

SCOTTSDALE CITY COUNCIL
REGULAR MEETING MINUTES
TUESDAY, AUGUST 25, 2020



CITY HALL KIVA
3939 N. DRINKWATER BOULEVARD
SCOTTSDALE, AZ 85251

CALL TO ORDER

Mayor W.J. "Jim" Lane called to order a Regular Meeting of the Scottsdale City Council at 5:00 P.M. on Tuesday, August 25, 2020.

ROLL CALL

Present: Mayor W.J. "Jim" Lane; Vice Mayor Solange Whitehead; and Councilmembers Suzanne Klapp, Virginia L. Korte, Kathleen S. Littlefield, Linda Milhaven, and Guy Phillips

Also Present: City Manager Jim Thompson, City Attorney Sherry Scott, City Treasurer Jeff Nichols, City Auditor Sharron Walker, and City Clerk Carolyn Jagger

MAYOR'S REPORT

Councilwoman Littlefield led the Pledge of Allegiance.

Mayor Lane asked everyone to observe a moment of silence to think about the casualties of the COVID-19 pandemic.

CONSENT AGENDA

- ASU Kerr Cultural Center Liquor License (30-LL-2020)**
Request: Consider forwarding a recommendation of approval to the Arizona Department of Liquor Licenses and Control for a Series 5 (government) State liquor license for a new location and owner.
Location: 6110 N. Scottsdale Road
Staff Contact(s): Tim Curtis, Current Planning Director, 480-312-4210, tcurtis@scottsdaleaz.gov

NOTE: MINUTES OF CITY COUNCIL MEETINGS AND WORK STUDY SESSIONS ARE PREPARED IN ACCORDANCE WITH THE PROVISIONS OF ARIZONA REVISED STATUTES. THESE MINUTES ARE INTENDED TO BE AN ACCURATE REFLECTION OF ACTION TAKEN AND DIRECTION GIVEN BY THE CITY COUNCIL AND ARE NOT VERBATIM TRANSCRIPTS. DIGITAL RECORDINGS AND CLOSED CAPTION TRANSCRIPTS OF SCOTTSDALE CITY COUNCIL MEETINGS ARE AVAILABLE ONLINE AND ARE ON FILE IN THE CITY CLERK'S OFFICE.

2. W Mart Liquor License (51-LL-2020)

Request: Consider forwarding a recommendation of approval to the Arizona Department of Liquor Licenses and Control for a Series 10 (beer and wine store) State liquor license for an existing location with a new owner.

Location: 7919 E. Thomas Road, Suite 104

Staff Contact(s): Tim Curtis, Current Planning Director, 480-312-4210,
tcurtis@scottsdaleaz.gov

3. Mint Liquor License (52-LL-2020)

Request: Consider forwarding a recommendation of approval to the Arizona Department of Liquor Licenses and Control for a Series 6 (bar) State liquor license for an existing location with a new owner.

Location: 7373 E. Camelback Road

Staff Contact(s): Tim Curtis, Current Planning Director, 480-312-4210,
tcurtis@scottsdaleaz.gov

4. La Locanda Bistro Liquor License (53-LL-2020)

Request: Consider forwarding a recommendation of approval to the Arizona Department of Liquor Licenses and Control for a Series 12 (restaurant) State liquor license for an existing location with a new owner.

Location: 3915 N. Scottsdale Road

Staff Contact(s): Tim Curtis, Current Planning Director, 480-312-4210,
tcurtis@scottsdaleaz.gov

5. Aloft Scottsdale Liquor License (54-LL-2020)

Request: Consider forwarding a recommendation of approval to the Arizona Department of Liquor Licenses and Control for a Series 6 (bar) State liquor license for an existing location and owner, with a new license series.

Location: 4415 N. Civic Center Plaza

Staff Contact(s): Tim Curtis, Current Planning Director, 480-312-4210,
tcurtis@scottsdaleaz.gov

6. Senor Taco Express Liquor License (55-LL-2020)

Request: Consider forwarding a recommendation of approval to the Arizona Department of Liquor Licenses and Control for a Series 12 (restaurant) State liquor license for an existing location with a new owner.

Location: 23015 N. Scottsdale Road, Suite G107

Staff Contact(s): Tim Curtis, Current Planning Director, 480-312-4210,
tcurtis@scottsdaleaz.gov

7. Craftsman Liquor Licenses (56-LL-2020 and 57-LL-2020)

Request: Consider forwarding a recommendation of approval to the Arizona Department of Liquor Licenses and Control for a Series 12 (restaurant) State liquor license and a Series 18 (in-state craft distiller) State Liquor license for an existing location with a new owner and a new license series.

Location: 20469 N. Hayden Road

Staff Contact(s): Tim Curtis, Current Planning Director, 480-312-4210,
tcurtis@scottsdaleaz.gov

- 8. Le Bouquet Florist and Boutique Liquor License (58-LL-2020)**
Request: Consider forwarding a recommendation of approval to the Arizona Department of Liquor Licenses and Control for a Series 10 (beer and wine store) State liquor license for a new location and owner.
Location: 9393 N. 90th Street, Suite 115
Staff Contact(s): Tim Curtis, Current Planning Director, 480-312-4210, tcurtis@scottsdaleaz.gov
- 9. Alo Cafe Liquor License (59-LL-2020)**
Request: Consider forwarding a recommendation of approval to the Arizona Department of Liquor Licenses and Control for a Series 12 (restaurant) State liquor license for a new location and owner.
Location: 6960 E. 1st Street
Staff Contact(s): Tim Curtis, Current Planning Director, 480-312-4210, tcurtis@scottsdaleaz.gov
- 10. Scottsdale Mobil Liquor License (60-LL-2020)**
Request: Consider forwarding a recommendation of approval to the Arizona Department of Liquor Licenses and Control for a Series 10 (beer and wine store) State liquor license for a new location and owner.
Location: 6002 N. Granite Reef Road
Staff Contact(s): Tim Curtis, Current Planning Director, 480-312-4210, tcurtis@scottsdaleaz.gov
- 11. Senor Taco Liquor License (62-LL-2020)**
Request: Consider forwarding a recommendation of approval to the Arizona Department of Liquor Licenses and Control for a Series 12 (restaurant) State liquor license for an existing location with a new owner.
Location: 15223 N. 87th Street, Suite 120
Staff Contact(s): Tim Curtis, Current Planning Director, 480-312-4210, tcurtis@scottsdaleaz.gov
- 12. Scottsdale Road Utility Corridor Agreement**
Request: Adopt **Resolution No. 11907** authorizing Agreement No. 2020-150-COS with Arizona Public Service Company (APS) and Five Star Development Resort Communities, LLC, to create and regulate a protected utility corridor along a portion of Scottsdale Road at East Indian Bend Road for the undergrounding of 69kV electric power lines by APS.
Staff Contact(s): Dan Worth, Public Works Director, 480-312-5555, dworth@scottsdaleaz.gov
- 13. Raintree Drive Extension Project Construction Phase Services Contract**
Request: Adopt **Resolution No. 11895** authorizing CM@Risk Contract No. 2020-147-COS with Achen-Gardner Construction, LLC, in an amount not to exceed \$14,587,109.33, to provide construction phase services for Phase 1 of the Raintree Drive Extension Project from Scottsdale Road to Hayden Road.
Staff Contact(s): Dan Worth, Public Works Director, 480-312-5555, dworth@scottsdaleaz.gov

- 14. Police and Fire Training Facility Architectural Services Contract**
Request: Adopt **Resolution No. 11872** authorizing Contract No. 2020-115-COS with Fucello Architects, LLC, in the amount of \$220,075, to provide conceptual design services for the following:

 1. Project 26 – Replace Deteriorating Vehicle Training Track at the Police and Fire Training Facility
 2. Project 27 – Modernize and Expand the Police and Fire Training Facility
 3. Project 38 – Build a New Fire Department Training Facility

Staff Contact(s): Dan Worth, Public Works Director, 480-312-5555, dworth@scottsdaleaz.gov
- 15. Bond 2019, Project 1 Engineering Services Contract**
Request: Adopt **Resolution No. 11897** authorizing Contract No. 2020-148-COS with Ritoch-Powell and Associates in the amount of \$1,188,047.73, for design services for the Bond 2019, Project 1, Replace Aging Infrastructure and Improve Public and Event Spaces on Civic Center Plaza.
Staff Contact(s): Dan Worth, Public Works Director, 480-312-5555, dworth@scottsdaleaz.gov
- 16. Loloma Lands (Museum Square) Purchase and Sale Agreement and Development Agreement**
Requests:

 1. Adopt **Resolution No. 11752** authorizing Agreement No. 2018-029-COS-A5, the fifth amendment to the agreement with ARC Scottsdale Holdings, LLLP, regarding the acquisition of City-owned real property, located east of North Goldwater Boulevard and west of North Marshall Way, both north and south of East 2nd Street.
 2. Adopt **Resolution No. 11873** authorizing Agreement No. 2019-173-COS-A1, the first amendment to the agreement with ARC Scottsdale Holdings, LLLP, regarding the purchase of City property pursuant to Contract No. 2018-029-COS, as amended, as a precondition to the transfer of GFAR and transfers of density and the construction on the ARC-owned parcel.

Location: N. Goldwater Boulevard and west of N. Marshall Way, both north and south of E. 2nd Street.
Staff Contact(s): Dan Worth, Public Works Director, 480-312-5555, dworth@scottsdaleaz.gov
- 17. United States Department of Housing and Urban Development Grant Application**
Request: Adopt **Resolution No. 11877** to authorize:

 1. The submission of a grant application to the United States Department of Housing and Urban Development for Foster Youth to Independence Tenant Protection Vouchers to house Scottsdale young adults and the acceptance of any resulting grant award.
 2. A Memorandum of Understanding No. 2020-145-COS with the Arizona State Department of Child Safety and the Maricopa Continuum of Care.

Staff Contact(s): Bill Murphy, Assistant City Manager, 480-312-7954, bmurphy@scottsdale.gov
- 18. Community Action Program Intergovernmental Agreement**
Request: Adopt **Resolution No. 11890** authorizing Agreement No. 2016-092-COS-A5, the fifth amendment to the agreement with the Maricopa County Human Services Department, to provide additional funding, including CARES Act funds related to COVID-19, and extending the agreement for an additional six months.
Staff Contact(s): Bill Murphy, Assistant City Manager, 480-312-7954, bmurphy@scottsdale.gov

19. School Resource Officer Intergovernmental Agreement

Request: Adopt **Resolution No. 11793** authorizing Agreement No. 2020-084-COS with Cave Creek Unified School District for the provision of a Scottsdale Police Officer to serve as a School Resource Officer.

Staff Contact(s): Alan Rodbell, Chief of Police, 480-312-1900, arodbell@scottsdale.gov

20. Gila River General Stream Adjudication

Requests:

1. Adopt **Resolution No. 11893** authorizing Intergovernmental Agreement No. 2019-142-COS-A1, the first amendment to the agreement with the cities of Avondale, Glendale, and Mesa for joint legal representation in the Gila River General Stream Adjudication.
2. Adopt **Resolution No. 11894** authorizing Legal Services Contract No. 2020-146-COS with Engelman Berger, P.C. in an amount not to exceed \$38,400 for the continued legal representation in the Gila River General Stream Adjudication for FY 2020/21; and authorizing the City Attorney to approve a one-year extension of the contract.

Staff Contact(s): Sherry Scott, City Attorney, 480-312-2405, sscott@scottsdaleaz.gov

21. Administrative Correction to AZCares Funding

Request: Adopt **Resolution No. 11883** to authorize:

1. A FY 2020/21 administrative correction to move \$29.6 million of AZCares Funding and the associated appropriation budget transfer, as originally detailed in Section 2 of Resolution No. 11870, from the General Fund to a newly created Special Revenue Fund in the operating budget to ensure governmental accounting standards are being met.
2. A FY 2020/21 budget transfer in the amount of \$400,000 from the newly created Special Revenue Fund, Community Facility Safety Upgrades program to a newly created CIP project to be titled Tony Nelssen Center UV and Ionization funded by the AZCares funding.

Staff Contact(s): Dan Worth, Public Works Director, 480-312-5555, dworth@scottsdaleaz.gov

MOTION AND VOTE – CONSENT AGENDA

Councilmember Korte made a motion to approve Consent Agenda Items 1 through 21. Councilman Phillips seconded the motion, which carried 7/0, with Mayor Lane; Vice Mayor Whitehead; and Councilmembers Klapp, Korte, Littlefield, Milhaven, and Phillips voting in the affirmative.

REGULAR AGENDA

22. Public Infrastructure Reimbursement Development Agreement

Request: Adopt **Resolution No. 11884** authorizing Public Infrastructure Reimbursement Development Agreement No. 2020-138-COS with Axon Enterprise, Inc., for the reimbursement of public infrastructure costs paid by Axon Enterprise, Inc., up to a maximum amount of \$9,408,716.

Presenter(s): Rob Millar, Economic Development Director

Staff Contact(s): Rob Millar, Economic Development Director, 480-312-2533, rmillar@scottsdaleaz.gov.

Economic Development Director Rob Millar gave a PowerPoint presentation (attached) on the proposed public infrastructure reimbursement development agreement.

Axon founder and CEO Rick Smith spoke briefly about the history of his company, as well as his plans for the future, and thanked Mayor Lane for reaching out and advocating for Scottsdale.

MOTION AND VOTE – ITEM 18

Councilmember Korte made a motion to adopt Resolution No. 11884 authorizing Public Infrastructure Reimbursement Development Agreement No. 2020-138-COS with Axon Enterprise, Inc., for the reimbursement of public infrastructure costs paid by Axon Enterprise, Inc., up to a maximum amount of \$9,408,716. Councilwoman Milhaven seconded the motion, which carried 7/0, with Mayor Lane; Vice Mayor Whitehead; and Councilmembers Klapp, Korte, Littlefield, Milhaven, and Phillips.

MAYOR AND COUNCIL ITEMS

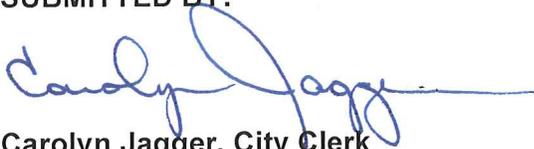
MOTION – MAYOR AND COUNCIL ITEMS

Councilman Phillips made a motion to agendaize a vote at the next Council meeting on September 8th to repeal the emergency clause (Emergency Proclamation declared by Mayor Lane dated March 8, 2020) unless such clause has been terminated by the Mayor prior to that date. The motion died for lack of a second.

ADJOURNMENT

The Regular City Council Meeting adjourned at 5:45 P.M.

SUBMITTED BY:



Carolyn Jagger, City Clerk

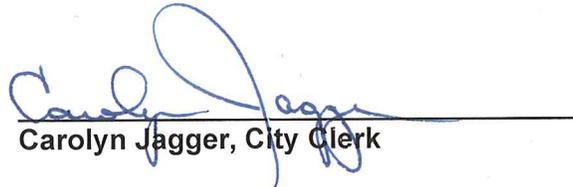
Officially approved by the City Council on September 22, 2020

CERTIFICATE

I hereby certify that the foregoing Minutes are a true and correct copy of the Minutes of the Regular Meeting of the City Council of Scottsdale, Arizona held on the 25th day of August 2020.

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

DATED this 22nd day of September 2020.


Carolyn Jagger, City Clerk

Item 22

Axon Enterprise, Inc. Public Infrastructure Reimbursement Development Agreement

City Council– August 25, 2020

1

Request

Adopt Resolution No. 11884 authorizing Public Infrastructure Reimbursement Development Agreement No. 2020-138-COS with Axon Enterprise, Inc. for the reimbursement of public infrastructure costs paid by Axon Enterprise, Inc. up to a maximum amount of \$9,408,716.

2

Background

- Axon Enterprises (formerly TASER International), founded and headquartered in Scottsdale since 1993.
- Created TASER smart weapons, body-worn cameras and cloud-based digital evidence management software.
- Currently employs 850 employees in Scottsdale and owns over 100,000 square feet of office space. Leases an additional 120,000 square feet of office and warehouse space.
- Seeking additional land near existing headquarters for expansion.
- 74-acre parcel in the City of Scottsdale and owned by State of Arizona in area known as Crossroads East.
- ASLD auction is September 10, 2020.

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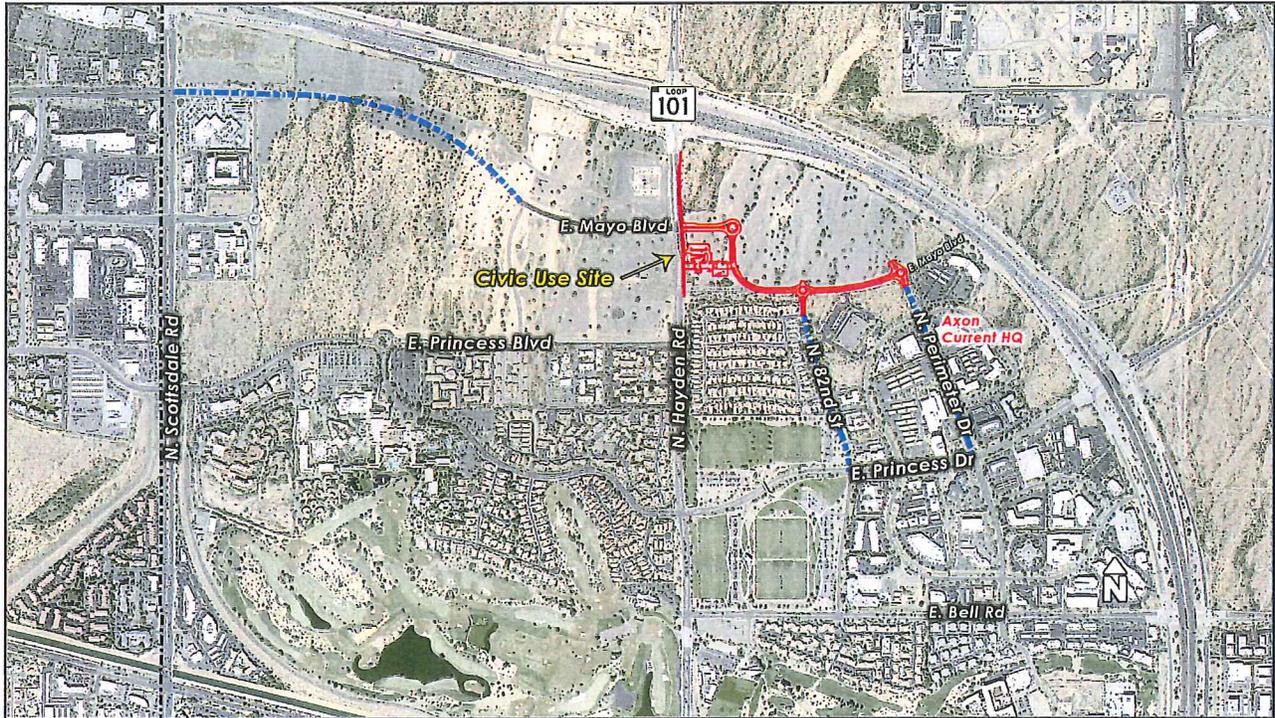
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7

Public Infrastructure Reimbursements

- Public infrastructure includes:
 - Mayo Blvd from Hayden to Perimeter Drive
 - East side of Hayden Road widening from Mayo Blvd to Loop 101
- ASLD auction payback requirement paid to city for Hayden Road \$2,183,536.
- Milestone date of 5 years from date of land acquisition.
- Axon must construct 250,000 SF feet commercial space, achieve a payroll of \$130,000,000.
- If performance requirements met, the capped reimbursement amount is \$9,408,716:
 - Mayo Blvd: \$6,442,332
 - ASLD Hayden Road Payback: \$2,183,536*
 - Hayden Road Widening: \$782,848

*Amount paid to City within 30 days of auction

8

Key Issues

- Development agreement for public infrastructure reimbursement only.
- Zoning, design and signage all required standard public hearing processes through Development Review Board, Planning Commission and City Council.
- Axon design elements included in DA only to reflect unique building characteristics.
- Development agreement will only go into effect if Axon is the successful bidder.
- ASLD requirement to dedicate 4.5 to 6 acres to City for civic use. Axon must meet performance requirements for City to purchase property estimated at \$2,600,000. If requirements are not met, the city retains the land and no payment is made to Axon.
- Water Resources department currently has \$300,000 budgeted for water pump station.
- 50% reimbursement if milestone requirements not met. If not achieved within 36 months of milestone date, no further reimbursement will be made.

9

Project Analysis (in millions)	City Receives from Axon	City Pays to Axon
<i>Development Agreement Terms</i>		
Mayo Boulevard Construction	\$6.44	\$6.44
Mayo Blvd and Hayden Road Expansion Right-of-Way	3.80	-
Hayden Road Widening	0.78	0.78
Arizona State Land - Hayden Road Construction Payback Assessment	-	2.18
Civic Use Site for Fire, Water and Command Center	2.60	2.60
<i>Additional Project Benefits</i>		
City permit and impact fees (1 time)	0.40	-
City construction sales tax (1 time)	0.76	-
Existing sales tax (over 10 years at \$128,000 year)	1.28	-
Existing primary property tax (10 years at \$13,000 year)	0.13	-
New primary property tax (10 years at \$31,500 year)	0.32	-
Total	\$16.51	\$12.00
<p>Note: Additional \$2.3 million in primary property tax to the Paradise Valley Unified School District and \$1.8 million in primary taxes to the county and community colleges over next ten years</p>		

10

Additional Deliverables

- Axon is contractually required to build a minimum of 250,000 square feet of commercial/manufacturing
- Axon is contractually required to have achieved a payroll of \$130 million / year (employee revenues to city estimated \$3.5 m retained and \$1.5 m new over 10 years)
- Civic use site cost of \$2.6 million locked in at 2020 valuation. 5% inflation rate at 5 years places value at \$3.3 million (\$700,000 increased cost).
- Fire station and water pump station located on Hayden Rd, providing optimal public safety response time and spacing for pump station.
- If Axon does not meet minimum performance requirements:
 - \$2.6 million for Civic Use Site is not paid by the city to Axon
 - \$4.7 million is total reimbursement at 5 years (50%)

11

Axon Retention

- \$99 million in current annual payroll
- Employment direct output estimated at \$217 million per year
 - Output represents labor costs, supplies, services and profits
- Total output estimated at \$340 million per year
 - Total output is impact to the private sector economy in City of Scottsdale
- \$141,000 in annual sales and primary property tax revenues
 - (\$1.4 million over next 10 years)

12

Axon Expansion

- \$31 million in additional annual payroll by 2023
- Employment direct output estimated at additional \$152 million per year
- Total output estimated at additional \$243 million by 2023
- \$31,500 new real and personal primary property taxes annually (\$315,000 over 10 years)
- Construction one-time economic impact of \$93.5 million
 - Payroll, supplies, services, indirect and induced jobs
- \$775,000 in city construction sales taxes
- \$400,000 in city permit and impact fee

13

Retention and Expansion Economic Impact Summary

	Existing	Expansion	Totals
Direct output (annual)	\$217 m	\$152 m	\$369 m
Total output (annual)	340 m	243 m	593 m
Construction (one time)	-	94 m	94 m
- Impact			
- Sales tax			
- Permit fees			
10-year impact totals	\$3.4 b	\$2.0 b	\$5.9 b

14

Community Benefits

- Direct ten-year revenues to the city of \$8.3 million.
- Five-year total impact of retained and expanded operations of \$5 billion.
- New headquarters will attract top tech talent and serve as a premier training facility.
- 850 existing Axon jobs with growth to over 1,500 jobs. Nearly 600 one-time construction jobs.
- Consolidation of properties and expanding to 350,000 square feet.
- All standard construction permit and impact fees are required.
- Area transportation enhancements—Scottsdale Rd., Hayden, Princess, Bell.
- Further diversifies city industry base and emerging tech industry.
- Secures needed civic use site for fire and water pump station and possible future command center.

15

Request

Adopt Resolution No. 11884 authorizing Public Infrastructure Reimbursement Development Agreement No. 2020-138-COS with Axon Enterprise, Inc. for the reimbursement of public infrastructure costs paid by Axon Enterprise, Inc. up to a maximum amount of \$9,408,716.

16