

SUMMARIZED MINUTES
SCOTTSDALE CITY COUNCIL
REGULAR MEETING
TUESDAY, JUNE 18, 2013



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 5:03 P.M. on Tuesday, June 18, 2013, in the City Hall Kiva.

ROLL CALL

Present: Mayor W.J. "Jim" Lane
Vice Mayor Suzanne Klapp
Councilmembers Virginia L. Korte, Robert W. Littlefield, Linda Milhaven, Guy Phillips,
and Dennis E. Robbins

Also Present: Acting City Manager Dan Worth; City Attorney Bruce Washburn; City Treasurer David Smith; City Auditor Sharron Walker; and City Clerk Carolyn Jagger

PLEDGE OF ALLEGIANCE – World Changers

INVOCATION – Mayor Lane requested a moment of silence.

MAYOR'S REPORT

Mayor Lane thanked Dan Worth for his service as Acting City Manager, noting that Fritz Behring will be assuming the City Manager responsibilities on July 1. Mr. Worth responded by thanking the Councilmembers for their support.

CITY MANAGER'S REPORT – None

PRESENTATIONS/INFORMATION UPDATES – None

PUBLIC COMMENT – None

ADDED ITEMS

A1. Added Items

Regular Item No. 30A was added to the agenda June 12, 2013.

Request: Vote to accept the agenda as presented or continue the added item(s) to one of the next scheduled Council meetings (July 1 and 2, 2013).

NOTE: IN ACCORDANCE WITH PROVISIONS OF THE ARIZONA REVISED STATUTES THE SUMMARIZED MINUTES OF CITY COUNCIL MEETINGS ARE NOT VERBATIM TRANSCRIPTS. THESE MINUTES ARE INTENDED TO BE AN ACCURATE REFLECTION OF ACTION TAKEN BY THE CITY COUNCIL. DIGITAL RECORDINGS OF CITY COUNCIL MEETINGS ARE ON FILE IN THE CITY CLERK'S OFFICE.

MOTION AND VOTE – ADDED ITEMS

Councilman Robbins made a motion to accept the agenda as presented. Councilwoman Milhaven seconded the motion, which carried 7/0.

MINUTES

Request: Approve the Regular Meeting Minutes of May 7, 2013 and May 14, 2013; Strategic Planning Workshop Minutes of May 8, 2013; Special Meeting Minutes of May 14, 2013, May 21, 2013, and May 22, 2013; and Executive Session Minutes of May 22, 2013.

MOTION AND VOTE – MINUTES

Vice Mayor Klapp made a motion to approve the Regular Meeting Minutes of May 7 and 14, 2013; Strategic Planning Workshop Minutes of May 8, 2013; Special Meeting Minutes of May 14, 21, and 22, 2013; and Executive Session Minutes of May 22, 2013. Councilwoman Milhaven seconded the motion, which carried 7/0.

CONSENT AGENDA

1. **Pita Jungle Liquor License (32-LL-2013)**
Request: Consider forwarding a recommendation to the Arizona Department of Liquor Licenses and Control for a series 12 (restaurant) liquor license for a new location and owner.
Location: 14858 N. Frank Lloyd Wright Boulevard, Suite 161
Staff Contact(s): Tim Curtis, Current Planning Director, 480-312-4210, tcurtis@scottsdaleaz.gov
2. **Romano's Macaroni Grill Liquor License (33-LL-2013)**
Request: Consider forwarding a recommendation to the Arizona Department of Liquor Licenses and Control for an Acquisition of Control Change for an existing series 12 (restaurant) liquor license.
Location: 7245 E. Gold Dust Avenue
Staff Contact(s): Tim Curtis, Current Planning Director, 480-312-4210, tcurtis@scottsdaleaz.gov
3. **Mimi's Café Liquor License (34-LL-2013)**
Request: Consider forwarding a recommendation to the Arizona Department of Liquor Licenses and Control for a series 12 (restaurant) liquor license for an existing location with a new owner.
Location: 8980 E. Shea Boulevard
Staff Contact(s): Tim Curtis, Current Planning Director, 480-312-4210, tcurtis@scottsdaleaz.gov
4. **Permanent Extension of Premises for A Twisted Rose (6-EX-2013)**
Request: Consider forwarding a recommendation to the Arizona Department of Liquor Licenses and Control for a permanent extension of premises for A Twisted Rose (Series 12, restaurant).
Location: 15040 N. Northsight Boulevard, Suite 102
Staff Contact(s): Tim Curtis, Current Planning Director, 480-312-4210, tcurtis@scottsdaleaz.gov
5. **Permanent Extension of Premises for A Twisted Rose (7-EX-2013)**
Request: Consider forwarding a recommendation to the Arizona Department of Liquor Licenses and Control for a permanent extension of premises for A Twisted Rose (Series 13, domestic farm winery).
Location: 15040 N. Northsight Boulevard, Suite 102
Staff Contact(s): Tim Curtis, Current Planning Director, 480-312-4210, tcurtis@scottsdaleaz.gov

6. On-Track Academy Conditional Use Permit (5-UP-2013)

Request: Adopt **Resolution No. 9438** approving a Conditional Use Permit for educational service, elementary and secondary school (private school) in a portion of an existing 34,445± square-foot building with Industrial Park, Planned Community District (I-1 PCD) zoning, and finding that the conditional use permit criteria have been met.

Location: 16641 N. 91st Street

Staff Contact(s): Randy Grant, Planning, Neighborhood, and Transportation Administrator, 480-312-2664, rgrant@scottsdaleaz.gov

7. The Reserve Final Plat (2-PP-2012)

Request: Approve the final plat to re-plat an existing 218± acre, 51-lot subdivision, to accommodate for an approved resort community, with Single-Family Residential, Environmentally Sensitive Lands (R1-190/ESL) District, Single-Family Residential, Environmentally Sensitive Lands (R1-130/ESL) District, and Resort/Townhouse Residential, Environmentally Sensitive Lands (R-4R/ESL) District zoning.

Location: Northeast corner of N. 118th Street and E. Rio Verde Drive

Staff Contact(s): Randy Grant, Planning, Neighborhood, and Transportation Administrator, 480-312-2664, rgrant@scottsdaleaz.gov

8. The Reserve Abandonment (12-AB-2010)

Request: Adopt **Resolution No. 9207** abandoning portions of roadway and public utilities easements located within The Reserve subdivision plat: along the southern portion of E. Dixileta Drive, between N. 118th Street alignment and the N. 120th Street alignment; along the Morning Vista Drive alignment, between N. 118th Street and the N. 120th Street alignment; along the E. Via Dona Road alignment, between N. 118th Street and the N. 122nd Street alignment; along the E. Dale Lane alignment, between N. 118th Street and the N. 122nd Street alignment; along the N. 120th Street alignment, between E. Rio Verde Drive and the E. Dixileta Drive alignment; and along the western portion of the N. 122nd Street alignment, between E. Rio Verde Drive and the E. Via Dona Road alignment, with Single-Family Residential, Environmentally Sensitive Lands (R1-190/ESL) District zoning, Single-Family Residential, Environmentally Sensitive Lands (R1-130/ESL) District zoning; and Resort/Townhouse Residential, Environmentally Sensitive Lands (R-4R/ESL) District zoning.

Location: Northeast corner of N. 118th Street and E. Rio Verde Dr. (E. Dynamite Blvd.)

Staff Contact(s): Randy Grant, Planning, Neighborhood, and Transportation Administrator, 480-312-2664, rgrant@scottsdaleaz.gov

9. Downtown Text Amendment (6-TA-2009#3)

Item 9 was removed from the Consent Agenda for a separate vote (see Page 6).

10. Glass and Garden Community Church Historic Preservation Overlay and Rezoning (14-ZN-2012 and 5-HP-2012)

Request: Adopt **Ordinance No. 4090** approving a zoning district map amendment from Single-Family Residential District (R1-7) to Single-Family Residential District, Historic Property (R1-7 HP) to place Historic Property overlay zoning on the Glass and Garden Community Church, known as The Garden Church, on 4.55± acres, to place this historic place of worship on the Scottsdale Historic Register; finding that the overlay zoning district map amendment for Glass and Garden Community Church meets the eligibility criteria for HP designation as a historically and architecturally significant property; and determining that the proposed zoning district map amendment is consistent and conforms with the adopted General Plan.

Location: 8620 E. McDonald Drive

Staff Contact(s): Randy Grant, Planning, Neighborhood, and Transportation Administrator, 480-312-2664, rgrant@scottsdaleaz.gov

- 11. Holy Cross Lutheran Church Historic Preservation Overlay and Rezoning (15-ZN-2012 and 6-HP-2012)**
Request: Adopt **Ordinance No. 4091** approving a zoning district map amendment from Single-Family Residential District (R1-7) to Single-Family Residential District, Historic Property (R1-7 HP) to place Historic Property overlay zoning on the Holy Cross Lutheran Church on 1.97± acres, to place this historic place of worship on the Scottsdale Historic Register; finding that the overlay zoning district map amendment meets the eligibility criteria for HP designation as a historically and architecturally significant property; and determining that the proposed zoning district map amendment is consistent and conforms with the adopted General Plan.
Location: 3110 N. Hayden Road
Staff Contact(s): Randy Grant, Planning, Neighborhood, and Transportation Administrator, 480-312-2664, rgrant@scottsdaleaz.gov
- 12. First Church of Christ, Scientist Historic Preservation Overlay and Rezoning (5-ZN-2013 and 1-HP-2013)**
Request: Adopt **Ordinance No. 4089** approving a zoning district map amendment from Single-Family Residential District (R1-7) to Single-Family Residential District, Historic Property (R1-7 HP) to place Historic Property overlay zoning on 1.8± acres, to place this historic place of worship on the Scottsdale Historic Register; finding that the overlay zoning district map amendment for the First Church of Christ, Scientist meets the eligibility criteria for HP designation as a historically and architecturally significant property; and determining that the proposed zoning district map amendment is consistent and conforms with the adopted General Plan.
Location: 6427 E. Indian School Road
Staff Contact(s): Randy Grant, Planning, Neighborhood, and Transportation Administrator, 480-312-2664, rgrant@scottsdaleaz.gov
- 13. Frank Lloyd Wright Boulevard Revocable Driveway License Agreement**
Request: Adopt **Resolution No. 9366** authorizing Agreement No. 2011-035-COS-A1, the first amendment to the Revocable Driveway License Agreement with FLW 101 LLC, to add parking use on City land.
Location: 15745 N. Frank Lloyd Wright Boulevard
Staff Contact(s): Derek Earle, Acting Public Works Executive Director, 480-312-2776, dearle@scottsdaleaz.gov
- 14. Proposition 202 Grant Applications**
Request: Adopt **Resolution No. 9377** authorizing the Government Relations Director to submit Proposition 202 tribal gaming grant applications to the various local Indian Nations during the period of July 1, 2013 through June 30, 2014.
Staff Contact(s): Brad Lundahl, Government Relations Director, 480-312-2683, blundahl@scottsdaleaz.gov
- 15. School Resource Officer Intergovernmental Agreement**
Request: Adopt **Resolution No. 9412** authorizing Intergovernmental Agreement No. 2013-064-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, Public Safety Executive Director, 480-312-1900, arodbell@scottsdaleaz.gov

16. Fire Service Mutual Aid Intergovernmental Agreement

Request: Adopt **Resolution No. 9415** authorizing Intergovernmental Agreement No. 2013-065-COS with Rio Verde Fire District for fire service mutual aid.

Staff Contact(s): Alan Rodbell, Public Safety Executive Director, 480-312-1900, arodbell@scottsdaleaz.gov

17. First Things First Parent Education Community-Based Training Grant

Request: Adopt **Resolution No. 9427** to authorize:

1. The Library Department of the Community Services Division to accept a FY 2013/14 grant renewal from First Things First for Parent Education Community-Based Training titled "Knowing and Growing" in the amount of \$165,000.
2. A budget transfer of \$165,000 from the Adopted FY 2013/14 Future Grants Budget and/or Grants Contingency Budget, and the creation of a new cost center to record all related grant activity.
3. The Library Director, as agent of the City, to act as necessary to accept and administer the grant.

Staff Contact(s): William Murphy, Community Services Executive Director, 480-312-7954, bmurphy@scottsdaleaz.gov

18. Fiscal Year 2013/14 Scottsdale Endowment Allocation

Request: Adopt **Resolution No. 9426** approving the distribution of interest income from the City's endowment program for FY 2013/14, and authorizing the allocation of funds to the recommended activities.

Staff Contact(s): William Murphy, Community Services Executive Director, 480-312-7954, bmurphy@scottsdaleaz.gov

19. Fiscal Year 2013/14 Scottsdale Cares Allocations

Item 19 was removed from the Consent Agenda for a separate vote (see Page 7).

20. Fiscal Year 2013/14 General Funds Program Allocations

Request: Adopt **Resolution No. 9436** approving the recommendations of the Human Services Commission for allocation of FY 2013/14 funding for Human Services General Fund projects in the amount of \$200,000 included in the City's FY 2013/14 budget; authorizing the Mayor to execute contracts, effective July 1, 2013, for services to be funded through this program that exceed the formal bid limit (\$25,000); and authorizing the Community Services Executive Director, or designee, to execute those contracts that do not exceed the formal bid limit.

Staff Contact(s): William Murphy, Community Services Executive Director, 480-312-7954, bmurphy@scottsdaleaz.gov

21. Fiscal Year 2013/14 Scottsdale Cultural Council Financial Participation Agreement

Item 21 was moved to the Regular Agenda (see Page 7).

22. Scottsdale Convention and Visitors Bureau Destination Marketing Plan

Request: Adopt **Resolution No. 9442** authorizing the FY 2013/14 Marketing Guide, Performance Standards and Contract Budget under Destination Marketing Services Agreement No. 2012-053-COS with Scottsdale Convention and Visitors Bureau.

Staff Contact(s): Paul Katsenes, Community and Economic Development Executive Director, 480-312-2890, pkatsenes@scottsdaleaz.gov

- 23. Annual Greater Phoenix Economic Council Development Marketing Contract**
Request: Adopt **Resolution No. 9452** authorizing Contract No. 2013-083-COS with the Greater Phoenix Economic Council; and authorizing General Funds in the amount of \$85,622 for provision of regional economic development marketing services.
Staff Contact(s): Paul Katsenes, Community and Economic Development Executive Director, 480-312-2890, pkatsenes@scottsdaleaz.gov
- 24. Barnett v. City of Scottsdale, et al., Settlement Agreement**
Request: Adopt **Resolution No. 9443** authorizing Settlement Agreement No. 2013-079-COS to settle the lawsuit entitled *Barnett v. City of Scottsdale, et al.*, Case No. CV 2012-010775, currently pending in the Maricopa County Superior Court.
Staff Contact(s): Bruce Washburn, City Attorney, 480-312-2405, bwashburn@scottsdaleaz.gov
- 24A. McDowell Mountain Ranch Community Association Agreement**
Request: Adopt **Resolution No. 9408** authorizing acceptance of the settlement and the first amendment (No. 1999-022-COS-A1) to the Median Maintenance Agreement with McDowell Mountain Ranch Community Association.
Staff Contact(s): William Murphy, Community Services Executive Director, 480-312-7954, bmurphy@scottsdaleaz.gov
- 25. Diversion Counseling Services Contracts**
Request: Adopt **Resolution No. 9399** authorizing the following professional services contracts with Sage Counseling, Inc.:
1. Contract No. 2013-058-COS for Peace Diversion Program Services.
 2. Contract No. 2013-059-COS for Underage Drinking Diversion Program Services.
 3. Contract No. 2013-060-COS for Domestic Violence Diversion Program Services.
 4. Contract No. 2013-061-COS for Shoplifting and Theft Diversion Program Services.
- Staff Contact(s):** Bruce Washburn, City Attorney, 480-312-2405, bwashburn@scottsdaleaz.gov
- 26. Fiscal Year 2012/13 Capital Improvement Plan Budget Adjustments**
Request: Adopt **Resolution No. 9414** authorizing FY 2012/13 capital budget adjustments.
Staff Contact(s): Derek Earle, Acting Public Works Executive Director, 480-312-2776, dearle@scottsdaleaz.gov
- 27. Fiscal Year 2012/13 Operating Budget Adjustments**
Request: Adopt **Resolution No. 9453** authorizing FY 2012/13 operating budget adjustments.
Staff Contact(s): David N. Smith, City Treasurer, 480-312-2364, dasmith@scottsdaleaz.gov

MOTION AND VOTE - CONSENT AGENDA

Vice Mayor Klapp made a motion to approve Consent Items 1 through 27, absent Items 9, 19, and 21. Councilwoman Milhaven seconded the motion, which carried 7/0.

REGULAR AGENDA

- 9. Downtown Text Amendment (6-TA-2009#3)**
Requests:
1. Adopt **Resolution No. 9439** declaring the document entitled "6-TA2009#3, Text Amendment Pertaining to the Downtown and Related City-Wide Requirements" to be a public record.
 2. Adopt **Ordinance No. 4099** approving a text amendment to the City of Scottsdale Zoning Ordinance No. 455 to amend Article I. (Administration and Procedures), Article III. (Definitions),

Article V. (District Regulations), Article VI. (Supplementary Districts), Article VII. (General Provisions), Article IX. (Parking and Loading Requirements), and Article X. (Landscaping Requirements), pertaining to the Downtown and City-wide; and determining that the proposed zoning ordinance text amendment is consistent and conforms with the adopted General Plan and Downtown Plan.

Staff Contact(s): Randy Grant, Planning, Neighborhood, and Transportation Administrator, 480-312-2664, rgrant@scottsdaleaz.gov

MOTION AND VOTE - ITEM 9

Councilman Robbins made a motion to: (1) adopt Resolution No. 9439 declaring the document entitled "6-TA2009#3, Text Amendment Pertaining to the Downtown and Related City-Wide Requirements" to be a public record; and (2) adopt Ordinance No. 4099 approving a text amendment to the City of Scottsdale Zoning Ordinance No. 455 to amend Article I. (Administration and Procedures), Article III. (Definitions), Article V. (District Regulations), Article VI. (Supplementary Districts), Article VII. (General Provisions), Article IX. (Parking and Loading Requirements), and Article X. (Landscaping Requirements), pertaining to the Downtown and City-wide; and determining that the proposed zoning ordinance text amendment is consistent and conforms with the adopted General Plan and Downtown Plan. Councilwoman Milhaven seconded the motion, which carried 5/2, with Councilmembers Littlefield and Phillips dissenting.

Councilmember Korte declared a conflict of interest on Item 19 and left the dais.

19. Fiscal Year 2013/14 Scottsdale Cares Allocations

Request: Adopt **Resolution No. 9435** approving the recommendations of the Human Services Commission for allocation of FY 2013/14 funding for Scottsdale Cares programs in the amount of \$140,000; authorizing the Mayor to execute contracts, effective July 1, 2013, for services to be funded through this program that exceed the formal bid limit (\$25,000); and authorizing the Community Services Executive Director, or designee, to execute those contracts that do not exceed the formal bid limit. \$140,000 is already available from Scottsdale Cares donations and interest income, and this amount has been included in the proposed FY 2013/14 budget.

Staff Contact(s): William Murphy, Community Services Executive Director, 480-312-7954, bmurphy@scottsdaleaz.gov

MOTION AND VOTE - ITEM 19

Councilwoman Milhaven made a motion to adopt Resolution No. 9435 approving the recommendations of the Human Services Commission for allocation of FY 2013/14 funding for Scottsdale Cares programs in the amount of \$140,000; authorizing the Mayor to execute contracts, effective July 1, 2013, for services to be funded through this program that exceed the formal bid limit (\$25,000); and authorizing the Community Services Executive Director, or designee, to execute those contracts that do not exceed the formal bid limit. Councilman Phillips seconded the motion, which carried 6/0, with Councilmember Korte declaring a conflict of interest.

Councilmember Korte returned to the dais.

21. Fiscal Year 2013/14 Scottsdale Cultural Council Financial Participation Agreement

Request: Adopt **Resolution No. 9434** authorizing Agreement No. 2013-078-COS, an annual financial participation agreement with the Scottsdale Cultural Council, in the amount of \$4,254,207 for FY 2013/14, to be allocated as outlined in the Council Report.

Staff Contact(s): Paul Katsenes, Community and Economic Development Executive Director, 480-312-2890, pkatsenes@scottsdaleaz.gov

Mayor Lane opened public testimony.

John Washington, Scottsdale citizen, spoke in opposition to the Scottsdale Cultural Council Financial Participation Agreement.

Mayor Lane closed public testimony.

MOTION AND VOTE - ITEM 21

Councilwoman Milhaven made a motion to adopt Resolution No. 9434 authorizing Agreement No. 2013-078-COS, an annual financial participation agreement with the Scottsdale Cultural Council, in the amount of \$4,254,207 for FY 2013/14, to be allocated as outlined in the Council Report. Councilmember Korte seconded the motion, which carried 5/2, with Councilmembers Littlefield and Phillips dissenting.

28. Crossroads East Rezoning (19-ZN-2002#3)

Requests:

1. Adopt **Resolution No. 9419** declaring the document entitled "Diversified Partners Development Plan" to be a public record.
2. Adopt **Ordinance No. 4098** approving an amendment to the Development Plan and an amendment to the Planned Community (PC) District zoning for the Crossroads East master planned development, including approval of a new Development Plan, with amendments to the comparable Planned Regional Center (PRC) site development standards, including elimination of maximum percentages of office and residential as part of the allowed floor area ratio, elimination of the minimum parcel size, and allowance of maximum building height not to exceed 97 feet inclusive of rooftop appurtenances, for a proposed mixed-use project on 12± acres; and determining that the proposed zoning district map amendment is consistent and conforms with the adopted General Plan.

Location: 18575 N. Scottsdale Road

Presenter(s): Greg Bloemberg, Planner

Staff Contact(s): Randy Grant, Planning, Neighborhood, and Transportation Administrator, 480-312-2664, rgrant@scottsdaleaz.gov

Planner Greg Bloemberg gave a PowerPoint presentation (attached) on the Crossroads East rezoning request.

Alexandra Schuchter, Diversified Partners, LLC, applicant representative, presented a history of the land purchase and the requirements associated with the purchase.

MOTION AND VOTE - ITEM 28

Councilman Robbins made a motion to: (1) adopt Resolution No. 9419 declaring the document entitled "Diversified Partners Development Plan" to be a public record; (2) adopt Ordinance No. 4098 approving an amendment to the Development Plan and an amendment to the Planned Community (PC) District zoning for the Crossroads East master planned development, including approval of a new Development Plan, with amendments to the comparable Planned Regional Center (PRC) site development standards, including elimination of maximum percentages of office and residential as part of the allowed floor area ratio, elimination of the minimum parcel size, and allowance of maximum building height not to exceed 97 feet inclusive of rooftop appurtenances, for a proposed mixed-use project on 12± acres; determining that the proposed zoning district map amendment is consistent and conforms with the adopted General Plan; and (3) amend Stipulation No. 4 in Exhibit 1 to Ordinance No. 4098 to correctly reflect that the proposed number of Units is 187. Vice Mayor Klapp seconded the motion, which carried 5/2, with Councilmembers Littlefield and Phillips dissenting.

29. Scottsdale McDowell Sonoran Preserve Commercial Motorized Guided Tours

Request: Provide direction to staff regarding commercial motorized guided tours in the Scottsdale McDowell Sonoran Preserve.

Presenter(s): Kroy Ekblaw, Preserve Director

Staff Contact(s): Kroy Ekblaw, Preserve Director, 480-312-7064, kekblaw@scottsdaleaz.gov

Preserve Director Kroy Ekblaw gave a PowerPoint presentation (attached) on the options for addressing commercial motorized guided tours in the Preserve.

Discussion:

- In response to concerns about conflicts between equestrian, hikers, and jeeps, Mr. Ekblaw reported that there is no history of conflict between users.
- In response to concerns about potential City liability, Mr. Ekblaw stated that there are insurance requirements for all commercial operators and that Risk Management will be consulted.
- Mr. Ekblaw said trail maintenance is done through efforts by staff and volunteers.

Mayor Lane opened public testimony.

The following individuals spoke in support of allowing commercialized motorized jeep tours in the Preserve:

- J. Kelly Reading, Scottsdale citizen
- Joe Galli, North Scottsdale Chamber of Commerce
- Todd Masden, Scottsdale citizen
- Doreen O'Connell, Arizona Desert Events
- Bob Stapleton, Phoenix resident
- David McMaster, Wayward Wind
- Jim Reid, Wayward Wind
- James Victers, Wayward Wind
- Matt Obele, Scottsdale Citizen
- Ed Quihuis, Arizona Classic Jeep Tours
- Susan Wheeler, Scottsdale citizen
- Lois Fitch, Scottsdale citizen
- Mary Jordan, Wayward Wind

The following individuals spoke in opposition to allowing commercialized motorized jeep tours in the Preserve:

- Howard Myers, Scottsdale citizen
- James Heitel, Scottsdale citizen
- Fred Klein, Scottsdale citizen
- Con Englehorn, Scottsdale citizen
- Tom Headley, McDowell Sonoran Conservancy

Mayor Lane closed public testimony.

MOTION - ITEM 29

Mayor Lane made a motion to direct staff to take the steps necessary to allow commercial motorized guided tours in the Scottsdale McDowell Sonoran Preserve for a temporary, one-year trial period. Councilman Littlefield seconded the motion.

Discussion:

- Councilmembers stressed the importance of making the Preserve welcoming to everyone.
- A Councilmember opined that the only way to allow motorized vehicles in the Preserve is to put the question on the ballot.

ALTERNATE MOTION - ITEM 29

Councilman Phillips made an alternate motion to allow the three current tour operators one last season and then close the area to motorized vehicles. Vice Mayor Klapp seconded the motion.

Discussion:

- City Attorney Bruce Washburn noted a concern from staff that licenses cannot be limited to a preselected group of people. He said there should be an open and competitive process if the City's permission has an economic value to it. He added that the Preserve Director has the authority to make guidelines on the process to ensure permissions are consistent with the Preserve ordinance.
- Mr. Ekblaw added that the use permit process will include a selection process, education requirements, and limitation to jeep-type vehicles. Applicants will be required to meet certain criteria and the total number of tours could be limited.

VOTE ON ALTERNATE MOTION - ITEM 29

The Council vote on the motion to allow the three current tour operators one last season and then close the area to motorized vehicles failed 2/5, with Mayor Lane and Councilmembers Korte, Littlefield, Milhaven, and Robbins dissenting.

VOTE ON MOTION - ITEM 29

The Council vote on the motion to direct staff to take the steps necessary to allow commercial motorized guided tours in the Scottsdale McDowell Sonoran Preserve for a temporary, one-year trial period carried 4/3, with Vice Mayor Klapp and Councilmembers Korte and Phillips dissenting.

30. League of Arizona Cities and Towns Annual Membership Dues

Request: Adopt **Resolution No. 9423** authorizing payment of annual membership dues in the amount of \$88,250 to the League of Arizona Cities and Towns for FY 2013/14.

Presenter(s): Brad Lundahl, Government Relations Director

Staff Contact(s): Brad Lundahl, Government Relations Director, 480-312-2683,
blundahl@scottsdaleaz.gov

Government Relations Director Brad Lundahl gave a presentation (attached) on the League of Arizona Cities and Towns annual membership dues.

MOTION AND VOTE - ITEM 30

Councilmember Korte made a motion to adopt Resolution No. 9423 authorizing payment of annual membership dues in the amount of \$88,250 to the League of Arizona Cities and Towns for FY 2013/14. Councilman Phillips seconded the motion, which carried 7/0.

Mayor Lane declared a conflict of interest on Item 30A and left the dais.

30A. Arizona Council for International Visitors Contract

Request: Adopt **Resolution No. 9352** to authorize:

1. Contract No. 2013-043-COS, in the amounts of \$75,500 for FY 2013/14 and \$75,500 for FY 2014/15, with the Arizona Council for International Visitors, Inc. (formerly known as the World Affairs Council), to assist international visitors, provide protocol services, and provide office space for the Scottsdale Sister Cities Association.
2. A budget transfer of \$43,701 from the FY 2013/14 General Fund operating contingency to the City Manager's General Fund operating budget (\$31,299 was included in the FY 2013/14 adopted budget) to cover the costs of the contract.

Presenter(s): Brad Lundahl, Government Relations Director

Staff Contact(s): Brad Lundahl, Government Relations Director, 480-312-2683,
blundahl@scottsdaleaz.gov

Government Relations Director Brad Lundahl gave a PowerPoint presentation (attached) on the Arizona Council for International Visitors.

A Councilmember asked staff to look at the possibility of using Bed Tax dollars in the future, instead of contingency funds.

Vice-Mayor Klapp opened public testimony.

The following individuals spoke regarding the activities of the Arizona Council for International Visitors:

- Michael Casper, Arizona Council for International Visitors
- Sue Reiner, Arizona Council for International Visitors
- James Liffiton, Arizona Council for International Visitors
- Suzanne Kinney, Arizona Council for International Visitors
- Michael Patterson, Arizona Council for International Visitors

Vice Mayor Klapp closed public testimony.

MOTION AND VOTE - ITEM 30A

Councilmember Korte made a motion to adopt Resolution No. 9352 authorizing: (1) Contract No. 2013-043-COS, in the amounts of \$75,000 for FY 2013/14 and \$75,000 for FY 2014/15, with the Arizona Council for International Visitors, Inc. (formerly known as the World Affairs Council), to assist international visitors, provide protocol services, and provide office space for the Scottsdale Sister Cities Association; and (2) a budget transfer of \$43,701 from the FY 2013/14 General Fund operating contingency to the City Manager's General Fund operating budget. Councilwoman Milhaven seconded the motion, which carried 6/0, with Mayor Lane declaring a conflict of interest.

Mayor Lane returned to the dais.

31. Public Hearing and Adoption of Fiscal Year 2013/14 City Court Default Fee

Requests:

1. Accept citizen comments at a public hearing regarding the proposed City Court default fee increase.
2. Adopt **Ordinance No. 4084** amending Scottsdale Revised Code, Chapter 9, Section 9-7.3, City Court Default Cost, to increase cost to \$65, effective August 1, 2013.

Presenter(s): Joseph Olcavage, Presiding Judge

Staff Contact(s): David N. Smith, City Treasurer, 480-312-2364, dasmith@scottsdaleaz.gov

Presiding Judge Joseph Olcavage gave a presentation (attached) on the City Court Default Fee increase.

MOTION AND VOTE - ITEM 31

Councilman Phillips made a motion to adopt Ordinance No. 4084 amending Scottsdale Revised Code, Chapter 9, Section 9-7.3, City Court Default Cost, to increase cost to \$65, effective August 1, 2013. Councilmember Korte seconded the motion, which carried 7/0.

32. Fiscal Year 2013/14 Property Tax Levies

Request: Adopt **Ordinance No. 4085** assessing the City of Scottsdale FY 2013/14 primary and secondary property tax levies.

Presenter(s): Lee Guillory, Finance Director

Staff Contact(s): David N. Smith, City Treasurer, 480-312-2364, dasmith@scottsdaleaz.gov

Finance Director Lee Guillory gave a PowerPoint presentation (attached) on the FY 2013/14 Property Tax Levies.

MOTION AND VOTE - ITEM 32

Councilman Robbins made a motion to adopt Ordinance No. 4085 assessing the City of Scottsdale FY 2013/14 primary and secondary property tax levies. Councilwoman Milhaven seconded the motion, which carried 6/1, with Councilman Littlefield dissenting.

33. Fiscal Year 2013/14 Streetlight Property Tax Levies

Request: Adopt **Ordinance No. 4086** assessing the FY 2013/14 streetlight property tax levy by district.

Presenter(s): Lee Guillory, Finance Director

Staff Contact(s): David N. Smith, City Treasurer, 480-312-2364, dasmith@scottsdaleaz.gov

Finance Director Lee Guillory gave a PowerPoint presentation (attached) on the FY 2013/14 Streetlight Property Tax Levies.

MOTION AND VOTE - ITEM 33

Councilman Robbins made a motion to adopt Ordinance No. 4086 assessing the FY 2013/14 streetlight property tax levy by district. Councilwoman Milhaven seconded the motion, which carried 7/0.

(Items 34 and 35 were heard after Item 36.)

36. Monthly Financial Update

Requests:

1. Receive, discuss, and provide possible direction on the City Treasurer's monthly financial presentation as of May 2013.
2. Presentation and discussion on Accounting and Financial Reporting for Pensions.

Presenter(s): Joyce Gilbride, Accounting Director; David N. Smith, City Treasurer

Staff Contact(s): David N. Smith, City Treasurer, 480-312-2364, dasmith@scottsdaleaz.gov

Accounting Director Joyce Gilbride gave a PowerPoint presentation (attached) on the City's financial status as of May 2013.

City Treasurer David Smith gave a PowerPoint presentation (attached) on the Government Accounting Standards Board Statement No. 68 pertaining to financial reporting for pensions.

34. City Treasurer Recruitment

Request: Discuss, consider, and take possible action regarding the recruitment, employment, assignment, reassignment, appointment, promotion, and/or compensation and benefits of a City Treasurer.

Presenter(s): Bernadette La Mazza, Acting Human Resources Executive Director

Staff Contact(s): Bernadette La Mazza, Acting Human Resources Executive Director, 480-312-7237, blamazza@scottsdaleaz.gov

MOTION AND VOTE - RECESS TO EXECUTIVE SESSION

Councilman Littlefield made a motion to recess into Executive Session to: (1) discuss and consider recruitment, employment, assignment, reassignment, appointment, promotion, and/or compensation and benefits of a City Treasurer and/or an Acting City Treasurer; and/or (2) discuss and consult with the attorneys and representatives of the public body for legal advice and to consider its position regarding same. A.R.S. §38-431.03(A)(1) and (A)(3). Councilwoman Milhaven seconded the motion, which carried 6/0. (Vice Mayor Klapp had stepped away from the dais.)

At 9:14 P.M., the Council recessed into Executive Session.

35. Acting City Treasurer Appointment

Request: Discuss, consider, and take possible action regarding the recruitment, employment, assignment, reassignment, appointment, promotion, and/or compensation and benefits of an Acting City Treasurer.

Presenter(s): Bernadette La Mazza, Acting Human Resources Executive Director

Staff Contact(s): Bernadette La Mazza, Acting Human Resources Executive Director, 480-312-7237, blamazza@scottsdaleaz.gov

At 9:32 P.M., the Council reconvened the Regular Meeting.

MOTION AND VOTE - ITEM 35

Councilman Robbins made a motion to: (1) appoint Lee Guillory as Acting City Treasurer, effective July 5, with the same compensation as the current City Treasurer; (2) direct staff to conduct an internal recruitment

for a City Treasurer as soon as possible; and (3) allow Ms. Guillory to apply for the City Treasurer position. Councilwoman Milhaven seconded the motion, which carried 7/0.

PUBLIC COMMENT – None

CITIZEN PETITIONS

37. Receipt of Citizen Petitions

Request: Accept and acknowledge receipt of citizen petitions. Any member of the Council may make a motion, to be voted on by the Council, to: (1) Direct the City Manager to agendaize the petition for further discussion; (2) direct the City Manager to investigate the matter and prepare a written response to the Council, with a copy to the petitioner; or (3) take no action.

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

No citizen petitions were received.

MAYOR AND COUNCIL ITEMS – None

ADJOURNMENT

With no further business to discuss, the Regular Meeting adjourned at 9:35 P.M.

SUBMITTED BY:



Carolyn Jagger
City Clerk

Officially approved by the City Council on

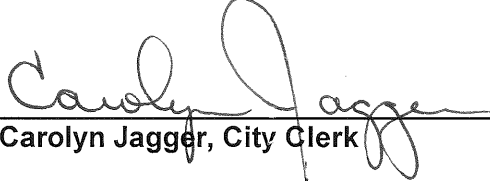
August 19, 2013

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 18th day of June 2013.

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

DATED this 19th day of August 2013.

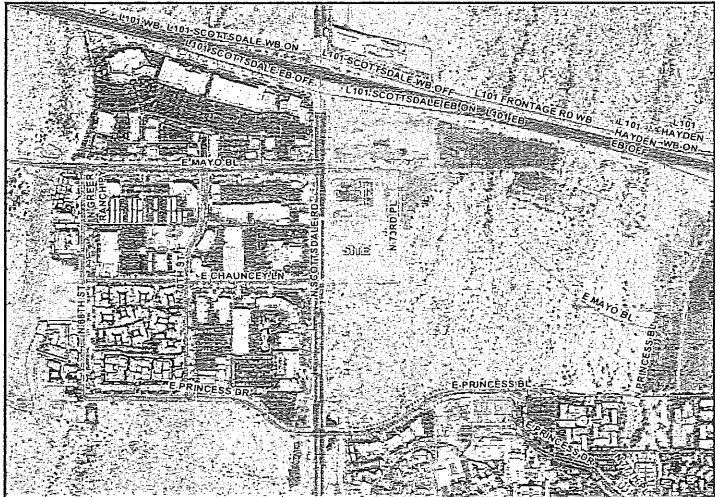


Carolyn Jagger, City Clerk

**Crossroads East
(Diversified Partners)**

19-ZN-2002#3
City Council
June 18, 2013
Planner: Greg Bloemberg

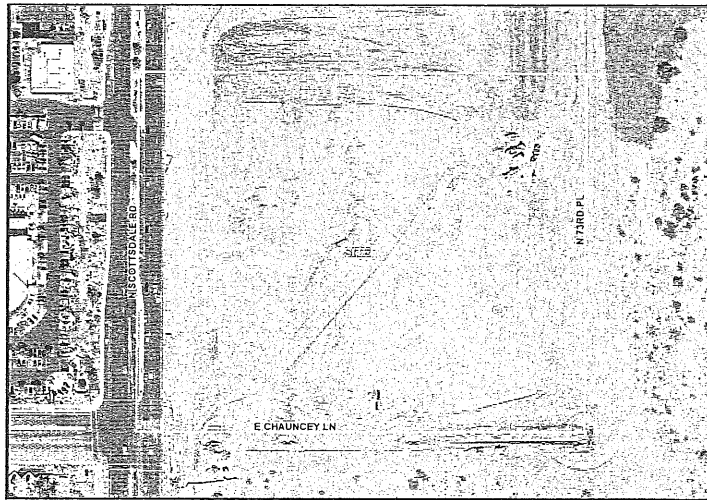
Crossroads East (Diversified Partners)



CONTEXT AERIAL

19-ZN-2002#3

Crossroads East (Diversified Partners)

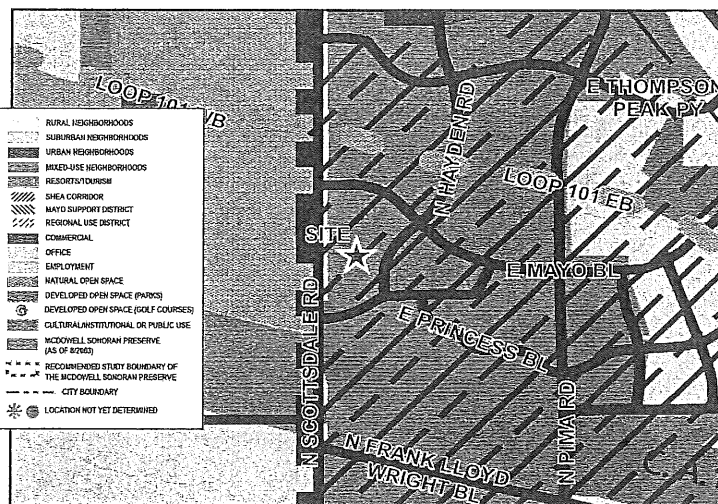


CLOSE AERIAL



19-ZN-2002#3

Crossroads East (Diversified Partners)

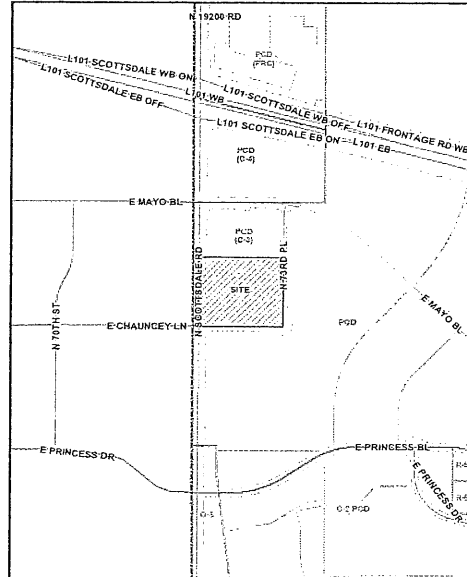


EXISTING LAND USE



19-ZN-2002#3

Crossroads East (Diversified Partners)



ZONING MAP

19-ZN-2002#3

Crossroads East

ZONING HISTORY:

- 19-ZN-2002: Approved a Development Plan for the +/- 1,000 acre Crossroads East Planned Community District (PCD), adopted comparable zoning districts, and amended site development standards in the comparable zoning districts
- 19-ZN-2002#2: Approved an amendment to the Development Plan by adding a zoning district (C-3 w/ amended development standards) and increasing the overall number of multi-family dwelling units allowed for the entire project
- Crossroads East Master Plan overseen by the Arizona State Land Department (ASLD)
- Distribution of zoning and land uses ultimately determined by ASLD

PCD District

CHARACTERISITICS:

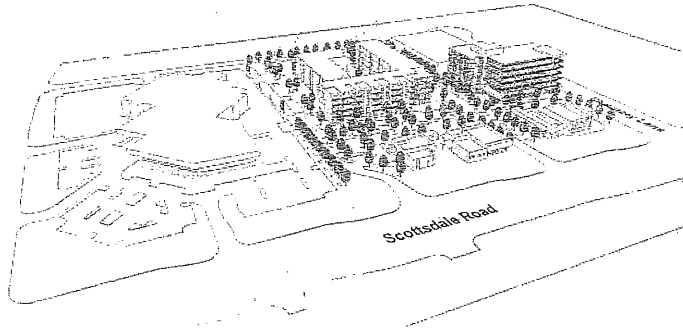
- Only available for project sites in excess of 160 acres (outside of designated redevelopment areas)
- Comparable zoning districts regulate land use
- Site development standards for comparable zoning districts can be amended as part of a zoning action
- PCD findings must be addressed for any new application or amendment to existing PCD

Amended Site Development Standards

* Proposed amendments applicable to project site only as part of Development Plan.

Site Development Standard	Previously Approved (19-ZN-2002)	Proposed Amendment (19-ZN-2002#3)
Floor Area Ratio (0.8 with restrictions on percentage of FAR for office and residential)	0.8 (no change to percentages for office and residential)	0.8 (eliminate restrictions on office and residential)
Building Height (60 feet, except as otherwise provided in Article VII)	60 feet (exclusive of rooftop appurtenances, measured from the first finished floor elevation)	97 feet (inclusive of mechanical, measured from first finished floor elevation)
Property Size (not less than 25 acres gross)	No change	Eliminate

Crossroads East (Diversified Partners)



Conceptual Aerial View
Looking Southwest
4/10/10

Based on the proposed preliminary 7-acre site plan which shows an estimated 100,000 sq ft of office space.

Robert Kohler Architects
and Associates, Inc.
Architects/Engineers
2001 Thomas Road, Suite 1000, Scottsdale, AZ 85261

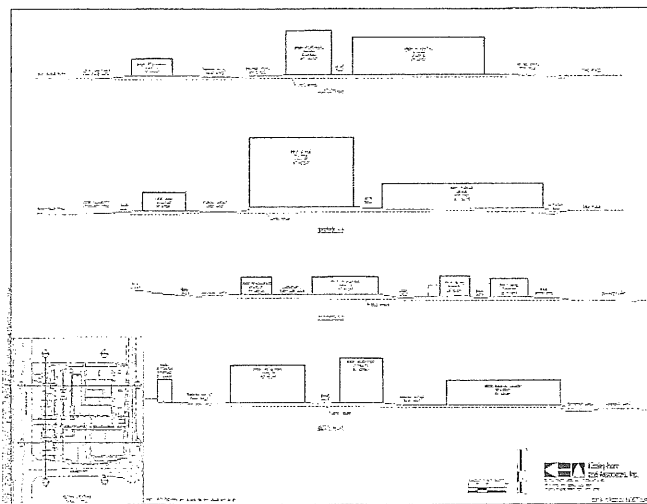
Crossroads East
SCOTTSDALE, ARIZONA
04/10/2010



AERIAL PERSPECTIVE

19-ZN-2002#3

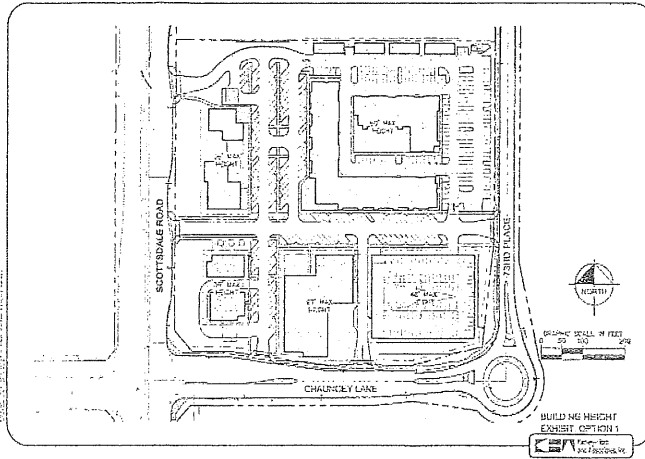
Crossroads East (Diversified Partners)



SITE CROSS-SECTIONS

19-ZN-2002#3

Crossroads East (Diversified Partners)



BUILDING HEIGHT EXHIBIT

19-ZN-2002#3

Crossroads East (Diversified Partners)

19-ZN-2002#3

City Council

June 18, 2013

Planner: Greg Bloemberg

Commercial Motorized Guided Tours

June 18th City Council

- Staff is seeking City Council Direction on Options:
 1. No commercial motorized guided tours
 2. Allow commercial motorized guided tours
 - A. Temporary – One Year Trial Period
 - B. Permanent – requires Ordinance amendment

- Staff will implement as directed
 1. No tours – No further action required
 2. Allow tours
 - A. Temporary – implement Trial Period by September 2013
 - B. Permanent – Ordinance amendment to return to CC ASAP
– *Implement by September 2013?*

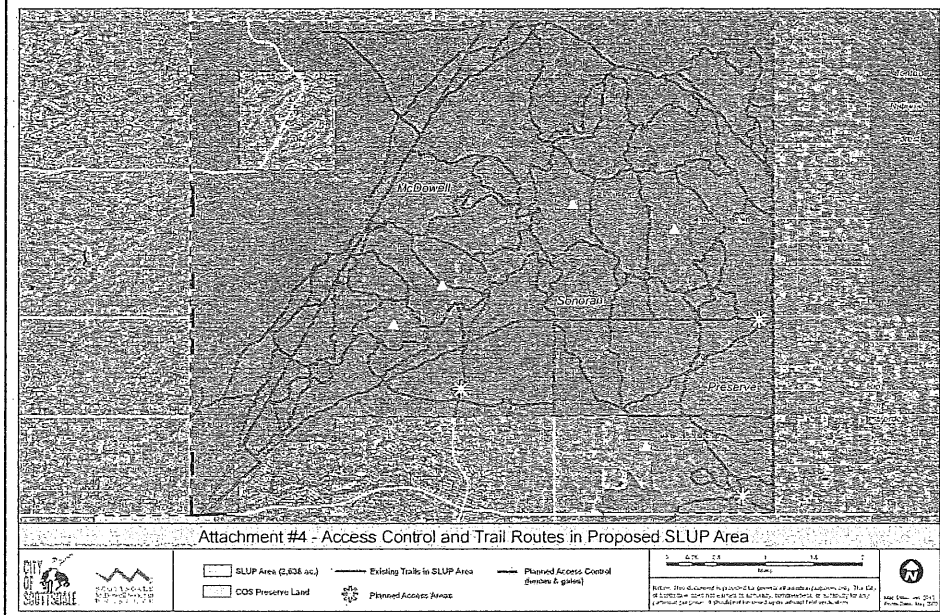
Commercial Motorized Guided Tours

- 3 Jeep Tour Operators were allowed by ASLD
 - On lands north of Dynamite and east of 118th Street

- COS had been pursuing a SLUP on these lands
 - COS would have then managed the Operators for ASLD
 - Acquisition of land occurred prior to SLUP approval

- With COS acquiring these Preserve lands
 - Preserve ordinance now controls (Not ASLD SLUP)
 - Ordinance prohibits Motorized vehicles
 - Operators have been informed tour access ended June 1st, 2013

Approved SLUP Area 2013



Commercial Motorized Guided Tours

- 3 Jeep Tour Operators have requested to be allowed to continue Tours
- McDowell Sonoran Preserve Commission asked staff to outline options
 - No option to extend or sunset SLUP
 - SLUP - agreement w/ASLD and did not transfer to COS
 - No option to Grandfather Use
 - That is a Zoning Ord. issue and this is controlled by the Preserve Ord.
 - Preserve Ordinance Options
 1. Ordinance does not allow motorized vehicles – thus no tours
 2. Allow commercial motorized guided tours
 - A. Temporary – One Year Trial Period by Director Approval of Special Use
 - B. Permanent – requires Ordinance amendment

Commercial Motorized Guided Tours

- McDowell Sonoran Preserve Commission reviewed options on May 2nd and May 30th
- Commission voted on two Motions on May 30th:
 - 5-2 - recommending making no change to Ordinance
 - 3-4 - failed to direct staff to implement Trial Period
- Thus Commission did not support Tours
- Operators are asking Council for direction to allow tours

PROCESS OUTLINE AND OPTIONS FOR CONSIDERATION OF COMMERCIAL MOTORIZED GUIDED TOURS IN THE MCDOWELL SONORAN PRESERVE

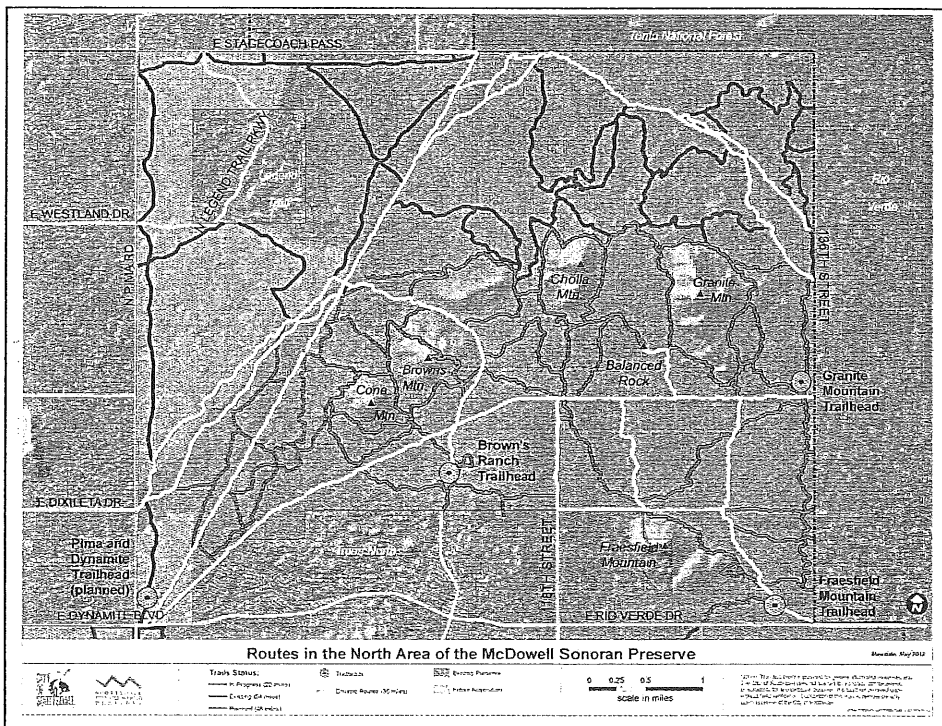
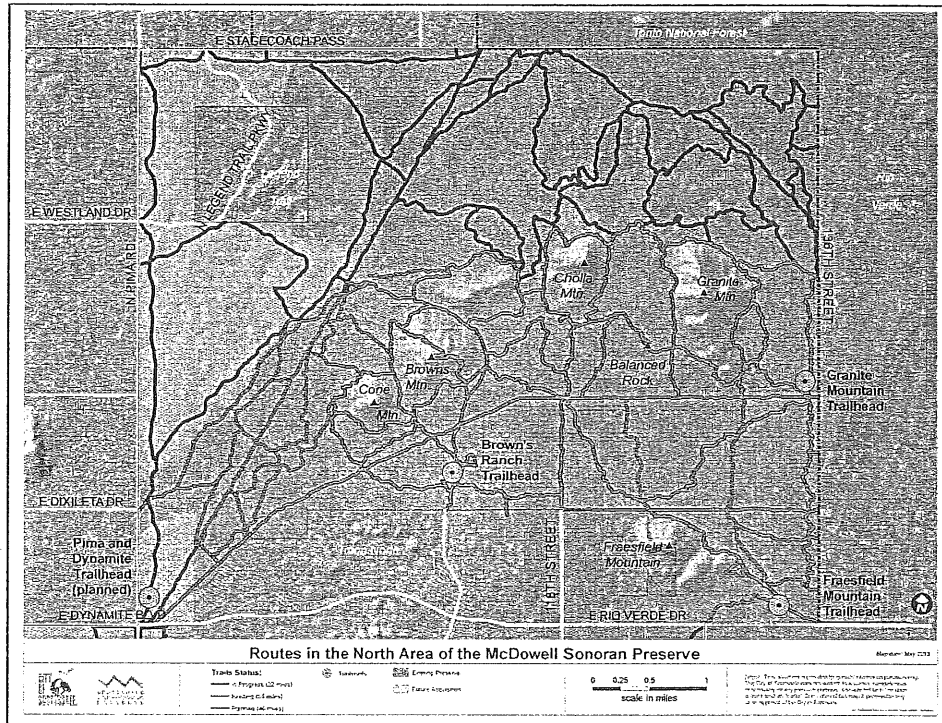
Special Use Permit w/ restrictions -

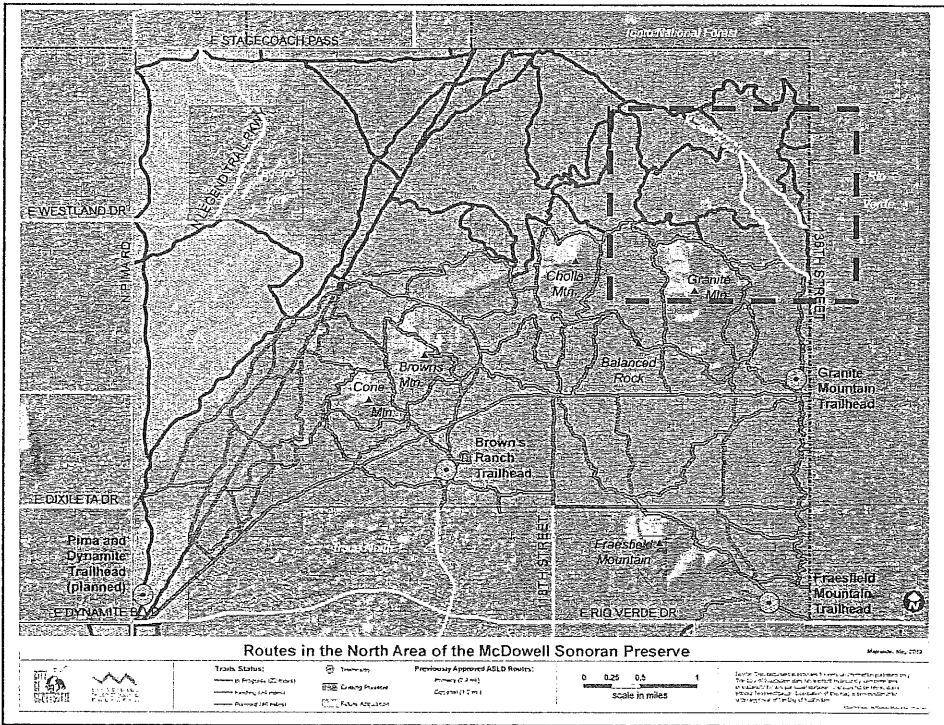
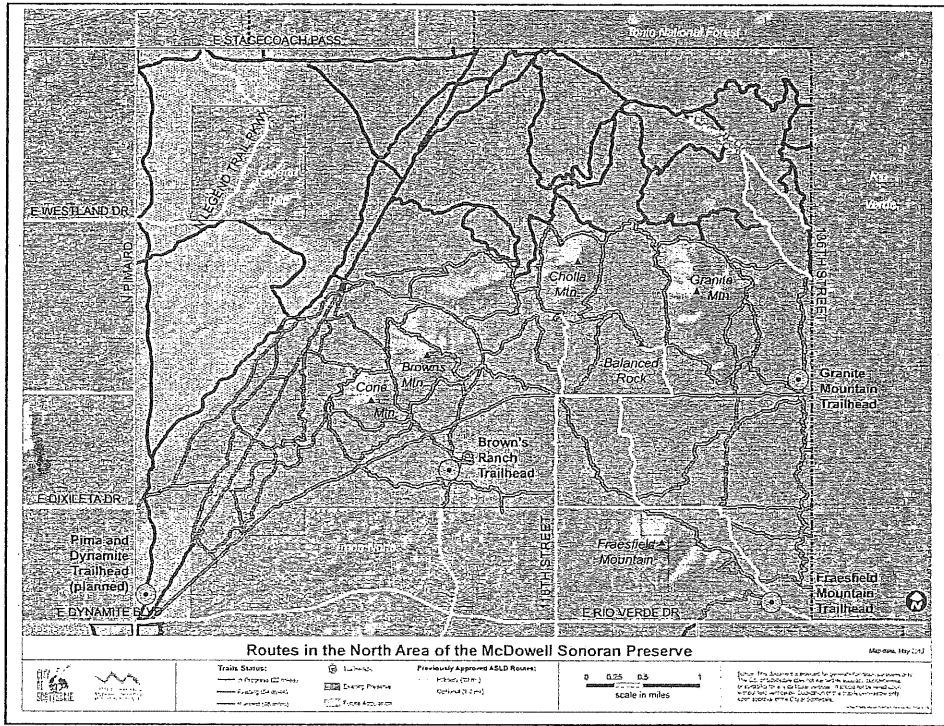
- Trial period for 9 mos. (September 2013-May 2014)
- Location, Guidelines and Selection process, including \$3.50 fee/user day (See attachments 3A, 3B and 3C)
- Compliance with all other Ordinance and policy requirements

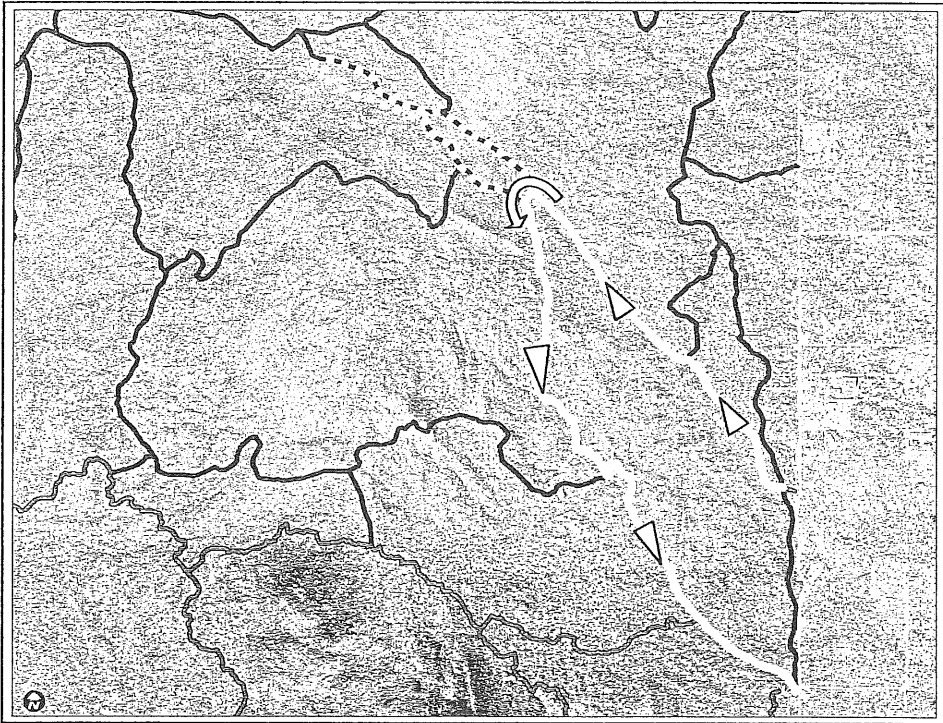
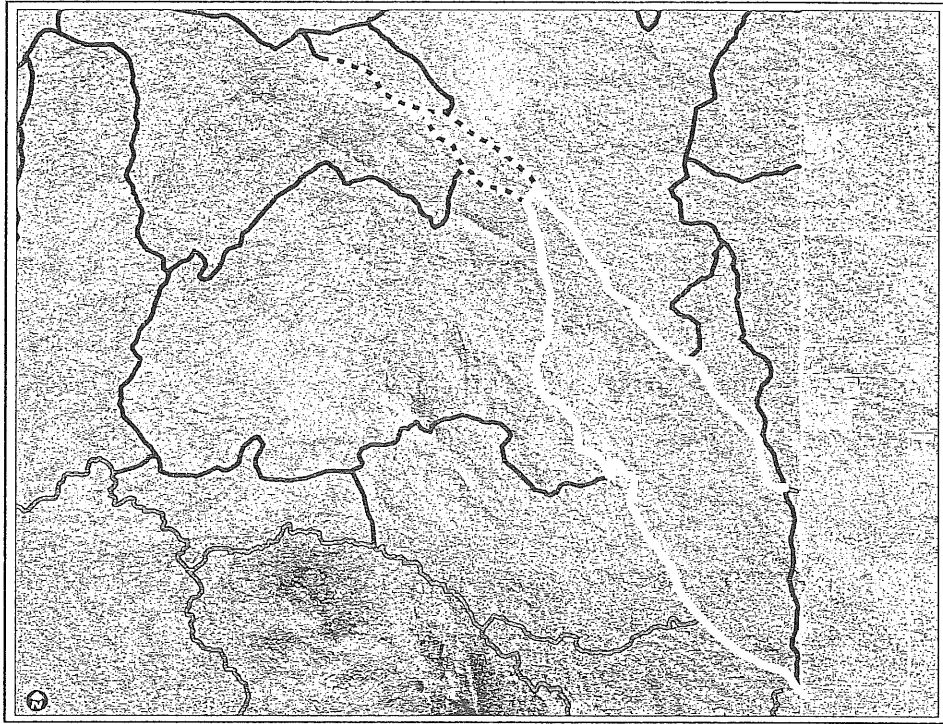
Location to be limited to trails 3 and 4 (See attachment 3A)
-2.4 miles of primary route
-1.2 miles of optional route

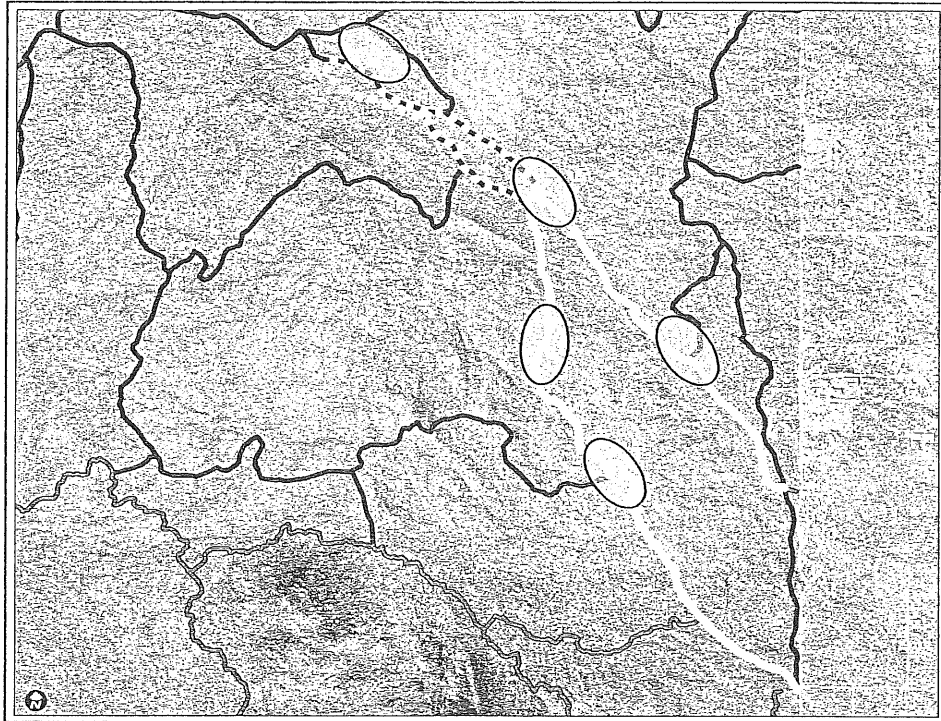
Attachment 1

Educational tours w/ details of site flora, fauna, geology, history, fossils or other communities
Tour/education experience (in area or similar areas) - performed
Promote scientific and provide access to lands and visitors who may enjoy and have disabilities or other limitations









PROCESS OUTLINE AND OPTIONS FOR CONSIDERATION OF COMMERCIAL MOTORIZED GUIDED TOURS IN THE MCDOWELL SONORAN PRESERVE

NO

Limits

- Tour must be education based (**See attachment 3B**)
- Driver/Guides – for each vehicle on the tour
- Dust control regulations (no boulder crawls, jumps, etc.)
 - Speed = slow (5 to 10 mph)
 - Passenger Vehicle – Jeep/SUV type/size

Selection

- Process –must meet all specific Criteria (**See attachment 3C**)
- Educational Basis w/ details of info Flora, Fauna, Geology, History,
 - Pamphlets or other communication
- Tour/Education Experience (in area or similar areas) - references
- Promote Scottsdale and provide access to locals and visitors who may or may not have disabilities or other limitations

Commercial Motorized Guided Tours

- Staff is seeking City Council Direction on Options:
 1. No commercial motorized guided tours
 2. Allow commercial motorized guided tours
 - A. Temporary – One Year Trial Period
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 - A. Temporary – implement Trial Period by September 2013
 - B. Permanent –Ordinance amendment to return to CC ASAP
– *Implement by September 2013?*

Item 30

League of Arizona Cities and Towns

June 18, 2013

League of Cities and Towns

- League of Arizona Cities and Towns formed in 1937.
- Advocate on behalf of Arizona's incorporated cities and towns.
- City of Scottsdale has been dues paying member since incorporation 1951.
- Currently 91 city and town members.

League of Cities and Towns

- League's operations overseen by Executive Director (Ken Strobeck)
- Policies are developed by 25-member Executive Committee (Mayor Lane).

League of Cities and Towns

- Annual dues are based on a city or town's population.
- Annual dues are \$88,250 this year for the City of Scottsdale.
- Resolution No. 9423 authorizes payment of dues for FY 13-14.

***League of Cities and Towns
Recommended Action***

- Adopt Resolution No. 9423, authorizing payment of annual membership dues in the amount of \$88,250 to the League of Arizona Cities and Towns for FY2013/14.

Item 30A

***Arizona Council for
International Visitors***

June 18, 2013

***Arizona Council for
International Visitors***

- The non-profit AZ-CIV was founded in 1964 and moved from Phoenix to Scottsdale in the 1980's.
- The City of Scottsdale has contracted with the AZ-CIV since 1994 to:
 - provide protocol services for international visitors to the City;
 - schedule international visits to the City;
 - schedule visits as the local arm of the National Council for International Visitors – affiliated with the U.S. State Department.

Arizona Council for International Visitors

- The *mission* of the AZ-CIV is to develop citizen diplomats in public and business sectors through education and awareness of international issues and by providing a broader understanding of world cultures and global affairs through the hosting of foreign leaders.

Arizona Council for International Visitors

- Promote business and social contacts between U.S. and foreign visitors.
- Assist Scottsdale officials when meeting foreign dignitaries.
- Provide training to Scottsdale on international protocol, cross-culture communications and business negotiations.
- Respond to international requests for information on Scottsdale.

Arizona Council for International Visitors

- In the past two years, AZ-CIV has brought approximately 600 visitors from 34 countries from around the world to Scottsdale.
- The AZ-CIV also provides office space for the Scottsdale Sister Cities organization.

Arizona Council for International Visitors

- Scottsdale based organization
- 12 member Board of Directors
- 6 member Executive Board

Annual Fees

FY07-09	\$31,178
FY 09-11	\$31,178
FY11-13	\$29,619
FY 13-15	\$75,000 (requested)

Arizona Council for International Visitors

- AZ-CIV requesting \$75,000 in FY13/14 and FY14/15.
- Additional services are included in the contracts scope of work and also illustrated in the AZ-CIV request letter (Attachment 3).

Additional Services

- Hiring additional staff, and training existing staff to pursue increased U.S. State Department International Visitor Leadership Program (IVLP) programs to Arizona.
- Develop and administer further international exchange programs in addition to the IVLP.

Additional Services

- Increase the visibility of the program through increased use of social and electronic media, specifically by creating records and archives for every visitor to Arizona.
- Improve the quality of the AZ-CIV programs by incorporating more participation with the City of Scottsdale.

Council Options

- **Option 1** - Adopt Resolution No. 9352 authorizing Contract No. 2013-043-COS, for \$75,000 in FY2013/14 and \$75,000 in FY 2014/15, with the Arizona Council for International Visitors
- Authorize a budget transfer of \$43,701 from the FY 2013/14 General Fund operating contingency to the City Manager's General Fund operating.

Council Options

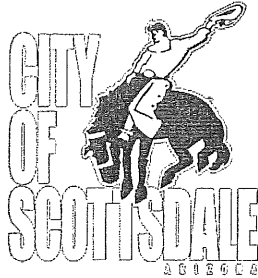
- **Option 2** - Amend Resolution No. 9352 and Contract No. 2013-044-COS to establish an optional funding level for the AZ-CIV contract.
- Authorize staff to make the necessary changes to the contract's scope-of-work to reflect the established funding level.

Council Options

- **Option 3** - Do not approve Contract No. 2013-044-COS eliminating funding to the AZ-CIV. The AZ-CIV would need to seek alternative funding sources or eliminate services provided to the City of Scottsdale.

Questions?

- For more information, contact the City of Scottsdale Government Relations Office



FY 2013/14 Court Fees

City Council, June 18, 2013

City Court



- Court Default Fee
 - Authority for the city to create fees for courts is allowed by A.R.S. 22-404
 - This fee is imposed on each default judgment entered for failure to appear in a civil violation or a civil traffic violation case, or for failure to satisfy in full, a civil sanction imposed in a civil violation or civil traffic violation case
 - Proposed change to Court Default Cost from \$50 to \$65
 - Change represents a 30% increase
 - Anticipated additional annual revenue in General Fund for FY 2013/14 is \$77,805
 - New rate effective August 1, 2013

City Court Default Fees Staff Recommendation

- **Adopt Ordinance 4084, amending Scottsdale Revised Code 9-7.3, City Court Default Cost to \$65 effective August 1, 2013**



FY 2013/14 Property Tax Rates and Levies



City Council, June 18, 2013

Background

	FY 12/13	FY 13/14
Primary Levy	\$25.485M	\$25.655M
Secondary Levy	<u>\$36.702M</u>	<u>\$36.712M</u>
Total Levy	\$62.187M	\$62.367M
<u>Rate per \$100 of AV:</u>		
Primary Tax Rate	\$.5027	\$.5342
Secondary Tax Rate	<u>\$.7225</u>	<u>\$.7604</u>
Combined Tax Rate	\$1.2252	\$1.2946

Action

Adopt Ordinance No. 4085 assessing the FY13/14 primary and secondary property tax levies

**FY 2013/14 Streetlight Improvement District
(SLID) Property Tax Levies**



City Council, June 18, 2013

Background

	FY 12/13	FY 13/14
Estimated Streetlight Energy Costs	\$572,308	\$565,508
Less: Accumulated Reserves *	<16,068>	<159,370>
Less: FY 11/12 Maintenance Refund	0	<9,363>
Net Levy:	\$556,240	\$396,775

* estimated to have approximately \$50,000 in reserves for FY 2014/15

- 355 Streetlight Districts, approximately 33,750 properties

Action

Adopt Ordinance No. 4086 assessing the FY13/14 streetlight property tax levies by district

Item 36

Joyce Gilbride
Presentation

Monthly Financial Update As of May 31, 2013

City Council
June 18, 2013
Prepared by: Finance and Accounting Division

General Fund Operating Sources May 2013: Fiscal Year to Date

(in millions: rounding differences may occur)

Sources Category	FY 10/11	FY 11/12	FY 12/13	FY 12/13	Actual vs. Budget	
	Actual	Actual	Actual	Budget	Fav/(Unf)	%
Sales Tax: 1.0% General Purpose	\$73.5	\$77.7	\$81.0	\$81.7	(\$0.7)	(1%)
0.1% Public Safety	7.1	7.5	7.9	7.9	-	-
State Shared: Sales Tax	16.3	15.5	16.2	16.6	(0.5)	(3%)
Revenue	20.9	16.8	20.4	20.4	-	-
Auto Lieu Tax	7.1	6.7	6.6	6.7	(0.1)	(2%)
Property Taxes (Primary)	22.2	21.0	22.8	22.8	-	-
Franchise Fees/In-Lieu Tax	10.3	10.6	11.0	10.3	0.7	7%
Other: Licenses, Permits & Fees	7.5	7.5	7.5	7.4	-	-
Fines & Forfeitures	6.4	6.8	6.3	6.4	(0.1)	(1%)
Miscellaneous	8.2	8.6	8.8	5.4	3.4	63%
Building Permits	6.5	7.7	10.4	7.8	2.7	34%
Interest Earnings	1.6	0.7	1.3	1.0	0.3	26%
Indirect Cost Allocations	12.7	7.9	6.4	6.5	-	-
Transfers In	10.9	9.1	6.6	7.3	(0.7)	(9%)
<i>Subtotal Operating Sources</i>	<i>\$211.2</i>	<i>\$204.2</i>	<i>\$213.2</i>	<i>\$208.2</i>	<i>\$5.0</i>	<i>2%</i>
Bond Proceeds*	-	-	31.0	31.0	-	-
Bed Taxes	11.8	12.4	-	-	-	-
<i>Total Operating Sources</i>	<i>\$223.1</i>	<i>\$216.6</i>	<i>\$244.2</i>	<i>\$239.2</i>	<i>\$5.0</i>	<i>2%</i>

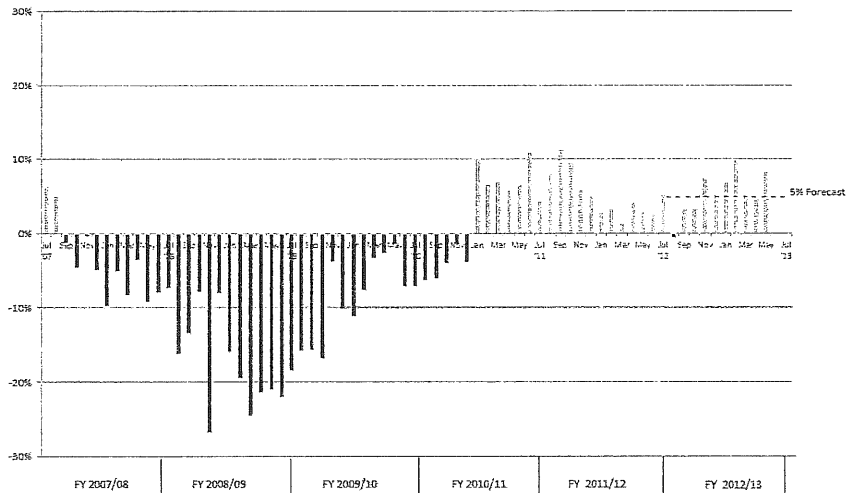
* To fund the Nordstrom Garage Lease Payoff

General Fund Operating Sources: Sales Tax May 2013: Fiscal Year to Date

(in millions: rounding differences may occur)

1.0% Sales Tax Category	FY 10/11	FY 11/12	FY 12/13	FY 12/13	Actual vs. Budget	
	Actual	Actual	Actual	Budget	Fav/(Unf)	%
<i>Consumer Spending:</i>						
Small retail stores	\$11.9	\$12.9	\$13.3	\$14.2	(\$0.9)	(6%)
Large retail stores	8.2	8.4	8.5	8.9	(0.4)	(5%)
Misc goods & services	5.3	5.4	6.3	5.6	0.7	12%
Grocery & convenience	5.7	5.8	5.9	5.9	-	-
Auto sales & maintenance	8.1	8.8	9.9	9.6	0.3	3%
<i>Tourism/Entertainment:</i>						
Hotel lodging & misc sales	3.8	3.9	4.1	4.0	0.2	4%
Restaurants & bars	6.6	7.1	7.3	7.6	(0.2)	(3%)
<i>Business:</i>						
Construction	6.7	7.3	7.9	8.8	(0.9)	(10%)
Rental	10.7	10.8	11.3	10.9	0.4	4%
Utilities	4.1	4.0	4.0	4.1	(0.1)	(2%)
Licenses, penalties/interest	2.0	2.0	2.0	2.2	(0.2)	(9%)
<i>Subtotal 1.0% Sales Tax</i>	<i>\$72.9</i>	<i>\$76.5</i>	<i>\$80.6</i>	<i>\$81.7</i>	<i>(\$1.1)</i>	<i>(1%)</i>
Large Audit Adjustments	0.6	1.1	0.5	0.0	0.5	
<i>Total 1.0% Sales Tax</i>	<i>\$73.5</i>	<i>\$77.7</i>	<i>\$81.0</i>	<i>\$81.7</i>	<i>(\$0.7)</i>	<i>(1%)</i>

General Fund Sales Tax: 1.0% General Purpose – Year over Year Change (excluding large audit adjustments)



General Fund Operating Uses: by Category May 2013: Fiscal Year to Date

(in millions: rounding differences may occur)

Category	FY 10/11	FY 11/12	FY 12/13	FY 12/13	Actual vs. Budget	
	Actual	Actual	Actual	Budget	Fav/(Unf)	%
Personnel Services*:						
Salaries & Wages	\$109.4	\$103.3	\$103.7	\$104.1	\$0.4	-
Overtime	5.2	5.9	6.3	5.3	(0.9)	(17%)
FICA	7.5	7.2	7.1	7.2	0.1	1%
Retirement	12.1	12.6	14.5	14.4	(0.1)	(1%)
Health/Dental & Misc	10.8	12.6	13.7	14.0	0.3	2%
<i>Total Personnel Services</i>	<u>\$145.0</u>	<u>\$141.6</u>	<u>\$145.3</u>	<u>\$145.0</u>	<u>(\$0.3)</u>	<u>0%</u>
Contractual, Commodities, Capital Outlay	48.6	45.5	49.9	52.1	2.2	4%
<i>Total Operating Expenses</i>	<u>\$193.6</u>	<u>\$187.1</u>	<u>\$195.2</u>	<u>\$197.1</u>	<u>\$1.9</u>	<u>1%</u>
Debt Serv. & Contracts	3.8	7.8	33.9**	33.9**	-	-
Transfers Out	7.3	10.4	3.4	3.0	(0.4)	(13%)
<i>Total Operating Uses</i>	<u>\$204.7</u>	<u>\$205.3</u>	<u>\$232.5</u>	<u>\$234.1</u>	<u>\$1.6</u>	<u>1%</u>
*Pay Periods thru May:	24	24	24			

** The Nordstrom Garage Lease Payoff

General Fund Operating Uses: by Division May 2013: Fiscal Year to Date

(in millions: rounding differences may occur)

Division	FY 10/11	FY 11/12	FY 12/13	FY 12/13	Actual vs. Budget	
	Actual	Actual	Actual	Budget	Fav/(Unf)	%
Mayor & Council, Charter Officers	\$17.2	\$15.8	\$16.3	\$17.2	\$0.9	5%
Administrative Services	12.9	12.4	12.7	13.0	0.3	2%
Comm. & Econ Development	23.4	21.2	20.8	20.7	(0.1)	-
Community Services	30.6	28.0	30.0	31.0	1.0	3%
Public Safety - Fire	24.3	24.3	26.7	26.8	0.1	-
Public Safety - Police	71.8	71.5	73.0	73.0	-	-
Public Works	13.3	13.8	15.7	15.3	(0.4)	(2%)
<i>Total Operating Expenses</i>	<u>\$193.6</u>	<u>\$187.1</u>	<u>\$195.2</u>	<u>\$197.1</u>	<u>\$1.9</u>	<u>1%</u>

General Fund - Sources Year-End Estimate: FY 2012/13

(in millions: rounding differences may occur)

	FY 2012/13 Approved	FY 2012/13 Forecast (In Final Budget)	Variance	
			Fav/(unf)	%
1.1% Sales Taxes	\$97.3	\$96.5	(\$0.9)	(1%)
State-Shared Revenues	47.6	47.2	(0.4)	(1%)
Property Taxes	25.3	25.3	-	-
Franchise Fees/In-Lieu Taxes	11.2	11.2	-	-
Building Permits	8.7	10.5	1.8	21%
Charges for Services/Other	29.9	30.6	0.7	2%
Transfers In	9.5	8.8	(0.6)	(7%)
Subtotal Operating Sources	\$229.4	\$230.1	\$0.6	-%
Sales Tax Rebate	-	0.6	0.6	n/a
ASRS Settlement	-	1.3	1.3	n/a
Bond Proceeds	31.3	31.3	-	-
Total Sources	\$260.7	\$263.1	\$2.4	1%

General Fund - Uses Year-End Estimate: FY 2012/13

(in millions: rounding differences may occur)

Category	FY 2012/13 Approved	FY 2012/13 Forecast (In Final Budget)	Variance	
			Fav/(Unf)	%
Personnel Services:				
Salaries & Wages	\$113.1	\$112.9	\$0.2	-%
Overtime	5.9	6.6	(0.7)	(11%)
FICA	7.9	7.9	-	-%
Retirement	15.8	15.9	(0.1)	(1%)
Health/Dental & Misc	14.9	15.1	(0.2)	(1%)
<i>Total Personnel Services</i>	\$157.6	\$158.4	(\$0.8)	(1%)
Contractual, Commodities, Capital Outlay	59.1	55.4	3.7	7%
<i>Total Operating Expenses</i>	\$216.7	\$213.8	\$2.9	1%
Debt Serv. & Contracts	44.3	43.8	0.5	1%
Transfers Out	8.5	8.4	0.1	1%
<i>Total Operating Uses</i>	\$269.5	\$266.0	\$3.5	1%

General Fund Results Year End Estimate: FY 2012/13

(in millions: rounding differences may occur)

	FY 12/13 Approved	FY 12/13 Forecast (In Final Budget)	Variance	
			Fav/(Unf)	%
Sources	\$260.7	\$263.1	\$2.4	1%
Uses	(269.5)	(266.0)	3.5	1%
Total Sources Over/(Under) Uses	(\$8.8)	(\$2.9)	\$5.9	
Ending Unreserved Fund Balance	\$6.5 *	\$12.6		

* FY 2012/13 Adopted Budget equals \$1.3. This amount increased due to better results in FY 2011/12.

General Fund Results: Summary May 2013: Fiscal Year to Date

(in millions: rounding differences may occur)

	FY 10/11 Actual	FY 11/12 Actual	FY 12/13 Actual	FY 12/13 Budget	Actual vs. Budget	
					Fav/(Unf)	%
Sources	\$223.1	\$216.6	\$244.2 *	\$239.2	\$5.0	2%
Uses	204.7	205.3	232.5 *	234.1	1.6	1%
Change in Fund Balance	\$18.4	\$11.3	\$11.7	\$5.1	\$6.6	

* Includes Nordstrom Garage Lease Payoff paid for with bond proceeds.

General Fund Operating Sources May 2013

(in millions: rounding differences may occur)

Sources Category	FY 10/11	FY 11/12	FY 12/13	FY 12/13	Actual vs. Budget	
	Actual	Actual	Actual	Budget	Fav/(Unf)	%
Sales Tax: 1.0% General Purpose	\$7.1	\$8.0	\$7.9	\$7.8	\$0.1	1%
0.1% Public Safety	0.7	0.8	0.8	0.8	-	-
State Shared: Sales Tax	1.7	1.6	1.7	1.7	(0.1)	(4%)
Revenue	1.9	1.5	1.9	1.9	-	-
Auto Lieu Tax	0.6	0.6	0.9	0.6	0.4	64%
Property Taxes (Primary)	5.7	3.4	5.3	5.9	(0.6)	(10%)
Franchise Fees/In-Lieu Tax	-	-	0.1	-	0.1	n/a
Other: Licenses, Permits & Fees	0.7	0.8	0.9	0.7	0.2	34%
Fines & Forfeitures	0.6	0.7	0.6	0.6	-	-
Miscellaneous	0.7	0.6	0.3	0.9	(0.6)	(68%)
Building Permits	0.6	0.9	1.1	0.9	0.2	24%
Interest Earnings	0.1	-	0.2	0.1	0.1	94%
Indirect Cost Allocations	1.1	0.7	0.6	0.6	-	-
Transfers In	0.7	0.6	0.7	0.6	0.1	26%
<i>Subtotal Operating Sources</i>	<i>\$22.1</i>	<i>\$20.3</i>	<i>\$22.8</i>	<i>\$22.8</i>	<i>-</i>	<i>-</i>
Bond Proceeds*	-	-	-	-	-	-
Bed Taxes (gross)	1.4	1.5	-	-	-	-
<i>Total Operating Sources</i>	<i>\$23.5</i>	<i>\$21.8</i>	<i>\$22.8</i>	<i>\$22.8</i>	<i>-</i>	<i>-</i>

* To fund the Nordstrom Garage Lease Payoff

General Fund Operating Sources: Sales Tax May 2013

(in millions: rounding differences may occur)

1.0% Sales Tax Category	FY 10/11	FY 11/12	FY 12/13	FY 12/13	Actual vs. Budget	
	Actual	Actual	Actual	Budget	Fav/(Unf)	%
<u>Consumer Spending:</u>						
Small retail stores	\$1.2	\$1.3	\$1.3	\$1.4	(\$0.2)	(12%)
Large retail stores	0.8	0.8	0.8	0.8	(0.1)	(10%)
Misc goods & services	0.5	0.5	0.7	0.5	0.2	36%
Grocery & convenience	0.5	0.5	0.5	0.5	-	-
Auto sales & maintenance	0.8	0.9	1.0	0.9	0.1	8%
<u>Tourism/Entertainment:</u>						
Hotel lodging & misc sales	0.5	0.5	0.5	0.5	0.1	11%
Restaurants & bars	0.7	0.7	0.7	0.8	-	-
<u>Business:</u>						
Construction	0.7	0.7	0.8	0.9	(0.1)	(9%)
Rental	0.9	1.0	1.1	1.0	0.1	11%
Utilities	0.3	0.3	0.3	0.4	-	-
Licenses, penalties/interest	0.1	0.1	0.1	0.1	-	-
<i>Subtotal 1.0% Sales Tax</i>	<i>\$7.0</i>	<i>\$7.2</i>	<i>\$7.8</i>	<i>\$7.8</i>	<i>-</i>	<i>-</i>
Large Audit Adjustments	0.1	0.7	0.1	-	0.1	-
<i>Total 1.0% Sales Tax</i>	<i>\$7.1</i>	<i>\$8.0</i>	<i>\$7.9</i>	<i>\$7.8</i>	<i>\$0.1</i>	<i>1%</i>

General Fund Operating Uses: by Category May 2013

(in millions: rounding differences may occur)

Category	FY 10/11	FY 11/12	FY 12/13	FY 12/13	Actual vs. Budget	
	Actual	Actual	Actual	Budget	Fav/(Unf)	%
Personnel Services*:						
Salaries & Wages	9.1	8.5	8.5	8.5	-	-
Overtime	0.3	0.6	0.5	0.4	(0.1)	(27%)
FICA	0.6	0.6	0.6	0.6	-	-
Retirement	1.0	1.1	1.2	1.2	-	-
Health/Dental & Misc	1.2	1.1	1.2	1.3	-	-
<i>Total Personnel Services</i>	<i>\$12.2</i>	<i>\$11.8</i>	<i>\$12.0</i>	<i>\$12.0</i>	<i>-</i>	<i>-</i>
Contractual, Commodities, Capital Outlay	4.5	4.2	5.2	4.1	(1.1)	(27%)
<i>Total Operating Expenses</i>	<i>\$16.7</i>	<i>\$16.1</i>	<i>\$17.2</i>	<i>\$16.0</i>	<i>(\$1.1)</i>	<i>(7%)</i>
Debt Serv. & Contracts	0.2	0.3	-	-	-	-
Transfers Out	1.3	0.4	-	-	-	-
<i>Total Operating Uses</i>	<i>\$18.2</i>	<i>\$16.8</i>	<i>\$17.2</i>	<i>\$16.1</i>	<i>(\$1.1)</i>	<i>(7%)</i>
 *Pay Periods in May:	2	2	2			

General Fund Operating Uses: by Division May 2013

(in millions: rounding differences may occur)

Division	FY 10/11	FY 11/12	FY 12/13	FY 12/13	Actual vs. Budget	
	Actual	Actual	Actual	Budget	Fav/(Unf)	%
Mayor & Council, Charter Officers	\$1.4	\$1.4	\$1.2	\$1.3	\$0.1	8%
Administrative Services	1.0	0.9	1.0	1.2	0.2	19%
Comm. & Econ Development	1.6	1.4	1.4	1.4	-	-
Community Services	2.8	2.6	3.1	2.6	(0.5)	(19%)
Public Safety - Fire	2.2	2.0	2.5	2.2	(0.3)	(13%)
Public Safety - Police	6.4	6.2	6.2	6.0	(0.2)	(4%)
Public Works	1.3	1.6	1.8	1.3	(0.4)	(31%)
<i>Total Operating Expenses</i>	<i>\$16.7</i>	<i>\$16.1</i>	<i>\$17.2</i>	<i>\$16.0</i>	<i>(\$1.1)</i>	<i>(7%)</i>

General Fund Results: Summary May 2013

(in millions: rounding differences may occur)

	FY 10/11	FY 11/12	FY 12/13	FY 12/13	Actual vs. Budget	
	Actual	Actual	Actual	Budget	Fav/(Unf)	%
Sources	\$23.5	\$21.8	\$22.8	\$22.8	-	-
Uses	18.2	16.8	17.2	16.1	(1.1)	(7%)
Change in Fund Balance	5.3	5.0	\$5.6	\$6.7	(1.1)	

Accounting and Financial Reporting for Pensions

City Council
June 18, 2013
Prepared by: Finance and Accounting Division

Accounting and Financial Reporting for Pensions – GASB 68

Background

“Pension Liabilities are widely acknowledged to be understated, and critics are particularly focused on the discount rate [8.0% in Arizona] as the primary reason for the understatement...”

(Moody's Investor Services, July 2, 2012)

“New GASB standards... should increase public pressure on decision-makers to reform pensions...”

(Fitch Ratings, April 8, 2013)

Accounting and Financial Reporting for Pensions – GASB 68

Government Accounting Standards Board Statement No. 68 effective FY 2014/15:

- *Requires* unfunded liabilities to appear on employer's balance sheet and sets standards for determining liability and expense
- *Increases* liability and pension expense, if it requires:
 - Lower discount rate
 - Shorter amortization period

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Accounting and Financial Reporting for Pensions – GASB 68

Funded Status of Arizona Plans

(\$ Billion at June 30, 2012)

	<u>Liabilities</u> *	<u>Assets</u>	<i>Funded</i> <u>Percent</u>	<u>Unfunded</u>
○ ASRS	\$ 39.0	\$(27.9)	71.5%	\$ 11.1
○ PSPRS	\$ 10.1	\$ (5.1)	50.5%	\$ 5.0
○ Elected	\$ 0.6	\$ (0.3)	49.6%	\$ 0.3

** Liabilities computed using 8.0% discount factor. A change to 7.0% discount factor increases unfunded liabilities ~\$6.5 billion*

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Accounting and Financial Reporting for Pensions – GASB 68

Unfunded Liabilities of Arizona Plans

	<u>Unfunded</u>	<u>Active Members</u>	<u>Per member</u>
○ ASRS	\$ 11.1 billion	214,346	\$ 52,013
○ PSPRS	\$ 5.0 billion	18,542	\$ 268,583
○ Elected	\$ 0.3 billion	845	\$ 356,656

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Accounting and Financial Reporting for Pensions – GASB 68

City of Scottsdale Estimated Liability

	<u>Active Members</u>	<u>Per member *</u>	<u>Unfunded @ 8.0%</u>
○ ASRS	1,794	\$ 69,464	\$ 124.6 million
○ PSPRS:			
• Sworn Police	382**	257,085	98.2 million
• Sworn Fire	236	20,467	4.8 million
○ Elected	<u>7</u>	97,789	<u>0.7 million</u>
	<u>2,419</u>		<u>\$ 228.3 million</u>

* Per member liability for Scottsdale differs from state due to salary differences.

** DROP members are excluded from the Police active members.

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Accounting and Financial Reporting for Pensions – GASB 68

GASB 68 Impact on City of Scottsdale

- Financial
 - Erosion of Net Asset Value (*probably to negative*)
 - Fluctuations of annual pension expense
- AAA Credit Rating
 - *“Not only do pension liabilities impinge on budgetary and financial flexibility, but [the] approach to managing pension obligations also informs our view of management strength...” (Moody’s Investor Services, July 2, 2012)*
 - *“The ability to manage pension costs, as well as all other cost pressures, factors in analysis of management....” (Fitch Ratings, April 8, 2013)*

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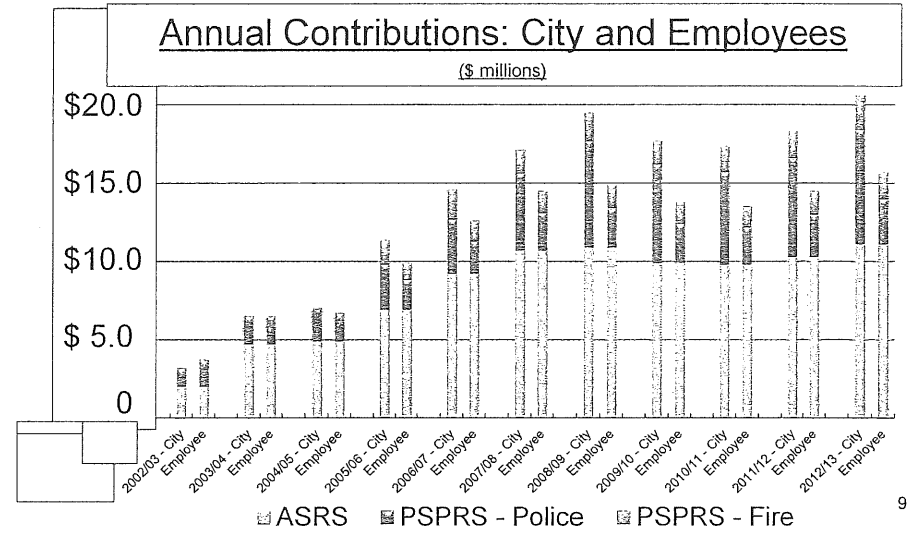
Accounting and Financial Reporting for Pensions – GASB 68

Financial History

In just 10-years, pension contributions
(by the City and its employees)
have increased from \$6.9 million
to \$36.3 million!

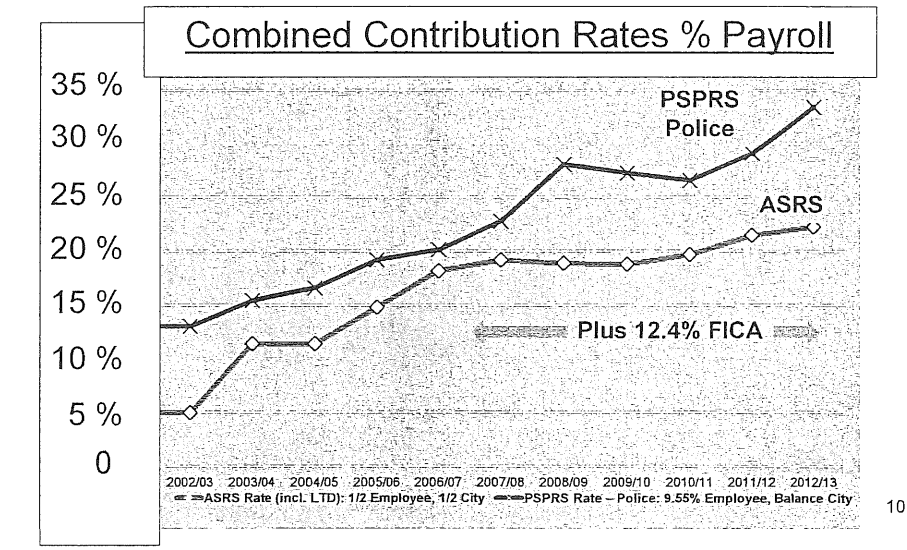
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Accounting and Financial Reporting for Pensions – GASB 68



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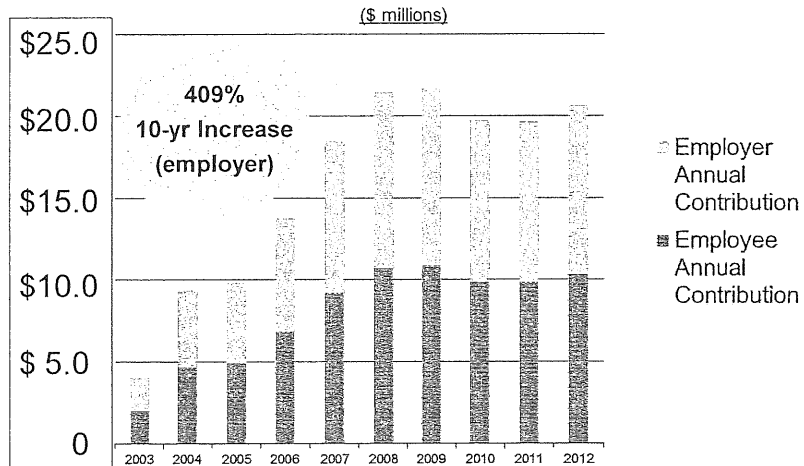
Accounting and Financial Reporting for Pensions – GASB 68



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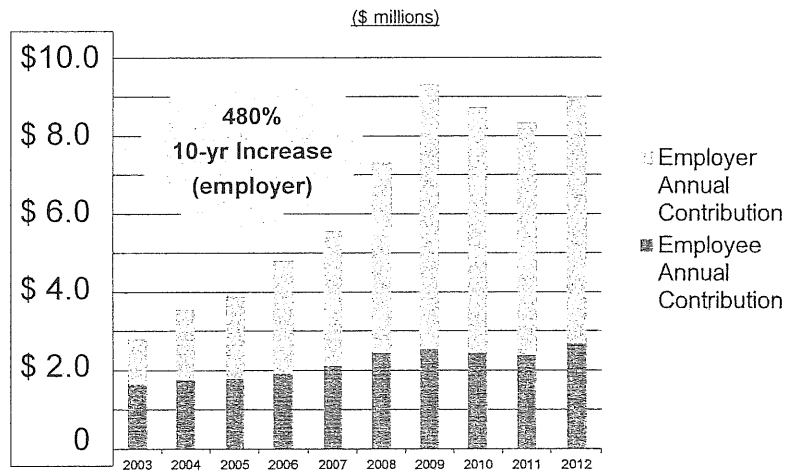
Accounting and Financial Reporting for Pensions – GASB 68

Scottsdale ASRS Contributions for ~1,800 FTEs



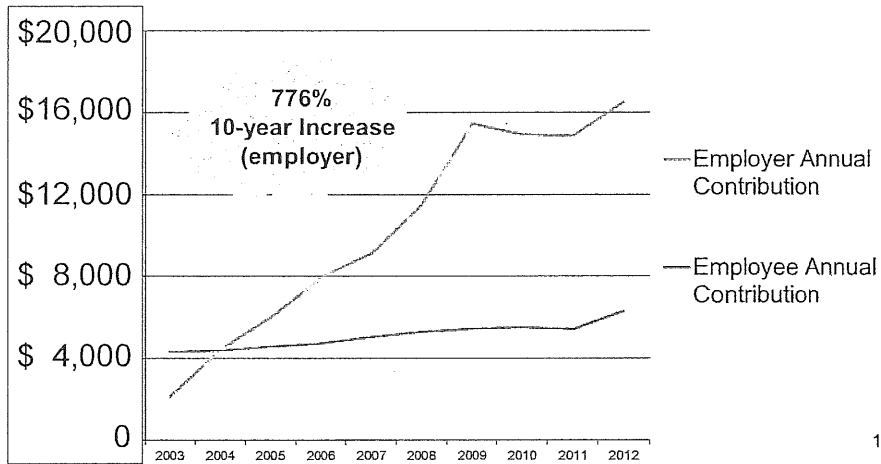
Accounting and Financial Reporting for Pensions – GASB 68

Scottsdale Police Contributions for ~400 FTEs



Accounting and Financial Reporting for Pensions – GASB 68

Contributions To PSPRS Per Active Member



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Accounting and Financial Reporting for Pensions – GASB 68

AZ Retirement Plans

- Normal retirement as young as age 40: no reduction in retirement benefit for age.
- Unlimited retirement benefit at any normal retirement age
- Benefit based on avg. 3 or 5 year highest earnings
- Payroll Cost:
 - 21.8% ASRS (10.9%+10.9%)
 - 33.5% Police (23.9% + 9.6%)

Federal Social Security

- Normal retirement at age 66: 25% reduction in benefits at age 62
- Maximum \$30,396 annual benefit at age 66
- Benefit based on avg. 10-35 year earnings
- Payroll Cost:
 - 12.4% FICA (6.2%+6.2%)

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Accounting and Financial Reporting for Pensions – GASB 68

The current program is unsustainable, yet...

*“...the...pension...contribution rate is
expected to increase for approximately
the next seven years.”*

(ASRS Comprehensive Annual Financial Report 2012)

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Accounting and Financial Reporting for Pensions – GASB 68

Recent Legislative Changes Only Affect New Hires

	<u>Existing Members</u>	<u>New Hires</u>
<u>ASRS Normal Retirement Options:</u>		
<i>Age 65 with any years</i>	<i>OK</i>	<i>OK</i>
<i>Age 62 with 10 years</i>	<i>OK</i>	<i>OK</i>
<i>Combination age/service</i>	<i>80</i>	<i>85</i>
<i>Earnings base to compute pension</i>	<i>3 years</i>	<i>5 years</i>
<u>PSPRS Normal Retirement Options:</u>		
<i>Age 62 with 15 years</i>	<i>OK</i>	<i>OK</i>
<i>Any age with 20 years</i>	<i>OK</i>	<i>---</i>
<i>Age 52.5 with 25 years</i>	<i>---</i>	<i>OK</i>
<i>Earnings base to compute pension</i>	<i>3 years</i>	<i>5 years</i>

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Accounting and Financial Reporting for Pensions – GASB 68

Constitutional and Legal Issues

Constitutional Amendment: 1998 (Article 29 § 1)

*“...public retirement system benefits
shall not be diminished or impaired.”*

Superior Court of AZ: February 1, 2012 (Katie Barnes v. ASRS)

*“Increased costs incurred over [a member’s]...employment
for receipt of the same benefit
negatively impacts the value of the benefit
the [member] ultimately receive.”*

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Accounting and Financial Reporting for Pensions – GASB 68

Conclusion

*“New GASB standards... [will] increase public
pressure on decision-makers to reform
pensions...” (Fitch Ratings, April 8, 2013)*

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