFETY ORDINANCE THAT WE INITIALIZED FOR THE CITY WITH REGARD TO OUR LARGER VENUES FROM A SECURITY STANDPOINT. AND ONE OF THE PARTICULAR ITEMS WITHIN THAT IS TO REQUIRE, IF A PARTICULAR TYPE OF SERIOUS EVENT WERE TO OCCUR, TO REQUIRE THAT OFF-DUTY POLICE OFFICERS BE REQUIRED FOR CERTAIN PERIOD OF TIME UNTIL THE ISSUES HAVE BEEN RESOLVED. MY ONLY PROBLEM WITH THIS PARTICULAR THING, SINCE I CERTAINLY HAVE BEEN AN ADVOCATE OF THE PUBLIC SAFETY ORDINANCE, AND IT HAS PASSED AND ABOUT TO GO INTO EFFECT, IS A CHANGE THAT WAS REQUESTED TO OUR REGULATIONS AS IT RELATES TO OFF-DUTY POLICE OFFICERS' USE. WHAT THIS WOULD REQUIRE IS, AND IT'S NOT ABSOLUTELY REQUIREMENT BUT IT DOES MAKE THE WHY OF OFF-DUTY POLICE OFFICERS, SCOTTSDALE POLICE OFFICERS, UNLESS THE SCOTTSDALE POLICE DEPARTMENT DETERMINES OTHERWISE, SO IT'S A MATTER THAT WE ARE NOW REQUIRING THROUGH AN ORDINANCE THAT AN OFF-DUTY POLICE OFFICER BE REQUIRED IN CERTAIN CIRCUMSTANCES AND WE'RE ALSO NOW SAYING AND I BELIEVE THIS IS A CONSTITUTIONAL MATTER AS WELL AS ANYTHING ELSE, THEY HAVE TO USE EXCLUSIVELY OUR SERVICES SUBJECT TO OUR DECISION ON IT. IT IS A MATTER AND IT IS WORDED THAT IT IS SUBJECT TO THE POLICE DEPARTMENT'S DETERMINATION WHETHER THEY WANT TO USE IT OR NOT BUT IT'S NOT SUBJECT TO THE VOLUNTARY REQUESTOR

SELECTION BY THOSE WHO ARE IMPACTED BY THE ORDINANCE. SO MY CONCERN WITH THIS IS WE ARE REQUIRING THAT THEY USE OUR SERVICES UNDER THESE CIRCUMSTANCES. I BELIEVE THAT OUR POLICE DEPARTMENT IS VERY GOOD POLICE DEPARTMENT, CERTAINLY PROBABLY THE BEST I WOULD CERTAINLY SAY, BUT NOT ALLOWING THE INDIVIDUAL STAKEHOLDERS OR THE INDIVIDUALS THAT ARE SUBJECT TO THIS SAFETY ORDINANCE TO BE ABLE TO SELECT FROM A COMPETITIVE GROUP OF SERVICES THROUGH MUNICIPAL OFFICERS, I BELIEVE, IS NOT CONSTITUTIONAL AND I THINK IT'S INCORRECT AND I THINK IT'S CERTAINLY JUST AN UNFAIR ADDITIONAL BURDEN ON THEM, SINCE WE'RE PROBABLY THE HIGHER PRICE COST AS WELL AS ANYTHING ELSE. SO THAT'S THE ONLY COMMENT I WANTED TO MAKE ON IT. AND THEN THAT MAY HAVE PROVOKED COUNCILMAN LITTLEFIELD TO MAKE A CORRESPONDING REMARK BUT I WANT TO VOTE SEPARATELY ON THIS ISSUE. COUNCILMAN LITTLEFIELD.

Councilman Littlefield: I WOULD NEVER SAY YOU PROVOKED ME. I THINK IT'S A GOOD THING....

Mayor Lane: I'M SURE THAT'S NOT TRUE.

Councilman Littlefield: I WOULD GO EVEN FARTHER AND AS I SAID BEFORE, THE BAR DISTRICT WILL BE SAFER IF WE REQUIRE, IF WE HAVE SCOTTSDALE POLICE OFFICERS OFF-DUTY DOING THIS AS OPPOSED TO ANY OTHER AGENCY BECAUSE WE CAN AT LEAST COUNT ON THEM TO REPORT TO US EVERYTHING THAT GOES WRONG. I MOVE TO APPROVE.

Vice Mayor Korte: SECOND.

Mayor Lane: WOULD THE SECOND LIKE TO SPEAK TOWARD IT?

Vice Mayor Korte: NO.

Mayor Lane: I JUST HAVE ONE FOLLOW-UP COMMENT ON THAT I SUPPOSE AND I WILL SAY THAT I'M CERTAIN THIS WILL PASS. I BELIEVE THERE IS A CONSTITUTIONAL ISSUE INVOLVED HERE AND FRANKLY, TO INDICATE THAT SOMEHOW OR OTHER, OTHER OFF-DUTY POLICE OFFICERS WOULD NOT REPORT AS REQUIRED BY THE ORDINANCE IS QUITE A SUPPOSITION. BUT IN ANY CASE, THAT ENDS THE CONVERSATION ON ITEM 20. WE NOW ARE READY TO VOTE. ALL THOSE IN FAVOR PLEASE INDICATE BY AYE. THOSE OPPOSED WITH A NO. MOTION DOES PASS 4-3, WITH COUNCILMAN ROBBINS, COUNCILWOMAN KLAPP AND MYSELF OPPOSING IT. THANK YOU FOR THAT AND THAT DOES COMPLETE ALL OF THE CONSENT ITEMS.

REGULAR AGENDA

ITEM 23 – PUBLIC HEARING ON PROPOSED WATER AND WASTEWATER LAND USE ASSUMPTIONS AND INFRASTRUCTURE IMPROVEMENT PLANS

[Time: 00:31:00]

Mayor Lane: MOVE NOW THEN TO THE REGULAR AGENDA. ITEM 22 WAS CONTINUED EARLIER AS WE HAD INDICATED. WE HAVE A LITTLE BIT DIFFERENT PRESENTATION ON ITEM 23 AND THIS IS PUBLIC, THERE'S NO PUBLIC COMMENT TO BE TAKEN. I'M SORRY. THIS IS A PUBLIC HEARING ON PROPOSED

WATER AND WASTEWATER LAND USE ASSUMPTIONS AND INFRASTRUCTURE IMPROVEMENT PLANS. AND WHAT WE ARE HERE TO DO IS AS I'LL JUST INDICATE RIGHT NOW, WE'RE CALLED TO ORDER THIS PUBLIC HEARING ON THE LAND USE ASSUMPTIONS REPORT AND THE INFRASTRUCTURE IMPROVEMENTS PLAN FOR THE CITY WATER AND WASTEWATER IMPACT FEES. THE PURPOSE OF THIS HEARING IS TO RECEIVE COMMENTS FROM THE CITY COUNCIL AND THE PUBLIC ON THE LAND USE ASSUMPTIONS REPORT AND THE INFRASTRUCTURE IMPROVEMENTS PLAN. WE WILL NOT BE VOTING TO APPROVE OR DISAPPROVE THE LAND USE ASSUMPTIONS REPORT OR THE INFRASTRUCTURE IMPROVEMENTS PLAN TONIGHT. THAT IS SCHEDULED TO BE VOTED ON AT A REGULAR CITY COUNCIL MEETING SCHEDULED FOR DECEMBER 10, 2013. WE WILL, HOWEVER, HAVE A PRESENTATION BY BRIAN BIESEMEYER, WATER RESOURCES DIRECTOR AND AFTER THAT WE WILL TAKE PUBLIC COMMENT.

[Time: 00:32:11]

Water Resources Executive Director Brian Biesemeyer: THANK YOU, MAYOR. MAYOR AND COUNCIL, THE LAND USE ASSUMPTIONS AND THE INFRASTRUCTURE IMPROVEMENTS PLANS PRESENTED TONIGHT ARE A REQUIREMENT OF STATE LEGISLATION PASSED IN 2011. I WILL ATTEMPT TO MAKE THE PRESENTATION A BRIEF OVERVIEW OF THE REQUIREMENTS OF THIS LEGISLATION AND PRESENT THE SUMMARY OF THE COMPONENTS OF THESE PLANS AS WELL AS THE RESULTS OF THESE PLANS. JUST TO BE CLEAR, IMPACT FEES ARE ONE-TIME FEES, OR CHARGES TO OFFSET THE COST OF NECESSARY DEVELOPMENT OF NECESSARY PUBLIC SERVICES FOR DEVELOPMENT. IMPACT FEES BY LAW MUST RESULT IN A BENEFICIAL USE TO THAT DEVELOPMENT. AND SCOTTSDALE HAS HISTORICALLY ADOPTED ONLY WATER AND WASTEWATER IMPACT FEES.

Mayor Lane: MR. BIESEMEYER, WE HAVE A QUESTION OR COMMENT FROM COUNCILMAN LITTLEFIELD.

Councilman Littlefield: WHAT OTHER FEES COULD WE HAVE DECIDED TO?

Mr. Biesemeyer: OTHER COMMUNITIES CAN HAVE FEES THAT COULD BE PARKS-RELATED TO HELP PARKS FOR DEVELOPMENT, FIRE, PUBLIC SAFETY, AND OTHER PUBLIC SERVICES.

[Time: 00:33:26]

Councilman Littlefield: BUT I DO REMEMBER, MAYBE THIS IS A QUESTION FOR THE CITY ATTORNEY, THAT SOME OF THE IMPACT FEES CHARGED BY OUR SISTER COMMUNITIES WERE DECLARED TO BE ILLEGAL OR UNCONSTITUTIONAL, SO I'M INTERESTED TO KNOW WHICH EXTRA FEES ABOVE AND BEYOND WATER AND WASTEWATER FEES WOULD BE LEGAL FOR US TO DECIDE TO IMPOSE? ASSUMING WE WANTED TO DO THAT.

City Attorney Bruce Washburn: AS I UNDERSTAND THE LEGISLATION THAT WAS ADOPTED THERE ARE LIMITATIONS ON WHAT KIND OF FEES THAT CAN BE CHARGED. I'M SORRY, I DON'T HAVE ALL THOSE COMMITTED TO MEMORY, ALSO I'M NOT SURE IT'S APPROPRIATE UNDER THIS ITEM SINCE THEY ARE NOT PART OF THE IIP, BUT COUNCILMEMBER I WOULD BE HAPPY TO GET BACK TO YOU WITH FURTHER INFORMATION ON THAT.

Councilman Littlefield: YES, I WOULD LIKE TO KNOW WHICH FEES WOULD BE LEGAL.

Bruce Washburn: YES, WE'LL PROVIDE THAT TO YOU.

Councilman Littlefield: THANK YOU.

Bruce Washburn: AND THE REST OF THE COUNCIL.

Councilman Littlefield: I WOULDN'T EXPECT TO YOU GIVE IT TO JUST ME.

Mayor Lane: THANK YOU, COUNCILMAN. BRIAN.

Brian Biesemeyer: THE NEW IMPACT FEE PROCESS, THE FIRST PART IS THE PUBLIC HEARING WE'RE AT ON LAND USE ASSUMPTIONS AND INFRASTRUCTURE IMPROVEMENTS PLAN, WE WOULD HOPE FOR ADOPTION IN DECEMBER. BASED ON THESE PLANS WE WOULD THEN PRESENT AN IMPACT FEE REPORT IN JANUARY WITH HOPEFULLY SUBSEQUENT ADOPTION IN FEBRUARY. WOULD ALSO REQUIRE THAT WE REPEAL OUR ORDINANCE ON IMPACT FEES AND PASS A NEW ORDINANCE ON IMPACT FEES. THE LAND USE ASSUMPTIONS REPORT, IT IS MANDATED TO COVER A 10-YEAR PERIOD, MUST BE REVISED AT LEAST EVERY FIVE YEARS AND IT SHOWS PROJECTIONS OF LAND USE, DENSITIES, POPULATION FOR SPECIFIC SERVICE AREA FOR THE 10-YEAR PERIOD. AND THEN IT ALSO DEFINES THE SERVICE AREAS AND I'LL GET TO THAT IN THE NEXT SLIDE.

[Time: 00:35:30]

THE WATER SERVICE AREAS IS BASICALLY THE CITY LIMITS WITH THE EXCEPTION AND WATER OF THE EPCOR SERVICE AREA AND THE WASTEWATER SERVICE AREA IS AGAIN BY STATUTE THE CITY LIMITS WITH THE EXCEPTION OF THE FOUNTAIN HILLS SANITARY DISTRICT AND BLACK MOUNTAIN SEWER SERVICE AREA. THE NEXT PLAN, THE INFRASTRUCTURE IMPROVEMENTS PLAN, COVERS TEN YEARS, IT IS GUIDANCE AN EQUIVALENT DEMAND UNIT AND I'LL GET TO THAT IN A SUBSEQUENT SLIDE, IT DEFINES EXISTING AND FUTURE LEVELS OF SERVICE. THAT'S IMPORTANT BECAUSE THE LEGISLATION REQUIRES THAT FOR DEVELOPMENTS, WE PROVIDE THE SAME LEVEL OF SERVICE FOR A NEW DEVELOPMENT AS WE DO FOR EXISTING CUSTOMERS. IT DEFINES THE USE AND CAPACITY SYSTEMS, RESERVE CAPACITY AND A BUY-IN CAPACITY AND ESTIMATES THE COST OF FUTURE FACILITIES AND SYSTEM EXPANSION. THE EQUIVALENT DEMAND UNIT, WE EQUATE TO ONE DETACHED SINGLE FAMILY DWELLING UNIT. THIS ALSO EQUATES TO A ONE-INCH METER OR BELOW FOR SERVICE. THAT ALLOWS US TO DEFINE THE LEVEL OF SERVICE THAT WE PROVIDE TO A SINGLE FAMILY UNIT OR TO ANY UNIT BY EQUATING IT TO AN EQUIVALENT DEMAND UNIT.

[Time: 00:36:58]

ON THE WASTEWATER SIDE IT'S THE SAME, IT'S EQUAL TO A DETACHED SINGLE FAMILY DWELLING UNIT. THE EXISTING LEVEL OF SERVICE AGAIN IS REQUIRED TO BE DEFINED ON THE WATER WE DEFINE THAT AS PEAK DAY DEMAND. WATER DEMAND AS YOU KNOW GOES UP AND DOWN CONSIDERABLY WITH SEASONS AND IT'S DEFINED AS THE PEAK DAY OF SERVICE. THAT'S TRADITIONAL FOR AN ENGINEERING DESIGN AS WELL AS PERMITTING TO FIND DAYS ON PEAK WATER. ON WASTEWATER, WE DEFINE IT AS THE AVERAGE DAY DEMAND AS WASTEWATER SERVICES DON'T VARY AS MUCH AS

WATER. SPECIFICALLY, FOR 2012, WE HAD A 94 MILLION GALLON PEAK DAY, SO FOR WATER LEVEL OF SERVICE, THAT EQUATES TO 709 GALLONS PER DAY PER EQUIVALENT DEMAND UNIT. ON THE WASTEWATER, WE HAD A PEAK, AN AVERAGE DAY DEMAND OF 21.8 MILLION GALLONS PER DAY AND THE WASTEWATER LEVEL OF SERVICE EQUATES TO 196 GALLONS A DAY PER EDU. WE'RE ALSO REQUIRED TO FIND EXISTING CAPACITY AND RESERVE CAPACITY IN OUR SYSTEMS TO DEFINE THESE. WE DEFINE OUR CURRENT CAPACITY LESS RESERVE CAPACITY, WHICH IS A CONTRACTUAL AGREEMENT, WE HAVE SMALL CONTRACTUAL AGREEMENTS WITH OTHER PROVIDERS LESS THE LEVEL OF SERVICE WE PROVIDED TODAY AND IT EQUATES TO THE EXISTING CAPACITY FOR EDUs. ON THE WATER SIDE, AROUND 50 MILLION GALLONS PER DAY, WASTEWATER 20 MILLION GALLONS A DAY CAPACITY. ONCE THAT'S ESTABLISHED, THEN WE ESTABLISH A BUY-IN FEATURE WITH IMPACT FEES BECAUSE WE NOW KNOW HOW MUCH SERVICE WE CAN PROVIDE OR HOW MUCH CAPACITY WE HAVE TO PROVIDE SERVICE AND THEN AS WE DEVELOP THESE IMPACT FEES, WE HAVE A BUY-IN FEATURE, SO THE NEW DEVELOPMENT BUYS INTO THIS CAPACITY. THE NEXT FEATURE IS A FUTURE EXPANSION OR PLANNING ESTIMATES. AND THROUGH THIS 10-YEAR PERIOD, TREATMENT CAPACITY WE ESTIMATE THEY WILL NOT NEED NEW TREATMENT CAPACITY BUT WE WILL NEED NEW DISTRIBUTION CAPACITY, ABOUT 26 MILLION, AND A SUPPLY EXPANSION OF 3.2 MILLION. ON THE WASTEWATER SIDE, THE SAME, BUT WE NEED A NEW COLLECTION SYSTEM EXPANSION TO SERVICE THE DEVELOPMENTS OF APPROXIMATELY \$5 MILLION. SO ONCE WE HAVE THAT, WE HAVE A, WE NOW HAVE THE AMOUNT OF BUY-IN, AS WELL AS THE AMOUNT OF FUTURE EXPANSION NEEDED TO SERVICE DEVELOPMENTS.

[Time: 00:40:07]

BRIAN, COULD YOU HIT THE ELMO? SO THIS LEAVES US WITH A COST PER EDU. WE HAVE THE BUY-IN, WE HAVE A BUY-IN, AS WELL AS THE EXPANSION COST AND WE FIND THESE IN GALLONS PER DAY AND THEN EXPANSION IN GALLONS PER DAY. AND THEN WE HAVE AN INTEREST EXPENSE AND A DEBT, THIS IS REALLY FOR ANY FINANCING THAT WE'VE DONE FOR THE EXISTING CAPACITY. WE FACTOR THAT IN BY THE EDU LEVEL AND COME UP WITH AN IMPACT FEE PER EDU. AND THAT'S ROUGHLY \$4,000 PER WATER IMPACT PER EDU AND WASTEWATER IMPACT OF \$2270 PER EDU. SO WHERE DOES IT KIND OF COMPARE? THE EDUs WILL BE DEVELOPED FURTHER WHEN WE GET TO OUR IMPACT FEE REPORT TO EQUATE TO DEVELOPMENT SPECIFICALLY, AND WE'LL FURTHER EXPAND IT BUT THAT'S THE BASIS WE USE FOR DEVELOPING THOSE IMPACT FEES. BUT FOR A SINGLE FAMILY DWELLING UNIT, HOW DOES THAT COMPARE TO EXISTING FEES? AS YOU CAN SEE HERE, DEPENDS ON LOT SIZE, BUT FOR THE SMALLER LOTS, IT'S DECREASED SLIGHTLY AND LARGER LOT SIZE IT DECREASES MORE SUBSTANTIALLY. OUR PAST IMPACT FEES FOR SINGLE FAMILY DEVELOPMENT WERE BASED ON LOT SIZE, NOT THE SERVICES PROVIDED. THIS IS WHAT WE STRUCTURED TO ALLOW FOR SERVICES PROVIDED. THIS IS FOR A SINGLE METER. A LARGER LOT REQUIRES A SEPARATE METER SAY FOR IRRIGATION, ANOTHER METER WILL BE INSTALLED. AS A RESULT OF THE ANALYSIS WE'VE HAD TO DO, IMPACT FEES WILL GO DOWN IN COMPARISON TO WHAT WE HAVE TODAY.

Mayor Lane: MR. BIESEMEYER, WE HAVE ANOTHER QUESTION OR COMMENT FROM COUNCILMAN LITTLEFIELD AND MYSELF.

Councilman Littlefield: TO WHAT DO YOU ATTRIBUTE THE FACT THAT THE PROPOSED IMPACT FEES ARE GOING DOWN? BECAUSE WE HAVE A LOT OF INFRASTRUCTURE, WHY WOULD THE FEES BE GOING DOWN?

Brian Biesemeyer: PART OF THAT IS BECAUSE WE'RE RESTRICTED TO A 10-YEAR PLANNING WINDOW, SO THAT RESTRICTS OUR ANALYSIS ON HOW MUCH IS GOING TO BE BUILT IN THAT TEN YEARS. PREVIOUSLY, WE LOOKED OUT TO 25 YEARS. THAT AFFECTS IT. ADDITIONALLY, REASSESSMENT OF THE AMOUNT OF GROWTH THAT'S OCCURRING. ALL THOSE THINGS FACTOR IN BUT I THINK IT'S PRINCIPALLY THE 10- YEAR WINDOW VERSUS THE 25-YEAR WINDOW.

Councilman Littlefield: SO IF, THE 10-YEAR WINDOW IS REQUIRED BY LAW, RIGHT?

Brian Biesemeyer: YES.

Councilman Littlefield: IF YOU WERE TO LOOK OUT, IF YOU WERE ALLOWED BY LAW TO LOOK OUT TO A 25-YEAR WINDOW, DO YOU THINK THESE FEES WOULD STILL GO DOWN OR WOULD THEY INCREASE?

Brian Biesemeyer: I THINK, OH, I DON'T KNOW, COMPARED TO OUR EXISTING ONES? COMPARED TO WHAT THEY ARE PROPOSING, THEY WOULD BE HIGHER.

Councilman Littlefield: ALL RIGHT. SO IS IT YOUR ANALYSIS, THEN, THAT THE AMOUNT OF GROWTH WITHIN THE 10-YEAR WINDOW IS NOT THAT SIGNIFICANT? I'M TRYING TO UNDERSTAND WHY THE IMPACT, WHY IT WOULD COST LESS, WHY THE IMPACT OF A NEW HOUSE WOULD COST LESS OR PUT LESS OF A BURDEN ON THE CITY NEXT YEAR THAN IT WOULD HAVE NOW. I MEAN THAT'S ESSENTIALLY WHAT YOU'RE SAYING HERE. SO THE QUESTION IS I'M TRYING TO FIGURE OUT WHY THAT WOULD BE.

[Time: 00:44:23]

Brian Biesemeyer: I THINK THESE WILL CHANGE, IF I CAN ANSWER THAT, COUNCILMAN LITTLEFIELD, I BELIEVE THAT WILL CHANGE, HAVE THESE FURTHER ANALYSIS GO ON AND AS WE BUILD MORE INFRASTRUCTURE, THE BIGGER COSTS ARE GOING TO BE THE EXPANSION OF OUR TREATMENT FACILITIES. DURING THIS 10-YEAR PERIOD, WE DON'T HAVE EXPANSION REQUIREMENTS. THEY'RE BUYING INTO EXISTING FACILITIES.

Councilman Littlefield: UM-HMM.

Brian Biesemeyer: AND SINCE THOSE DOLLARS ARE INVESTED PREVIOUSLY, IT'S A CHEAPER INVESTMENT BECAUSE IT WAS HISTORICALLY MADE. AS COSTS GO UP, OUR NEW FACILITIES WILL COST MORE AND WE PROJECT THOSE IN THESE, THAT THEY COST MORE, SO I BELIEVE AS WE TAKE THIS ANALYSIS OUT FURTHER AND WE REDO THIS IN FIVE YEARS.

Councilman Littlefield: YES.

Brian Biesemeyer: THAT THESE COSTS WILL GO UP FROM TIME TO TIME AS THOSE FACILITIES ARE PUT IN THAT 10-YEAR WINDOW.

Councilman Littlefield: ALL RIGHT. THANK YOU.

Mayor Lane: THANK YOU, COUNCILMAN. BRIAN, I WAS, I GUESS I CAUGHT ON THE ONE ISSUE THAT YOU MENTIONED WHEN THIS PARTICULAR SLIDE CAME UP AND THAT WAS IT CHANGED THE EQUATION OF THE SQUARE FOOTAGE OF THE LOT TO THE USE. I'VE GOT TO BELIEVE THAT HAS A GOOD DEAL TO DO WITH THIS RECALCULATION WHEN YOU'RE TALKING ABOUT GOING FROM SQUARE FOOTAGE OF A LOT BECAUSE YOUR USE OF 43,000 OR A SQUARE ACRE LOT. CERTAINLY EACH USE COULD VARY MATERIALLY FROM ONE LOT TO ANOTHER, BUT IF YOU'RE GOING TO USE AND I'M PRESUMING HOW MUCH IS SUPPLIED ON AN AVERAGE LOT, OR HOW MUCH WASTEWATER COMES OFF. ON THE ONE HAND THE PEAK YOU MENTIONED, YOU BUILD INFRASTRUCTURE TO PEAK CAPACITY AND WASTEWATER YOU'RE USING AVERAGE PER DAY BUT IT DOES SEEM TO ME THAT WOULD BE A MAJOR COMPONENT IN REFLECTING THESE LESSER COSTS, I SHOULD SAY.

Brian Biesemeyer: MAYOR, IT DOES CHANGE THAT. BUT IT'S BASED ON THE INFRASTRUCTURE WE PUT IN IN THAT PEAK DEMAND, SO WE WILL HAVE THAT SAME DEMAND FOR THAT ONE-INCH METER REGARDLESS OF THE LOT SIZE AND THAT'S THE INFRASTRUCTURE WE HAVE TO CONSTRUCT TO HAVE AVAILABLE FOR THAT PARTICULAR DEVELOPMENT. NOW A LARGER USE MAY USE MORE WATER, THEY WILL PAY FOR THAT WATER BUT THE INFRASTRUCTURE REQUIRED TO SERVICE THAT IS THE SAME.

Mayor Lane: RIGHT. AND I GUESS, AND I'M NOT TRYING TO BELABOR THIS POINT, YOUR CURRENT IIP FOR WATER, FOR EXAMPLE IS NOT BASED UPON THE LOT SIZE ANY MORE.

[Time: 00:47:05]

Brian Biesemeyer: THE ONE PROPOSED THAT I PRESENTED TONIGHT IS NOT BASED ON LOT SIZE.

Mayor Lane: YEAH, BUT IN THE PAST IT WAS.

Brian Biesemeyer: IN THE PAST IT WAS.

Mayor Lane: SO WE'RE COMPARING THE LOT SIZE CALCULATION RIGHT HERE CURRENT AT 17,000 FOR THE CATEGORY I SELECTED, TO THE ESTIMATED FEE ON THE NEW CALCULATION OF SOMEWHERE IN THE AREA OF 6400 DOLLARS, NOT QUITE.

Brian Biesemeyer: CORRECT.

Mayor Lane: WITH THAT DIFFERENCE. SO IT IS MORE BASED UPON USE AND THE SIZE OF THE METER THAN IT IS NOW ON JUST THE SIZE OF THE LOT.

Brian Biesemeyer: IT IS. AND OUR OLD IMPACT FEE STRUCTURE WAS STRUCTURED IN 1996. IT'S NOT USED, IT'S NOT AS COMMON, THE SINGLE EDU METER SIZE TENDS TO BE AN INDUSTRY STANDARD THESE DAYS AND ALSO YOU, I THINK, IS WHAT WE PROVIDE. IT'S THE SERVICE WE PROVIDE COMES THROUGH THAT METER. IT DOES RESTRUCTURE THINGS, YOU ARE CORRECT, MAYOR, IT DOES RESTRUCTURE, PARTICULARLY FOR THE LARGER LOT SIZES CREATES THAT DIFFERENTIAL.

Mayor Lane: OKAY. AND ONE QUICK QUESTION, MR. WASHBURN, AND THAT IS THAT WE WERE TALKING ABOUT THE IIPs FOR WATER AND WASTEWATER, THAT'S WHAT WE WERE TALKING ABOUT HERE. SOME OF THE DIFFICULTY THAT ARISING IS WHETHER AN IIP IS STIPULATED FOR WATER

INFRASTRUCTURE AS WE'RE TALKING ABOUT HERE AND IT SOMEHOW IS REALLOCATED TO SOME OTHER PROJECT LIKE BUILDING OF CITY HALL OR SOMETHING LIKE THAT.

Bruce Washburn: I BELIEVE THAT WAS EXACTLY WHAT THE LEGISLATION WAS INTENDED TO PREVENT.

Mayor Lane: YEAH AND OF COURSE, THOSE ARE OF THE INSTANCE THAT IS OCCURRED. AND YOU CAN PROBABLY DEVELOP AN IIP FOR A LOT OF DIFFERENT THINGS BUT IF YOU DESIGNATE IT FOR WATER IIP, IT NEEDS TO BE USED FOR WATER INFRASTRUCTURES THAT FAIR TO SAY? MAYBE THERE'S A BROADER SCOPE IIP THEY WERE USING.

Bruce Washburn: THE IIPs THAT WE HAVE ARE GOING TO COLLECT IMPACT FEES FOR THE ENTERPRISE FUND FOR WATER AND WILL BE USED FOR THAT PURPOSE.

Mayor Lane: AND IF BRIAN CHOSE TO BUILD A CITY HALL WITH THEM, THAT WOULD BE A PROBLEM?

Bruce Washburn: INDEED, YES.

Mayor Lane: OKAY. THANK YOU. VICE MAYOR KORTE.

[Time: 00:49:17]

Vice Mayor Korte: THANK YOU, MAYOR. CAN WE GO BACK TO SLIDE 11? DISTRIBUTION SYSTEM EXPANSION, CAN YOU JUST DESCRIBE TO ME WHAT THAT IS?

Brian Biesemeyer: THAT WOULD BE A LARGER PIPE SIZE OR ACTUALLY MORE, IT WOULDN'T BE LARGER, IT WOULD BE PUTTING NEW PIPES IN THE GROUND TO SERVICE NEW DEVELOPMENT.

Vice Mayor Korte: SO ONLY NEW DEVELOPMENT OR EXPANDING AREAS FOR REDEVELOPMENT?

Brian Biesemeyer: IT MIGHT BE ALSO EXPANDING A PIPE SIZE TO FIT AN AREA OF REDEVELOPMENT AS WELL.

Vice Mayor Korte: OKAY. AND THEN THE EXPANSION OF 3.2 MILLION FOR RECHARGE WELLS, IS THAT C.A.P. WATER RECHARGE? IS THAT GRAY WATER RECHARGE?

Brian Biesemeyer: THAT WOULD BE PRINCIPALLY FOR C.A.P. WATER RECHARGE, SUCH THAT WE CAN RECHARGE THAT WATER SO WE PUMP DURING PEAK TIMES AND HAVE THE ABILITY TO WITHDRAW GROUND WATER DURING OUR PEAK DEMAND PERIODS. IN THE WINTERTIME WE WOULD BE PUTTING IT IN THE ROUND IN, IN THE SUMMERTIME, WE TAKE IT OUT.

Vice Mayor Korte: CORRECT ME IF I'M WRONG, I UNDERSTOOD THAT THE C.A.P. ALLOCATION WE WERE CLOSER TO MEETING OUR DAILY NEEDS OF THAT DELIVERY AND THAT THE RECHARGE WAS, IN A COUPLE YEARS, NOT GOING TO BE, WELL, EFFECTIVE, NEEDED. IS THAT TRUE FOR SCOTTSDALE OR IS THAT OTHER COMMUNITIES?

Brian Biesemeyer: I DON'T, ON AN OVERALL BASIS, YOU COULD LEVEL IT OUT AND SAY THAT, BUT NOT ON A WINTER/SUMMER DEMAND BASIS, I DON'T THINK THAT'S TRUE AT ALL.

Vice Mayor Korte: AND THOSE RECHARGE WELLS, ARE YOU GOING TO BE EXPANDING THEM IN OTHER PARTS OF THE CITY OR IS IT JUST AROUND THAT WATER CAMPUS?

Brian Biesemeyer: I'M GOING TO DEFER TO MY ENGINEERING DIRECTOR, CHRIS HASSERT, FOR THAT.

Planning and Engineering Director Chris Hassert: MAYOR, COUNCIL, THE INFRASTRUCTURE WE HAVE AS PART OF THE IIP FOR RECHARGE WOULD BE AT THE WATER CAMPUS. IT WOULD BE EIGHT ADDITIONAL RECHARGE WELLS AND THAT'S WHAT WE'RE DETERMINING IS WITHIN THE NEXT 10-YEAR PERIOD.

Vice Mayor Korte: OKAY. THANK YOU.

Mayor Lane: THANK YOU, COUNCILWOMAN.

Brian Biesemeyer: MAYOR, IF YOU WOULD, I THINK I STAND CORRECTED THEN IF IT'S VADOS WELLS THEN IT'S RECLAIMED WATER THAT WE WOULD BE USING TO RECHARGE IN THAT CASE.

Mayor Lane: THANK YOU, BRIAN, IF YOU WANT TO CONTINUE.

[Time: 00:52:13]

Brian Biesemeyer: THANK YOU, MAYOR. WHAT'S NEXT, WE HAVE AN IMPACT FEE REPORT THAT WAS BEING FINALIZED AND IT'S TENTATIVELY SCHEDULED TO BE AVAILABLE IN DECEMBER. WE HOPE TO BRING THAT TO COUNCIL IN JANUARY FOR ANOTHER PUBLIC HEARING. THE IMPACT FEE REPORT WILL BE BASED ON THE LAND USE ASSUMPTIONS, INFRASTRUCTURE IMPROVEMENT PLANS AS REPORTED TONIGHT. PENDING ANY QUESTIONS, THAT COMPLETES MY PRESENTATION.

Mayor Lane: LOOKS LIKE WE MAY HAVE COVERED THEM THROUGH THE PROCESS. NO? CAUGHT AGAIN. COUNCILMAN LITTLEFIELD JUST PLUGGED IN.

Councilman Littlefield: THAT WOULD BE THE UNPROVOKED COUNCILMAN LITTLEFIELD. ACTUALLY THE QUESTION I HAVE IS SO HERE WE HAVE THE WATER DEPARTMENT HAS A SET OF ASSUMPTIONS ABOUT SCOTTSDALE'S GROWTH THEY'RE USING FOR PLANNING. ARE THESE THE SAME ASSUMPTIONS THAT THE OTHER DEPARTMENTS, LIKE THE PLANNING DEPARTMENT, USES? IS THERE IN FACT ONE SET OF ASSUMPTIONS ABOUT SCOTTSDALE'S GROWTH AND ALL THE CITY DEPARTMENTS USE? BECAUSE IT WOULD SEEM THAT IT WOULD BE INAPPROPRIATE FOR EACH DEPARTMENT TO HAVE A DIFFERENT SET OF ASSUMPTIONS, SO IS THERE SUCH A SET OF ASSUMPTIONS AND IS THIS IT?

Brian Beisemeyer: COUNCILMAN LITTLEFIELD, MAYOR AND COUNCILMEMBER LITTLEFIELD, WE WENT TO THE PLANNING DEPARTMENT, WE BASED THAT ON THE GENERAL PLAN AND THE DISCUSSIONS WITH THE PLANNING DEPARTMENT ON THESE GROWTH ASSUMPTIONS, SO WE COORDINATED WITH THEM AS WE DEVELOPED THIS.

Councilman Littlefield: BUT THAT'S NOT MY QUESTION. MY QUESTION REALLY ISN'T FOR YOU IT'S FOR THE ESTEEMED CITY MANAGER. SINCE HE'S IN CHARGE OF EVERYBODY, THE QUESTION WOULD BE IS DO ALL THE DEPARTMENTS IN THE CITY USE THE SAME SET OF ASSUMPTIONS WHEN THEY PLAN? BECAUSE OBVIOUSLY EVERYBODY HAS TO PLAN, RIGHT? WITH SOLID WASTE, PLANNING, POLICE, FIRE, IS THERE ONE SET OF ASSUMPTIONS ABOUT SCOTTSDALE'S GROWTH THAT EVERYBODY USES?

City Manager Fritz Behring: I CANNOT SPEAK TO WHAT HAS BEEN PAST PRACTICE BUT IT WOULD MAKE SENSE THAT THE MOST RECENT, MOST CURRENT, MOST ACCURATE ASSUMPTION SHOULD BE USED AS OUR STANDARD ACROSS THE BOARD WHENEVER POSSIBLE. IT MAKES NO SENSE TO HAVE AN ESTIMATE GROWTH IN THE CITY AS WE TALK ABOUT THE NEED FOR ROAD CONSTRUCTION, OR HOUSING DEVELOPMENT, AND THEN USE A DIFFERENT SET OF NUMBERS IF WE TALK ABOUT LAW ENFORCEMENT ACTIVITIES OR FIRE DEPARTMENT NEEDS. AS SOON AS THOSE NUMBERS ARE UPDATED, WE SHOULD BE FOLLOWING ONE SET.

Councilman Littlefield: ALL RIGHT. SO WHERE WOULD I SEE THOSE? WHERE CAN I FIND THAT ONE SET OF ASSUMPTIONS?

Fritz Behring: THAT'S A GOOD QUESTION. I CAN'T TELL YOU THAT RIGHT NOW BUT I'LL CERTAINLY FIND OUT AND WE PROBABLY SHOULD TRACK THAT AS OUR MOST RECENT SET OF ASSUMPTIONS. THAT WILL BE THE CITY'S STANDARD FOR PLANNING WINDOWS AND A 10-YEAR WINDOW IN THIS CASE WOULD BE DIFFERENT THAN A 5-YEAR WINDOW, THAN WOULD BE FOR A DIFFERENT TIMEFRAME. SO THERE ARE GOING TO BE DIFFERENCES BUT THEY SHOULD BE CONSISTENT BASED ON STANDARD ASSUMPTIONS.

Councilman Littlefield: RIGHT. YOUR ANSWER IS CORRECT IN-SO-FAR AS IT GOES THAT THERE SHOULD BE. WHAT I REALLY ASKED IS ARE THERE AND WHERE ARE THEY?

Fritz Behring: AS I SAID, I CAN'T ANSWER THAT RIGHT NOW, SIR. I SIMPLY DON'T KNOW BUT I'LL BE HAPPY TO FIND OUT.

Councilman Littlefield: I WOULD APPRECIATE IT.

Fritz Behring: WE CERTAINLY NEED TO HAVE THAT AND SHOULD BE HANDY SO EVERYBODY CAN BE FOLLOWING THE SAME SET OF NUMBERS. MAKES SENSE.

[Time: 00:55:48]

Councilman Littlefield: THANK YOU.

Mayor Lane: THANK YOU, COUNCILMAN. VICE MAYOR KORTE.

Vice Mayor Korte: NOT THAT I'M AN EXPERT, NOR A PAST CITY STAFFER BUT I BELIEVE THE NUMBERS ARE INCORPORATED IN OUR GENERAL PLAN, WHETHER IT'S THE 2001 GENERAL PLAN OR THE UPDATED GENERAL PLAN THAT WE'RE TRYING TO GET PASSED, BUT THOSE NUMBERS ARE THERE. AND I SEE ERIN SITTING IN THE AUDIENCE, I DON'T KNOW IF SHE'D LIKE TO PROVIDE US MORE INFORMATION ON THAT. THANKS, ERIN.

Principal Planner Erin Perreault: MAYOR LANE, MEMBERS OF COUNCIL, WHEN IT CAME TO THE LAND USE ASSUMPTIONS, WHAT WE TOOK WAS THE APPLIED ECONOMICS DEVELOPMENT FORECASTING WE HAD DONE FOR THE PREVIOUS GENERAL PLAN UPDATE. SO WE HAD, THOSE WERE THE MOST UP TO DATE NUMBERS WE HAD IN TERMS OF FORECASTING DEVELOPMENT FOR THE CITY. AND THEN WE WORKED WITH WATER RESOURCES CONSULTANTS TO UPDATE THOSE NUMBERS SO ANY DEVELOPMENT THAT HAD OCCURRED SINCE APPLIED ECONOMICS DID THAT FORECASTING, SO THOSE WERE THE MOST CURRENT NUMBERS THAT WE HAD AS OF APRIL OF THIS YEAR, I BELIEVE WERE THE NUMBERS. WE ALSO USED THE MOST CURRENT GENERAL PLAN LAND USE MAP SO ANY UPDATES OCCUR EACH YEAR, WE UPDATE THE MAP AND THAT'S WHAT ALL THE UPDATED ASSUMPTIONS ARE ON, SO THEY ARE BASED ON THE SAME GROWTH AND DEVELOPMENT FORECASTING ASSUMPTION.

Councilman Littlefield: OKAY. WELL, I WOULD STILL LIKE TO SEE WHERE THEY ARE AND WHAT THEY SAY.

Mayor Lane: THANK YOU, COUNCILWOMAN, VICE MAYOR KORTE AND THANK YOU, ERIN. THANK YOU, MR. BIESEMEYER. I THINK THAT DOES CONCLUDE THE QUESTIONS AND PRESENTATION. THANK YOU VERY MUCH FOR THAT REPORT.

Brian Biesemeyer: THANK YOU, MAYOR.

Mayor Lane: THIS HEARING ON THE LAND USE ASSUMPTIONS AND INFRASTRUCTURE IMPROVEMENT PLAN IS THUS CONCLUDED. THAT CONCLUDES ITEM 23.

ITEM 24 – BELLEVIEW PROPERTIES CONSTRUCTION PHASE SERVICES CONTRACT

[Time: 00:57:51]

Mayor Lane: NEXT ITEM 24, BELLEVIEW PROPERTIES CONSTRUCTION PHASE SERVICES CONTRACT AND IS A REQUEST TO ADOPT RESOLUTION 9540 AUTHORIZING CM RISK CONTRACT NUMBER 2013-155 COS WITH HABITAT FOR HUMANITY OF CENTRAL ARIZONA IN THE AMOUNT OF \$636,966.94. FOR CONSTRUCTION PHASE SERVICES FOR REHABILITATION OF CITY-PURCHASED PROPERTY. SO, OH, MR. WORTH.

[Time: 00:58:22]

Public Works Executive Director Dan Worth: MAYOR, MEMBERS OF COUNCIL. I APOLOGIZE, MR. EARLE WAS GOING TO PRESENT THIS BUT HE COULDN'T BE HERE TONIGHT. I'M HERE TO TALK TO YOU ABOUT A SIMPLE CONSTRUCTION CONTRACT AWARD. I BELIEVE THIS GRAPHIC IS GOING TO LOOK SOMEWHAT FAMILIAR. YOU'VE SEEN IT AT LEAST THREE TIMES IN THE LAST 3-1/2 MONTHS, TO INCLUDE THE LAST TWO COUNCIL MEETINGS, AS WE ASKED YOU TO CONSIDER A NUMBER OF DIFFERENT DECISIONS, AND INCLUDED IN THOSE DECISIONS WAS THE ESTABLISHMENT OF A CAPITAL PROJECT AND TWO TRANSFERS TO PROVIDE FUNDING IN THE TOTAL OF \$950,000 TO REMOVE THE EXISTING BUILDINGS AND BUILD REPLACEMENT BUILDINGS. THESE ARE LOW INCOME HOUSING IN ASSOCIATION WITH THE RULES FOR FUNDING THE CITY RECEIVED FROM THE FEDERAL GOVERNMENT. THE LAST ACTION THAT YOU CONSIDERED WAS AT THE LAST REGULAR COUNCIL MEETING ON

OCTOBER 8th. YOU APPROVED A CONSTRUCTION MANAGER AT RISK OF PROCUREMENT STRATEGY AND THE FIRST OF TWO CONTRACT AWARDS THAT WE DO WITH ALL OF OUR CONSTRUCTION MANAGER AT RISK CONTRACTS. YOU APPROVED THE PRECONSTRUCTION PHASE AWARD TO THE CONTRACTOR, HABITAT FOR HUMANITY OF CENTRAL ARIZONA AND WE TOLD YOU WITH THAT AWARD, WE WOULD GO AND WORK WITH THE CONTRACTOR, DEVELOP A FINAL PRICE FOR THE CONSTRUCTION OF THE PROJECT AND BRING THAT BACK TO YOU FOR AWARD, THAT'S WHAT WE'RE HERE TO DO TONIGHT IS CONSIDER THAT AWARD. TWO WEEKS AGO, THIS WAS THE PROJECT BUDGET THAT WE WERE LOOKING AT. AGAIN I'LL REMIND YOU TWO SEPARATE APPROPRIATIONS TOTALING \$950,000 WAS THE CAPITAL BUDGET WE HAD AVAILABLE, AND THIS IS WHERE WE STAND TODAY. THE THIRD LINE, CONSTRUCTION GMP, \$636,000, THAT'S ESSENTIALLY THE MAXIMUM PRICE WE'RE CONTEMPLATING TO AWARD HABITAT FOR HUMANITY TO BEGIN CONSTRUCTION. YOU SEE THE OTHER COSTS THAT WILL BE PAID FOR OUT OF THE CAPITAL PROJECT AND YOU SEE THE BOTTOM LINE IS AT JUST SHY OF \$890,000, \$60,000 LESS THAN WHAT THE APPROPRIATION WAS AND WE DO HAVE INCLUDED IN THIS A CONTINGENCY OF 10% OF THE CONSTRUCTION COSTS. THAT ONLY GETS DONE IF WE NEED TO, SO WE ARE ACHIEVING SOME SAVINGS. AND THEN FINALLY, THIS IS THE ACTION WE ARE REQUESTING YOU TO CONSIDER. THE AWARD OF THE CONSTRUCTION CONTRACT OF GUARANTEED MAXIMUM PRICE FOR HABITAT FOR HUMANITY OF CENTRAL ARIZONA, IF YOU CONCUR AND WE AWARD THE CONTRACT, THEY START WORK IMMEDIATELY AND WE HAVE EVERY ANTICIPATION WE'RE GOING TO HAVE THIS PROJECT BUILT UNDER BUDGET AND READY FOR OCCUPANTS IN ORDER TO MEET THE FEDERAL GOVERNMENT DEADLINES TO HAVE IT OCCUPIED IN MARCH OF NEXT YEAR.

Mayor Lane: EXCUSE, VICE MAYOR KORTE, QUESTION OR COMMENT? OKAY.

Vice Mayor Korte: I'LL MAKE A MOTION.

[Time: 01:01:44]

Mayor Lane: UNLESS YOU WANT TO COMPLETE YOUR PRESENTATION.

Dan Worth: THAT IS THE END.

Vice Mayor Korte: DAN, I JUST SENSED THAT YOU WERE DONE WITH THAT PRESENTATION, SO I MOVE TO ADOPT RESOLUTION 9540 AUTHORIZING CONSTRUCTION MANAGER AT RISK CONTRACT 2013-155-COS IN THE AMOUNT OF \$636,966.94 WITH HABITAT FOR HUMANITY OF CENTRAL ARIZONA FOR REHABILITATION OF CITY PURCHASED PROPERTIES AT 7220 AND 7224, EAST BELLEVIEW STREET.

Councilwoman Klapp: SECOND

Mayor Lane: WOULD THE SECOND LIKE TO SPEAK TOWARD IT? NO. COUNCILMAN LITTLEFIELD.

Councilman Littlefield: AND I REPEAT, GOOD MONEY AFTER BAD. WE SHOULDN'T BE DOING THIS. WE SHOULD BE CUTTING OUR LOSSES AND GETTING OUT OF IT, AND ONCE AGAIN, THE CASH FLOW, THE MONEY FLOWS ALL ONE WAY FROM THE TAXPAYERS OUT. NOT BACK. WE DO THIS TONIGHT, WE WILL NEVER BE RID OF THIS THING. WE'LL BE PAYING FOR IT LONG AFTER ALL OF US HERE ARE GONE. SO I'M GOING TO BE OPPOSING IT.

Mayor Lane: THANK YOU, COUNCILMAN. WE'LL FOLLOW WITH THE SAME EXCEPTIONS TO THIS, I FEEL THIS IS NOT BEEN A GOOD MOVE, SO THIS CERTAINLY IS CONSISTENT, I WOULD BE BETTING AGAINST THIS. ONE OTHER ADDITIONAL ITEM, A NEW, IS THE FACT THAT I DO UNDERSTAND IF WE WERE TO HAVE REFUNDED THE \$825,000 THAT IT WOULD HAVE BECOME AVAILABLE BACK TO US FOR APPLICATION FOR QUALIFIED PROJECTS, THAT WERE CDBG-QUALIFIED PROJECTS, SO WE WOULD HAVE HAD THE PROPERTY PLUS ACCESS TO CDBG FUNDS FOR OTHER PROJECTS. I'M PARTICULARLY MORE DETERMINED THAT THIS WAS I THINK A POOR CHOICE FOR US TO MAKE. BUT IN ANY CASE, I WILL I DON'T THINK WE HAVE ANY OTHER COMMENTS ON IT. WE DO HAVE A MOTION AND A SECOND. I WOULD SIMPLY SAY THAT VOTE WITH AN AYE IF YOU AGREE AND NAY YOU OPPOSE. NAY. THE MOTION DOES PASS 4-3 WITH MYSELF, COUNCILMAN LITTLEFIELD AND COUNCILMAN PHILLIPS OPPOSING. THANK YOU, MR. WORTH.

Dan Worth: THANK YOU, MAYOR.

ITEM 25 – MONTHLY FINANCIAL UPDATE

[Time: 01:04:23]

Mayor Lane: ITEM 25 IS FINANCIAL UPDATE WITH OUR NEW CITY TREASURER, JEFF NICHOLS. WELCOME MR. NICHOLS.

[Time: 01:04:47]

City Treasurer Jeff Nichols: THANK YOU VERY MUCH, MR. MAYOR. MR. MAYOR, HONORABLE MEMBERS OF THE COUNCIL, THANK YOU FOR HAVING ME HERE TONIGHT. THE FIRST FINANCIAL UPDATE IS A MONTHLY FINANCIAL UPDATE AS OF SEPTEMBER 23rd, 2013. AS YOU CAN SEE BY THE FOLLOWING CHART, WE DO HAVE SLIGHT VARIANCES ABOUT 4% IN OUR SOURCES CATEGORY. OUR REVENUES. SOME OF THEM COMING FROM THE SALES TAX POSITIVE VARIANCES, OTHERS COMING NEGATIVE VARIANCES COMING FROM THINGS LIKE FINES AND FORFEITURES OR PROPERTY TAXES. I'D LIKE TO RUN THROUGH THESE REAL QUICK. THE SALES TAX, FAVORABLE VARIANCE IS REALLY DUE TO INCREASED MOTOR VEHICLE SALES, AS WELL AS WHOLESALERS REPORTING A LARGE AMOUNT OF TAXABLE SALES. PROPERTY TAXES WHILE IT'S UNFAVORABLE, WE BELIEVE IT'S TEMPORARY IN NATURE. WE EXPECT TO RECOVER THOSE MONIES EVENTUALLY. THE FRANCHISE, VARIABLE VARIANCES AND IT IS IN ELECTRIC AND GAS FRANCHISES. ANTICIPATED. PAYMENTS HIGHER THAN ANTICIPATED. I DON'T WANT TO GO DOWN THROUGH ALL OF THESE, IF YOU HAVE ANY SPECIFIC QUESTIONS ON THEM, I WOULD CERTAINLY ENTERTAIN THEM BUT IT SEEMS LIKE IN THE SPIRIT OF THE MEETING TONIGHT, THINGS ARE RUNNING FAIRLY QUICKLY SO I'LL TRY TO GET THROUGH THIS FAIRLY QUICKLY AS WELL.

[Time: 01:06:12]

ON THE OPERATING FUNDS SOURCES, THE 1% SALES TAX WE DRILLED DOWN IN HERE, YOU'LL SEE JUST A COUPLE OF FAVORABLE VARIANCES IN THE MISCELLANEOUS GOODS AND SERVICES. UNFAVORABLE VARIANCES IN UTILITIES AND LARGE RETAIL STORES. AGAIN, SOME OF THIS IS DUE IN PART TO INCREASED TAXABLE SALES FROM COMPUTER UNDER THE MISCELLANEOUS GOODS FROM COMPUTER HARDWARE AND SOFTWARE WHOLESALERS, AND IN THE UTILITIES AREA, JUST A NORMAL BUSINESS FLUCTUATION THAT WE'RE SEEING. ON THE GENERAL FUND SALES TAX, THIS IS THE HISTORY

OVER TIME SINCE 2007, AND YOU CAN SEE DURING THE GREAT RECESSION, WE HAD THAT PERIOD WHERE REVENUES WERE DECREASING PRECIPITOUSLY. IN JANUARY OF 2011, WE FINALLY HAD OUR FIRST POSITIVE MONTH AND OTHER THAN THAT LITTLE BLIP THERE AROUND BETWEEN JULY AND SEPTEMBER OF 2012, WE'VE SEEN SOME VERY POSITIVE GROWTH, NOT GREAT, BUT STEADY, WHICH IS A GOOD SIGN. I WOULD LIKE TO JUST POINT OUT THE LAST THREE MONTHS WHERE YOU SEE THE DOTTED LINE GOING ACROSS, FOR JULY, SEPTEMBER AND NOVEMBER, OUR BUDGET ADOPTED AND APPROVED BUDGET IS 3%, WAS 3% OVER 2012-13 ACTUALS AND WERE ACTUALLY RUNNING NOW CLOSER TO 7 AND 8 PERCENT ABOVE 2012. YES, '12-'13 ACTUALS. SO WHILE IT'S EARLY IN THE YEAR, IT'S THE FIRST THREE MONTHS, WE CERTAINLY HOPE THAT THAT CONTINUES TO PLAY OUT OVER THE COURSE OF THIS FISCAL YEAR. AND THAT WE SEE INCREASED REVENUES FROM THESE SOURCES. ON THE USES SIDE, AS YOU CAN SEE, WE HAVE A FAVORABLE VARIANCE OF APPROXIMATELY \$1.6 MILLION. THE MAJORITY OF THAT, YOU SEE IS COMING FROM CAPITAL OUTLAY. WE BELIEVE THAT'S JUST A TIMING ISSUE. YOU GOT TO GET, HAVE TIME TO GET PROJECTS RAMPED UP AND GET PROCUREMENTS GOING AND IT'S IN THE BEGINNING OF THE FISCAL YEAR, YOU WORK THROUGH PROCUREMENT, GET THE CONTRACTS READY AND START YOUR SPENDING, SO IT'S PROBABLY JUST AN ISSUE OF THEM BUDGET SPREAD, SPREADING CAPITAL OUTLAY EXPENSE IN THE FIRST THREE MONTHS AND NOT BEING ABLE TO ACCOMPLISH THAT DURING THAT TIME.

[Time: 01:08:46]

FROM THE DIVISIONAL UPDATES, YOU CAN SEE EVERYONE AT THIS POINT IN TIME, EXCEPT PUBLIC SAFETY FIRE, IS ENJOYING A POSITIVE VARIANCE IN EXPENSES WHEN COMPARED TO BUDGET, STILL A \$1.6 MILLION FAVORABLE OVERALL. AND I THINK YOU'VE GONE THROUGH THE REASONS UNDER PUBLIC SAFETY FIRE PRIOR TO ME GETTING HERE AND CERTAIN ISSUES WITH OVERTIME AND STATION 602. SO THOSE CONTINUE TO PLAY OUT AND HOPEFULLY WITH TIME, AGAIN, THEY'LL COME IN ON BUDGET BY THE TIME WE GET TO THE END OF THIS FISCAL YEAR. SO AGAIN, SOURCES OVER USES, FAVORABLE TO THE TUNE OF \$2.1 MILLION OR 4% THROUGH THE FIRST THREE MONTHS OF THIS FISCAL YEAR. USES OF FAVORABLE VARIANCE OF \$1.6 MILLION FOR A TOTAL OF \$3.7 MILLION AS FAR AS THE CHANGE IN FUND BALANCE THAT WE HAD PROJECTED FOR THE YEAR. DRILLING DOWN INTO SOME OF THE CATEGORIES FOR JUST THIS, THIS IS JUST THE MONTH OF SEPTEMBER, YOU CAN SEE, AGAIN, I WOULDN'T PAY TOO MUCH ATTENTION TO THE PERCENTAGES OUT THERE, THEY SEEM RATHER LARGE. IT'S BASED ON ONE MONTH BUT OVERALL, ABSOLUTELY NO VARIANCE REALLY FOR THE MONTH OF SEPTEMBER AS FAR AS SALES TAX. AGAIN, PERCENTAGE IS VERY HIGH BUT OVERALL, NETS OUT, WE'RE COMING IN RIGHT AT BUDGET FOR SEPTEMBER UNDER OUR SALES TAXES FOR THE MONTH.

[Time: 01:10:30]

OPERATING USES BY CATEGORY, FOR SEPTEMBER, AGAIN, A SLIGHT POSITIVE VARIANCE OF \$200,000, A LITTLE OVERAGE OF \$100,000 IN OVER TIME BUT MORE THAN MADE UP IN CAPITAL OUTLAY BUT I'M NOT SURE I CAN SAY WE CAN COUNT ON THAT GOING THROUGH THE FISCAL YEAR AS THEY RAMP UP EXPENSES AGAIN. THIS IS PROBABLY JUST A TIMING ISSUE FOR THE MONTH OF SEPTEMBER IN THAT CATEGORY. AND THEN BY DIVISION, AGAIN, THE SAME \$200,000 POSITIVE VARIANCE AND YOU CAN SEE THE DIVISIONS THAT ARE ATTRIBUTING TO THAT IN A POSITIVE AND NEGATIVE MANNER WITHIN THE MONTH OF SEPTEMBER AND AGAIN, THE VARIANCES ARE SO SMALL, IT'S REALLY HARD TO MAKE A DETERMINATION OF EXACTLY WHAT'S DRIVING THEM. OVERALL FOR THE MONTH OF SEPTEMBER,

SOURCES AND USES, AGAIN, SOURCES, NO VARIANCE AT ALL. POSITIVE VARIANCE ON THE USES OVERALL, YOU SEE THAT'S JUST ROUNDING ERROR WITHIN THE EXCEL SPREAD SHEET THAT'S DRIVING THIS POWER POINT. THAT'S WHY IT'S WELCOMING UP TO A 0.3 INSTEAD OF A 0.2. WITH THAT, I WOULD TAKE ANY QUESTIONS ON THE FIRST THREE MONTHS OF THE YEAR IF YOU HAVE THEM.

Mayor Lane: THANK YOU, MR. NICHOLS. WE DON'T HAVE ANY INDICATED QUESTIONS, SO YOUR PRESENTATION WAS THAT THOROUGH.

Jeff Nichols: THANK YOU VERY MUCH, SIR.

ITEM 26 – FISCAL YEAR 2012/13 FINANCIAL UPDATE

[Time: 01:12:23]

Mayor Lane: THAT IS THE COMPLETION OF 24 OR 25, RATHER, SO MOVING RIGHT ON WITH YOU IN PLACE, ITEM 26, FISCAL YEAR 2012/13 FINANCIAL UPDATE.

[Time: 01:12:32]

City Treasurer Jeff Nichols: AGAIN, MR. MAYOR, HONORABLE MEMBERS OF THE COUNCIL, GLAD TO BE ABLE TO REPORT ON POSITIVE RESULTS FOR THE FISCAL YEAR 2012/13. THE HIGHLIGHTS. STARTING OUT WITH GENERAL FUND OPERATING SOURCES, AS YOU CAN SEE, FAVORABLE VARIANCE OF ABOUT \$4 MILLION WITHIN THIS AREA. SOME OF THE MAJOR DRIVERS ARE THE GENERAL FUND, GENERAL SALES TAX. OTHERS IN THERE THAT YOU SEE, THE MISCELLANEOUS BUILDING PERMITS, POSITIVE. INTEREST EARNINGS, WE'RE ACTUALLY STARTING TO EARN A LITTLE BIT MORE INTEREST THAN WE BUDGETED. AS YOU'RE AWARE, WE HAVE A FINANCIAL CONSULTING FIRM THAT HELPS US WITH OUR INVESTMENTS AND WE BELIEVE IT'S PAYING DIVIDENDS FOR US. AND I'LL JUST WALK THROUGH, DRILL DOWN INTO SOME OF THESE CATEGORIES. THE GENERAL FUND OPERATING SOURCES, A ONE CENT SALES TAX, ABOUT A \$1.1 MILLION FAVORABLE VARIANCE. SOME SMALL RETAIL STORES SHOWING A SLIGHT NEGATIVE. UNDER THE MISCELLANEOUS SALES TAX, THE POSITIVE VARIANCE OF APPROXIMATELY 10% OR \$600,000. BUSINESS RENTALS, WE SEE A POSITIVE IN THAT AREA AS WELL. BUILDING PERMITS, WE'RE SEEING A POSITIVE, THAT'S NOT SALES TAX. I'M SORRY, I'M GETTING OUT OF LINE HERE. EXCUSE ME. SO LET ME GO DOWN, GENERAL FUND OPERATING USES BY CATEGORY, FOR 2012-13, AGAIN, TOTAL OPERATING USES, IT IS A NEGATIVE VARIANCE. WHAT I WOULD REALLY LIKE TO POINT OUT ON THIS SLIDE IS IF YOU LOOK UNDER THE CONTRACTUAL COMMODITIES AND CAPITAL, YOU'LL SEE A NEGATIVE VARIANCE OF APPROXIMATELY \$31.9 MILLION. WHAT THAT RELATES TO IS THE CONTRACTUAL OBLIGATIONS WITH US PAYING OFF NORDSTROM PARKING GARAGE AND GETTING RID OF THAT. GETTING THOSE PAYMENTS OFF OUR BOOKS AND REALIZING THE SAVINGS RELATED TO THAT FINANCING TRANSACTION.

[Time: 01:14:52]

HOWEVER, WHEN THE AUDITORS WERE LOOKING AT OUR BOOKS, THEY SAID SINCE YOU'RE REALIZING THE REVENUE FOR THE DEBT USED TO TRANSACT THAT, YOU NEED TO REALIZE THOSE EXPENSES THIS YEAR AS WELL AND WE JUST PICKED THIS AREA TO DO IT. IF YOU TAKE THAT OUT, WHAT I WOULD, I'M SORRY. I TOUCHED SOMETHING I DIDN'T MEAN TO. IT COMES DOWN TO ABOUT A NEGATIVE

VARIANCE OF ABOUT \$3 MILLION. I WOULD POINT OUT THAT \$2.8 MILLION OF THAT WAS AGAIN THE CONTRACTUAL BUY-OUT RELATED TO THE BUREAU OF RECLAMATION LAND THAT DAVID SMITH HAD RECOMMENDED. A WISE MOVE TO DO. WE DON'T HAVE THE PAYMENTS IN THE FUTURE, SO WHEN WE REALLY LOOK AT THIS SLIDE, IT COMES DOWN TO THE FACT THAT TOTAL OPERATING USES, THE VARIANCE WAS ABOUT \$200,000, WHICH IS AMAZING WHEN YOU THINK OF THE LEVEL OF ACCURACY THAT WENT INTO PREPARING THIS BUDGET FOR THE USES. AND AGAIN, WE LOOK AT THE DIFFERENT USES BY DIVISION. AGAIN, THE COMMUNITY AND ECONOMIC DEVELOPMENT, I WOULD JUST POINT OUT THE LITTLE "NM" THERE IS "NO MEANING," THE \$31 MILLION IS RELATED TO THE GARAGE. WE HAD TO PICK ONE OF THE DIVISIONS TO BUDGET THE EXPENSE IN. THIS IS THE DIVISION WE PICKED. NO REFLECTION ON THE PEOPLE IN COMMUNITY AND ECONOMIC DEVELOPMENT, AND AGAIN THE UNDISTRIBUTED OTHER IS WHERE THE \$2.8 MILLION BUYOUT RELATED TO THE B.O.R. IS. SO REALLY GOOD YEAR AS FAR AS BUDGETING AND EVERYONE MEETING THEIR BUDGET. IN FAVORABLE SOURCES OVER USES, FOR THE GENERAL FUND, SOURCES FAVORABLE VARIANCE OF APPROXIMATELY \$4 MILLION, USES \$3 MILLION, NEGATIVE VARIANCE \$2.8 OF THAT RELATED TO THE B.O.R. CONTRACT AND THE CHANGE IN THE FUND BALANCE OF APPROXIMATELY \$1 MILLION. YOU'LL RECALL STAFF COMING TO YOU AND FORECASTING FOR FISCAL YEAR 13-14 THE YEAR WE'RE CURRENTLY IN. THE \$13.8 MILLION RELATED TO FUND BALANCE AND SO THERE HAVE BEEN SOME CHANGES. I CAN GO OVER THESE IF YOU'D LIKE. IF YOU HAVE ANY QUESTIONS RELATED TO THEM. THE FIRST ONE UNDER THE SOURCES, THE BUILDING PERMIT FEES AND CHARGES, SALES TAX AND CABLE TV FRANCHISES WERE ACTUALLY ADJUSTMENTS TO THE ADJUSTED BUDGET. IT WAS ADJUSTMENTS ONCE WE HAD FISCAL 2012-13 NUMBERS WERE COMING IN AND THEY WERE COMING IN HIGHER THAN WE ANTICIPATED SO, WE ADJUSTED THE 13-14 BUDGET TO REFLECT THAT. NOT THE BUDGET, BUT THE FORECAST, AND THEN UNDER THE USES THE CIP CONTRIBUTION, THE, WE ADDED GENERAL FUND SALES TAX OF APPROXIMATELY \$5.5 MILLION AND SO \$3 MILLION OF THAT WE TOOK OUT FROM THE GENERAL FUND AND WE MOVED OVER TO THE GENERAL FUND CIP.

[Time: 01:18:18]

PUBLIC SAFETY COMPENSATION, THESE THINGS YOU'VE BEEN TALKING ABOUT, WE HAD SET ASIDE \$2.5 MILLION AFTER THE BUDGET PROCESS. NOT ALL OF THAT WAS NEEDED SO WE PUT SOME FUNDING BACK IN THE ESTIMATED UNRESERVED FUND BALANCE. WE HAVE SOME OTHER POLICY ISSUES THAT THE COUNCIL WANTED TO ADDRESS. I'M NOT GOING TO GO OVER THEM LINE BY LINE, BUT AS YOU CAN SEE THE CURRENT ESTIMATE NOW FOR UNASSIGNED FUND BALANCE FOR THE END OF THIS FISCAL YEAR AT JUNE 30th, 2014 IS GOING TO BE \$8.9 MILLION. THE FINANCIAL HIGHLIGHTS FOR THE STATEMENT AND NET POSITION, AS YOU CAN SEE, CASH AND CASH EQUIVALENTS, IT'S GOING UP BY ABOUT \$8.6 MILLION, DRILLING DOWN INTO THAT, THE THINGS THAT, THIS IS JUST WHERE WE HAVE A CONCENTRATION ACCOUNT IF YOU WILL, ONE BANK ACCOUNT. WE DO TRACK IT THROUGH THE GENERAL LEDGER AND THE FUNDS WE SET UP FOR THE RESTRICTIONS ON THE MONIES. THIS IS WHERE ALL THE MONEY SITS. REALLY THE GENERAL FUND UNASSIGNED THERE, YOU SEE THE \$18.8 MILLION, THAT WAS AN \$18.8 MILLION THAT WAS ON THE PREVIOUS SLIDE AND THE \$5 MILLION OF CONTINGENCY YOU HAVE AVAILABLE GOING FORWARD THROUGH '13-'14. THE MAJORITY OF THE FUNDING AS YOU CAN SEE AND GENERAL MPC, PRESERVE AND TRANSPORTATION FUND, THE WATER FUND CIP ABOUT \$68 MILLION AND THEN THE DEBT FUND ABOUT \$63.1 MILLION. JUST A BREAKDOWN OF THE OVERALL CASH OF \$452 MILLION THAT THE CITY HAD ON HAND AT THE END OF JUNE 30th, 2013. THE RECEIVABLES AND OTHER THAT ARE HIGHLIGHTED ON HERE, DRILLING DOWN INTO THEM, THE RECEIVABLES OF APPROXIMATELY, EXCUSE ME. \$97 MILLION IS MADE UP OF ABOUT

\$11.9 MILLION IN PROPERTY TAXES. THE OTHER LOCAL TAXES OF \$24 MILLION ARE PRIVILEGE TAX RECEIVABLE OF ABOUT \$18.2 MILLION. BED TAX OF APPROXIMATELY \$702,000. STATE SHARED SALES TAX, OF, TAXES, NOT PROPERTY TAXES, \$1.5 MILLION. HER FUND TAXES RECEIVABLE APPROXIMATELY \$1.1 MILLION AND AUTO TAX OF \$353,000. UNDER THE INTERGOVERNMENTAL, THE \$31.1, SPECIAL PROGRAMS IS ABOUT \$6.5 MILLION. GRANTS THAT HAVE BEEN AWARDED AND ARE RECEIVABLE ABOUT \$3 MILLION AND THE MPC, WE HAVE ABOUT \$21.5 MILLION THAT'S DUE AND PAYABLE, THE MAJORITY OF THAT IS FROM THE STATE TOURISM, NOT TOURISM, BUT THE SPORTS AUTHORITY FOR FUTURE PAYMENTS RELATED TO OUR DEBT AND SO THEY'RE DUE AND PAYABLE TO US, WE HAVE THEM AS A RECEIVABLE. CHARGES FOR SERVICES, MOST OF THAT WOULD BE RELATED TO WATER, SEWER, REFUSE. AND THEN, OF COURSE, THE INTEREST IS JUST DUE. THE \$65.3 MILLION OF OTHER IS PRIMARILY DEFERRED CHARGES. WHAT THOSE CONSIST OF ARE ABOUT \$31 MILLION DEFERRED CHARGES AS A PREPAYMENT OF THE NORDSTROM GARAGE LEASE. AGAIN, EVEN THOUGH WE HAD TO RUN THE REVENUE AND EXPENSES THROUGH THE GENERAL FUND, ON OUR GOVERNMENT-WIDE STATEMENTS, WE ALSO HAVE TO SHOW AN ASSET AND LIABILITY RELATED TO THAT. SO THE \$31 MILLION WE HAVE ABOUT \$6 MILLION IN DEFERRED BOND ISSUANCE COSTS. WE HAVE ABOUT \$2 MILLION FOR THE PREPAYMENT OF THE AIRPORT PARK LEASE THAT MAKE UP ABOUT \$39.5 MILLION. AND UNDER, WE HAVE ABOUT \$23.5 MILLION SOME IS RELATED TO, WHICH IS RELATED TO GADSBY 60, AND WE HAD TO CALCULATE THE PAYMENT OF THE PAYMENTS TO THE B.O.R. FOR THE LAND WE'RE MANAGING ON THEIR BEHALF. DRILLING DOWN INTEREST THE CAPITAL ASSETS, AGAIN, WE HAVE, YOU CAN SEE THE VALUE OF OUR PRESERVE LAND IS GROWING GREATLY, IT'S ALMOST EQUAL TO THE VALUE OF THE NONPRESERVE LAND. SOME STREETS AND STORM DRAINS, \$1.3 BILLION AND BUILDING AND LAND IMPROVEMENTS. THOSE ARE THE GENERAL FUND GOVERNMENTAL ASSETS. BECAUSE THEN WE HAVE A NET CAPITAL ASSETS FOR THE ENTERPRISE FUNDS OF APPROXIMATELY \$1.6 BILLION. AS YOU CAN SEE THE MAJORITY OF THE ASSETS RELATED TO OUR ENTERPRISE FUNDS ARE THE WATER SYSTEM ITSELF. THE DELIVERY SYSTEM AND THE SEWER SYSTEM, THE COLLECTION SYSTEM. IN THERE, WE ALSO HAVE THIS EQUITY AND JOINT VENTURE. THE NEXT LARGEST CATEGORY IS OUR RIGHTS FOR TREATMENT AT THE 91st AVENUE WASTEWATER TREATMENT PLAN, THE AGREEMENT WITH THE CITY OF PHOENIX. IT'S VERY EFFICIENT WAY FOR US TO CLEAN OUR WASTEWATER.

[Time: 01:23:56]

DRILLING DOWN INTO LIABILITIES, THE PAYABLES, PAYROLL AND BENEFITS, ACCRUED COMPENSATION AND OTHERS OF THE \$121.9 MILLION IN AVAILABLE IN BENEFITS, WE HAVE ACCOUNTS PAYABLE AND INTEREST OF APPROXIMATELY \$113.4 MILLION AND OUT OF ACCOUNTS PAYABLE, REGULAR BILLS THAT ARE DUE AND PAYABLE, WE RECEIVED GOODS OR SERVICES AT THE END OF JUNE 30th OF PREPONDERANCE \$27.3 MILLION. CLAIMS PAYABLE OF APPROXIMATELY \$5.2 MILLION AT JUNE 30th, THE LARGEST PORTION OF THAT IS THE MATURED BONDS AND INTEREST PAYABLE ON THE BONDS AT JUNE 30th AND WE KNOW THAT FIGURE AND IT'S \$80.8 MILLION. THE PAYROLL AND BENEFITS, SELF-EXPLANATORY. WE DO ACCRUAL ACCOUNTING. WE DO BASICALLY, WE DO CASH ACCOUNTING MOST OF THE YEAR AND DO ACCRUAL ACCOUNTING AT JUNE 30th, AND SO THAT WOULD BE RELATED TO THE PAYROLL AND BENEFITS THAT ARE DUE AND PAYABLE AT JUNE 30th. ACCRUED COMPENSATED ABSENCES OF \$26.9 MILLION. WE ESTIMATE THAT \$11.92 MILLION OF THAT IS DUE AND PAYABLE WITHIN ONE YEAR. AND MORE THAN ONE YEAR IS APPROXIMATELY \$15.7 MILLION. AGAIN, THE OTHER LIABILITIES, A LARGE CATEGORY, DUE TO OTHER GOVERNMENTS, ABOUT \$3.9 MILLION. CUSTOMER ADVANCES AND DEPOSITS THAT THEY LEAVE WITH US, THAT WE WOULD HAVE TO GIVE

BACK, \$2.9 MILLION. UNEARNED REVENUE OF \$9.7 MILLION. AND THE LARGEST PORTION OF THIS IS A POLLUTION REMEDIATION OBLIGATION OF \$23.2 MILLION.

DRILLING DOWN INTO THE BONDS, LOANS AND OTHER PAYABLES. AGAIN, THIS COMES UP QUITE OFTEN, ABOUT \$1.3 BILLION IN BONDS, LOANS AND OTHER PAYABLES. AS YOU CAN SEE, THE LARGEST CATEGORY THERE IS RELATED TO THE PRESERVE. WE HAVE REVENUE SOURCES TO RETIRE THAT DEBT. THEY WERE APPROVED BY THE VOTERS IN TWO TRANCHES. IF THAT DOESN'T PROVE TO BE ENOUGH, IT IS THE FULL FAITH AND CREDIT OF THE CITY OF SCOTTSDALE THAT WOULD PAY THE BALANCE OF THAT. WATER AND SEWER BONDS, SECURED BY REVENUES FROM THOSE SYSTEMS, WATER AND SEWER REVENUES. GENERAL OBLIGATION BONDS, AGAIN THE MAJORITY OF THAT APPROVED BY VOTERS IN 2000 AND PRIOR. AND THEN THE EXCISE TAX RELATED TO SALES TAXES.

SOME OTHERS YOU SEE IN THERE. WE HAVE COPP CERTIFICATE OF PARTICIPATION, THAT'S FOR THE POLICE AND FIRE RADIO SYSTEM THAT WE ENTERED INTO. AND WE HAVE SOME COMMUNITY FACILITIES DISTRICTS, AGAIN, PEOPLE THAT TAX THEMSELVES FOR IMPROVEMENTS THAT THEY WANT WITHIN THEIR NEIGHBORHOODS. AND THEY'RE PAYING OFF THAT DEBT, AND OWNERS PAY OFF THAT DEBT AND THEY TAKE ON THAT OBLIGATION WHEN THEY BUY THEIR HOME. THE LAST THING I HAVE TO TALK ABOUT IS IN RELATION TO THE 2012-13, AND SOME OF THIS IS WHAT WE CALL THE OFF-BALANCE SHEET LIABILITIES. YOU ALL MAY BE AWARE THAT THERE IS A GADSBY ANNOUNCEMENT THAT IS COMING DOWN IN 2015. SOME OF THESE PENSION OBLIGATIONS WE HAVE WITH THE ARIZONA STATE RETIREMENT SYSTEM AND THE PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM WILL BE CALCULATIONS THAT WILL BE DONE BY THE ADMINISTRATORS OF THOSE SYSTEMS AND THEY WILL GIVE US THOSE FIGURES AND THEY WILL GO ON THE FACE OF OUR BALANCE SHEET. HEALTH INSURANCE, WE ARE WORKING TO GET RID OF THOSE EVENTUALLY IN THEIR ENTIRETY. THERE IS STILL A LITTLE BIT LEFT, AND AGAIN, COMPENSATED ABSENCES, THE LIABILITIES THAT WILL BE EARNED BY EMPLOYEES DURING FUTURE SERVICE. OTHER POST EMPLOYMENT BENEFITS TYPE ISSUES AND WITH THAT, I WOULD ACCEPT ANY QUESTIONS RELATED TO FISCAL YEAR 2012-13. I WOULD LIKE TO ADD ONE, TWO THINGS, ACTUALLY. NO. 1, IT'S MY PLEASURE TO REPORT TO YOU AND I HAD NO PART OF THIS, BUT WE ARE RECEIVING, HAVE BEEN TOLD BY OUR EXTERNAL AUDITORS A CLEAN AUDIT OPINION. IT'S A BIG DEAL AND I WANT TO RECOGNIZE THE PEOPLE THAT MADE THAT HAPPEN IN I MAY TAKE A MOMENT. ANNA HENTHORN, HANK DABIBI, JOYCE GILBRIDE, GINA KIRKLIN, LESLIE DERECHÉ, CHERISE MOSS, DEB RAMÍREZ, CHONA ZUCKERMAN, MELISSA FRY, LEE GUILLORY, JUDY MCILROY, BRENT STOCKWELL, MICHAEL GUGISBERG, ALICE SIPOS, EVAN KARL, RYAN FIELDER, GLORIA MOORE AND SYLVIA DLOTT AND WHAT I'D REALLY LIKE TO HAVE YOU ALL UNDERSTAND IS THE TEAMWORK THAT GOES INTO THIS AND THESE PEOPLE COME FROM THE ACCOUNTING AREA, THE WATER DEPARTMENT, FINANCE, THE CITY MANAGER'S OFFICE, THE SALES TAX DIVISION AND BUDGET. THESE ARE THE PEOPLE THAT WORK ON OUR COMPREHENSIVE ANNUAL BUDGET REPORT.

[Time: 01:29:46]

Mayor Lane: THANK YOU, MR. NICHOLS. WAS THAT YOUR FINAL ITEM OR DID YOU HAVE ANOTHER?

Jeff Nichols: THAT'S IT, SIR.

Mayor Lane: CONGRATULATIONS ON THAT, THE REPORT AND THE OPINION THAT WAS RENDERED THERE AND CERTAINLY TO ALL THOSE THAT PARTICIPATED AND THANK YOU FOR YOUR WORK. I DO

HAVE A QUESTION AND I MAY JUST START, ONE OF THE THINGS THAT HAS, WELL THERE ARE A NUMBER OF THINGS THAT ARE A CONCERN AS IT RELATES TO THE FUTURE WHEN WE CONSIDER THE IMPACT OF THE TPT AMENDMENTS TO HOW IT'S ADMINISTERED AND HOW OUR AUDITING DEPARTMENT WILL BE AFFECTED AND HOW PRESUMABLY EVEN THE EFFECT OR IMPACT UPON RECEIPTS MIGHT BE AFFECTED. HAVE WE CONSIDERED, NO. 1, I UNDERSTAND THAT'S GOING INTO EFFECT IN JANUARY.

Jeff Nichols: IF YOU'RE TALKING ABOUT HOUSE BILL, I BELIEVE IT'S 2011.

Mayor Lane: YEAH.

Jeff Nichols: WE ARE ACTUALLY, I'M PROUD TO SAY THAT OUR BUSINESS SERVICES DIVISION IS ACTUALLY TAKING THE LEAD ON THAT AND WORKING WITH THE ARIZONA CITIES AND TOWNS. WE'RE STAYING ON TOP OF IT. AND WE'RE WORKING THROUGH THAT.

Mayor Lane: WELL, AND I THINK THAT'S FANTASTIC AND I CERTAINLY APPLAUD THAT AND CERTAINLY SUPPORT THAT. BECAUSE IT'S GOING TO BE IMPORTANT IN THE WRITING OF THE REGULATIONS EXACTLY HOW HARD OR HOW SOFT THE IMPACT IS TO US ON THE TPT AMENDMENTS. I GUESS MY CONCERN IS, THAT THERE HAS BEEN AT LEAST ESTIMATED THIS THE PROCESS OF THE DEVELOPMENT OF THAT BILL THROUGH THE VARIES STAGES WE WENT THROUGH OF WHAT THE IMPACT WOULD BE TO THE CITY OF SCOTTSDALE FOR A COUPLE OF REASONS. ONE IS IN THE ADMINISTRATION OF IT, ONE IS IN THE RESULTS OF AUDITS THAT MIGHT BE DIFFERENT WHEN THE STATE IS MORE IN CHARGE WITH IT THAN WE, AND THE OTHER IS THE FACT THAT MOST OF THESE ON POINT OF SALE TYPE TRANSACTIONS ARE GOING THROUGH THE STATE AND BE ALLOCATED BACK ON THE SOMEWHAT JADED REALLOCATION ON THE BEHAVIORS OF POPULATION VERSUS WHAT OUR DEVELOPMENT ATTACK WAS. AND I KNOW WE'VE HAD DIFFERENT POINTS IN TIMES CERTAIN AMOUNT OF ANTICIPATED AND ESTIMATED REDUCTION IN OUR SALES TAX RECEIPTS AND OUR AUDIT RESULTS THROUGH SALES TAX. DO WE, ARE WE GIVING ANY CONSIDERATION FOR THAT IN THIS FISCAL YEAR? IN OUR FORECAST?

[Time: 01:32:18]

Jeff Nichols: MR. MAYOR, I'M NOT CERTAIN OF THE INTRICACIES RELATED TO THIS BILL. WHAT WE COULD DO IS PREPARE A PRESENTATION FOR COUNCIL OR SEEMS MISS GUILLORY IS GETTING UP TO ADDRESS IT BECAUSE SHE MAY BE MUCH MORE AWARE OF IT THAN I AM.

Finance Director Lee Guillory: THE HOUSE BILL 2111 IS EFFECTIVE IN JANUARY OF 2015, SO IT IS NOT IMPACTING FISCAL YEAR '13-'14.

Mayor Lane: ALL RIGHT. SO IT'S A YEAR OFF. OKAY. THAT ANSWERS THAT IMMEDIATELY. AT LEAST AS FAR AS WE'RE CONCERNED RIGHT NOW. THANK YOU.

Jeff Nichols: THANK YOU.

Mayor Lane: THE ONLY OTHER ONE WAS THAT IN A FOOTNOTE THAT YOU WERE TALKING ABOUT WITH REGARD TO OUR PENSION LIABILITY, IT'S NOT QUANTITY IDENTIFIED RIGHT NOW IN THAT FOOT NOTE, IS IT?

Jeff Nichols: TO THE BEST OF MY KNOWLEDGE, NO, BUT WE DON'T RECEIVE A NUMBER FROM THE ARIZONA PUBLIC RETIREMENT SYSTEM.

Mayor Lane: THE ALLOCATION I'M PRESUMING WITH DETAIL WILL BE PROVIDED TO US WHEN IT'S REQUIRED THAT IT BECOMES A BALANCE SHEET NUMBER AS A LIABILITY.

Jeff Nichols: IT WILL. MR. MAYOR, IT WILL. RIGHT NOW IT IS ON THE FACE OF THEIR BALANCE SHEET IN THE AGGREGATE AND THEY WILL BE REQUIRED TO BREAK IT DOWN FOR EVERY MEMBER IN THOSE TWO SYSTEMS.

Mayor Lane: NOT ONLY THE PARTICULAR ALLOCATION NUMBER FOR THE CITY OF SCOTTSDALE BUT THE TERMS OR THE GIVENS OR THE ASSUMPTIONS THAT ARE MADE IN ITS CALCULATION?

Jeff Nichols: I WOULD HOPE THAT THAT INFORMATION WOULD BE FORTHCOMING AS WELL. AS WE'VE DISCUSSED PREVIOUSLY, THEY HAVEN'T BEEN REAL FORTHCOMING BUT THIS MAY PROD THEM, IF YOU WILL, HOW THEY DID THE CALCULATION, WHAT THE ASSUMPTIONS WERE RELATED TO THE ACTUARIALS THEY USED TO PROJECT THAT LIABILITY.

Mayor Lane: I APPRECIATE THE PRESENTATION. THAT INCLUDES OUR RECEIVABLES AND THE BREAKDOWN OF THE RECEIVABLES AND THE BREAKDOWN OF THOSE RECEIVABLES. AND THE OTHER IS OUR LIABILITIES OF COURSE. BUT IT DOES RAISE SOME QUESTIONS AND I GUESS THERE'S ONE WITH THE TOURISM SPORTS AUTHORITY FUNDS THAT ARE DUE TO US FOR A NUMBER OF PROJECTS THAT THEY WERE INVESTED IN. I'M PRESUMING THAT THEY'RE ON TRACK WITH THAT IN THE AMOUNT OF MONIES THAT THEY ARE SUPPOSED TO BE PAYING TO THE CITY OF SCOTTSDALE FOR THOSE INVESTMENTS.

Jeff Nichols: I'M LOOKING AT MISS GUILLORY BECAUSE I'M NOT CERTAIN.

Mayor Lane: WHEN THEY TALK ABOUT THE CASCADING WATERFALL OF REVENUE RECEIPTS FROM THOSE FUNDS, WE'RE NEAR THE TOP, EVEN THOUGH THERE'S BEEN MUCH CONSTERNATION BY THE OTHER PLAYERS TO RENEGOTIATE AND MOVE US INTO A LESSER POSITION, BUT I HAVE AN UNDERSTANDING THAT WE'RE STILL HIGH ON THE LIST.

[Time: 01:35:21]

Lee Guillory: MAYOR LANE AND COUNCIL MEMBERS, THE DEBT THAT YOU'RE DISCUSSING IS THE STADIUM THAT, THE IMPROVEMENTS THAT WE MADE AND THAT WAS IN 2005 THAT WE ISSUED THOSE BONDS, AND THERE'S TWO ENTITIES PAYING FOR THEM, THE SPORTS TOURISM AUTHORITY AND THE MARICOPA COUNTY STADIUM DISTRICT. IN THE EARLY YEARS, THEY WAY OVERPAID THE AMOUNT OF DEBT SERVICE IMMEDIATELY BECAUSE, AGAIN, AS YOU MENTIONED, IT'S A WATERFALL. WHATEVER THE REVENUES ARE TRICKLE DOWN TO US, IT'S NOT DEPENDENT UPON THE ACTUAL DEBT SERVICE AMOUNTS. SO THE IN EARLY YEARS THEY OVERPAID US BY \$5 MILLION. WHEN THE

ECONOMY WENT UNDER, THE PAYMENTS WE HAVE RECEIVED HAVE BEEN LESS THAN THE DEBT SERVICE PAYMENTS BUT WE STILL HAVE A RESERVE FROM THEM OF ABOUT 3 OR 4 MILLION DOLLARS. WE ARE EXPECTING IN THE NEXT YEAR OR TWO FOR THEM TO GET BACK ON TRACK WITH MEETING THEIR DEBT SERVICE REQUIREMENT PAYMENTS.

Mayor Lane: AM I TO UNDERSTAND THAT THERE ARE ACTUALLY AHEAD STILL OR THAT THEY'RE...

Lee Guillory: MAYOR LANE, YES THEY ARE AHEAD BY ABOUT \$4 MILLION AS OF TODAY.

Mayor Lane: I PROBABLY DIDN'T WANT TO BRING THAT UP IN PUBLIC FORUM LIKE THIS BECAUSE THERE ARE OTHER CITIES THAT ARE GOING TO BE REALLY CONCERNED. THANK YOU VERY MUCH FOR THAT. AND THANK YOU JEFF. VICE MAYOR KORTE.

Vice Mayor Korte: THANK YOU MAYOR. JEFF, I JUST WANTED TO EXPRESS MY APPRECIATION TO YOU AND THE AUDIT TEAM ACROSS THE DIFFERENT DEPARTMENT STAFF FOR A CLEAN AUDIT. I KNOW THAT'S A BIG DEAL. SO CONGRATULATIONS AND I LOOK FORWARD TO THE REVIEW. THANK YOU.

Jeff Nichols: THANK YOU VERY MUCH.

Mayor Lane: THANK YOU, VICE MAYOR, AND I THINK THAT CONCLUDES OUR QUESTIONS OR COMMENTS. THANK YOU VERY MUCH, MR. NICHOLS.

Jeff Nichols: THANK YOU.

Mayor Lane: LOOKS LIKE WE DON'T HAVE ANY FURTHER ITEMS ON OUR AGENDA. WE HAVE PUBLIC COMMENT. I SEE NONE. THOSE CITIZEN PETITIONS, UNLESS THEY SNUCK BY US. MAYOR, COUNCIL ITEMS, DOESN'T LOOK LIKE THERE'S ANY COMMENT.

ADJOURNMENT

[Time: 01:37:24]

Mayor Lane: I'LL LOOK TO MY LEFT AND ASK FOR AN ADJOURNMENT.

Councilman Littlefield: MOVED.

Councilwoman Klapp: SECOND.

Mayor Lane: ALL THOSE IN FAVOR OF ADJOURNMENT, PLEASE INDICATE BY AYE. WE ARE ADJOURNED. THANK YOU VERY MUCH, EVERYONE.