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## **CALL TO ORDER**

[Time: 00:00:02]

Mayor Lane: Well, good afternoon, everyone. I'd like to call to order our May 10th, 2016, city council special meeting. It's approximately 4:50. Running a little late, and I apologize for that. Start with the roll call please.

## **ROLL CALL**

[Time: 00:00:18]

City Clerk City Clerk Carolyn Jagger: Mayor Jim Lane.

Mayor Lane: Present.

City Clerk Carolyn Jagger: Vice Mayor David Smith.

Vice Mayor Smith: Present.

City Clerk Carolyn Jagger: Councilmembers Suzanne Klapp.

Councilwoman Klapp: Here.

City Clerk Carolyn Jagger: Virginia Korte.

Councilmember Korte: Here.

City Clerk Carolyn Jagger: Kathy Littlefield.

Councilwoman Littlefield: Here.

City Clerk Carolyn Jagger: Linda Milhaven.

Councilwoman Milhaven: Here.

City Clerk Carolyn Jagger: Guy Phillips.

Councilman Phillips: Here.

City Clerk Carolyn Jagger: Acting City Manager Brian Biesemeyer.

Acting City Manager Brian Biesemeyer: Here.

City Clerk Carolyn Jagger: City Attorney Bruce Washburn.

City Attorney Bruce Washburn: Here.

City Clerk Carolyn Jagger: City Treasurer Jeff Nichols.

City Treasurer Jeff Nichols: Here.

City Clerk Carolyn Jagger: City Auditor Sharron Walker.

City Auditor Sharron Walker: Here.

City Clerk Carolyn Jagger: And the Clerk is present.

Mayor Lane: Thank you. On this special meeting we have just one item. And that is the -- so I have no orders of business unless anyone needs to know we do have restrooms under the exit sign for you. And we ask that you not go behind the dias, that's reserved for the council and staff.

**ITEM 1 – SHOEMAN OFFICE BUILDING REZONING (7-ZN-2015)**

Time: [00:00:44]

Mayor Lane: Beyond that, move into the item. Which is item one. It's the one and only. Shoeman office building rezoning 7-ZN-2015. We have Dan Symer, senior planner here to present.

Senior Planner Dan Symer: Mayor, members of the council. The case before you 7ZN2015, it is a continuation from the March 29th hearing. The site is located on the southeast corner of Shoeman and Scottsdale Road just north of the Galleria. Approximately a one acre site.

It is a request for a rezoning from the central business district and highway commercial to the downtown district with the multiple use planned block development and downtown overlay. It is an approximately 200,000 square foot development. It's approximately 96 feet in height and it does include the recently-approved amendment for mechanical above. That was approved and went into effect last week.

At the last meeting the council requested the applicant to incorporate a supplemental parking plan, consider the step back and set backs along Shoeman, particularly for the upper building and the lower side. The applicant has responded by incorporating a supplemental parking plan. The plan requires when excuse me -- 97% of the parking is occupied it kicks in. When that is determined is when the city manager requests an analysis to be conducted of the site when we notice that there's spillage parking starting to occur. And that's based on three days in any one month, over a six hour period. It requires the owner to, at that point, when that happens, there is a cure period. After that cure period, if the program is not working it requires the owner to implement a supplemental parking plan which requires to provide additional parking offsite. The parking plan does terminate after four years after first certificate of occupancy. It also terminates if there's a public or private structure built in the area. And later this evening you will hear some of that on a separate subject. Or if the developer incorporates a seventh level of parking whether above or below ground.

As it pertains to the step back and setbacks, no modifications have been made at this time. And this is the development as it stands today. And I'll pass the presentation over to the applicant to answer any questions you may have.

[Time: 00:03:52]

Mayor Lane: Very good. Thank you, Dan. Applicant would like to come forward. Will you?

Applicant Representative Jason Morris: Good afternoon, Mayor, council members, thank you very much. Jason Morris with Morris on behalf of the applicant. Hopefully we have a presentation coming up. Yes. This looks just like our work.

So we were asked -- there was a significant and extensive hearing on that you'll recall. And there were several comments made. Staff has alluded to those comments and we're going to limit our comments to those items that were left outstanding and hopefully will address some of the concerns and questions that were addressed. The site, as he pointed out, is in this quadrant on the east side of the Scottsdale road, south of camelback. And more significantly, as we look at this particular quadrant, as you're aware, the applicant is also a major land owner. Probably the most significant land owner in this area. And I'll allude to that a little bit later.

But this is immediately adjacent to the Galleria on the north side. This gives you a sense of some of the surrounding uses. These are the items that were just covered by staff. So I'll touch on them just briefly. But the significant part in addition to the site data that tells you that the size and the uses, I'd like to point out that this does incorporate the minimum of 970 spaces. We say a minimum of 970 because there is the option potentially to add additional parking for further development. I will also point out that only 683 spaces would be required by your current code. The eight amended

development standards have all been approved by your DRB. And we are participating in the green building program and also including improvements on both sides of Shoeman Lane.

As I mentioned, the previous discussion at the council meeting focused primarily on design and parking. So I'll address those design issues up front. This is the profile of the building itself as you're looking at it from the North elevation, the Shoeman side. It's 191-square feet of office, 14,000 square feet of retail, three levels above grade parking. And an additional three levels below grade parking. The below grade parking you'll note goes under the entire development. While the above grade parking is only a portion of that block. I'll get back to that later, but I want to reiterate that the above three level parking structure is just a portion of that block. Meaning that the office building itself is only a portion of the plan block development. So only a percentage, a smaller percentage actually exceeds the three levels on that site.

[Time: 06:58]

I reference that the DRB-approved -- recommended approval of our eight development standards that were amended. I point that out because that is typical on an in-fill site. Amending development standards is a process in your ordinance that is not unusual. Especially on infill sites. And I would also add that this particular infill site we have seen from the aerial is a very narrow site that would just about any type of development call for some form of amended development standards. I'll also point out that we are not finished with the DRB. We will -- if we're fortunate enough to receive approval -- move forward. Our next step is to your DRB for further direction on design and materials. So this cake is not fully baked, but we do want to show you some of the images.

We want to show you some of the considerations that we have made and some of the additions to the actual building. Focus of our amended development standards are height, FAR, and the step backs and setbacks that were discussed. The height is up to 90 feet. The 90 feet is achieved through your green building program and public benefits as well as the text amendment that was addressed at the previous hearing. F.A.R., which is one of the best indicators in terms of numerically representing how overbuilt or adequately built a site is. The floor area ratio on this is 1.4 is by right in your ordinance. That is somewhat of a given. But your ordinance permits up to three, as the F.A.R. 3.0 as the floor area ratio with bonuses and considerations. This site is only requesting 1.8. Which should give you some sense of where we are in terms of building this site.

I know there were some comments and some concern about overbuilding or too much on a site. At 1.8 that would numerically represent that this is not an overbuilt site. Both the height and the floor area ratio are achieved not through a magic process, but actually the process your staff has laid out and your ordinance calls for. Not only for this site, but for virtually any site that is controlled by the city of Scottsdale ordinance is through this process.

This is not a special case. We'd like to talk a little bit about the step backs and setbacks. 20 feet is required. You'll recall this from the last hearing. We are providing 15 feet 6 inches to the column of the colony. We'll show that, be able to graphically represent that for you. But what we'd like to focus on before we show you the picture is the intent which is achieved. The idea of a step back or a setback, in this instance we're talking about the setback, the purpose of that is to ensure that you don't have buildings that are crowding the sidewalk. That there is adequate space both from the

right-of-way for pedestrians, for cars, for general circulation, but also for the aesthetic appeal. You'll see in this instance, although 20 feet is required, and we're providing 15.5 feet, there is an additional setback to the building face itself. As a result our pedestrian experience at that street level is almost 30 feet. And when you juxtapose that 30 feet that we're providing to the 20 feet that's required, you'll see that the intent is more than met -- made up for, more than addressed, and hopefully in the consideration of the DRB's approval of this case.

[Time: 00:11:00]

This is the existing condition. A few things to note out. First the sidewalk itself extends almost immediately into the right-of-way with the diagonal parking. The building comes up -- there's an overhang. But if you're walking along the sidewalk, ultimately you would hit the staircase at the end of this on the east end of this sidewalk run. So the roadway, the pedestrian experience and the overhang are not optimal. I'll also point out that the right-of-way in this instance is much larger than would be typically needed for a local street. This is a very wide right-of-way at this location. This is the after condition. At the risk of pretending you're at the eye doctor, before, after. Better, worse.

This illustrates the sidewalk experience on the Shoeman street side. You'll see the column. And that column in the middle of the picture or off to -- as you're looking at it, the right side of the picture -- is where that setback is measured to. But in reality you'll see that there's a colonnade on the other side giving you the additional 15 feet. Meaning from the glass store fronts that you see to the curb line is an excess of 30 feet. Which is obviously more than the 20 feet that would be required.

Apparently I've gotten ahead of myself. There is also a question about the property line. I think there was some confusion. Likely due to how we were presenting this in terms of, well, you're using the city's right-of-way, you're moving property lines, you're taking advantage of the city's right-of-way to make your setbacks work. That is not the case. And hopefully this will illustrate that point. The existing property line, as you can see, is illustrated here just on the other side of the sidewalk. So as you can see, some of that parking stall is actually within the property line for the building. There is a dedication required should this case be approved by council. That's a 15-foot dedication. Meaning that the property line, the property owner, will be providing to the city a 15-foot dedication on Shoeman Lane. That property line will move the right-of-way, obviously, after dedication, closer to the proposed building by virtue of the property owner providing 15 feet to the city. So if you look at the before and after on top of each other, you get a sense of what the existing condition is and what the proposed condition will be. This is not, in any manner, utilizing the city's right-of-way for our benefit. This is actually a dedication to the city. And then ultimately the measurement -- and the measurement is always from back of curb. So that measurement from back of curb to the store front is 30 feet. But the amended development standard portion of that is a little bit over -- it's about four and a half feet is what we're asking for. That relief in order to create this environment which hopefully you will agree is a superior environment to what's there today.

[Time: 00:14:30]

Step backs. There's a fairly involved conversation in the last hearing involving the step back on the building itself. Before I go to the step back, this is what is required by ordinance. The one to one, and the two to one over a certain height. But what I would like you to do is step back -- probably a

poor choice of words. I'd like you to review it from the intent perspective. The city has a step back on buildings, but the city doesn't intend for every building to look alike. It's not the city's intent from a design perspective to have every building in this area have a wedding cake feature. But it is the city's desire to have good architecture. To avoid large blank planes that are uninteresting that have no diversity and have no articulation.

As I pointed out, the DRB, after reviewing the articulation, the design, the diversity, of our building plans on both Scottsdale road and Shoeman recommended approval. And staff has been supportive of the Scottsdale road frontage, but has had some concerns about the articulation on the Shoeman side. So we're hoping to better illustrate tonight what we've done to the Shoeman Street side. I'd also point out -- you'll see from this next exhibit -- that one of the best things you can do for diversity of the streetscape is to not build. So a vast portion of the block is actually just the three-story portion, not the building itself. So there's a void that you'll notice and I'll also point out that void will have public art. Our proposal is to wrap that three-story structure with public art. This is the Shoeman Street side.

I should make you aware, Mayor and council, we are getting an opportunity to illustrate this building and you're getting an opportunity to view this building at an angle that no pedestrian -- no one driving a car -- is going to be viewing this building. Your pedestrian experience, and I can go back to our previous exhibits, your pedestrian experience is going to be the colony. Your pedestrian experience is going to be the first floor situation. And even when driving, because of the surrounding buildings, and the opportunities on both Scottsdale Road and Shoeman, you will not get this perspective. This perspective I think would be available to perhaps a room in the W on the fourth floor. Or if you took an aerial shot from this angle. But this is not a typical perspective. But we have done this so that you can see where that articulation lies.

First, as I pointed out, above the parking structure itself is vacant space. This is left open. It's left open so there is no articulation to worry about at that area and the area below, which is parking structure. Will be our canvas for public art. So this area is roughly two stories of volume. That two stories has the 15-foot deep colonnade. So looking at planes and set backs and step backs, the step back starts at the ground level pushing back 15 feet. Area they mentioned earlier, the parking structure provision, is much lower in height and will include the artwork for treatment of the garage space. There is a vertical and horizontal detailing that breaks the building up into three different and distinct sections. And that area itself protrudes from the flat plane, the face of the building, and will be treated in a color that is acceptable to DRB. On this section, the one-third of those, this is an exterior attached vertical shade louver. The idea is to break up the massing. It will be fixed and has opportunities depending on the angle to give different shade and shadow. Not only from the outside, but also environmentally treating the inside and keeping it cooler.

[Time: 00:19:30]

Mayor Lane: Excuse me, Mr. Morris, but we have a limit of ten minutes on the presentation. But if you're close, I certainly would like to see, and I think the council would like to see.

Applicant Representative Jason Morris: I appreciate that, Mayor. I have gotten so into the architecture. I don't get to do this very often. I will be brief.

The horizontal emphasis is with different glass rather than the glass that's used for the other part of the building. Also has the two-foot differential. The upper section has a further recess that comes back which is a total of four feet and is treated with yet a different type of glass for this area. So some of it is transparent, some of it is not. Some of it is colored. The Scottsdale Road frontage I'll go through very quickly.

And as I mentioned, staff has been supportive of this treatment and has even greater step backs of seven and nine feet, depending upon the areas that you are looking at in the building. So this is not a box. This is not a flat plane. This gives you some of the ideas of the horizontal and vertical louvers as well as the colored glass variety. I'll pause there because we hope that is responsive to your comments and questions about the design itself. Staff has done an excellent job giving you an overview of the parking scenario on this.

So I will very, very briefly, with your permission, Mayor, just start with the fact that we are over-parked. We're significantly over-parked. As we look at other cities and how other cities treat parking in downtown areas, or in areas within the municipality. You know? Tempe, Phoenix, Chandler shown here just to give you some concepts of where that parking is today. That is not to say that every project is built to the minimum. As we discussed at the last meeting, depending upon the use and the density inside the building, it may be appropriate to over-park buildings. And in this instance we showed Chandler, Phoenix at three and a half. That includes Desert Ridge areas that do have higher density office. Not just the downtown area. Scottsdale's ratio that you're aware of and this project at 4.7.

However, as we know, that is not all this project is offering. Unlike other projects that have been before you, this project has entered into a development agreement that is also on your agenda that has a supplemental parking plan. The details of which were already shared with you. But the highlights of which mean that this particular owner is allowing the city into the parking structure to make sure there are spaces available at all times. And that this is not going to exacerbate a situation in downtown on the parking front. I mentioned the Galleria and the fact that was an inherited situation. This is a purpose-built office building. Class A. With the idea of creating a benefit to this applicant's adjacent properties and other holdings in the area. It would be in their worst interest to create additional strain on the parking in this area. I've already touched on most of these, and I know staff has, so I'd be happy to answer any questions you may have.

In summary, Mayor, we have a project that's a significant private investment. It is the use of a parcel that is an odd shape and size because of its historical development. We are dedicating land in order to make this particular design work. We do have amended development standards, all of which have been approved by the DRB. It's been recommended for approval by staff. Your DRB unanimously by your planning commission. And we are agreeable to the stipulation in terms of the development agreement. With that I'd be happy to answer any questions you may have.

[Time: 00:23:38]

Mayor Lane: Thank you, Mr. Morris. We have one request to speak from the audience on this. I will go to that first. Please stand by. We'll be -- undoubtedly have some questions and comments for you. Sonnie Kirtley?

Sonnie Kirtley: Thank you, Mayor Lane and Vice Mayor. You're still Vice Mayor, aren't you Mr. Smith? And councilmembers. I'm the chairman of C.O.G.S., the Coalition of Greater Scottsdale. Our address is on file. You have just proven my point. For some reason this case keeps getting special treatment. Unlimited time at the microphone when they're supposed to be shortened for this particular time period. C.O.G.S., as the coalition of greater Scottsdale, supports new office buildings. However, we also support requiring the buildings to meet the development standards that have been crafted for context-appropriate and land use and visual benefits for our city. At every hearing -- and we have attended every hearing on this case -- the list of concerns about the failure of this project to comply with the most basic development standards that's in the existing architectural standards for the downtown, the downtown overlay, the downtown character area, they have fallen on deaf ears. No one seems to be concerned with the voices from out there in the bleachers.

There has been no compliance change in the architectural design of this case since day one. Our professional city planning staff has valiantly tried to achieve appropriate upper floor step backs. The applicant has responded with a whole new concept. The perception of moving those upper floors back. Well, with that mind-set, let's have the perception that we didn't lose the parking spaces, the public parking spaces, on Shoeman Lane. Let's have the perception that the building isn't so massive that it is sitting on the property line. I was thinking of selling refrigerators in Alaska when I was seeing those lines.

The building is too large for the site. And then, of course, the building uses the public sidewalk to achieve some of the curb set back. Other projects we have required them to put those set back on their own property. What is it about this case that is so special that it keeps passing along with approval? It did not have approval at the first DRB. There were a lot of concerns expressed. Second time around, it's done. Approval. Words cannot express the amazement that downtown development standards are so flexible as to not exist. Build it where you want on your property or the public property. Build vertical floors with no articulation as high as you want. We'll accommodate you with a special one agenda special meeting. One agenda item. This case at 4:30 in the afternoon. However, there's no public in the bleachers that are cheering a project that does not follow our existing development standards and literally snubs its nose at the very reason why we have architectural designs for our downtown. You know we're losing our downtown. What is it makes it special? It's not 72-feet of vertical glass wall with some little lines to supposedly break it up. Thank you.

Mayor Lane: Thank you. And that does complete the testimony on this item. Public comment. I want to see if we have some questions from the council of either the applicant and/or the staff? Okay. Vice Mayor.

[Time: 00:28:04]

Vice Mayor Smith: Thank you, there Mayor. I guess I have questions initially for the staff. Were you all going to stay back there? Or are you going to come up here? You stated in the city council report under the policy complications that the proposed development plan and associated standards may not be context-appropriate. Is that still the opinion of staff?

Senior Planner Dan Symer: Mayor, members of the Council, Vice Mayor Smith. The context of the area is diverse. They have some taller buildings to the west that step back and some to the east that

have little step back. But that is our position.

Vice Mayor Smith: You also stated that the proposed development plan lacks appropriate transitions and buffering to the adjacent developments and streets. Is that still your opinion?

Senior Planner Dan Symer: Vice Mayor, yes that is correct.

Vice Mayor Smith: You stated that this project is inconsistent with the downtown urban design and architectural guidelines. Is that still your position?

Senior Planner Dan Symer: Vice Mayor, all comments in the report are still our position, yes.

Vice Mayor Smith: Really doing this for the benefit of the public. I really want them to understand. It's the public that's paying your salaries. It's the public that's paying you as expert staff to look at projects and give this council guidance. Which you have done here. So bear with me for a minute. You said, and this council report further, that set back areas are normally measured from the back of the curb at this particular project has accomplished that by simply relocating the curb line further to the North on Shoeman Lane. Meaning that the proposed modification accommodates a majority of the building set back within the public right-of-way. And I assume that is still your position.

Senior Planner Dan Symer: Vice Mayor Smith, that is correct.

Vice Mayor Smith: And you said and the applicant I think has acknowledged that when we last met as a council on March 29 we requested that the applicant look at three areas. Here the incorporation of a supplemental parking plan, step backs into the upper portions of the building, and a set back from East Shoeman Lane. And I think you also said earlier that items B and C were not addressed in the period of time since March 29. Is that correct?

Senior Planner Dan Symer: That's correct.

[Time: 00:31:17]

Vice Mayor Smith: Let me ask you a question about the parking plan which is the only thing that the applicant has apparently responded to in this period of time. This project provides for -- I guess -- 982 parking places or some such number. This parking plan that has been developed, supplemental parking plan, it will apply to all of those or not the spaces on Shoeman Lane? Or how will it -- so what will it apply?

Senior Planner Dan Symer: Mayor, members of the Council, the supplemental parking plan applies to the entire development. So the parking spaces in the project itself. So it applies to all 970-some odd spaces.

Vice Mayor Smith: Okay. And the objective of this parking plan, as I understand it, is to determine whether the -- whether the parking lot is -- I'll use the word overcapacity, although that's technically impossible. A parking garage cannot be more than 100% parked. So the definition here of full capacity, meaning we've -- Houston, we have a problem. Full capacity would be 97% of the spaces

occupied. That's the provision here, right? Meaning in the converse that 3% of the spaces would not be occupied when you do your review of the parking. And 3% of the spaces on a roughly thousand-space parking garage will be 30 empty slots. Six slots on each -- or five slots on each of six floors.

So that the public understands what you're going to try to accomplish here, you are going to go in, you or somebody -- are going to go in on some particular day and you'll give -- by the way, you'll give the developer two days' notice that you're coming. Just so he can do whatever he'll do in those two days. You're going to give him two days' notice that you're going to come in and count the empty spots. And you're going to go racing around six floors of this garage and you're going to try to figure out whether there are at least 30 empty spots. And if there are anything less than 30 empty spots, that's a problem. Because it will have exceeded your definition of full capacity. So if you only find, as you race around from floor to floor, if you only find 29 empty spots, then we have a problem and he'll be given a choice -- two choices. One, to fix it. I don't know how he'll fix it. But he'll fix it. Or number two, he'll go out and lease enough spots to bring it back to full capacity. Which if you found 29 spots empty and they should have had 30, that means he's got to go out and lease one spot. Is that right?

Senior Planner Dan Symer: Mayor and members of the Council. That's correct.

Vice Mayor Smith: Mr. Mayor, I think this is made a farce of the planning. It's made a joke of the process of citizens trying to set standards for building in the city and set standards for livability. I will not be supporting this project.

[Time: 00:35:06]

Mayor Lane: Thank you, Vice Mayor. Let me ask a question, I suppose, Dan. And this would go to the -- whomever might be dealing with this. Presentation we just watched, inclusive of your presentation. Do you feel that it -- and not only do you feel, but do you -- can you explain how each of the items that the previous meeting we had that we requested three or four specific items and how they were addressed. The incorporation of a supplemental parking plan. Has that -- how is that changed materially from where it was?

Planning and Development Services Director Randy Grant: Mayor Lane, we continued to work with the applicant to define the conditions under which the supplemental parking agreement, or plan, would take place. Those include things that could mitigate the demand for parking such as promoting carpooling, transit, within the work force. Or leasing supplemental spaces in addition to what's available on site. Right now we don't know whether or not the use of that office building is going to trip the requirement for implementing any of the supplemental parking standards. What we're trying to do is create a failsafe that -- at which time -- if and when that trigger is tripped, that there are plans in place that can mitigate the impacts on adjacent property owners.

It would be our hope that in the process of leasing the building out that they would take measures and the limits of their lease and so forth to reduce the parking demand and therefore eliminate the necessity of implementing the parking standards at all. But what we tried to achieve in preparing this was something that would say, if worst case scenario you simply don't have enough parking and in the

process of making those counts we determined that you're short on the available spaces, that there is a method that you go out and you acquire additional spaces. Whether they be lease spaces or so forth. And we're hoping that, quite honestly, we don't have to get to the point where we implement that.

[Time: 00:38:02]

Mayor Lane: Was there not any conversation -- let me preface what I'm about to say. Is that there's a number of things that we talked about addressing. And irrespective of how it may be seen by others, I like this project and I think there's been some concern or at least some indication of how to change that flat wall look and with the step backs and with the set backs. Well, the step backs. Even as they're described here. And realizing that this isn't the final -- it's frankly the look of the building. I understand that. But that was certainly a concern.

The other is, on the set backs, I'm a little unclear as to where the city was on that. As its described very -- described, I think, very well, as sort of the incorporation of the property line that was into the street. And then, of course, the area under the colonnade being part of a public space area. That seems to be not only an improvement on the overall look, but certainly for a building like that, it seems to be a great area.

But with that being said, parking I'd understood that the difficulty of trying to determine whether or not we got to a point or not was being overcome by the idea of adding some spaces to the project. And if that's -- that was something I think was very important to me with regard to parking in the area on the overall. So obviously we're all very well aware of the buildings that surround it and the parking situation. That not only their inability sometimes, or at least the way it looks, to park their buildings as it is right now. And the impact it's had on other parts of downtown. So I'm -- I'm very interested if there was even a consideration for adding physical parking spaces to the building.

Planning and Development Services Director Randy Grant: Mayor Lane, there was. And in fact that's one of the options that can be exercised by the applicant is the construction of an additional level of parking. Either above the third floor, aboveground, or an additional floor below grade.

Mayor Lane: One of the options in the development agreement depending upon need or --

Planning and Development Services Director Randy Grant: I'm sorry. Or in advance of need. I mean, they can go ahead and design the additional parking and the supplemental parking requirement is eliminated.

Mayor Lane: All right. So that is something we would either add or ignore at this point in time. As far as direction is concerned.

Senior Planner Dan Symer: Yes.

Mayor Lane: And to what extent has that changed the ratio? That suggested -- for a thousand?

Senior Planner Dan Symer: Mayor and members of the Council, the ratio is obviously going to get greater. The number of spaces is going to be greater. But until it's actually designed if they go up a

level on the garage, and they obviously will not have as many as going down a level. Because going below the structure, they have more room. So it would definitely go up. And probably I wouldn't doubt start getting to guesstimating -- a rough estimate, roughly five and a half per thousand. Even with -- if they did the whole level, I would probably guesstimate probably closer to six. That's where we're at.

Mayor Lane: So with the implementation of one or the other, are we talking about one being underground?

Senior Planner Dan Symer: Correct.

Mayor Lane: And one above? Or are we talking about one underground that was take it to five and a half?

Senior Planner Dan Symer: It's difficult to know the exact number.

Mayor Lane: Okay. But I know that there's less spaces involved with putting a deck on aboveground than there is the underground. So just give me a range, a difference between the two and what's -- what might be suggested here.

Senior Planner Dan Symer: It will add approximately if you to up a level, approximately 80 spaces. So you'll be almost -- maybe a thousand -- 1050 spaces. Thank you. Compared to going up a level. Going down a level would probably add another hundred -- probably closer to 120.

Mayor Lane: I'm sorry, going up a level would be 50 spaces?

Senior Planner Dan Symer: About 80, approximately.

Mayor Lane: And going down a level?

Senior Planner Dan Symer: Probably about -- a total 120, maybe 140. It's difficult. Based on -- as you go down in the structure, you have to accompaniment for structure. So it starts getting -- our estimates start to get a little off.

Mayor Lane: Okay. So are we saying now, just so I'm clear on this, Dan, whether they go up for 140?

Senior Planner Dan Symer: Going up will be approximately 80.

Mayor Lane: 80. Going down, approximately 140.

Senior Planner Dan Symer: Correct.

Mayor Lane: Okay. Which one takes it to that five and a half? Approximately? Or is it both?

Senior Planner Dan Symer: The 140.

Mayor Lane: Okay. So going from 4.73 or 74 to five and a half if you go down.

Senior Planner Dan Symer: Correct.

Mayor Lane: Okay. Yes, Councilwoman?

[Time: 00:44:20]

Councilwoman Klapp: I wanted to comment on the set backs. I had questioned that at the last meeting. And it was partially because the drawings that I saw didn't show much happening on that side of the building on Shoeman Lane. But what's been presented tonight that shows the -- shows the Shoeman Lane side in particular, but even the front of the building, shows -- at least it seems it's better understood tonight by me what the articulation of the building is now compared to was there a different drawing that we saw in the last time we had this meeting that didn't get into how the sections of the building were different? I mean, I'm just voicing my opinion that I much better understand looking at this building now than I did the last time. And it does seem to me that there is articulation to the building. It does seem that there is a visual look of step backs that I didn't understand before.

And so I guess one of my questions would be even though he's saying that the staff doesn't agree with the set backs, in general the staff is recommending approval of this project. Am I correct? So what is your -- so if you're -- if you're recommending approval, what are your reasons for recommending approval on the project? If it isn't -- if you don't like the step backs, and you're not sure if you agree with the set backs. What are the reasons why you believe this is a good project?

Planning and Development Services Director Randy Grant: Mayor Lane, Councilwoman Klapp. The step back is a physical condition. Either you meet it or you don't.

I think they have made the building much more interesting with the materials and so forth that they are proposing now. And I suspect that by the time it gets to development or review board it could become even more interesting. Probably not going to change the condition that it simply doesn't meet the step back. They are proposing that the changes that they're making compensate for the perception of the building movement more than it actually does. So, yes, we support the idea of the revitalization, the redevelopment that this presents. We would prefer that it meet all of the downtown design criteria. They are proposing something that doesn't, but also doesn't look like a glass block which it could. And so overall, yes, we're recommending it.

Councilwoman Klapp: And this doesn't look like a glass block to me today versus the way I saw it before. I also don't understand if you don't agree that the set back is appropriate when they're showing a design that essentially makes the setback be about 30 feet at ground level. Is that an acceptable way of presenting a set back or is there some other criteria you use for deciding what's an appropriate setback?

Planning and Development Services Director Randy Grant: Councilwoman Klapp, the set back is determined from the back of the curb. So if you move the back of the curb, the set back changes. And we think that the condition that is established from the back of the curb that the pedestrian will experience on ground level is appropriate. Simply moving that curb line is going to make a difference

in whether or not the arithmetic works. But we think from the standpoint of the pedestrian experience, yes, that distance that was shown in their graphics is going to accommodate pedestrians very well.

Councilwoman Klapp: So it could be an acceptable set back.

Planning and Services Director Randy Grant: The tradeoff is you're taking some parking off the street. But, yes, the set back is --

Councilwoman Klapp: that would have seemed to answer in my mind the set back issue. And the step back issue based on the design of the building. And I know that the council's really not supposed to be designing buildings. We always get in trouble if we do that. That's what DRB is about. But just from my limited experience, it seems there's articulation to the building. That the building is -- if you get it in context, it's next to the Galleria. It's not as if it's sitting next to a neighborhood. That it would make more sense that this is a -- that this building is being built in context with its surroundings. And so it's got acceptable set backs, it's got acceptable step backs, and there isn't a parking agreement that we had asked for that would consider the, you know, the anticipation of any problems in the future and how those would be addressed. So in my mind I've seen where this developer has come to us with the things that we requested. So I don't have the same concerns as Vice Mayor Smith has about the areas that have been addressed in this particular issue or project.

[Time: 00:49:46]

Mayor Lane: Thank you, Councilwoman. Yes, councilwoman.

Councilwoman Milhaven: I agree with a lot of what Councilwoman Klapp just said. Maybe say the same thing in a slightly different way. The Vice Mayor was very good. But it's speaking to the downtown architectural guidelines as it relates to context, transition and buffering. And the staff's job is to tell us when things meet the rules and don't meet the rules. So that section is pointing out the fact that it is inconsistent with those rules. Certainly that's about the esthetic, the attractiveness, the look of the building. And I think what we're hearing is the intention was that we don't create sheer buildings and the canyon effect. And that it seems to me that the articulation and the way they have done it meets that.

In another section of the same council report it says the proposed zoning designation allows both uses and is consistent with the general plan and the downtown plan. It goes on to say that it is located in the downtown's most intensive commercial development as it pertains to existing uses. Development provides appropriate transition between the most intensive regional use development of the downtown and goes on to say it is less intensive to the south and the southwest, and that is consistent with the downtown plan associated zoning designations pertaining to height and densities abutting the nearby properties. While on the one hand, it's inconsistent with the design guidelines, it's still consistent with the uses. I'm very comfortable supporting this project.

In terms of parking, I have spent a great deal of time talking about the parking. And I think that there's -- we're going to talk about this in the study session that follows this and I'm going to be curious to see what staff's going to present, some of the detail with us. We're in a transition. Right? So

we've had free parking in our downtown. Our downtown was mostly retail, restaurant uses where free parking made some sense. We had some office in our downtown and it was in the area where this building's being replaced. But the characteristics of the office is changing. And I think we need to rethink parking in terms of that. I can't think of a city in the world that provides free parking to employees of their downtown businesses. I mean, I worked for a company that's got offices all over the country and employees pay huge sums of money to park or the employers pay huge sums. This project sort of comes in that transition.

And while I was originally uncomfortable with this four-year time frame, right? If the building is still going to be in four years, I'm confident talking with the staff that in four years we're going to have other options for employers to pay for additional parking or for employees to pay for additional parking. So I'm confident that this is a short-term solution to what's a long-term problem and that we're going to be hearing from the staff offers us some additional long-term solutions. So I am very supportive of this project.

And I will go ahead and make a motion to 4240, adopt resolution 10357 and 10356.

Councilwoman Klapp: Second.

Mayor Lane: Motion is made and seconded. Would the second like to speak further?

Councilwoman Klapp: No, I think I made my point. As stated the -- the applicant has come to us and given us an adequate explanation and adequate plans for parking in the future. I'm okay providing a second for the project.

Mayor Lane: Yes.

Councilwoman Milhaven: I want to clarify one thing. We're not giving away right-of-way here. We're changing the use of the right-of-way from a street to the sidewalk both for public uses. We're not giving anybody anything. In fact they're giving us right-of-way. I just want to clarify.

[Time: 00:53:53]

Mayor Lane: I do -- yes, Councilwoman Korte.

Councilmember Korte: Thank you, Mayor. I too am going to be supporting this project. When we look at our downtown plan. Our downtown plan encourages higher density, especially in infill projects. And that is a classic infill case that is very difficult. Very narrow. What is it? 1.2 acres or less than that. Right next to the Galleria.

But let's look at what it is going to provide for downtown. Class A office space is sorely needed in our downtown. Particularly this area. We have large employers that are looking elsewhere because there's no place for them to expand. And there's no place for their employees to park. This provides expansion and that provides parking.

I also believe that this use is compatible with adjacent development. Existing development.

Whether you're looking North at the W or the Galleria. I think it -- it is very compatible with that. What -- the pedestrian points, I think, are critical. As we see along the sidewalk on Shoeman Lane, you run into a staircase. And I think along Scottsdale Road the sidewalk just ends. I think if I remember it. It just ends. And you can't get anywhere except if you walk on the street.

And I also like the fact that it is compliant with our Scottsdale green building code. I think that is a very important statement as we move forward. So with all those improvements along Shoeman Lane, the curbs, the landscaping, the lighting. But also the need for office space in this part of Scottsdale. Many reasons that I support this. Thank you.

[Time: 00:56:09]

Mayor Lane: Thank you, Councilwoman. Councilwoman Milhaven. Did you -- is your motion inclusive of adopting the ordinance? And -- two resolutions. Then my question would be -- and I ask staff on this -- I was looking through the stipulations on the resolutions for the development agreements. And it's specifically just states the original 963 spaces, I believe. 953 spaces. Three below grade. And three above grade levels. Are there any modification to that at all in the view of what I was talking about before?

Planning and Development Services Director Randy Grant: Mayor Lane, there is an option for them to meet the conditions of the supplemental parking plan to build an extra level of parking.

Mayor Lane: If it's found to be needed.

Planning and Development Services Director Randy Grant: They can do it in advance. In anticipation of needing the additional parking. Or they could build it, it wouldn't make as much sense to build it in response to a shortage of parking. We would expect them prior to them coming to development review board they would show plans that either showed the additional level of parking, or they would be intending to provide some other method of meeting that requirement.

Mayor Lane: Okay. All right. Yes, Vice Mayor.

[Time: 00:57:50]

Vice Mayor Smith: To your point, Mayor, there is no requirement that they build additional parking. It is entirely their option. That's why I'm perplexed with some of the comments here that they have provided adequate plans for parking in the future. They haven't provided anything. Same number of spots we had before. Except at some future time, if we send the investigators in and they count fewer than 30 empty spots, as I said, then the applicant, I suppose, could dig another basement and building a parking garage. That could happen. Or they could just go out into the community and rent another parking space.

This whole thing is -- I can't think of a better word than joke. I mean, it is a joke to suggest that this is considering the adequacy of their parking. It's really -- I mean, if they needed 2,000 parking spaces you wouldn't find more than 930 occupied. That's all you can fit in there. It's not a measure of how many parking spaces they need, it is merely a measure of how well they're utilizing whatever parking

they're building. I think this is a bad project.

But I'm going to make an alternative motion. And that is to approve the project with all the stipulations and everything as required except with the additional requirement that the applicant build an additional below grade floor of parking. Adding roughly 180 spaces or whatever the number turns out to be.

Mayor Lane: I'll second that motion. Councilwoman?

[Time: 00:59:48]

Councilwoman Klapp: If I may, could I ask of the applicant to come back and explain the parking plan again. Because I don't understand it quite the same way you do, Vice Mayor.

Applicant Representative Jason Morris: Mayor, councilmembers, thanks for the opportunity. Before I pull up any graphic, I'd just like to share the applicant's perspective on this. And I can't emphasize enough the numbers don't lie on this project. The city of Scottsdale has a parking requirement. The council, if it believes that to be inadequate can change that parking requirement at any time. Largely there is support for your parking ordinance as it impacts the entire city.

But as has been noted in previous cases, there are instances, specifically one instance, of a project that was re-purposed that has created some parking concerns in this area. This building, in order to avoid that criticism, is parking at 142% of your requirement. 142% of your requirement. If you were looking for extra credit as a student, this is how you do it. Each one of those parking spaces carries with it a price tag. A below grade parking space in this area is 20 to \$30,000 a stall. But the applicant has made the investment in order to exceed your parking requirement based upon the tenant that they expect to land for this building. And this building is designed as a class A office building so that it can attract precisely the type of tenant that they are building the parking for.

It creates no benefit for the applicant to do two things. There is no benefit to an applicant to build a level of parking that won't be utilized just so -- as a community we can say -- we've got 120 spaces that nobody's using. All that does is make the project financially unfeasible. At the same time there's a provision in the development agreement that specifically says that the applicant, upon looking at the tenant, and the marketing that is being done for this site believes it is appropriate to design another level of parking. Be it below grade or above grade. Then the supplemental parking plan is unnecessary.

That's not to say that the applicant is required to do it, and this project won't work if the applicant finds -- and I'll give an example that's a real world example. Which is a professional services company that wants to occupy the majority of this building. If that is the case, then they are vastly over-parked and three was the appropriate number. But they are abiding by the approval that you have given them if this case is approved, and building the additional parking to 4.7 per thousand. But to go that extra step and say, before you even find the tenant, we want you to park it at almost twice what our requirement is, would undermine the entire project. I can honestly say I do not see a project being built if it's required to build parking that will never be utilized.

As I go back and -- Councilwoman Klapp's question was to address the actual parking. We can show the numbers from that. But I want you to understand as it stands in the development agreement and in the re-zoning, much was made of the 18 spaces that are on Shoeman that would be removed as we go from head-in parking to parallel parking on Shoeman Lane. A total on the North and south side of Shoeman Lane. There would be 18 spaces removed. What wasn't discussed with the same amount of clarity, is that the applicant has now come back and agreed to 50 retail spaces that would be signed available to support the public uses in this building. Not the office uses, but the retail and restaurant uses of the ground floor which is 14,000 square feet. So 50 spaces will be on grade level in the parking structure signed for three hours maximum parking.

[Time: 01:05:20]

Mayor Lane: If I may, Mr. Morris. I think that the question at hand really is whether or not there is any substance to an -- I'll address this to staff. That's the appropriate way to go. If in fact there's found to be a lack of parking at some point in time and the city manager makes a judgment call, the solutions that I have seen listed in the presentation and other ways don't seem to be very doable when you talk about 2200 feet away. Those kinds of things. They don't necessarily go to the -- I'm somewhat reluctant, I suppose, to put this onus on any builder and building. I think personally it's a good project. I would hate to see it damaged in some way. But what I don't see in answer to the question as to whether or not this was an option for if in fact there was a parking problem that was developed after the fact, I think the response was you would do it ahead of time and probably wouldn't do it afterwards simply because of the major disruption it would cause. That's where I'm coming from it. If that's the answer, better to do is ahead of time than afterward. I'm even somewhat concerned to the extent of underground even versus another level aboveground.

I did second the motion with some hesitation because of the included cost for a relatively modest number of additional parks spaces.

Planning and Development Services Director Randy Grant: Mayor Lane, if I could just interject. The Galleria did recently put two levels of aboveground parking above the structure. It is feasible.

Mayor Lane: Certainly the aboveground. Yeah. But if that were the charge, I mean, that's a substantial thing. You come in and you find that there's not adequate parking. And say, hey, you have to build another deck, that's no small penalty, if you will, for it. But that's the conundrum I've got. I've got some difficulty. The parking situation is an immense one. And it's creating not only problems with -- frankly with the viability, which is something I'm sure they're well aware of. And your client's well aware of, Mr. Morris, of the ability to be able to park a building is just as important as being able to have it occupied.

So I would just say that, you know, I'd even withdraw or I'd ask for a friendly amendment to -- I'm going to withdraw my second on that particular item. But I'm going to ask for something else. Unless you have another second. I'm going to withdraw the second on that.

So I think I've got the picture from you, certainly, as it is. And I'm certainly concerned as well as anyone as to what the consequential effect of building an additional level underground for that number of spaces. So there is a motion on the table and it's been seconded -- Councilmember Phillips.

[Time: 01:08:49]

Councilman Phillips: Thank you, Mayor, I'm not really for this project. I agree with staff. Except for their final recommendation. I think it's a little too massive for this property. And frankly I don't like the nine stories. And I think at nine stories it's going to make the Galleria look ugly. It's stark contrast to it. I don't think it melds into our downtown at all.

But if this thing is going to pass and everybody's worried about the parking, maybe what we need to do is make the stipulation that the applicant will provide the parking for the tenant that he brings in. Because what he's saying is he has the option to do that if a bigger tenant comes in and needs more parking, he has the option to do that. So you can make the stipulation he will do that. In other words we won't be able to say I got a bigger tenant, they need more parking. But I'm not going to worry about it. This will force him to do more parking if he gets a bigger tenant. So I guess I can make that amended motion if you want to go that route.

Mayor Lane: I think part of the problem really is, if I could just respond to that myself, and that is a lot of it's got to do with how they manage their parking. And how much of an impact it has on their ability to rent. We certainly have found a number of circumstances where parking spaces go unused because they're allocated. But nevertheless there's an under parked situation. I mean, an over-parked situation on the building.

[Time: 01:10:44]

Mayor Lane: But I guess there is -- there is a motion on the table. I don't know if this is a friendly amendment or ask or not. But I think that if in fact there becomes a problem, since most people indicate that they don't think there will be a problem, that the consequence would be to build -- and I don't know how we enforce this. And this is something I guess I'd ask Mr. Grant about, or maybe even legal. But as a consequence they would have to build one additional deck over the top. Which might just say, Mr. Morris, that might be in your best interest anyway. If you're under-parked for your building, you may want to be going that direction anyway.

Applicant Representative Jason Morris: Mayor, I certainly see that. I would point out the situation that you and the council are grappling with impacts every single office building in the valley. If they get a tenant that requires additional parking, they need to either find that parking or they can't have that tenant. On a personal level, if I have three cars, I'm not going to buy a house with a single car garage and hope for the best. If I want three cars in the garage, I recognize what I need. The tenants in this instance are going to have a set of demands. If those demands can't be met, they're not going to be fooled. This is not an inherited situation, this is a new one.

And I would, again, reiterate every office building in the city of Scottsdale suffers from the same condition. And we would, you're right, have to build additional parking if there was a tenant that demanded additional parking that we could only accommodate in the building with that additional parking.

Mayor Lane: I'm just not a big believer that we could lease parking somewhere else, 2200 feet away,

that's going to have the impact that we want to have. So if it is one of the options, certainly something that everyone would have to evaluate that would be it. Vice Mayor.

[Time: 01:12:53]

Vice Mayor Smith: Thank you, Mayor. I just wanted to pick up on that chain of thinking. I mean, the comment was made that, you know, if we can't find the parking, we won't be able to get the tenant. And the reality that we have here in the downtown area is that the property owners have not followed that guideline. They have gotten tenants that are not adequately parked. Or there's not adequate parking for. It's still possible to get the tenant without the adequate parking because we have free parking all over town in front of all the stores, small businesses and everything else. So it is what's exacerbated the problem that we're going to talk about later.

This is not a question of, as the speaker said, if I have three cars and I want to put it in a two-car garage. I guess it is exactly that. They're bringing in three cars, only got a two-car garage, so they go and park it in the neighbor's garage. And that is what we're trying to avoid here. And asking them to promise to take care of the problem in the future is, I think, irresponsible on our part.

But I would just say, again, the parking plan -- whatever this thing is called -- the supplement where we send out the investigate to count up to 30 empty spaces, is not an indication of the adequacy of parking. It's an indication of whether the garage is full or not. And the most that the individual would have to go and rent is 30 spaces because that's the only degree to which they will be out of compliance. By definition. It has a thousand spaces and they have to get it back to 97% of that. Thank you, Mayor.

Mayor Lane: Thank you, Vice Mayor. Councilwoman Klapp.

Councilwoman Klapp: Well, if the building was being parked just equal to the city's requirements, I think that would be a valid argument. But since they're adding another almost 300 spaces over and above what's required on the lot, then it would seem to me -- and then on top of that, they are agreeing to the city monitoring their parking spaces which no developer has ever done before. So in my estimation that, you know, providing 142% of parking and allowing their parking to be monitored is sufficient evidence of a plans that supposed to take care of any future parking needs. I mean, there's -- I mean, adding another story of parking or another level of parking in my estimation is too big of an ask.

I think there's a great deal of faith here in the developer that he has provided adequate -- more than adequate -- parking for his needs on this particular spot. So I don't see the reason other than we just like to have additional assurance. But I think it's just too big of a requirement to add another level of park. That's why I'm thinking, you're over-parking the building in the first place, and adding monitoring of parking on top of it. That should be adequate to oversee the parking needs on this particular property.

Mayor Lane: Thank you, Councilwoman. Yes, Councilwoman Littlefield.

[Time: 01:16:31]

Councilwoman Littlefield: Thank you, Mayor. I really don't see that very much has changed with this since we last looked at it. I don't like this project for the very reasons that Vice Mayor Smith originally said. And I'm not going to repeat them all because they're on record. I think this building does not meet the criteria of set backs for our downtown. It does not fit with the surrounding buildings. And it does not complement either the look or the feel of the downtown or Old Town. We are abandoning or standards, one after another for a building that will frankly stick up like a sore thumb in the middle of our downtown area and make a mockery of what we say we want there and what our citizens have said they want there in the general plan. We want -- we're doing further harm to our current businesses by reducing parking. Net result, more traffic. More ignored guidelines. Set backs, heights, densities, public right-of-way, parking, and frankly on overall negative effect to our character and to our development overlays in our downtown. So I can't really support this project as it stands right now. Thank you.

Mayor Lane: Thank you, Councilwoman. You know, I think there's obviously three people on council here that don't like the project. So that's not really the issue of parking. It's a matter of not liking the project. So I guess I'm stuck out here with one complaint from Mr. Morris, speaking on behalf of your client, I'm sure you are. I would just say that if there was a confidence level that everything has been met, then there should be no real risk in saying that if in fact the parking situation develops as a consequence of this project that an extra deck, aboveground deck will be put in place.

Applicant Representative Jason Morris: And Mayor, Councilmembers, I think we're agreeing. It's just a matter of how that is formalized. We believe we put into the development agreement language that if the situation warrants, meaning prior to building this building if we have landed a tenant that justifies that and after the fact if it occurred, it would mean building additional parking or leasing additional parking. Fortunately in this instance, as I said at the outset of the presentation, this particular land owner controls the majority of land in this quadrant. Which is why they were comfortable that they could make that evaluation. If the situation warrants, I don't believe there's an issue with building additional parking. But building additional parking when we're already above and beyond couldn't be done.

Mayor Lane: Let's not mix that up. As far as I'm concerned, if in fact the city manager's determination on the basis of what's been indicated here, it comes out that the building is under-parked. That really the only true answer to that -- I think leasing 2200 feet away and otherwise, I mean, I think that's really a non-- that's a non-answer. Not only that, it always depends upon where is it coming from and what who else is going suffer in the consequences? Something like that. Particularly those kinds of numbers. I guess the only thing I could say is that if you're confident that it's not going to come to fruition, I'm saying at the city manager's determination of what's said out here, that the solution to it would be building an extra aboveground deck.

Applicant Representative Jason Morris: And, Mayor, I think the response it that is the city manager has been given a set of tools under the development agreement if there is -- first of all, I'd go back, and I have to say this with all of my responses. With all due respect, we are so above and beyond your parking ordinance. We built it for the site.

Mayor Lane: But Mr. Morris, if you are, this will never come to fruition. Will never be a problem.

Applicant Representative Jason Morris: And that is exactly why the applicant was willing to enter into a supplemental parking agreement that is specific to this user unlike any other user in the city of Scottsdale. This will be the only private parking structure that the city of Scottsdale can go inspect. And the reason we were willing to abide by that when no other property owner has been asked in this city to do that, is for the reason that you just stated. Which is if you're confident that you have built the appropriate amount of parking for this area, then let us inspect it and make sure that that's the case. And ramifications if that is not the case. Beyond -- beyond the remedies that are already in the development agreement, I don't know how we can commit --

Mayor Lane: All I'm saying, that's a solution if in fact a problem exists.

Applicant Representative Jason Morris: Yes.

Mayor Lane: And that is something that's enforceable as far as the city's concerned.

Applicant Representative Jason Morris: The development agreement is absolutely enforceable.

Mayor Lane: Let me ask Mr. Grant, is that the case?

Planning and Development Services Director Randy Grant: I'm sorry, Mayor --

Mayor Lane: I'm asking if there's a problem as is determined by the criteria we have with inspections and so on and so forth, there's determined to be a problem. Does the city have the authority to call upon the development agreement to build an extra deck for parking?

Planning and Development Services Director Randy Grant: Mayor, I believe that's one option. The way the development agreement is written now it would be an option. It would to the necessarily be the only option.

Mayor Lane: And the other options are leasing spaces?

Planning and Development Services Director Randy Grant: The other would be to reduce the overall parking requirement, i.e., transit, van pool and carpooling, Et cetera.

[Time: 01:23:10]

Mayor Lane: Vice Mayor.

Vice Mayor Smith: Mr. Mayor, I think you're right. I don't think you are right that's an option for the tenant, or the developer. It's not a requirement. It's not anything we can impose on them. Furthermore, they're relieved of any obligation under this supplemental parking plan if in the meantime we go ahead and build another parking structure, city parking structure, on the city-owned lot on Stetson drive if we build a parking garage, it relieves them of this obligation.

I will try one more time to put in an amendment which I think at least improves the parking situation and maybe goes to the point that you're making in section 6.3.1 of the supplemental parking plan it

talks about what will happen in the event that they are determined to be over-parked or whatever the word is. And it's there that it says that they will secure additional parking spaces for the project by leasing parking spaces. And I think at least it would be a more comfortable solution if we said that they would secure additional parking spaces for the project by committing to the construction of a -- what's called a seventh level of parking in addition to the six that are currently anticipated.

[Time: 01:24:40]

Mayor Lane: Let me just grab this one. I don't know that you're going to vote for this anyway. So I -- what I would suggest, without reference to the specific areas of the ordinance is that if in fact it seemed to be that the building structure is under-parked for its tenants by whatever mechanism we have in place right now, that leasing and management can be enforced to correct it. But if neither of those correct the situation then an additional deck would need to be built.

And I'll as an alternative motion present the approval on all with that one modification.

All I'm saying is there's a sequence of events here. You choose a couple of those other elements to try to correct the situation. And if it doesn't correct the situation -- I don't see this ever coming into play. I hope it never does. Really I think I believe most of what everything that's been said. All I do know is in that area we have distributed parking and leased parking from other structures that have been in the area. With other properties that are in the immediate area. Inclusive of the W and inclusive of the re-purposing on the Galleria. So we have a combined effect, a triangle of sorts that's occurring in that area. And just by coincidence it happened to have become an ownership. So there's a real control agent here as far as that depose. If it never comes to fruition there's a problem, none of this comes into play. But if it comes in that we determine that there is a continuing problem, they can use the first two options of leasing and/or the management. If that doesn't satisfy, that doesn't correct the situation, then the structure would have -- an extra deck would have to be put on.

Applicant Representative Jason Morris: Mayor, I believe I understand what you're saying. This is not -- it remains an additional option for the developer but should the other options to rectify the parking deficit not result in that parking deficit being rectified, they would have to accommodate additional parking by construction. If that's the solution that we're talking about, I think I do understand. I'm sorry.

Mayor Lane: Are you agreeable?

Applicant Representative Jason Morris: If we're talking about that exactly the way I described it. It becomes an option above and beyond the options are available, and only enforced with the other options don't work. I understand that.

Mayor Lane: Understand it. Are you agreeable.

Applicant Representative Jason Morris: I believe I understand their response would be. Not having the applicant in front of me and being able to discuss this at the 11th hour is a little bit challenging. But I do understand.

Mayor Lane: Well, that's my alternative motion. Yes, Councilwoman.

[Time: 01:28:22]

Councilwoman Milhaven: I'm a little uncomfortable with rewriting a development agreement on the fly. So maybe for the attorney you could help us. Or you know -- how do we --

Mayor Lane: Mr. Washburn, do you have that planning and is it insertable?

City Attorney Bruce Washburn: Mayor, we have to change the recommendations and the stipulations. My recommendation is, if this is what the council wants to do, I hate to say this, go out, redraft the agreement and bring it back rather than presume we'll be able to come to an agreement with the applicant on the exact language being implemented. My understanding, the concept is, that if the determination is made based on the 97% parking that there's a need for extra parking, then the applicant gets to try the first two solutions. Lease parking -- parking management. And if there's still the 97% problem then they would be required to build extra parking. And I think I heard Mr. Morris say -- necessarily if I understood you, wouldn't necessarily be another floor on the same structure. This is why we need to go out and make sure --

Applicant Representative Jason Morris: Mayor and Council.

City Attorney Bruce Washburn: Excuse me. This is why we need to go out and redraft this if this is the direction council wants to go.

Mayor Lane: Well, you know, I've just made the motion. I don't have a second on it. But we don't have -- I don't believe we have four votes for the original motion. So council's favor whether they would want to try to rework the issue or not.

Councilwoman Milhaven: Mr. Morris, do you have thoughts?

Applicant Representative Jason Morris: Mayor and council, this has been continued three times and we are now down to a parking issue that -- I still -- when describing this issue to others as to why I've been continued and what we're discussing and discussing the parking deficit, I can't quite wrap my head around how we can have this conversation over a site that is so over-parked. And I also don't know -- it -- Mayor, even when we talk about this particular applicant, we also have to look at the impact going further down the road. And I do worry about that.

Mayor Lane: Let me say that there is a commitment in the agreement as it is right now. The only thing I've indicated is if the first two mechanisms don't work, there may be a requirement, which is an option anyway, to correct it otherwise. It doesn't seem like a big stretch as far as I'm concerned. It may take the legal department -- I don't know. I thought maybe you took it away tonight. We have another issue we'll be talking about shortly, coming back with it. But at the same time I don't know if that's what you were suggesting or not.

City Attorney Bruce Washburn: No, Mayor, I was suggesting for extra time.

Mayor Lane: I'm sorry for the continuance. But frankly I don't see how the parking issue has given us a real resolve to it if in fact there's a problem. And I'm just saying if the other two don't work then you go to that. It's already an option and frankly you could argue without me stating it this way that's the way it would have to go.

Applicant Representative Jason Morris: Right. And Mayor, I believe that's the commitment. The commitment from this applicant with the application that's before you with the motion that's before you, not including the additional language, is precisely that. That we will overbuild the parking structure to begin with. And should there be a problem in the future based upon the parking obligations that we will correct that problem. That remains.

Mayor Lane: Any one of the three. And if the first two don't work, obviously it falls upon the third. I know that's -- and you know what? I'll make this real simple. I will -- I'll support the motion that's on the table. But that's my -- my clear understanding here. And I hope that's the understanding of staff is that in order to correct the situation those three options are available. But if two of them don't work, it does fall upon the last. I mean, is that -- is that our understanding even legally? Could I ask you, Mr. Washburn is that what you're understanding would be on the enforcement of this provision?

City Attorney Bruce Washburn: The -- excuse me. The way the development agreement is written there are three options that are available. It's basically the selection of the option by the --

Mayor Lane: He could choose the additional desk first if he chose to. What we're talking about is they have three options to correct the situation. Right?

City Attorney Bruce Washburn: Yes.

Mayor Lane: I'm sorry, I didn't mean to interrupt you.

City Attorney Bruce Washburn: That's correct. Let me answer the question this way. This goes on for four years. And then whatever the obligation then goes away. It's hard to conceive of a situation where if we had a disagreement with the applicant about whether or not they were in fact fulfilling their obligations we could get into a court and get a judge. Because this is what we would have to do. We would have to sue on the agreement, go into a court, ask the court to give us what's called equitable relief, they direct the party to perform their obligations under a contract. I'm going to say technically. Is it a theoretical possibility we could do all that? Yes. As a practical matter, by the time we worked through the other two options and if we still had a disagreement, try and enforce this against the applicant, I don't see that as a practical matter. That's a viable solution for this.

Mayor Lane: Well, it is stated that they need to solve the deficit. Right? I mean, so -- by whatever means for those three options.

City Attorney Bruce Washburn: That's correct, Mayor. But it's not a self-executing contract.

Mayor Lane: No, I understand that. Many contracts are not self-executing.

City Attorney Bruce Washburn: Sorry, I'm just trying to be frank and speak about what I see happening. The technical answer is, yeah, sure, we can go around and enforce the agreement. But as a practical matter, by the time you work through the two options and try to enforce the third which I have a high degree of confidence would be disputed. Then there's a good chance the four years are up.

Mayor Lane: All right. Okay. Vice Mayor?

[Time: 01:35:32]

Vice Mayor Smith: Thank you, Mayor. Just for whoever might be listening out there. I want to make it clear that while this project does promise a greater parking per square foot, or per thousand square foot than the city ordinance requires, it is the very inadequacy of the city ordinance requirement that is bringing us to this discussion. And to the discussion that we'll have following this. It is a changing marketplace, a changing demographics of the work force. So I'm not persuaded that this project should get accolades for exceeding our parking requirements. What we, as a council, are trying to do is make sure that it's adequately parked. And if not, that there's some resolution.

And frankly, as I said before, this supplemental parking plan that's been outlined does nothing to determine the parking requirements of the collective tenants of the building. All that it does is figure out the parking situation in the garage. And if the garage happens to be more than 97% full, in other words, fewer than 30 empty spaces, things trigger. And the only thing that they have to do -- and I'm not making this up, I'm reading the agreement -- the only thing that they have to do is go out and lease enough parking spaces to bring it back to full occupancy. 97%. So if they were missing 30 spaces, the most they could be missing. They go out and lease 30 spaces. But there are if they can't find it at market rates, they have to do that. If the city has built a garage, they don't have to do that.

So there's all kinds of things that -- there is no teeth at all that says that in any circumstance if the occupancy requirements of all the tenants of the building is many, many spaces more than 920 or 950, whatever the number is, there is nothing in here that says that they have to build a garage. Or add to the garage that they have. And I'm sure the city attorney would agree that that is the language. And try to contort it to something else. I think we're just -- we're kidding ourselves. Thank you, Mayor.

Mayor Lane: Thank you, Vice Mayor. Councilman Phillips.

Councilman Phillips: I believe -- I mean we have a motion and a second. I call the question.

City Clerk Carolyn Jagger: Your honor, I just want to make sure which motion and second we are voting on.

Mayor Lane: The original one. In fact I withdrew mine on the second, Vice Mayor. I never got a second on mine.

City Clerk Carolyn Jagger: I knew that was the case, but I don't know if Councilman Phillips had a

second on the second motion. Okay? We're good. Thank you, Mayor.

Mayor Lane: All right. So we -- actually the motion is fairly simple in its adopting and the ordinance 4240 adopt resolution 1010357 and 10 -- is that correct? Motion has been made and seconded. All those in favor please indicate by aye. Those opposed. All right. That's -- waiting. Well, that completes our one item. Oh, yeah. Yes. Motion passed 4-3.

**ADJOURN SPECIAL MEETING**

Mayor Lane: So that completes the order of business we have here for the -- our special meeting. I'd ask for motion to adjourn. All those in favor of adjournment please indicate by aye. We are adjourned. We are going to move right directly into our work study session. And I'll wait for councilwoman Milhaven to return.

All right. We'll take a short recess. Before we start the work study.

**WORK STUDY SESSION**

**CALL TO ORDER**

[Time: 01:40:55]

Mayor Lane: I want to call to order the May 10th 2016 city council work study session. And it is approximately 6:35. Start with a roll call, please.

**ROLL CALL**

[Time: 01:41:22]

City Clerk Carolyn Jagger: Mayor Jim Lane

Mayor Lane: Present

City Clerk Carolyn Jagger: Vice Mayor David Smith

Vice Mayor Smith: Present

City Clerk Carolyn Jagger: Councilmembers Suzanne Klapp

Councilwoman Klapp: Here

City Clerk Carolyn Jagger: Virginia Korte

Councilmember Korte: Here

City Clerk Carolyn Jagger: Kathy Littlefield

Councilwoman Littlefield: Here

City Clerk Carolyn Jagger: Linda Milhaven

Councilwoman Milhaven: Here

City Clerk Carolyn Jagger: Guy Phillips

Councilman Phillips: Here

City Clerk Carolyn Jagger: Acting City Manager Brian Biesemeyer

Acting City Manager Brian Biesemeyer: Here

City Clerk Carolyn Jagger: City Attorney Bruce Washburn

City Attorney Bruce Washburn: Here

City Clerk Carolyn Jagger: City Treasurer Jeff Nichols

City Treasurer Jeff Nichols: Here

City Clerk Carolyn Jagger: City Auditor Sharron Walker

City Auditor Sharron Walker: Here

City Clerk Carolyn Jagger: And the Clerk is present

**MAYOR'S REPORT**

[Time: 01:41:33]

Mayor Lane: Thank you. You know, just a note, is and maybe for just some recognition, this past week -- or at least I should say on May 3rd we honored the Navy S.E.A.L. Charles Keating the fourth who tied in Iraq. He was a graduate in 2004 of Arcadia high school. And I just wanted to make a moment to consider him in our thoughts and the family at this difficult time. Thank you.

This is a work study session. And there are some differences between that and a regular council meeting. And we provide the less formal setting. That's why we're sitting here at a big dinner table together. For the Mayor and Council to discuss specific topics at length with each other and the city staff. Work study sessions provide an opportunity for the staff to receive direction from the council. And for the public to observe these discussions. No official actions taken. Strictly for guidance and direction.

First order of business is we do allow for some public comment. Limited to a total of 15 minutes and three minutes per individual can speak. There is no donated times allowed in this. But I think I've got just two for this work study. Let me make sure that on the -- now, these both relate to the second item. So hold on that. But that will come before the next item.

**ITEM 1 – PRESERVE ENDOWMENT CONCEPT UPDATE**

[Time: 01:43:21]

Mayor Lane: Our first item for the work study is the Preserve endowment concept update. And the presenters, staff contact. We have our staff representative here, the Preserve Director and Bob Frost, the current chair for the commission, and Jim Heitel former commissioner will be speaking too. Kroy, with your allowance, I understand you're going to have -- to start it off. Very good. Welcome.

McDowell Sonoran Preserve Commissioner Bob Frost: I'm going to use the Obama teleprompter here in respect for your time and to keep me on point if that's all right. Thank you for allowing us this opportunity on your study session so we might have this conversation about the need and financial plan to create an endowment to provide funding for the McDowell Sonoran preserve in perpetuity. And a grant funding program to continue science and research necessary for the long-term life of the preserve. With us today are several members of the commission in the audience and past chair you introduced, and preserve staff and finance in the audience. The commission has worked on this proposal for more than two years. We have worked through many scenarios and financing plans. And your finance department has been invaluable.

We looked at what land we have yet to purchase and what improvements are yet to be constructed. Also we concluded that there is not enough money in the future of the preserve accounts to ever purchase neither the postage stamps nor the surrounding areas of the trails. We looked at options that we have heard from you. Which we will show you in a few minutes in the financial presentations. And we calculated and projected maintenance and operating costs into the future. I'm going to ask him to go through the financial projections. Past commission chairman will share with you our goals and why this is so important. And wrap it up with thoughts on moving forward. Please understand that this recommendation comes to you with the 100% unanimous vote from your Preserve commission. Kroy.

Preserve Director Kroy Ekblaw: Thank you. And good evening.

Mayor Lane: Thank you Mr. Frost.

Preserve Director Kroy Ekblaw: Very quickly I will just run through a little bit of the history. You have seen much of this in the status of the land acquisition. We are currently working on parcel one and 1A of the Pima Dynamite area and the Rawhide wash. And we're also working on the three remaining private properties. Our projection is that for all of those cost of land and debt service is projected at \$48 million.

We've also over the past couple of years looked at future preserve improvements. Updating or adding some parking at some of the trail heads or providing a new trail head should we be successful with the Pima dynamite land acquisition. Add a new trail head there. We have additional trails and work on trails. And those improvements are projected at \$17 million. That also includes \$2 million for a land bridge over Dynamite Boulevard if that should be needed in the future.

From the standpoint of Preserve operation costs, the current 15-16 budget identifies direct costs, administration and facilities and indirect costs total willing just over \$671,000 per year. It's projected, of course, over the future years that will increase and that number will vary a little bit depending upon just exactly the projected a couple staff additions in the future. And as we continue to add a couple trail heads and some growth. But that was part of the consideration of the commission.

Now I wanted to walk through this table that's all provided to you. I'll just walk through in a building format. And, again, we thank the treasurer's office for all their assistance in putting these projections together. The current uncommitted cash from the preserve tax through 2034 is at \$178 million. With the land acquisitions and the planned improvements, that would be a reduction of \$65 million to that future uncommitted cash. Leaving it at roughly \$113 million.

When we were before you last year, you asked a couple or three questions for us to do further analysis. One was to look at the option of paying down the bonds early. And with that option that would raise the projected uncommitted cash after land acquisition and improvements from 113 to \$120 million. The other option was to pay off the bonds early and if you were to remove the tax on food from going into the preserve taxes, that would lower the total from \$120 million to \$77 million after those improvements.

So we have looked at those. Those have been through the city treasurer's office. And if we have any questions specific to that. To the concept then that the two chairs past and present will speak a little bit more about is the concept of the endowment. And the use of those remaining uncommitted cash. The first of two concepts is the operations and maintenance. And for concept purposes projecting a \$34 million annuity to be set up that estimated for purposes of just analyzes at 3% would generate a million dollars a year in perpetuity. If approved, this concept would be subject to review and approval through the yearly budget process.

The second concept is, as noted, research and education. This is identified at about \$4 million to set up the annuity. Again, the 3% estimated would achieve about \$120,000 a year. And, again if that con I want were to go forward, the idea is the projects would be based upon a resource management plan that grant funding is how it's conceived would come through the city budget process. We'd have input from the conservancy field institute to projects being proposed. There would be recommendations from the commission and city staff. But ultimately would require approval by the council.

Taking out that \$38 million leaves roughly \$75 million under the just straight projections at the bottom of the page. If we were to look at it under the early bond payoff option, that's roughly \$82 million available. And if it is the early bond payoff and no tax on food, there would still be \$39 million available for future uncommitted cash available for preserved land and improvement uses if allowed.

[Time: 01:50:51]

Mayor Lane: If I might just add, you might have these on the tip of your tongue, or they're available. When we talk about projections through 2034, what type of increased inflation or I should say increase in sales tax on the overall are we anticipating in making these -- developing these numbers?

Preserve Director Kroy Ekblaw: I'm getting the indication that it's a 3%.

Mayor Lane: 3%, okay. Through the entire term.

Preserve Director Kroy Ekblaw: That's my understanding, yes. It's based on most recent analysis and the current budget year projections.

Former McDowell Sonoran Preserve Commissioner Jim Heitel: Yes. Thank you. Thank you for inviting me here. And I'll give you a chance to ask a few questions. I'm going to try to keep my comments pretty minimal so that we can maybe get some input and clarify some things. Most importantly here obviously two years in the making with the input from the council, input from the MSPC and so forth. Most importantly here I think this is -- it's not an additional tax, number one. This is an allocation of the recognition, number one, of the remaining limited funds available in the preserve, you know, account if you will that will be available. And the recognition that with the costs of the land acquisitions that we would be looking forward are opportunities for purchasing significant amounts of lands is going to be pretty minimal.

An example that he gave you is our anticipation of buying Pima Dynamite. And those expenses will end up, you know, with interest and so forth. And \$48 million range. So you can kind of use that as a reflection about the dollars we're looking at here. We were careful. We took into account some of your comments from about last year. And we were careful this time to put a specific dollar amount on this annuity so that it would cause the majority of those remaining funds to flow to the bottom line. So that they are there more typical anticipations in the future uses down the road.

And what we did was -- what the treasurer's office did, but we've got for you, are these current projections and then taking into account that early bond payoff. And even taking into account some discussion about removing the tax on groceries and so forth. So we tried to show in any of those scenarios there still is under that 3% growth rate. And 2% on unused cash that those were the numbers that we would be looking at. So bottom line, I think what it does is it seems to provide something for almost everybody.

Number one. It gives an opportunity for anyone certainly running a government to strip out 600 to a million dollars of general fund expenses that should be pleasing to an awful lot of people. It in turn turns around and ensures in perpetuity sort of the first class funding mechanism for the Preserve. And one thing I think it really does from a state and maybe even national perspective, we've -- we've set the standard? Conservation and Urban interface areas. Period. To take it one more step and to have a city actually with those conservation funds actually fund the continuing operation has to be just another stellar gold star in anybody's cap.

And an example of, you know, proper government management. Taking conservation expenses out of

the general fund. And really putting it back on the-- on the folks that conserved it. A huge, huge example in the conservation movement going forward. So that -- with that said, I think it really does give something to the Preserve supporter. You know? I think it does something for the preserve supporter for years. There are those that have grouched a little bit about the Preserve taking money out of the general fund. This really speaks to their concerns.

Mayor Lane: Excuse me, Jim. I have a question.

Councilmember Korte: I'm sorry. Okay.

Mayor Lane: Well, no.

Former McDowell Sonoran Preserve Commissioner Jim Heitel: I'm pretty much wrapped up. The Mayor knows if he doesn't stop me. This could be like the last -- yeah.

[Time: 01:56:09]

Councilmember Korte: There was a nice hook, Mayor. A couple questions. On the \$17 million improvement figure that includes a new potential gate -- not gateway, but access at Pima Dynamite. And improvements at the field and granite mountain?

Preserve Director Kroy Ekblaw: That's correct.

Councilmember Korte: And then you mentioned a land bridge. Can you tell me what a land bridge --

Preserve Director Kroy Ekblaw: The general plan and under the master plan for the Preserve, it does identify the potential of Dynamite Road connecting the North and the south part of Preserve. Of having some type of land bridge. It's not defined what that is. And part of our current study with game and fish, the collaring of the deer to track the large animal movements is part of the research. We have done previous studies with game and fish. And the goal is to understand what benefits might be. There will be wash crossings required under Dynamite. So it could be a modified crossing to a land bridge. The land bridge could be much more expense.

Councilmember Korte: So this would be for wildlife, not people.

Preserve Director Kroy Ekblaw: Wildlife.

Councilmember Korte: So we're going to herd deer across a land bridge. I can see it now. Not that a sign and flashing lights and yellow, green, and red. I understand that. So not that I'm a biologist or not, but that would be interesting to see.

The 3% -- the 3% -- these numbers are based on 3% tax increase growth, right? And then it's estimated 3% take off of the annuity. And that's conservatively. Conservative historically. The past 20 years the -- 25 years that we have been doing this.

Finance Director Lee Guillory: Yes. The historical growth in the sales tax has been about 4.5% per

year from '95 through 2015. So the 3% growth in the sales tax is conservative compared to that. And historically over that same time period our investment earnings were more in the 4 and 5% range as well. Recently those returns are less than 17%. So it is just kind of a blend.

Councilmember Korte: Okay. Thank you. Final question. You've separated preserve and operations from research and education. Is there a reason for that?

McDowell Sonoran Preserve Commissioner Bob Frost: Well, the only thing we wanted to do is to give the council the option so that the money all isn't in one pot. So that here's the endowment that's set aside for the operation and maintenance of the Preserve. And here's the money that's set aside for potential grants and science research. So rather than have it all muddled together, makes it easier for you and future councils to make decision on that money.

Councilmember Korte: So that would be grants to organizations and would be administered by whom?

Preserve Director Kroy Ekblaw: Again, the concept would be that it be administered through the Preserve staff. But it would be approved on that yearly budget process. So if it achieved \$120,000 a year, there would be that available for award in a given year. And that would come through a review process. If you give the direction to go forward and look at this in my detail, we would bring back much more detail. But we wanted to give you a concept -- that it wasn't just money out there as a free for all. But there would be control that you would have ultimate review over.

Councilmember Korte: Well, many of you know that -- well, let's take the organization that is doing some great work for the city at no cost to the city. And that's our McDowell conservancy. They do a phenomenal job. And they have entered this whole research and education through their citizen scientists and their field institute. Which is producing great work and notarized publications, scientific publications. And I have always been the one to say we need to start paying them. You know? They're -- imagine what they could do with a little bit of resources for our preserve and for the research. I think I like this a lot.

McDowell Sonoran Preserve Commissioner Bob Frost: Thank you. This is -- they are very excited about this potential. Quietly. In the background there. They are looking at it with eager eyes as well.

Former McDowell Sonoran Preserve Commissioner Jim Heitel: Yes. And just to reflect on that, based on a lot of those conversations that have been ongoing. That was one of the basis for sort of separating that out and getting that concept into kind of a grant-type of funding. Some of the just -- just some of the conversations at MSPC were initially were specifically to directed specifically to MSE. So you know what? I think we're on the same page there. And it's a great opportunity to do those things

Councilmember Korte: Well, I want to thank you for taking the direction last year. I think it was last year. And coming back with I think a real balanced proposal. I like that.

McDowell Sonoran Preserve Commissioner Bob Frost; If I may, as you know I have been around in city government either working or volunteering for over 40 years. And we have seen councils and Mayors come and go. And we have seen the budget cycle make huge dips and gains over the years. And the problem is that parks, libraries, recreations, and preserves can't compete with sanitation, police, and fire. And so this proposal is important because it moves that out of -- out of that realm of problem and creates a fund in perpetuity. At some point in time.

I had somebody come up and tell me that the reason this is staff-generated so they would have long-term protect their job. As you can see by the numbers, that's nonsense. Because these people are going to be retired by the time this thing comes into place. So we really think that this is the right thing to do. And we think it's the right time. The right time to do it. And I don't want former treasurer over here start fooling around with all those numbers again. We have already done that.

[Time: 02:03:38]

Mayor Lane: You know, let me ask a question. Because when you talked about the 17 million, I believe it is, for improvements, don't we already have it set aside in our budget the overall of some \$20 million? Or has that been expended?

Preserve Director Kroy Ekblaw: The -- there's a couple different things. Yes, we have spent -- I think it's now in the 20, \$22 million range. But in the five-year CIP I think we have its roughly in the 17 or 18 million. That's partly because some of that has been spent. And this number is always a bit of a moving target. So we've kind of froze these numbers of 48 and 17 in time. But that is in the projections. You've approved those previously. We update those each year as we anticipate land acquisition and improving the trail head or the like. That's all -- those numbers are all consistent. Lee has them completely plugged in as purchases or acquisitions down the road.

Mayor Lane: Just simply stated, though, is the 17 million included in that number?

Preserve Director Kroy Ekblaw: It is included.

Mayor Lane: Or a separate element? Included?

Preserve Director Kroy Ekblaw: Yes.

Mayor Lane: Okay. Yes, Councilwoman Milhaven.

Councilwoman Milhaven: I also think this is terrific. I do have a question, though. And I think you touched on it saying everybody will be retired before we get there. Since it is all about cash. And we're not going to bond to create this. My question is to staff, say, at what point in time are we going to have this extra cash to create this endowment?

Preserve Director Kroy Ekblaw: A little bit would depend upon which of those three columns we go with. If it's the first column, cash starts becoming available in the mid 2020s or early or mid 2020s. If we go with early because of bonds, doesn't achieve until the 2032, 33, 34. So there's some different strategies with your direction. We can come back and analyze that and look at that more closely.

And bring that forward. But in any of them we probably don't achieve full annuity until later in the 2020s or early 2030 range. And I know that Councilwoman Littlefield asked last year if we could look at the ability to have that 5% or some cost of living increase. And that would be part of that direction of further analysis if we go forward with that. We would get into those details as well and accommodate that type of request.

[Time: 02:06:10]

Mayor Lane: Councilwoman Littlefield.

Councilwoman Littlefield: He read my mind. I was just looking at the projected costs of 671.9 per year and wondering if you would build into that projection a factor that you would think would be covering the increases in costs year to year. Because for one thing, if we add more trail heads and more trails, there's going to be more cost involved in maintaining those. And so that number is going to go up. We would want to be able to factor that in and make sure that the annuity would cover any increases going forward.

Preserve Director Kroy Ekblaw: And that's correct. We would come back with much more greater detail based upon that direction then.

Councilwoman Littlefield: Thank you.

Mayor Lane: Thank you. Let me just say that I think this is a very good approach that we're taking right now. Of course we're in the early stages as you pointed out, an update to this concept. But I think some of the critical components as we -- and I believe we will probably get the direction from council to proceed with this, not presuming that. But if that is the case I think it's certainly a good program and certainly to be thinking ahead for this very thing. But what do we need to do with regard to the legal aspects of in? Not only the financial aspects, but the legal aspects in order to make sure we're in the right lane as far as the direction we're going?

McDowell Sonoran Preserve Commissioner Bob Frost: Yes, sir. Mr. Mayor, may I?

Mayor Lane: Certainly.

McDowell Sonoran Preserve Director Bob Frost: I want to share with the public, this is not a new tax.

Mayor Lane: No. I understand that. But it is an old tax. Certain guidelines in the law.

McDowell Sonoran Preserve Commissioner Bob Frost: What we're asking for you is to give staff direction in order to -- in order to engage the city attorney's office to move forward with the hope that the council forwards a question to the Scottsdale voters to amend the allowed use of Preserve tax funds in order to establish the two endowment funds. So that's what we're asking going forward. Which is kind of a nod from the study session.

[Time: 02:08:29]

Mayor Lane: Yes, Councilman Phillips.

Councilman Phillips: Thank you, Mayor. Well, you had me on endowment. You're requesting direction, and further detail and analysis, I don't see why not. You have my full approval.

Mayor Lane: Yes, Councilwoman.

Councilwoman Milhaven: Yeah, I certainly would like to see us continue to work on this. But there's not a great urgency. And we got a petition at the last meeting to consider putting some other questions. So I think my preference would be to consider those together. And maybe bring them back again when we visit the -- we have the work study to consider the petition so that we're not doing a bunch of things and really looking at them. How they would complement or contradict each other. I would rather bring it back to the work study and talk about the petition we got last week.

Mayor Lane: Thank you, Councilwomen. To that point I think exactly. And that is not only we have a good bit of time on this. But you mentioned something about greater detail on this. I'm not sure exactly what you were referring to in that respect. The projects or how this might be structured out. But frankly one of them wouldn't undoubtedly be how to address it from a tax and legal standpoint? Right. It's not a new tax. I get that. I appreciate that. But it is one that has been voted by the public for a specific purpose.

McDowell Sonoran Preserve Commissioner Bob Frost: Mayor, as a member of your commission in the work study session am I allowed to argue with one of the city councilmen?

Mayor Lane: No. We're here to get information and not argue with you.

McDowell Sonoran Preserve Commissioner Bob Frost: Okay. All right. Yes.

Councilwoman Milhaven: Mr. Frost, what's on your mind?

McDowell Sonoran Preserve Commissioner Bob Frost: Well, Councilwoman Milhaven, I think that the endowment program is really, really important and I think that it would get muddy if we put it on the same ballot as a DDC proposal. That's just my thinking.

Councilwoman Milhaven: The petition we got last year didn't specifically -- last week didn't specifically mention the DDC. It mentioned about clarifying use of Preserve tax. And some broad definitions of what could be done. It didn't specifically speak to the DDC.

McDowell Sonoran Preserve Commissioner Bob Frost: I think they're tied together.

Councilwoman Milhaven: And you might be right. But I think it's worth taking the time.

McDowell Sonoran Preserve Commissioner Bob Frost: Yeah, sure.

Mayor Lane: Thank you. Well, yes, Vice Mayor.

[Time: 02:11:05]

Vice Mayor Smith: Thank you, Mayor. I can see pluses and minuses to this proposal. I guess among the minuses it bothers me to think that in any way we would be taxing citizens to create a savings account. Just as a general principle. That is bothersome to me. I recognize that -- I mean, we don't have savings accounts to make sure that the libraries run. We don't have savings accounts to make sure that the parks are open. But here we would want to create or continue a tax for the purpose of ensuring that there was a savings account.

I guess I can see differences. I mean, I can see differences. This is a voluntary activity. And I think in that sense it's a noble objective. And I can see it as certainly as the previous chairman said, setting a template of excellence. And an example for the rest of the world. So how committed we are to the preserve and to its continuity. And it's not like we're creating an endowment that's going to be an asset. We're creating an endowment that will hopefully discharge future liability. So that's a plus. And it will help us avoid are the dips and turns in the budget that might otherwise tempt us to cut back on maintenance. The maintenance of the Preserve can go on in pretty much unaffected by economic conditions.

It is a bit early to be thinking about this. I mean, maybe not early to think about it. But it's early to expect it. Because as you point out, it's going to be in the tail end period of this that we actually experience the accumulation of the fund. Between now and 2032 or whatever we'll be using the money either for the acquisitions and the trailheads or whatever. Or, more importantly, to prepay some of the debt and save the accumulating interest in order that the ending pile of money is even better. So it's -- we're probably 16 years ahead of time. But that may be the first time that government's ever done anything that quickly. I am encouraged by the financial projections that indicate that in every conceivable scenario with an endowment, with a research and education annuity, with a meager 33% growth in sales tax, so on and so forth. Early bond payoff.

In every situation we anticipate that we could eliminate the food tax without impairing the financial viability of the preserve program. And while that's not directly the subject tonight, I want to, again, reiterate for everybody, I certainly consider it an inappropriate use of food tax revenues to continue to put more money into the preserve than is needed for every conceivable need. And we've got every conceivable need here identified and we still have \$39 million more left over at the end of the period. So without regard to what we do, I would very much like for us to finally commit to what we need to do, which is remove the regressive tax on groceries.

Lots of pluses and minuses. But on balance I do favor giving the voters the right to speak to the question of how they would like this tax to be allocated. And the endowment is significantly different than any provision that we have in the language that they have voted for in the past. So for that reason, if we have an interest in doing an endowment, whether it materializes or not, and whether it's 16 years in the future or not, at least we could have their authorization. But that's an intended and allowed use. So I think it's a good program. I would urge you proceed. I don't see any reason to tie it to anything else. So just proceed with your study. Thank you, Mayor.

[Time: 02:15:55]

Mayor Lane: Thank you, Vice Mayor. Councilwoman.

Councilwoman Littlefield: Thank you. I agree. I think that this is a good way to look at it. I would -- if you want my opinion on how this should go ahead. I think we should look at the early bond payout. We could save a lot of money doing that you don't have to pay. And I think that's a good thing. And I think since the council has agreed to reduce the food tax in the coming years, much before 16 years. So there won't be a food tax if we continue on that path. Then we ought to consider the early bond payoff and the no tax on food. Because that may be what we end up with. It looks to me like it's pretty much a perfect match. And looks like it would be a very, very good thing to do.

I like the idea of having a trust fund to pay for the expenses of the Preserve into perpetuity where we don't have to come back to the general fund and dip into that to make sure that our Preserve stays healthy. And I think this is a great idea. Thank you.

Mayor Lane: Thank you, Councilwoman. I would say that on the overall I think everybody's pretty much in agreement to move this concept forward and get greater details and look at the legalities of how it needs to be approached. With real considerations as far as it goes. I certainly think that if we are choosing between the three -- certainly the early payoff of the bond I think is a good use. And I also believe that -- and I think we're likely to be figuring on the elimination of the food tax in this component in any case. So that's a reasonable one.

So unless there's further comments, I think you've got the message from everyone here as far as how to move forward. And I think wear in good shape. And thank you very much for the time and effort you have put into it to this point in time.

McDowell Sonoran Preserve Commissioner Bob Frost: Thank you all for your time and consideration. We'll be on you, moving it forward.

Former McDowell Sonoran Preserve Commissioner Jim Heitel: Yes. And thank you all. I think ultimately history is going to show this is a legacy that stands out nationwide. I mean, it's going to be something we're all going to be pretty proud of. Thank you.

#### **NORTHEAST DOWNTOWN PARKING DEFICIENCY SOLUTIONS UPDATE**

[Time: 02:18:26]

Mayor Lane: Nice to see you. Okay. Our item two. We do have some that would like to speak on this. But just for the record, this is the northeast downtown parking deficiency solutions update. Does it sound a little familiar? And our presenter is going to be Danielle Casey, economic development director and the transportation director.

But as it is with work study meetings, we do speak to those -- or we allow to speak towards the subject before we have any conversation here. So I'd ask that Nick Labadie come up. And then next and final would be Fred Unger.

Nick Labadie: Mayor Lane, members of the Council. Nick Labadie, 7144 East Stetson for the record. Thank you for letting us comment briefly tonight. Just wanted to say we are right above one of the parking garages that is affected here. And I think staff's done a great job. We are in agreement with the proposed solutions that are in the plan you're going to see. Specifically, though, we are very happy to see that there will be signage for three hour parking in the Stetson garage and other places. But specifically in there. And the enforcement component that goes with that will be very helpful. Eager to see that. And staff proposing if it doesn't work, you will look at it later. Those are sort of our comments. Thank you.

[Time: 02:20:20]

Mayor Lane: Thank you. Mr. Fred Unger.

Fred Unger: Good evening Mayor and Council. 7134 East Stetson. We have a parking challenge if downtown. And thankfully you're addressing it. I'm suggesting that fundamental to whatever you come up with enforcement is critical. As I understand it, there's one vehicle that operates four days a week eight months a year on a set schedule. So that everybody knows when he's coming around. My suggestion is that's not adequate enforcement. I was pleased to hear that there's another vehicle and another individual as part of your budget for next year. And so I would just like to very much encourage you to put some teeth in the enforcement. If we're going to have rules, we need to have them enforced. And I think part of the problem would go away by just the enforcement of the rules.

I don't know the economics. But I think a good portion of the extra enforcement would be cut the cost would be covered by the fines that are implemented on the people that are breaking the rules. Including the people that just park in the handicap zone to zip in to quickly get something to pick up and therefore -- and that's a \$500 fine. And I think they should pay that because our handicapped citizens are precluded from using that space if and when they need it. So that's what I wanted to say. Thank you very much.

[Time: 02:22:19]

Mayor Lane: Thank you. That completes public testimony on this. So, miss Casey, if you want to lead off, or whatever you have desired.

Transportation Director Paul Basha: Thank you, city council. I'll begin with the first several slides and then Danielle will continue with the remainder. Mr. Mayor, as you mentioned, this was discussed with you on February 1st. And this is a bit of a re-discussion. This evening we'll discuss a little bit about the direction you provided to us on February 1st. The majority of the conversation this evening will come from Danielle. Which is a result of a survey that we conducted per your direction. And then we'll have a few comments regarding the next steps in this process.

When we were before you on February 1st we discussed the fact that we, as a city, have been responding to parking issues in this part of our downtown since 1962. The last time we revisited this issue was approximately ten years ago. As we heard Mr. Unger just say, there are current challenges in this part of town. Evidently you noticed that based on the conversation this evening. We

presented to you three short-term recommendations on February 1st and one mid-term recommendation. And we'll continue to discuss a little more about that.

As the Mayor and council will recall, we did hire a consultant to collect extensive parking occupancy data in this part of downtown. And we reported on that. And that has helped guide us in the recommendations we've made to you prior and will reiterate this evening. We have discovered that competing cities throughout the valley, throughout the state, and throughout the nation have four attributes that we in Scottsdale do not have. Other communities have lower parking requirements than ours. Particularly for offices. As the council is well aware we require approximately three spaces per thousand square feet. Other communities are requiring less than that. Other communities subsidize parking availability. We do not in Scottsdale, generally speaking. Other communities have greater enforcement and also require paid parking on most of their spaces. Also our competing cities have more transit options than Scottsdale has historically has and still currently has.

As we mentioned previously there are multiple solutions necessary. And these are five areas that we've discussed before. And we'll continue to discuss this evening. And into the future.

[Time: 02:25:13]

Economic Development Director Danielle Casey: Thank you. Well, Mayor and members of the council. It's my turn. I've got quite a few slides that are the result of the survey. Try to run through those very quickly so we can get to the meat of some feedback. But I would like to mention. What's been very fun about this process. I have been involved because the direction at the last discussion was all of this sounds great. Go talk to the businesses and the community members and come back and tell us if it's feasible and what they think and if they're going to participate. That's what we did. But internally, as we pulled together these ideas and evaluates things and made some tweaks in our recommendations, this was really done with unified team effort. So it was economic development, transportation, but I also want to thank tourism, planning, capital projects. Really we had everybody at the table. So it's been a very positive process from that regard.

So we did some outreach. We received 144 online surveys that were completed. We got the online surveys through a multitude of measures. Sending it to every business that our department had an e-mail to in the downtown area. To every commercial real estate broker with an office in downtown or listing projects downtown. Asking them to fill out the survey if they were so inclined. Included in a city-wide press release announcement and then even shared in person with several groups in meetings. We talked to the chamber of commerce, the economic advisory committee asked them to get the word out. We went in person to the Fifth Avenue merchants. And the gallery owners and the tourism team and met with folks on south bridge. So we were pretty extensive. And arms were open. If they said they would like to meet in person, we followed up in three days working to et is the meetings up. It was positive. It was available on the Website and into the economic development E-news letters.

What did the respondents look like? Terms of the makeup of the people that took the time to give us feedback, it's a really great mix of people representing downtown and interest in downtown. You have about 30% -- just under 30% that represented downtown businesses. You also had some residents

in there, some real estate professionals, employees, et cetera. And even about 14% that were just interested Scottsdale citizens. Which is fantastic. Of those that were businesses responding, that were representing businesses responding, these are the sizes of the businesses that responded to the surveys. Again, we believe a healthy mix of not just large employers, but also many small employers and through that realm. So I think when we pulled together the numbers if you went to the minimum number of the bracket they responded on, the businesses that responded represent a minimum of about 3250 employees in our downtown. So, again, great representation. We appreciate the feedback.

This is just a little reminder on the downtown public parking structures. Just a high-level overview slide.

[Time: 02:28:20]

Mayor Lane: Excuse me.

Councilmember Korte: Sorry to interrupt you, thank you, Mayor. So -- 3200, so that's about 10% of the downtown employees? That's what we kind of --

Economic Development Director Danielle Casey: That gave us direct response information.

Councilmember Korte: That's a good percentage.

Economic Development Director Danielle Casey: Thank you. Okay. So what I'm going to do is go through each of the questions that we asked. This kind of goes back to the short and mid-term solutions that we presented you before. And we went and asked those questions of the folks in the community. So this is regarding the trolley route expansion. If you remember we proposed this as a possible way to help get people from parking that are parking all day help get them off the streets and parking in largely underutilized lots that have no restrictions. And the question we canned in the survey, the city was considering expanding the free downtown trolley hours to begin as early as 5 p.m. and continue on the ten minute intervals. Tell us how beneficial you thought this was. You see 43% thought it was somewhat helpful. And 30% thought it was very beneficial. So positive responses to this proposal in the survey.

Then we asked them would you educate and encourage your employees to use this? It's a free downtown trolley hours are expanded, would you be willing to work with the city to educate and encourage employees in order to park in unrestricted free parking in and around downtown as opposed to hourly restriction sites. 45% gave us a yes. 25% said maybe. If the route serves the needs of your employees, great. About 26% said no. And if you read a lot of the written comments, some of those helped elaborate. Those that wrote in the comments helped us understand. Some of the people who said, no, I have five parking spaces and four employees. So of course I wouldn't do that. But the general number showing they're indicating at this point is positive.

So on this topic our recommendation and update, and I'll ask Paul to chime in if there's a question. Is to create an express route to run from 5 a.m. to 10 a.m. Monday through Friday beginning July, 2016. What this express route would do would help those major employers with the good amount of

employees to park offsite and take the trolley in. Some small merchants said they would consider doing that because the space in front of their business would be open for their use. The nice thing that this does is it actually, then, if we continued the service at 10 a.m. to regular tourist route could start an hour earlier than it normally goes right now. Which could be a benefit to people that are visiting so they can get on the trolley and use the tourism stops and visit around downtown earlier.

[Time: 02:31:22]

Mayor Lane: One second. Councilwoman Klapp has got a question.

Councilwoman Klapp: Do you know how many employees approximately come to work at 5:00 in the downtown area?

Economic Development Director Danielle Casey: We do have some major employers that probably account for about 1800 employees. So the idea if we could get a portion, 4 or 500 parking further away, that could be tremendous.

Councilwoman Klapp: Is that made up of hospital employees? Which major employers?

Economic Development Director Danielle Casey: We have some major ones in the Galleria area. There would be a good example.

Councilwoman Klapp: So Galleria people come in early primarily.

Economic Development Director Danielle Casey: But looking at the routes, we have numerous others starting between 7 or 8 a.m. And with the trolley not starting until 11:00, it eliminates the opportunity for them to utilize it to park offsite.

Councilwoman Klapp: I'm trying to understand the shift concept in the Galleria. What is the typical hours of an employee in the Galleria? Starting early? Is that normal?

Economic Development Director Danielle Casey: They have shift work. Servicing East Coast clients. Call center fulfillment. Fulfilling different prescription. It's part of their health care solutions.

Councilwoman Klapp: So is that the only employer that employees from 5 a.m. in the Galleria or are there others?

Economic Development Director Danielle Casey: Seasonably they are the one, and there are other uses. Yelp has shift hours and various hours depending on the clients.

Councilwoman Klapp: Those people work normal Monday through Friday or working weekends? Because you're saying this would be Monday through Friday. Their normal shift is only five days a week?

Economic Development Director Danielle Casey: Mayor, councilmember, they have weekend employees. But the concentration of the weekend shift employees is not a significant enough amount

to, you know, need to try to get folks in further offsite parking. And I actually do not have with me a complete list of exact shift hours for all of the employers. But we could look at producing that to the best of our ability.

Councilwoman Klapp: I'm trying familiarize myself. The usage at 5a.m. Whether that's the best time, 6 a.m. or what. You answered some of my questions. Thank you.

Economic Development Director Danielle Casey: Thank you.

[Time: 02:33:55]

Mayor Lane: Thank you. Councilman Phillips.

Councilman Phillips: Can you help me understand this express route a little better? And you're taking them to work in the morning, but not taking them back to the car in the afternoon?

Economic Development Director Danielle Casey: The next couple slides are actually the routes. So we're going to walk you through those. Let me go ahead and proceed. I think on the notes here.

Mayor Lane: Just one second, though. The Vice Mayor may have a question.

Vice Mayor Smith: Thank you, Mayor. Will we have a slide eventually that talks about what the cost of this is?

Economic Development Director Danielle Casey: Yes. This is included right now to a full annual cost for expanding routes to 200,000. So it would be \$200,000 for the full annual expansion for 20 months. And I would look to Paul to confirm that.

Transportation Director Paul Basha: Yes, Mayor Lane and Vice Mayor Smith. It is -- 200,000 in additional costs and included in the tentative budget for next year.

Vice Mayor Smith: I wasn't concerned -- I am concerned. But that wasn't the question whether it's in the budget. It says to be included. But if it's included. But I just wanted to know what the cost of the program is. Can't make an addition without knowing the cost. And I also like, and I guess you'll have this on other things.

This mid-fiscal year feedback. I'm still remembering that years ago we put in what was called the hospitality trolley as a test. Took us four years to kill it. So if one of these doesn't work out, I'd like some trigger mechanism to kill it off and go to plan B.

Mayor Lane: Thank you, Voice Mayor. Councilwoman Korte? Okay.

Economic Development Director Danielle Casey: Thank you for that comment. And we have had those exact conversations with employers that would be interested in utilizing this that we intend to do a review. If ridership is not active, we would be reporting back to council. We could not recommend

continuing something that's not being utilized. But get to how we think that is hopefully going to work. Initiating outreach to educate on the route and the availability of parking. And again, mid-year update. I'm going to let Paul take the next couple slides to explain the route, current route, the proposed express route and then our ongoing regular route.

[Time: 02:36:22]

Transportation Director Paul Basha: Mayor and members of the council, you have seen this slide before. It shows the downtown trolley route in the red line. And that route now operates at ten minute frequency beginning late last October. And you can see that it does connect to the yellow public parking spaces. We also have two other routes that serve downtown. There's the Miller Road route, essentially on Miller Road, but also serves Drinkwater Boulevard. And the Camelback trolley on Camelback Road. The north end of downtown.

I would like to note that we did discover in the survey that some businesses in the immediate area would prefer the downtown trolley be on Fifth Avenue as opposed to Sixth Avenue as it is now. We are considering that possibility.

Again, these are the current routes. This is the express route that Danielle mentioned that Councilman Phillips requested. This is conceived to begin at 5:00 in the morning. Operate until 10:00 in the morning. And then from 10:00 in the morning until 9:00 at night the previous slide route would be utilized. I would suggest to the Council this doesn't imply that people begin at 5:00. This is the time to catch the trolley to get to work which begins at 6:00, primarily. This is an express route that directly connects parking spaces to the need for employee use in the northeast quadrant of downtown.

Councilman Phillips: So is that an additional trolley to do that while the other trolley is still running its route?

Transportation Director Paul Basha: Councilman Phillips, this would not be an additional trolley. This would be the same trolleys that will operate from 10:00 in the morning to 9:00 in the evening. They're just operating earlier.

Councilman Phillips: Not really an express, just operating earlier.

Transportation Director Paul Basha: It's express because it's a slightly different route. You can see this is on Goldwater and Drinkwater, Second. This is a little more circuitous that serves the more tourist areas of downtown.

Councilman Phillips: If it's the same trolley, how can you change the -- what is the -- once he hits 10:00, then he starts doing this route?

Transportation Director Paul Basha: Correct.

Councilman Phillips: So hopefully whoever was taking it in express in the morning parks at the right one to get back to there.

Transportation Director Paul Basha: Yes, Councilman Phillips. We did explore that situation. And several of our other trolleys actually have slightly different routes, didn't times of the day, different days of the week. It is not uncommon to have slightly different routes at different times of the day.

Councilman Phillips: Thank you.

[Time: 02:39:26]

Transportation Director Paul Basha: This, again is the express route. And Councilman Phillips, you asked about in the evening for two hours when the employees in the northeast quadrant of downtown would be leaving work, returning to their vehicles. We would alternate the routes slightly. The dashed line that you see here is actually a route that we use as a detour now when for one reason or another the bridge over the canal is closed. We use this detour route. The idea is every other trip, every other ten minutes. One ten minute period we would use the detour route. The other ten minute period would use the normal, more tourist-oriented route. We have discussed this with some of the employers in the northeast quadrant and they concur this would be beneficial. And you, Councilman Phillips, reiterated that same concern.

Economic Development Director Danielle Casey: Great. So on to the next topic. And I would point out that on the trolley it is intended hopefully as we work on parking solutions, to be not in perpetuity tie unless it becomes such a great solution that it moves in that direction. So reduce parking time limits and permits for P-3 zoned properties. If you remember the discussion about the P-3 zones. We'll talk about that a little bit.

We asked in the survey, the city was exploring the implementation of two-hour parking limits for public street parking in the northeast quadrant of downtown because we all know we have -- it's a concentrated interest in using parking in that area. I'll have to restart the earlier conversation. But it's -- but that coupled with issuing all-day parking permits for properties in the area that have P-3 parking rights. We asked if they felt this would be beneficial in encouraging employees to use other unrestricted sites.

These are the results we got. 80% of the respondents said it would be somewhat or highly beneficial. So that was good to know. In terms of the northeast quadrant, the three-hour spaces to two-hour. This is a general overlay in that area. And the green directly indicates which properties are zoned P-3. The recommendation and update for those hourly limits, just that one topic, would be reassigning the public on-street to two hour limits to encourage more turnover and people moving cars around and not doing what we think is going on which is, you know, utilizing the space and then moving on three-hour increments. Signing the remaining unrestricted garage park the in the northwest quadrant. One of our speakers mentioned this. This was a result of a conversation we had with employers in that area in the northwest quadrant in the south bridge area. That they feel that some employees parking in on street parking in the northeast are flowing into that area. We had a great discussion, sign it for three hours in that area and see what happens. And again, like everything else, evaluating the impact of these changes at mid-year. And they were very appreciative of that solution. It would also provide for and based on our questions earlier provide for enforcement increase in the 16-17 budget which is included for one additional enforcement personnel.

One other point I think we wanted to make. We are working internally. I'm sorry. Let me get to the next slide. That's exactly what I'm thinking. In terms of the P-3 zoning permits.

Mr. Mayor. Vice Mayor

[Time: 02:43:21]

Mayor Lane: I'm sorry, yes.

Vice Mayor Smith: You're proposing that we would have the mid-fiscal year evaluation. And I guess I'm -- I don't know what that would possibly be. How would you evaluate -- I mean, you can tell us how many new citations have been issued, I guess. Maybe that would be something.

Transportation Director Paul Basha: Mr. Mayor, vice Mayor Smith, the mid-year would be a conversation with the area businesses to understand if they believe that the two-hour parking limits and the increased enforcement is providing additional parks spaces for employees and k customers.

Vice Mayor Smith: So nothing objective, it will be a subjective conversation.

Transportation Director Paul Basha: Primarily subjective, but there might be some objective aspects to. We may count vacant parking spaces.

Economic Development Director Danielle Casey: You had to do that, didn't you? Okay.

For the P-3 did issue for the properties of P-3 zoning we have talked about and are recommending launching based on the results and the feedback that we got in this survey as well as our own research, launching a pilot program process. So we would need to create that program and look at some guidelines to be created. We are talking internally. There are a certain amount of spaces that have been allowed per property with the P-3 zoning rights. And so what we want to do is a little bit more research on whether we would want to offer permits for the full extent of the spaces that they are -- that have been waived. And you can explain this better than me.

Or look at a percentage of the amount and start there working with them. So, you know, if you have five spaces or you have rights to five spaces, do we give you five? We would run out of parking very quickly if we did that for every one. Looking at the percentages, guidelines and how the program would work. And figuring out a process to review the actual need for the businesses. The permits are at no cost. We can move quicker moving the pilot program forward. Legislative action would be required later if it was working and it made sense to have some costs. Basically we have talked about cost recovery. Something that would handle the administrative and any other hard costs related to this program. And then, of course, it would be important to promote the opportunity to the properties that this effects. And also educate the occupants, again, about the trolley express route option. That if they are using that would be ideal. Because then they can free up more spaces for pros -- employees that are coming in and out all day, or hopefully clients and evaluate it in here. Any questions on that piece?

All right. We also asked about parking garage development. And probably no one is shocked. This is our survey response. So if we look, this is by number of responses. The survey takers were allowed to check all that apply when they were giving the question. 79 said this would be beneficial to businesses in the area. Eight didn't like it. Said it would not be beneficial. 12 said I'd be interested in leasing spaces for my employees. And I went and counted that up, and if you look at the minimum number that these individuals stated their company represented, that would be 1727 employees that their businesses represented. So, again, even if you look at a small fraction, there is definitely interest. And again, that's on the low end. 500 to a thousand, we only put 500. Being conservative in the estimates.

But the question that was posed was -- and I just want to make sure it's clear for everyone listening to if they can't look at the survey, the question was the city is analyzing the feasibility of the parking structure on the site of the current surface lot on Sixth Avenue through a public bid process to allow a developer to enter into agreements with leasing the spaces for use which would assist with financing the project. That was the question that was clearly stated and the responses we received.

So this is just a visual for you to kind of get an idea of the context of what we're talking about in terms of the site. We went through this last time. So 703 on street spaces, 127 on the site that you see covered in the little red bubble. These are additional nearby parking structures. So you get an idea of the distance and I guess we could take these. It's a little tricky. Right there. So, again, this is where we're talking about for the space in question. Oh, and so -- and Paul's pointing out that the 229 three-hour spaces, that's the space we were talking about signing as three-hour. This would be just a closeup.

And so our recommendations is, again, if privately designed and constructed, or at least see for we can make this work and going out and moving forward to solicit interest. We have a request for proposals. A very rough draft that we are actually having Walker consultant the look at for us to give a smell test. As those who have worked in the parking industry across the nation, what do thing about the way it's drafted in terms of protecting the city from possible risk, getting strong responses, et cetera. Any review and approval of a contract obviously would be extensive council review. And development if it were to go forward would likely include to make the structure feasible would be an abandonment of the portion of sixth avenue from Wells Fargo to civic center plaza, which our transportation team reviewed extensively and comfortable with in terms of a flow. And rezone the structure. Questions you have on that?

Run through the rest of this and I'm sure we'll have plenty of questions at the end. So we did have a few additional suggestions. We looked back at the comments from council. There were two big things that we were able to go out and ask people about. It was additional signage, better in the downtown, and what about a parking app to help people find parking? We learned some good things and found some interesting tools out there. So would better signage help? 78% said yes. Sometimes public parking lots are hard to find. I don't know any community that wouldn't be true. But we got a strong response on that. 19% said no, it's already easy to find. And, again, just a couple said I'm really not sure. What do you mean by better signage?

When we asked people if a mobile app would help to find parking, do you feel the creation of a mobile app to help downtown employees, visitors and clients find public parking. Do you feel it would be

useful. What is an app in the question, I put it in there because I was having a little bit of fun with it. And we did get one. So, you know, at least somebody caught that. So when we're looking at these tools, there's interest in having better tools and ways to drive around.

I will tell you that we did actually ride the trolley when we were thinking about the express route with some downtown employer representatives. When we rode the trolley, I was looking for the signage to show me where some of the parking was. While it's there, we recognize there's room for improvement. One of the things I wanted to add, when Paul mentioned the merchants on Fifth Avenue, one of the things we noticed, even with the current trolley stop location, there isn't a great destination. You get off the trolley, there's no nice sign saying you are here, here's a map and here are the nearby merchants and vendors. Those are the things we're talking about getting installed.

[Time: 02:51:39]

Mayor Lane: Councilmember Korte, question, comment?

Councilmember Korte: So this parking app is compelling. I also know that there is technology for parking limitations. So sensors in the parking spaces and it tells the person cutting the tickets that it's been there for free. They can drive to the car. People don't know that technology is there. Can these two be combined? You know, the technology and the expense because that would solve a lot of issues.

Economic Development Director Danielle Casey: Mr. Mayor and Councilmember, exactly. There is amazing technology out there. And one of the things when we started looking at this, you know, I think especially the portable picture people get, whether it's free for a period or not. With parking meters. What it does, it's a physical environment and the look and feel of the downtown. Forget the other considerations. So there is -- there are a number. In fact some of the comments we got, if you look at the written comments on an app. Many said yes, this is great. Others said it's great if it shows me where the open spaces are. It's great if it's functional in that regard. If it's just a map, it's just a map. So what we've looked and researching and talking and looking at what firms are going. San Francisco and L.A. and different communities.

But there are absolutely tools to put sensors in the ground, alert an enforcement officer if they haven't moved a lot. It can take the citations up dramatically. And this is I think where we come back in a circular way to get to the discussion. If enforcement is better and more efficient and increased, we really do believe, and the employers we talked to believe and understand if you're enforcing and people are getting ticketed and know they can't be there over three hours, there's an issue, behaviors start to change. At least that is our hope or desire to look at technology like this. What's amazing about these apps and tools as well, sensors in the ground as well as very inexpensive. I hate to totally quote this, but I've heard a few hundred dollars thrown out there. Cameras mounted to poles look at parking lots. Lay a virtual grid over it, tell the app and report back to the app how many spaces approximately are free. And you can put counters at the front of the garages.

So we think this would be tremendous in increasing our enforcement ability as well as being able to educate and give people tools as to where parking spaces are available. We have heard downtown restaurants say people drive around. And 30% of the traffic on the streets are really -- once you get

into downtown, people driving around looking for parking. And we know there's a certain large percentage of the population that may not download and utilize the app at first. But it's something to promote and push.

There's even -- it's really amazing that companies now are telling people to not ever use meters and look at smartphone technology and even technology, going to charge for parking do it on a smartphone or put a sign up, you can go into the store and pay for the parking with the merchant. I have a feeling our merchants would find that cool. That would drive traffic into the store. So there's definitely wonderful technology out there.

[Time: 02:55:16]

Economic Development Director Danielle Casey: So this kind of gets to our recommendation for both what we're asking tonight and recommending is that we explore costs for augmenting our existing signage in the lowest cost possible. But really hit the low-hanging fruit as quickly as we can. We are -- we wanted everyone to know that there will be a comprehensive review and maybe an update and recommendation to downtown way finding in general with the downtown Scottsdale 2.0 process that we're going forward on. And the hope is that that process will tell us what the funding will look like. Because we know way finding for all of downtown isn't going to be -- it's not going to be the spare change in our pockets or something left over at the end of the budget year. It's going to have some impact.

In terms of the parking app, we are -- and we'd like to continue exploring costs and the potential for apps similar to those being used in benchmark communities. Like we have talked about and research contracts and scopes of service and come back with that and possibly explore going out to explore some of those tools. And the uses of in-space sensors and lot counters to provide useful information and guide them.

Finally we did ask questions about mass transit participation. This one was maybe not as excited as we would have liked to be by the results. But I think it's not terribly surprising. When we asked folks if they were willing to share information provided by the city with their employees. Largely -- so look at blue bars there. Those are the people that said absolutely. The green is somewhat willing. And the orange and no, not interested. Strong response there. When we asked if they would create an employee incentive for trip reduction, the bars shift. But on a positive note, inviting a city representative to speak to the employees about transition services, that was, again, on the positive side. So I think we get a sense of what the level of interest would be.

And that takes us all the way to end of this where we are essentially seeking direction for advancing, again, the downtown trolley it would simply be allowing us to continue moving forward with what is in the budget and what we've mentioned. To the-hour and permit parking, again, continuing the funding for staff that will help with additional enforcement in 16-17. And beginning free permits for P-3 credits in fall of 2016. We're being a little vague on fall. We need a little bit of time to put together that program and guidelines. Because there would be processing and things like that. We want to get moving on it as quickly as possible.

For the parking structure RFP we put love your direction on completing an advertising request for

proposals. And beginning the -- and if so beginning the abandonment of the sixth avenue and the rezoning process. At least the research related to that internally on understanding exactly what we would need to do.

And then finally direction for advancing further exploration of costs to get enhanced signage and parking app on board to possibly include sensing technology. One caveat if I can take a little bit of liberty. I think in terms of parking signage, looking at the current budget and whatever we have allocated for available funds, we would certainly want to start looking at things we could fix immediately. That is all.

[Time: 02:58:55]

Mayor Lane: Thank you very much. That's very comprehensive and more. And clear. So thank you for that. And I'm sure we'll have some questions about it.

If I might just start off by something that is of maybe continuing concern when we talk about the downtown trolleys. And I just going to share and extend on something that the Vice Mayor mentioned earlier in the course of the discussion. And that is some true means of having to evaluate its use. And I know we've talked about this before. But there is -- if there's anything that becomes a problem, it's trolleys riding around empty. And the solution is not to black out the windows.

Economic Development Director Danielle Casey: Yeah.

Mayor Lane: So that's a high-priority to me. I think on the overall the concept and the idea of what we're trying to do there to spread out the parking is a good thing. And one thing that sort of goes across the board on some of this, other than maybe the signage as far as the two-hour versus three-hour limits of time -- is the seasonality of some of these efforts. Hiring people year round that could be keeping track of this maybe be totally unnecessary. If there's a way to facilitate that on a part-time basis and reduce costs, that would be important. Some of the other automated issues of the apps. Frankly I'm enthused by. And I don't know that the technology changes almost every day and advances. But I think that's something that, given also an application on a parking garage, a privately-funded parking garage, that's something that needs to work into that weighs. Particularly if it's a subscription to spaces versus free spaces. Or a paid parking garage. Again, seasonality is going to have a big impact on that kind of work and measurement.

But I think from my perspective I think working and moving forward on just about everything you've got here is something that is desirable. And also to your last point, things we can do quickly and immediately given available resources. Something we probably want to do exactly that, make it a priority. However we want to go about that. I'm sure there's others. Sure. Councilwoman.

[Time: 03:01:20]

Councilwoman Milhaven: Thank you. Great, great work. Yes. Do all that have up. I have a couple of things. In terms of the expanded trolley service, \$200,000 of city expense. We are in an interesting situation, parking credits and phantom spaces we owe business owners. But by the same token, employers that need a 5 a.m. trolley are in a building that doesn't have enough parking. So,

again, I don't see that it's the place for a city to provide parking for employees. Right? It's -- we provide parking for patrons at retail establishments. But I don't think it's our place beyond our parks credit commitment to provide for parking. So I think it would be interesting to pursue whether or not the employers will benefit from this. Or the landlords will benefit from this who don't provide enough parking for their employees. Whether or not this is something that they should or could pay for. Were you going to respond? I was just going to leave it as a follow-up item. Did you want to? So that would be number one. Is does this need to be a city expense, or could this be paid by the people who benefit from it?

Second, in terms of enforcement, I would like to see us approve enforcement and add a position. I think the PD should be able to increase enforcement within their existing budget.

And then in terms of the RFP for the -- for the garage. I would hope that you wouldn't limit it. I think previous said please give me at least this and you get at least that. When you might get more. I hope that it says what's the maximum number of spaces you could give us and not limit it? Because we want to get as many as we can. So thank you for the opportunity to comment. Thank you.

Mayor Lane: Thank you. Councilwoman Klapp.

[Time: 03:03:25]

Councilwoman Klapp: Yes. Good work also. I agree with the measures that you want to take. But I would also want to say I fully agree with what was mentioned by councilwomen Milhaven about if we are putting in early morning parking for certain employers, they should be contributing to that in some way. I have a problem with spending \$200,000 to benefit maybe one or two, three employers that have early morning hours. So I think that should be explored. What kind of contribution they might make to the costs for the trolley if we put it in because it will benefit them. Thank you.

Mayor Lane: Thank you Councilwoman -- Vice Mayor.

Vice Mayor Smith: Thank you, Mayor. Councilwoman Milhaven made three points that it's not the city's responsibility to provide parking for employees. We should improve the enforcement, and don't increase the budget, and don't limit the RFP. I want to go on the record saying I agree with all three.

Mayor Lane: Thank you, Vice Mayor. Councilmember Korte.

Councilmember Korte: The earth is shaking. Nice job. Move forward. Get this stuff done.

But I'd like to just say, while I have the opportunity, that we have seen tonight that our other downtowns in the valley have lower parking requirements. And that some are subsidized parking. And that there's a lot of paid parking out there. And that there are more transit options. And all of that, to me, equates to a continuing lowering of our competitive ability when attracting well-paying jobs and the types of corporations and companies that we want to be in our downtown and attract that type of talent in our downtown. So while this is wonderful. I think it's a band aid. And if it's a band aid of three years, or five years, I think it's -- I think it's that short of a band aid. And if we don't start thinking bigger on how to continue to maintain a thriving downtown of commerce and liveability, we're

going to be outcompeted. And a lot of this is the parking and the subsidized parking spaces and subsidizing the automobile.

[Time: 03:06:21]

Mayor Lane: Thank you, Councilwomen. Well, I think you have gotten -- I'm sorry. Okay. A hand is raised. Councilwoman Littlefield.

Councilwoman Littlefield: Thank you. I think you have done a great job with this. Thank you. And I definitely think one of the things we could do right away that would probably help people in the downtown area is increase and enlarge the signage to the garages so people can see this is where they are. Maybe have little arrows to them. You know, kind of make sure that it's easy for them to find the parking garages. Some of them aren't. I do think you've done a great job here.

I have a concern with changing behaviors. Because that's always hard to do. People get in ruts. They get in habits. And trying to motivate people to change those behaviors, to go to a farther away parking garage and park and take a trolley to go to work. I think the best way you could possibly get that to happen is to incentivize the businesses and show that it's in their best interest to have spaces where their people can park for the entire day so they don't have to jump up and run and move their cars every couple of hours. And if they can see that it's a benefit to them to have this kind of activity, I think that might be a good way, too, to help pay for the cost, maybe, a little bit. But also to get those habits changed. Which would be the first step, I think.

I think pursuing a new parking structure is a good idea. My question was, how do we pay for this? Because the voters have said they're unwilling to pay for it when we put it out before them before. Private funding is the alternative. So I think you could go out, see what you get, bring it back and see what we have been -- see what we can have happen. We do need the spaces there. And that's something, again, they may want to go to the public parking garages rather than pay for a private, subsidized parking space. Again, go to the different alternatives that would become available to them.

I did have a question for you. And a couple of my councilmembers kind much mentioned it lightly. And that is a lot of the businesses in the downtown area have been paying substantial fees for in-lieu parking for a long period of time. And this has run into thousands of dollars. How does this plan and our changes in attitude affect these folks? Because they have paid the phantom spaces. Now how do we give them their money's worth? It may -- what are the considerations that we need to have to make it fair for them?

Transportation Director Paul Basha: Mayor Lane, Councilwoman Littlefield, we have used them to create parking structures such as the one west of Scottsdale Road. And in the parking -- sorry. Both east and west of Scottsdale Road. South of Indian School. We have used those funds to provide public parking spaces already and will continue to do so as those payments are made.

Councilwoman Littlefield: Okay. I wanted to make sure that I understood that. I like very much the idea of using the app. I think if we're trying to attract high-tech people who like to deal with that, the younger generation, this is something I think everyone could really use. And would be extremely helpful that you don't have to go around parking garages trying to find a place to park because you

don't know where the spaces are. I think that's really great.

I do like the increased transit with the trolleys. I think that will do a great deal so help get people motivated to move. But we need to advertise that too. And we need to make sure that people are aware that we're doing it. And that's something that's going to be probably another survey. Another list, another outreach to everybody. So there's a lot of things to be done to that. But the trolley system, too, is something that could be done fairly quickly. And I like the utilization of our existing garages that are currently underutilized. I think that's very important. Thank you.

Mayor Lane: Thank you, Councilwoman. Now I think without any further comment I want to compliment you both for a great presentation. A lot of great ideas and conceptions. And I think you have gotten some great direction here. So thank you again.

Economic Director Danielle Casey: We'll continue working. Thank you.

#### **ADJOURNMENT**

[Time: 03:11:22]

Mayor Lane: Well, that completes our second item for this meeting. For the work study session. Unless I have any Mayor or council items, I'd entertain a motion to adjourn.

Councilmembers: So moved. Second.

Mayor Lane: Volunteer on that. All those in favor of adjournment, please indicate by aye. We are adjourned. Thank you.