DRAFT

SCOTTSDALE CITY COUNCIL
WORK STUDY SESSION MINUTES
TUESDAY, JANUARY 31, 2017

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

CALL TO ORDER

Mayor W.J. "Jim" Lane called to order a Work Study Session of the Scottsdale City Council at 4:02 P.M. on Tuesday, January 31, 2017, in the City Hall Kiva.

ROLL CALL

Present:	Mayor W.J. "Jim" Lane Vice Mayor Kathleen S. Littlefield Councilmembers Suzanne Klapp, Virginia L. Korte, Linda Milhaven, Guy Phillips, and David N. Smith
Also Present:	City Manager Jim Thompson, City Attorney Bruce Washburn, City Treasurer Jeff Nichols, City Auditor Sharron Walker, and City Clerk Carolyn Jagger

MAYOR'S REPORT

Mayor Lane thanked Vice Mayor Littlefield for her service as Vice Mayor and announced that Councilwoman Klapp will begin her term as Vice Mayor on February 1, 2017.

PUBLIC COMMENT – None

1. Reata Wash Flood Control Improvement Study

Removed at the request of staff.

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.

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2. Define Operating Budget Parameters for Proposed Fiscal Year 2017/18

Request: Presentation, discussion, and possible direction to staff regarding the proposed Fiscal Year 2017/18 Operating Budget.
Presenter(s): Judy Doyle, Budget Director
Staff Contact(s): Judy Doyle, Budget Director, 480-312-2603, jdoyle@scottsdaleaz.gov

Budget Director Judy Doyle gave a PowerPoint presentation (attached) on the Fiscal Year 2017/18 operating budget parameters.

MOTION – ITEM 2

Councilwoman Milhaven made a motion to direct staff to bring back questions 1 (local sales tax change) and 2a (property tax 2% allowance) after Council has had the opportunity to review the expense budget. Vice Mayor Littlefield seconded the motion. No formal vote was taken.

- Some Councilmembers were not comfortable with removing anything from consideration this early in the budget discussions.
- There did not appear to be consensus on a sales tax increase.
- Councilmembers suggested further budget discussions on: (1) A holistic review of the City's operating and CIP budgets; (2) a plan to eliminate the tax on food for home consumption, including an analysis of tax reform and/or tax increases that might be necessary to maintain revenue; and (3) CIP contribution changes.
- There was general direction to include the following items in the FY2017/18 preliminary budget, subject to available funding: (1) property tax tort recovery; (2) salary adjustments; and (3) funding for a classification/compensation study.

3. Ethics Refresher Training

On May 2, 2006, the Scottsdale City Council adopted Resolution No. 6879 and Ordinance No. 3675 establishing the City of Scottsdale Public Service Ethics Program and a Code of Ethical Behavior related to elected and appointed officials, which became effective July 1, 2006. The City's Ethics Program and the Code require that the Councilmembers receive annual ethics training.

This ethics training for the City Council will include the following components:
1. A discussion of the requirements of the Code of Ethical Behavior that are most frequently implicated in the Councilmembers' activities.
2. An update on any changes that might have occurred in the last year relating to the Code of Ethical Behavior.
3. An opportunity for Councilmembers to raise any issues of particular concern to them.

The training session is instructional and informational. No public business will be considered; however, City Councilmembers may engage in discussion about ethics issues as part of this training session.
Presenter(s): Bruce Washburn, City Attorney
Staff Contact(s): Bruce Washburn, City Attorney, 480-312-2405, bwashburn@scottsdaleaz.gov

City Attorney Bruce Washburn gave a PowerPoint presentation (attached) on the City's Ethics Ordinance.

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MAYOR AND COUNCIL ITEMS

Mayor Lane made a motion to agendize, at the earliest possible date, a discussion and possible creation of a Council Capital Improvement Plan Subcommittee to review the City's CIP and make recommendations to the Council. Councilwoman Milhaven seconded the motion, which carried 7/0.

ADJOURNMENT

The Work Study Session adjourned at 6:19 P.M.

SUBMITTED BY:



Carolyn Jagger
City Clerk

Officially approved by the City Council on _____

CERTIFICATE

I hereby certify that the foregoing Minutes are a true and correct copy of the Minutes of the Work Study of the City Council of Scottsdale, Arizona held on the 31st day of January 2017.

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

DATED this 21st day of February 2017.

_____

Carolyn Jagger, City Clerk

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Item 2

FY 2017/18 Define Operating Budget Parameters

City Council
January 31, 2017

City Council Review FY 2017/18 Budget Schedule

~~**Thu, Dec 1** Comprehensive Financial Policies & Governing Guidance Adoption~~

~~**Tue, Jan 24** Define CIP Budget Parameters~~

Tue, Jan 31 Define Operating Budget Parameters

Tue, Feb 21 Medical Benefits; Present Rate & Fee Changes

Dates and/or discussion items subject to change.

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City Council Review
FY 2017/18 Budget Schedule

Tue, Mar 7	Direction on Budget Related Items *(if needed)*
Tue, Mar 21	Direction on Budget Related Items *(if needed)*
Tue, Apr 4	Proposed Operating and Capital Budget Released
Tue, Apr 25	Present Proposed Operating and Capital Budget

Dates and/or discussion items subject to change.

City Council Review
FY 2017/18 Budget Schedule

Tue, May 9	Direction on Budget Related Items *(if needed)*
Tue, May 23	Adopt Rate & Fee Changes; Tentative Budget Adoption
Tue, Jun 13	Final Budget Adoption; TNT Hearing
Tue, Jun 27	Final Adoption of Tax Levies

Dates and/or discussion items subject to change.

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FY 2017/18
City Council Policy Decisions

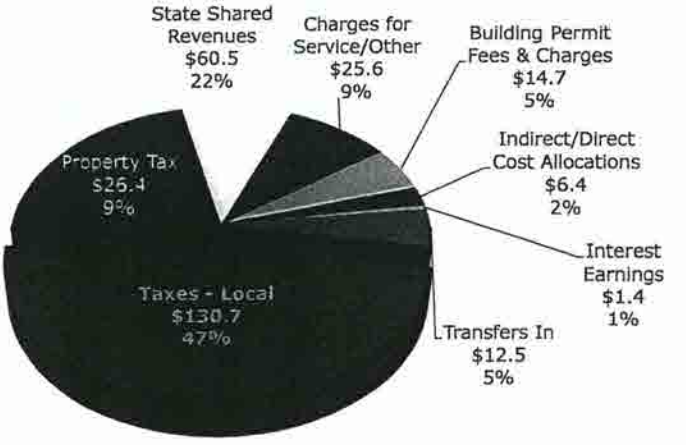
Sources

1) Local Sales Tax
2) Property Tax

Uses

3) Salary Adjustments
4) Classification/Compensation Study
5) CIP Contributions

FY 2016/17 General Fund Sources
$278.3 million



Rounding differences may occur.

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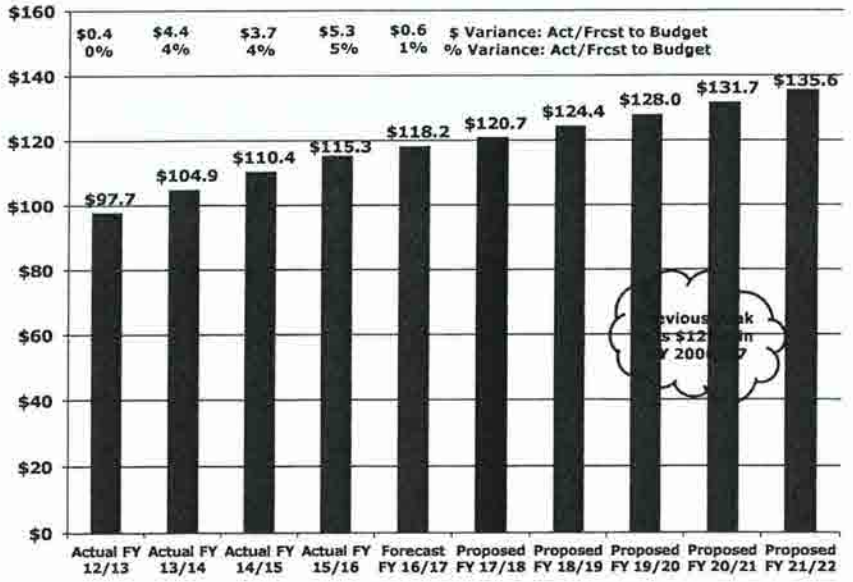
1.1% Local Sales Tax

Adptd FY 16/17	Frcst FY 16/17	Category	Proposed FY 17/18 $ Amt	$ Chng Fav/ (Unfav) vs. Frcst	% Chng Fav/ (Unfav) vs. Frcst	Frcst FY 18/19	Frcst FY 19/20	Frcst FY 20/21	Frcst FY 21/22
$21.2	$21.4	Misc Retail Stores	$22.3	$0.8	3.9%	$23.4	$24.5	$25.8	$27.0
10.8	10.3	Major Dept stores	10.4	0.1	1.1%	10.6	10.8	11.1	11.3
11.9	11.5	Other Activity	12.1	0.6	5.1%	12.5	13.0	13.5	14.0
8.2	8.0	Food Stores	8.3	0.2	3.0%	8.5	8.8	9.0	9.3
16.7	16.3	Automotive	15.6	(0.7)	(4.1%)	15.7	15.6	15.5	15.5
6.4	6.6	Hotel/Motel	7.0	0.4	6.1%	7.4	7.7	8.1	8.5
11.5	11.3	Dining/Ent	11.9	0.6	5.0%	12.5	13.0	13.5	14.0
10.1	11.2	Construction	11.2	0.0	0.0%	11.2	11.2	11.2	11.2
15.6	16.0	Rental	16.4	0.4	2.4%	17.0	17.7	18.4	19.1
5.0	5.6	Utilities	5.6	0.0	0.5%	5.6	5.6	5.7	5.7
$117.6	**$118.2**	**Total**	**$120.7**	**$2.5**	**2.1%**	**$124.4**	**$128.0**	**$131.7**	**$135.6**

Rounding differences may occur.

General Fund Sales Tax History



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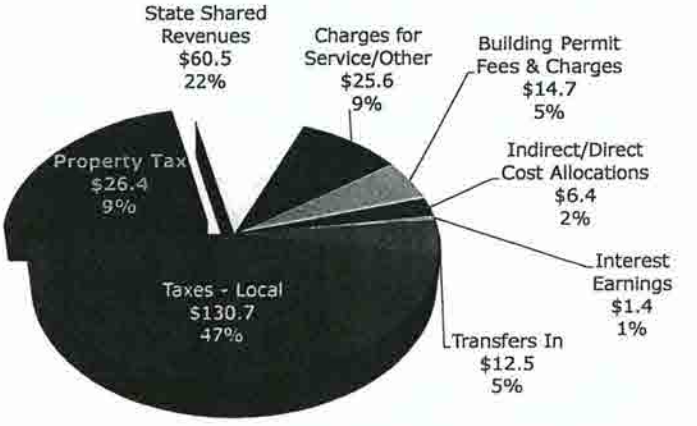
FY 2016/17 General Fund Sources $278.3 million



Rounding differences may occur.

Property Tax *(Rounding differences may occur)*

Apvd 16/17	Revenue	Proposed 17/18 Amt	$ Chng Fav(Un)	% Chng Fav(Un)	Frcst 18/19	Frcst 19/20	Frcst 20/21	Frcst 21/22
	Property Tax – Primary:							
$26.0	Prior Year Base	$26.4	$0.4	1.5%	$26.6	$26.9	$27.2	$27.4
0.4	New Construction	0.3	(0.1)	(34.0%)	0.3	0.3	0.3	0.3
$26.4	*Subtotal*	*$26.6*	*$0.3*	*1.0%*	*$26.9*	*$27.2*	*$27.4*	*$27.7*
	Optional Increases:							
n/a	6 Prior Years: 2%/yr	Below						
-	Proposed 17/18: 2%	0.5	0.5	nm	0.5	0.5	0.5	0.5
1.0	Tort Recovery *(Risk Fund)*	1.1	0.1	11.3%	0.3	0.3	0.3	0.3
$27.4	*Total Primary Levy*	*$28.3*	*$0.9*	*3.3%*	*$27.7*	*$27.9*	*$28.2*	*$28.4*
	Property Tax - Secondary							
34.1	GO Debt Service	34.2	0.1	0.2%	34.5	32.4	30.5	26.4
(0.5)	Use of Reserve *(optional)*	(0.6)	(0.1)	(19.3%)	(0.6)	(0.6)	(0.6)	(0.6)
$33.6	*Total Secondary Levy*	*$33.6*	*$ -*	*(0.1%)*	*$33.9*	*$31.8*	*$29.9*	*$25.8*
$61.0	*Total Levy*	*$61.8*	*$0.9*	*1.4%*	*$61.6*	*$59.7*	*$58.1*	*$54.2*
$11.0	Debt Svc Resv Balance	10.4			9.8	9.2	8.6	8.0
	6 Prior Years: 2%/yr	3.0			3.0	3.0	3.0	3.0

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FY 2017/18 – Things to Consider
Key GF Revenue Influences

- Short Term Rental Tax
- ADOR Collection Process
- Potential Legislative Impacts

FY 2017/18 – Things to Consider
Key GF Expenditure Impacts

- PSPRS - Public Safety Personnel Retirement System
- ADOR Administration Charge

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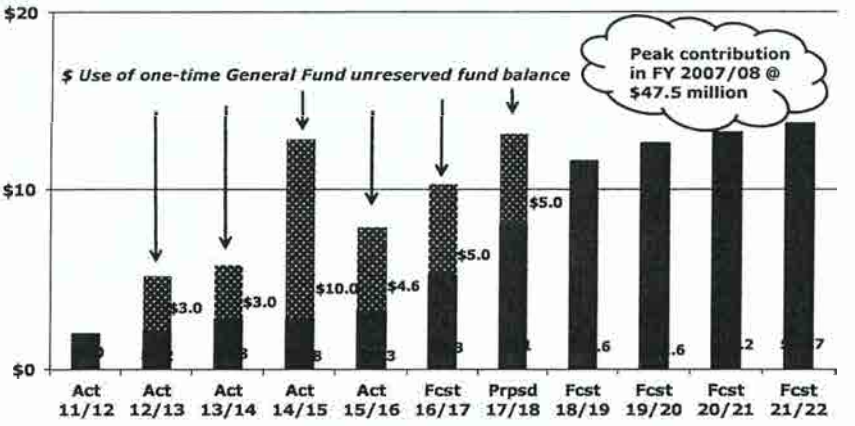
Contributions to CIP ($ millions)



Note: FY 2018/19 - FY 2021/22 reflects the minimum contribution of 1) 25% of construction privilege tax revenues; 2) 100% net interest income in excess of $1.0 million; and 3) 1.1% sales tax collected on food for home consumption (phased in over 3 years beginning in FY 2016/17). Forecasted contributions to CIP may be greater in years when General Fund operating surpluses create additional transfers to the CIP Fund.

FY 2017/18 – Revenues
City Council Policy Decisions

1) Local Sales Tax Change? Yes / No

2a) Property Tax 2% Allowance?
FY 2017/18 Yes / No
Previous fiscal years Yes / No

2b) Property Tax Tort Recovery? Yes / No

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FY 2017/18 – Expenditures
City Council Policy Decisions

3) Salary Adjustments Yes / No

(3% Pay for Performance; 5% Police Officer, Firefighter, Fire Engineer and Fire Captain Step Program)

4) Classification/Compensation Study Yes / No

5) CIP Contribution Change Yes / No

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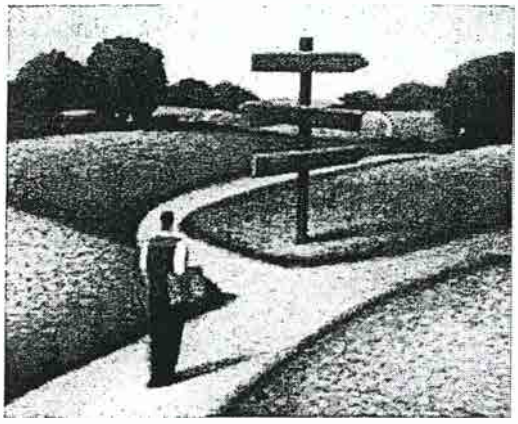
Item 3

COUNCIL ETHICS REFRESHER
JANUARY 31, 2017



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CITY COUNCIL ETHICS REFRESHER
TRAINING TOPICS

1. OPEN MEETING LAW
2. GIFTS
   a. How to analyze
   b. Reporting
3. QUESTIONS

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ATTORNEY GENERAL'S HANDBOOK

All discussions, deliberations, considerations, or consultations among a majority of the members of a public body regarding matters that may foreseeably require final action or a final decision by the governing body, constitute "legal action" and, therefore, must be conducted in a public meeting or executive session.

3

"DELIBERATION"

Deliberation = "collective acquisition and exchange of facts preliminary to a final decision"

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SUBCOMMITTEE MEETINGS

- Could be deemed deliberation if a fourth Council member attends
- Head of Open Meeting Law Enforcement Team agreed not clear cut
- Safest course is not to attend

5

DIRECTION TO STAFF

- In open public meetings where the agenda says direction will be given to staff it is permissible, but not required, to indicate by vote what the direction is.
- However, the "direction" can never be a final legal action. The final legal action can only be taken at meeting where the agenda shows it will occur.

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PUBLIC FORUMS

B. . . . it is not a violation of this article if a member of a public body expresses an opinion or discusses an issue with the public either at a venue other than at a meeting that is subject to this article, personally, through the media or other form of public broadcast communication or through technological means if:

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A.R.S. § 38-431.09(B) (CONTINUED)

1. The opinion or discussion is not principally directed at or directly given to another member of the public body.

2. There is no concerted plan to engage in collective deliberation to take legal action.

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PROPOSING AN AGENDA ITEM

- Proposing an item for the agenda does not propose legal action
- **"without more"**
- be cautious – communicate the TOPIC only
- NOT the legal action you want the body to take
- Safest to let someone else do it

9

PUTTING AN ITEM ON THE AGENDA

- Make a motion during Mayor and Council items
- Ask the Clerk to agendize an item to agendize an item
- Four Council members ask to have an item put on the agenda (best to have Clerk or City Attorney query other Council members)

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TEXTING DURING MEETINGS

- AG recommends caution regarding electronic communications during meetings
- "Deliberations" includes any exchange of facts among a quorum
- AG believes texting, note passing, whispering, etc. even among only two members undermines public confidence

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COUNCIL RULE 5.11

5.11 Councilmembers shall not use any electronic device capable of sending/receiving messages to/from outside parties for that purpose during any public Council meeting. Electronic devices should only be used for accessing stored information on the device or on the City's electronic network during open public meetings.

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COUNCIL RULE 5.11 (CONTINUED)

During executive sessions no person shall use any electronic device that is capable of sending/receiving email, text or any other form of electronic communication to/from any person inside or outside of the executive session.

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GIFTS; PROHIBITED; EXCEPTIONS – SRC § 2-50

(a) Prohibitions

- Soliciting, receiving, accepting gifts
- "of any kind"
- From

  Anyone engaged in general practice

  or

  Specific situation involving City decision-making or permitting processes

- Exceptions – subpart (b)

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EXCEPTIONS – SRC § 2-50(b)

- Entertainment, hospitality (meals), transportation and token mementos
- Directly associated with events attending as representative of City

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EXCEPTIONS - SRC § 2-50(b) (Cont'd)

- If permissible gift
  - Declare to City Clerk if over $25
  - Use Declaration of Gift Form
- Unless SRC § 14-135 does not require reporting

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SRC § 14-135

- Applies to elected officials and employees
- Prohibits:
  - Soliciting for personal gain
  - Payment or reward for services
  - Reasonably construed as attempt to exert improper influence

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SRC § 14-135 – NOT CONSIDERED GIFT

- "Reflect legitimate public duties or purposes"
- Not considered gifts

1. Events sponsored or funded, in whole or part, by City
2. Reasonable hosting expenses for official speaking, engagements, ceremonies or appearance on behalf of City when public or civil purpose is served.
3. Gifts of goodwill or tokens of appreciation accepted on behalf of City
   Food – shared with others
4. Received and donated to charity

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SPONSORED EVENTS

- These are events where the City has an agreement to act as a sponsor or co-sponsor
- Not all events on City property
- Current list being provided

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QUESTIONS?

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