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CALL TO ORDER

[Time: 00:00:05]

Mayor Lane: Well, I guess I can just throw that gavel away. Well, good afternoon, everyone. It's nice to have you here for our meeting. Our first one back from our summer hiatus. So we are all ready to go for another season of Council meetings. So I would like to call to order the August 28th, 2017 City Council meeting. It's approximately 5 p.m. and it is August 28th.

ROLL CALL

[Time: 00:00:26]

Mayor Lane: And I will start with a roll call, please.

City Clerk Carolyn Jagger: Mayor Jim Lane.

Mayor Lane: Present.

Carolyn Jagger: Vice Mayor Suzanne Klapp.

Vice Mayor Klapp: Here.

Carolyn Jagger: Councilmembers Virginia Korte.

Carolyn Jagger: Virginia Korte.

Councilmember Korte: Here.

Carolyn Jagger: Kathy Littlefield.

Councilwoman Littlefield: Here.

Carolyn Jagger: Linda Milhaven.

Councilwoman Milhaven: Here.

Carolyn Jagger: Guy Phillips.

Councilman Phillips: Here.

Carolyn Jagger: David Smith.

Councilman Smith: Present.

Carolyn Jagger: City Manager Jim Thompson.

Jim Thompson: Here.

Carolyn Jagger: City Attorney Bruce Washburn.

Bruce Washburn: Here.

Carolyn Jagger: City Treasurer Jeff Nichols.

Jeff Nichols: Here.

Carolyn Jagger: City Auditor Sharron Walker.

Sharron Walker: Here.

Carolyn Jagger: And the Clerk is present.

[Time: 00:00:50]

Mayor Lane: Thank you very much. We have cards if you would like to speak on any of the items

on the agenda or for Public Comment. They are the white cards the City Clerk is holding up over her head to my right and if you have any written comments for any of the items on the agenda you can fill out the yellow cards and we will read during the proceedings. The City Clerk has them over her head right now. They are there to assist you. We have Scottsdale police officers Eric Bolles and Jason Glenn here to assist you, right straight in front of me, if you have any need for assistance. And the areas behind the Council dais are for staff and Council access only. There are rest rooms under this sign over here, the exit sign over here on my left for your convenience. If you have any difficulty hearing the proceedings of our meetings, there are hearing assist headsets that are available at the City Clerk's office over here, and just ask one of the staff over here and they will be happy to provide you with one.

PLEDGE OF ALLEGIANCE

[Time: 00:01:47]

Mayor Lane: This afternoon, we have the Scottsdale Bobcats here to give us the, lead us in the Pledge of Allegiance and so if you can, please all rise.

Scottsdale Bobcats: I pledge allegiance to the flag of the United States of America, and to the republic for which it stands: One nation under God, indivisible, with liberty and justice for all.

Mayor Lane: Very good. Thank you very much. If you would like, Bobcats, if you would like to introduce yourself.

Bobcats: My name is Mark. Saguaro. Marching band. Bass drum, triangle, and cymbals.

My name is David, and I go to Mojave, and my sports is basketball, track and field and swimming and go Bobcats!

Coach: Thanks, everybody!

Mayor Lane: Thank you, coach. Thank you very much.

INVOCATION

Mayor Lane: This afternoon, we have an invocation by Pastor Freddy T. Wyatt. First Southern Baptist Church of Scottsdale. Pastor, if you would, please.

[Time: 00:03:34]

Pastor Freddy T. Wyatt: Would you pray with me? Father we humbly come into your presence tonight. We thank you for your amazing gracious love for us that you have shown us through your son Jesus. God, we thank you for the many gifts that you have showered our life with, Lord, namely eternal life that's offered to through your son Jesus. God, we thank you for this great city you have

given us to live in and, Lord, I thank you today for the leaders that work hard to ensure that it maintains being a great city to live in. Father, our hearts are heavy as we watch the news and as we think about our neighbors in Houston and Lord, we pray that you would give us hearts of compassion, that we would throw off apathy and complacency Lord, and that we might somehow, Lord, give, pray, and work to help our friends in Houston.

Lord, I pray that you would be with the first responders, God, give them strength as they seek to help those that are suffering. Lord, I pray that you would give hope to those people that are losing all of their material goods. Lord, I pray tonight that you would mobilize churches from all over our nation to go and minister aid and ministries of compassion to those people in Houston. And tonight, Lord, we pray that the storms would cease and we pray that the waters would recede quickly and Lord, we pray that people's lives would be saved. Father, we pray tonight now that you would watch over our business here. Give us wisdom. Lord, give us love for our neighbors and give us a neighborly spirit as we conduct our business here. We thank you now in Jesus' name. Amen.

Mayor Lane: Amen. Thank you, Pastor. And I certainly want to lend to that consideration of prayers and thoughts for all of our Texan and Louisianan neighbors who are suffering through hurricane Harvey. It's certainly interesting to note and I know it's one of the most significant floods in, of record in the state of Texas. And they have had a few. So keep them in your thoughts.

MAYOR'S REPORT

[Time: 00:05:48]

Mayor Lane: You know, the events over the summer months left a lot of us in shock, and beyond just the continuum of many years of terrorism against the United States. First, I want to express my personal sorrow, not for the dozens of victims killed and wounded from terrorist attacks in Spain, France and Finland over the last few weeks. It's a horrific situation that continues with us, natural and man-made causes of this kind of terror and injury. Events closer to home over the summer are of great and growing concern to me and to a lot of others for sure. The loss of any life is terrible consequence of an escalating conflict between a developing revolution, precipitated between organizations like the neo-Nazis and the radical right and the Antifa, the radical left. It may be setting the stage for a terrible confrontation to come in the future.

A few weeks ago, in Charlottesville, Virginia, several people were injured and one individual was killed as they were run down by a man driven by hate to violence, because a radical right neo-Nazi. In the beginning of the summer, not that very long ago as well, while practicing for a friendly baseball game between Democrats and Republicans, several Republicans were gunned down by a man driven by hate to violence as a radical left socialist. Our community does not align with or support any of these barbaric ideologies. I personally denounce all of these horrific events and any radical fringe groups that advocate hate to violence confrontations.

My heart and prayers go out to all the victims of these recent incidents of violence. Scottsdale as I'm sure everyone in this room knows is a welcoming city by nature an inclusive city. We are believers in

the law and its enforcement to ensure freedom for all of us. Scottsdale welcomes people who come to work with us to make Scottsdale the great city that it is. We can never presume that we are immune to Civil War. Respect breeds respect and mutual respect breeds friendship. We are, as you probably know, a golden rule city that's treating others as you would like to be treated. So we want to spread that treatment one step at a time, and hopefully create a better environment for our country and certainly for our city and our state and our country. So with that, I just felt under the circumstances it's important to communicate some of those feelings that I think are important to us all to contemplate as we move forward as a great community. God bless Scottsdale and God bless the United States.

PRESENTATIONS/INFORMATION UPDATES

[Time: 00:08:59]

Mayor Lane: So with that, we have a follow-up, a presentation and some information updates, Economic Development Strategic Plan Accomplishments and we have Ms. Danielle Casey, Economic Development director here to give us that update. Ms. Casey. Welcome.

Economic Development Director Danielle Casey: Good evening. Mayor and members of the City Council, a little bit of deja vu, I think this is the third time that we have done this but the second time since the approval of the strategic plan. I'm pleased to be here before you.

The purpose for developing a comprehensive Economic Development strategy which was approved February 2015 as a five-year plan is summarized here. And sustaining and elevating Scottsdale's desirability is obviously core to the plan. And the plan itself also serves as one of the six City Council strategic priorities as adopted in September of 2016. For anyone that's not familiar, you will see the strategic plan action agenda items, the top six are actually listed here, where we focus our efforts. Full details and the comprehensive executive summary can be seen at choosescottsdale.com. So before I get into some of the details, I would like to say that our industry and employment trends have been very significant here in Scottsdale since 2012.

We have seen a 30% growth in our technology workforce and 46% in insurance jobs and 18% in the biolife sciences field. In year over year comparisons, the retail vacancies have increased slightly, 1.6 and 1.9 percent respectively. Although in comparison to the greater Phoenix region, it's 12.4 versus 14.4 in the office arena and industrial is a little bit lower as well and we are about the same comparable with the rest of the metro for retail. In the current year-to-date, according to Scottsdale Area Association of Retailers our median home sale prices are up 4.7% citywide and in our downtown alone, it's 8.2%. So some pretty good numbers there. So our achievements for FY '16/17, which I will elaborate on in just a moment can be summarized very quickly by the following.

New jobs and strong wages came to the city. Business outreach and retention remained a top priority. Our department was formally recognized as best in class. We did more for small business and enhanced our marketing reach. Our marketing message was also heard far and wide and focus was given on initiatives that we believe are important to the business community's ability to attract

and retain talent. So talking about some of our key performance indicators, in fiscal year '16/17, we documented material influence and the attraction and retention or expansion of 14 unique businesses, and these represent 1,019 new jobs in the first 12 months of operation.

With an average wage of \$62,744 and overall total of 1631 new jobs if we look over their plans for the next five years. Some of the companies are represented here. We also filled over, nearly half a million square feet of commercial space and the total five-year direct revenue impact of the last year's activities was \$7.5 million over a five-year period. And I wanted to add these in.

We went back to the exact date of the approval of the Economic Development strategic plan and those are the numbers you see on the right. \$16.2 million, five year direct economic impact over 2500 jobs in the first 12 months of operation. 226 business retention visits and 1 million square feet of space filled. So our retention in growth efforts, as part of those efforts to retain and grow business in Scottsdale we participated in a number of conferences and events, many that we have produced ourselves, some that we have gone along with others on.

A few that I will highlight here for the sake, the AdvaMed technology conference. Different med tech firms. It's really the top medical device conference in the country. We went with the Arizona Bioindustry Association and as a result of that, we then had about 30 C. E.O.s on the AdvaMed board and partners come and visit Scottsdale. I can't help that they were Cubs fans. We did partner with the city of Mesa and interact with them and get them to learn more about Scottsdale at the game. And we interacted with the International Council of Shopping Centers, RECON is about 7,000 attendees. It's the biggest retail convention where people do deals and retailers and brokers and municipalities interact and we were able to get some great intelligence as part of that event.

[Time: 00:13:55]

So some other events and programs that we produced to help market and promote awareness about Economic Development are, of course, our Mayor and Council Economic Development breakfast and that fourth annual Cure Quarter Event that had some revenue at the end and because of our great partnership in producing the event with some key organizations that may be here tonight, we were actually able to direct some dollars towards the Business United for Scottsdale Schools Program and a few funds that were left overall and allowed us to host an event where Lisa Clark from the Mayo clinic destination medical center agency in Rochester came and talked to us about creative approaches they are taking to economic diversity with Mayo and that community.

And finally with our Chamber partners great photo here is the private G Collection, auto collection, we hosted an event where about 90 Scottsdale and regional area, commercial real estate brokers showed up and learned more about Scottsdale and why they should be directing clients to our community. That was made possible by our partnership with the Chamber. Oops. How do we go back one? Can you take me back one slide? Okay. I can keep going.

Due to previous results we did secure \$10,000 in new sponsor funding in the previous slide, which I missed. Look at that! I'm a tech queen. Anyway, we continued our small business training series

and it saw more than 160 participants, 15 direct mentoring appointments and 17 volunteer instructors who came out to produce that program that was held at SkySong and they sponsored the evening space for us as well. We were instrumental in the support of the Rise of the Rest bus tour, Phoenix Start-Up Week and Venture Madness and a lot of other activities and also directly assisted 32 small businesses one on one during the year.

Some of our special initiatives I wanted to touch on, we know that downtown parking has been a big focus. So in partnership with the Transportation Department, we have a parking management enhancement solicitation that's nearly complete. We talked about this quite a bit, something that is going to help our enforcement officers, know when a car has been in a space and also provide a public app. So please know that it's on track and hopefully coming soon because we have gotten through the whole RFP process and now we are working on how to bring that forward physically.

Scottsdaleresources.com if you haven't seen it online, anyone in the audience, it's a really wonderful web-based mapping tool. Anybody can access it and the information available are properties that are listed in Scottsdale, commercial properties, with size, use, cost, contact information, demographic reports, consumer spending and then a ton of detailed business data and you can look at all of this by drive time or radius. What is really fun we enhanced it with data layers that businesses are telling us that employees want to know about, so biking paths and community amenities and schools and public parking garages. Finally, we launched an online feedback portal with our, using a third party organization and got some very valuable input from the business community, 136 respondents that we're going to be using that data to dig down further this year and better promote the things that they said we're doing great and then better understand how we can improve in the areas that they said they would like to see some improvement and attention to. All right.

[Time: 00:17:23]

So our strategic marketing. These efforts focus on providing messages, tools and information to site selection collection professionals, commercial real estate brokers and companies and what people don't think about the Economic Development, the talent. So we did a national email marketing campaign to site selectors. We also partnered with Salt River Project. The photo on the right that you see, they funded and paid for about \$16,000 worth of a signature flight in the airpark and then it directed people back to our website. It was a nice message when people arrived there talking about the business benefits while they are visiting Scottsdale. Our two Scottsdale website sessions also increased and the number of people that were immediately leaving the site after hitting it maybe by accident decreased. So that means our search engine optimization enhancements are getting better and we still do plan on a full rebuild this year so it can be even more useful.

I have already told you about our recognitions and awards in terms of our accreditation, but I wanted to also add that two of our team members achieved certified economic developer status this year. It's a very grueling exam. So kudos to Bob Tunis and Rob Millar and we received some additional awards for the department.

A few items of focus for next year. There's quite a bit going on. I will tease it up a little bit and let

you know that some things outside of our normal operations are doing things like leveraging our partners at GPEC and help some of their private members to give us advice on what to do to encourage revitalization in the way we want to see it in Scottsdale. We are exploring tools and programs for small and downtown businesses in concert with the completion of Downtown 2.0 and we will collaborate with A.S.U. on events and initiatives where we work to attract alumni back to Scottsdale.

I'm almost done. I'm almost just on time. Finally, I wanted to mark some calendars. If you are not registered for the Mayor and Council breakfast, with keynote speaker Todd Govig we have about 300 people on the list. If you are not registered, please do so. There are a couple of other dates and we do have many more events and programs that you can sign up for. A talent optimization panel. Obviously that small business training series so please check our site.

Lastly, Mayor and members of the Council, I would like to close and just remind you that our adopted Economic Development mission statement for everybody here, it's up on the screen. And thank you for making it possible for us to do this work and pursue this mission on behalf of the City of Scottsdale. I know this format doesn't permit a lot of engagement. So you may have questions. I would look forward to answering those at a later time and if anybody in the audience or any of our community wants to know more about what we are doing, please give us a call. Thank you.

Mayor Lane: Thank you, Ms. Casey. Appreciate that.

PUBLIC COMMENT

[Time: 00:20:19]

Mayor Lane: So our next order of business is the Public Comment. It's for non-agendized items for which no official action will be taken on these items. Comments are limited to issues within the jurisdiction of the City Council. Speakers are limited to three minutes each with a maximum of five speakers. There will be another opportunity at Public Comment at the end of the meeting. We have two requests for Public Comment at this time. We will start with Jason Alexander.

[Time: 00:21:01]

Jason Alexander: Jason Alexander, 9976 East Jasmine Drive, Scottsdale, I represent the No DDC nonprofit. And I wanted to talk to you about the progress our group has made over the last month and what makes our progress so interesting is it comes right on the heels of DDCS literally giving the city their best shot. In the last month, we have gotten endorsements for public vote from Former Mayor Mary Manross, from former president of the Scottsdale Community College, Art DeCaboater, the League of Women's Voters endorsed a public vote. The numbers following us on Facebook and on our email list continue to grow. We have been invited to speak at the Arizona Forward Council. We will address the Conservancy stewards this coming week. Last week, Howard Myers and I addressed the editorial board of the Arizona Republic. We will be addressing the communities in D.C. Ranch, Wingate and M.M.R. and an event planned for south Scottsdale. There's a lot of interest in

hearing what we have to say and hearing our opposition point of view to the Desert Discovery Center or Desert Edge plan.

The most interesting thing that happened while you all were on break was we put out a survey on Facebook. We put it out through Survey Monkey and certainly, you can take issue with the methodology of just about any survey. I'm not going to say it was the most accurate that's ever been done but we did go through a professional group. We paid to have it performed and we had about 9,000 people look at our survey. We had about 2,000 people participate in the survey, including the advocates for the Desert Discovery Center Scottsdale. We know this, because as you all know, we get all of their email. People were sending us messages, hey, I just got a message from Campana and her team that I should go take this survey. And we think that's great! We are so thrilled that they participated because they are not going to be able to say that this was just filled up with numbers through our people. Literally, they gave it their best shot to influence the survey, as well as our community. Now, the most interesting thing, the survey obviously, in terms of geography started out with the most number of responses in north Scottsdale. That's where our community group has its biggest strengths, but over the couple of days that we promoted it through Facebook, we saw the survey respondents expand out across the city, and in south Scottsdale, in particular, we saw, like, 95% opposed to the project. And I'm not talking about maybe if there was a public vote. Flat out opposition to the project. I think the feedback that we consistently get, again, while we can differ on methodology, consistently shows that people want this put to a public vote. We would invite you guys, we would invite DDCS to work with us and put together another survey that we can all agree on and do it together. Let's get an answer. Let's put this to a vote. I am going to wrap up. I ask you to consider bringing me back to speak on the agenda on the September 26th work study so I can give you the opposition point of view. You have gotten the pro point of view many times from Ms. Campana. Level the playing field. Listen to all of these folks that are saying, let's talk about this and let's put it to a vote. Thank you very much.

Mayor Lane: Thank you, Mr., excuse me, please. I would appreciate if there's no clapping or booing. It's just the decorum of the meeting. Thank you, Mr. Alexander. Next is Mark Stuart.

[Time: 00:25:22]

Mark Stuart: So I have a more serious topic and I applaud Mr. Alexander for his upbeat presentation. I'm a financial bounty hunter. What I do is investigate fraudulent financial transactions involving public entities. The check that you see here on this poster is a reward that I got for a fraudulent transaction that I detected, investigated and pursued here in Scottsdale. It's a transaction that was put together by Mr. Lane, Ms. Klapp and Ms. Milhaven. Potentially Mr. Littlefield. It's not really clear at this point. Bounty hunters like me are good for the city, because we identify money that's been taken from the public, and we go and get it back! There are two ways that we do this. We get our award. The city settled with the I.R.S. for \$750,000. They did that because if they hadn't settled, they would have had to play 3 plus million dollars, including incurring individual liabilities under the securities laws. They didn't want to do that. They took a little step in the right direction. They went to their lawyers and said, you guys didn't do your jobs. You owe the city some money. So they got \$75,000 back from their lawyers. We need to move on to the second step. The second

step is getting the \$675,000 back from your friends, Mr. Lane and that's what we are here to talk about today. So I assume because I know you well, that you have taken no action to get our money back for us. And I'm here to help you. I'm going to propose the following simple solution. I will give the City Council 45 days starting tomorrow to create an enforceable agreement to recover the \$675,000 in less than three years. If there's no enforceable agreement in place in 45 days, I will sue on behalf of the public to recover these monies, and I will name you individually, including Mr. Washburn, who history indicates is the ring master of the frauds, Mr. Thompson who has an obligation not to give away public money but doesn't adhere to his obligation and Mr. Nichols who apparently doesn't care. Lawsuits against individual Councilmembers and city officers are meant to punish them for violating their obligations to the public, they're quite serious. These lawsuits are meant to deter future unlawful behavior. These lawsuits protect the public purse and make our city a better, more lawful society. So let me summarize, so that everyone is clear about what I'm saying. Mr. Lane, members of the Council, you have 45 days to get our money back. After that, I will take the steps necessary to get the money from you personally. It's time that we stop this. It's time that we move in a new direction. And I'm sure anybody that cares about this city would agree that a change away from the corruption of the past will do us all good. Thank you for your time.

[Time: 00:28:41]

Mayor Lane: Thank you, Mr. Stuart. Since Mr. Stuart criticized me by name, I have the right and I want to respond to those criticisms. Serious charges, what he's talked about, the money that was issued to Mr. Stuart from the I.R.S. has nothing to do with the complaint that he filed against the city on McDowell Mountain Golf Club as he's represented, that bond issue. In fact, if the I.R.S. looked at that complaint, which we believe they did, they found no problem with it. A summary judgment was issued in the spring of 2015 on that complaint, and on that lawsuit that he's brought against the city, indicating there's no merit to his claims. This is on the McDowell Mountain Golf Course. That's a city-owned property. That summary judgment is currently under appeal by Mr. Stuart.

However, the I.R.S. settlement payment was on a public parking garage in downtown Scottsdale, unassociated with his claim at all. The I.R.S. interpreted a lease on that parking garage, a public parking garage as an operating lease not as we had interpreted it, as a capital lease, which is pretty standard in most industry. And in the eyes of the I.R.S., it's not eligible for tax exempt bond issuance. In this settlement, there was no court finding of any illegal or any laws being broken by the City of Scottsdale and there was no admission of guilt by the City of Scottsdale. The settlement was to save the city legal expenses of going through a continued process with the I.R.S. and argument of that point. But that's how it settled out.

The \$750,000 that was paid to the I.R.S. was because the I.R.S. happened to see this bond and take issue with that, the way that lease was structured. Nothing to do with the initial complaint that he filed. It should be noted that the refinancing of this capital lease saved the city and thus the citizens \$27 million over its term. So I'm just, I found it necessary to respond to what I feel is a criticism of me with false information. Mr. Washburn, I would ask, I don't know exactly whether or not other members of the Council can respond if they would like or not.

[Time: 00:32:01]

City Attorney Bruce Washburn: Mayor, pursuant to A.R.S.38-43101-h, an individual member of the public body may respond to criticism made by those that have addressed the public body of that member. So other members who were identified and criticized during the call to the public can respond to those criticisms but only to those criticisms.

Mayor Lane: So if any members of the Council want to respond. Okay. With that, we have completed Public Comment.

ADDED ITEMS

[Time: 00:32:35]

Mayor Lane: We'll move on to the next order of business and it is Added Items. Consent Item 1a, LiveWire outdoor dining license agreement was added on August 22nd, 2017. We are here at the request of vote to accept the agenda as presented or to continue the added item to the next scheduled City Council meeting, which is August 29, 2017. I might add that with that, if it is, if it's not on the Consent, if it's not added as it's presented right now, there are two other items that would likely need to be continued as well. But I ask that for that vote either to take it as presented or continue it.

Councilmember Korte: So moved.

Mayor Lane: To?

Councilmember Korte: Take as presented.

Vice Mayor Klapp: Second.

Mayor Lane: Okay. A motion has been made and seconded. I think we are then ready to vote, unless there's any other comment. All those in favor, please indicate by aye. Those opposed with a nay. Aye. It's unanimous then to accept the Consent items as indicated.

MINUTES

[Time: 00:33:39]

Mayor Lane: The next order of business is our Minutes. And as a request to approve the Regular Meeting Minutes of June 27th, 2017 July 5, 2017, and July 6th, 2017, Special Meeting of June 20, 2017, and July 5, 2017, and July 6th of 2017, and Work Study Session Minutes of July 6th, 2017, and Executive Session Minutes of June 20, 2017. July 5, 2017, and July 6th, 2017. I would accept a motion to approve those minutes. The motion has been made, Councilwoman Littlefield and seconded by Councilwoman Korte. We are ready to vote on those minutes. All in favor aye. Opposed nay.

CONSENT AGENDA

[Time: 00:34:36]

Mayor Lane: The next items of business are Consent Items 1 through 20, but we have had an indication, excuse me that items 1, 1a, and 2, we would like to take them separately, for a separate vote. No presentation has been requested. But for a separate vote. And then also to move item number five to the Regular Agenda. So we would move 5 to the Regular Agenda, and what we would do at this point in time, let me see if I've got.....

Councilwoman Littlefield: Mayor, I would also like to move 16 to the Regular Agenda, please.

Mayor Lane: 16 to the Regular Agenda. I probably got that earlier, Councilwoman. Sorry about that. 16 to the Regular Agenda? Okay. So 5 and 16 to the Regular Agenda. And 1a, yeah, 1a, 1, 1a and 2, just for a separate vote. So if there are no other, let me make sure I have no cards for any other items. And I do. We have a request to speak on item 18 and item 20 on the Consent Agenda. So that's a request for three minutes to speak on both of those items and item 18 is the City Auditor's fiscal year audit plan and item 20 is the indemnification of City Treasurer in the Mark Stuart et al vs. the City of Scottsdale federal district of Arizona cause. Those two items and we have Mr. Stuart to speak on those two items and it's three minutes for both of those items from Consent. Mr. Stuart.

[Time: 00:37:10]

Mark Stuart: Hi. I'm Mark Stuart. I'm going to speak briefly about the City Auditor's fiscal year audit plan. I haven't seen it, but it's very troubling to me that in a city where we have a history of giving away public money, through leases and other types of concession agreements, that we have an auditor who audits them and doesn't come up in public and explain her rationale and her department's rationale. One of the things, we are going to be in court on October 18th over the Tournament Players Club lease. As Mayor Lane is probably proud to say, that's a lease that he helped negotiate, where we the owners of the most profitable golf course in the United States lose on average \$2 million a year and to make matters worse, Mayor Lane locked us into a \$2 million a year loss for the foreseeable future. That's a violation of the gift clause. That's a violation of our city charter.

If you want to learn about that, the interesting thing about that is we deposed the City Auditor in that case and we asked her, why didn't you, why didn't you audit the contractual obligations to put capital into this golf course and she said, well, we just didn't want to. Anybody that's involved in any kind of a business with a lease where you have capital obligations knows that that's the onerous and the risky part of a lease. And if you are not auditing that, what are you really doing? So I want to get that on the table. I think Ms. Walker is in a bad position. She's, she came in relatively late in the game and we have this history of giving away public money through these leases and concession agreements. So I going to ask that you take this off and that you agendize it for some later time and have her publicly explain what her role is and explain how her techniques compare to the techniques of every

other municipality in the state of Arizona. Because we have benchmarked these against Maricopa County, the city of Tucson, the city of Flagstaff, the city of Yuma, San Diego, San Francisco, Los Angeles, and we don't do what they do. And every single time the city is a loser. And every single time, people that have close relationships with Mr. Lane, Ms. Milhaven, Ms. Korte are the winners. So this needs to come out in the public. Ms. Walker needs to take this off the agenda item and come out and explain these are the obligations and contract. This is how what I do compares to what other municipalities do and here's why I don't do what they do. So let me move on to the next item. And let me, let me give you one other thing. I emailed this to the Council. Can you guys put that up there?

Mayor Lane: Mr. Stuart, you are going to need to, pretty close to wrap it up.

Mark Stuart: This goes into the next item.

Mayor Lane: I know but your three minutes....

Mark Stuart: Mayor, I know you are afraid. If you want to cut it off, go right ahead. I understand your fear sir. I don't want you to be apprehensive.

Mayor Lane: Mr. Stuart, three minutes, if you want to continue, just hit this one item.

[Time: 00:40:20]

Mark Stuart: This actually is part of this item. This is a, this is a fraud alert that's put out by the Arizona Auditor General where he talks about protecting public money. Every single person up here on the City Council has an obligation to protect public money, whether they want to or not. Mr. Washburn has an obligation. Mr. Thompson has an obligation. And Mr. Nichols, the Treasurer and the subject of this Consent Agenda item has an obligation. If you have a chance, ask the City Clerk to email you this. It's pretty simple. It goes through some examples of frauds that have been detected by the auditor general and they are very small. In this case, Mr. Nichols was named in this complaint because he dispersed public monies.....

Mayor Lane: Your time has expired.

Mark Stuart: We are on to item 20.

Mayor Lane: I understand but your time for both of them is three minutes. Thank you very much.

Mark Stuart: You are not going to let me speak on it.

Mayor Lane: If you'd used it within the first three minutes, yes, you could have but that were the rules.

Mark Stuart: Hang on, Mr. Lane. Let me just post this. Let me just summarize with this.

Mayor Lane: Well, I have already.....

Mark Stuart: The statute at issue does not allow for indemnification of officers who violate their oath of office, misuse public monies. It's in the plain words of the statute. That's one of the issues in the Federal Court. Our city charter does not allow us to indemnify Charter Officers.

Mayor Lane: I will ask you.....

Mark Stuart: The officers who violate their oath.

Mayor Lane: So noted. I would ask you kindly. You can send that information to us, but the time has expired.

Mark Stuart: Thank you.

Mayor Lane: I have given you almost two more minutes.

Mark Stuart: Mr. Lane.....

Mayor Lane: Thank you very much.

Mark Stuart: We are going to have a lot of fun with this in your deposition.

[Time: 00:42:06]

Mayor Lane: I understand. Thank you very much, Mr. Stuart. Our next order of business really is the Consent items. There's no further other comments on the Consent items. And so we do have, I do have a request for a motion, unless there's any other comments on any of the Consent items that remain on Consent and that would be for items 3 through 20, absent 5 and 16.

Councilmember Korte: So moved.

Vice Mayor Klapp: Second.

Mayor Lane: The motion has been made and seconded. All of those in favor, please indicate by aye and those opposed with a nay. Motion carries unanimously for those Consent items as is indicated, and we will then take a, hmm? We got your vote without doing anything. All right. We want to try this again? Make it official this time? They said they didn't, yeah, it came up as all complete. Those in favor, please indicate with an aye. Those opposed with a nay. All right. It disappeared this time. I hope you got a glance at that, but nevertheless, it was unanimous with 7-0 on those Consent items we talked about.

Now for a separate vote, on those items 1, 1a and 2. And these are regarding Livewire, a/k/a

Skylanes Renovation Conditional Use Permit, 61-UP-1997 number 4 and 17-UP-2012-number 3 and Livewire Outdoor Dining License Agreement. In request of Resolution 10860, and number 2 is a Livewire, a/k/a Skylanes Permanent Extension of Premises 3-EX-2017. Those are the items in question. And there has not been any request for a presentation on that. So we are, unless there are any other questions from the Councilmembers, we are ready then for a separate vote on that. On those three items.

Councilmember Korte: Mayor, I move to approve Consent Agenda items, 1, 1a and 2.

Mayor Lane: A motion has been made and seconded. We are therefore ready for a vote. All those in favor, please indicate by aye. Those opposed with a nay. The motion passes 6-1 with Councilman Smith opposing.

REGULAR AGENDA

[Time: 00:45:09]

Mayor Lane: So with that, we will move on to the Regular Agenda, the newly established Regular Agenda, and we'll start with number 5 and if we could ask from Mr. Curtis, oh, not Curtis.

Senior Planner Dan Symer: Good evening, members of the Council and Mayor Lane, Dan Symer, Current Planning. Let me wait for the presentation to be brought up. The case before you is 8-GP-2016 and 10-ZN-2016. That's not the right one. If you like, Mayor, I can proceed without it and do it verbally.

Mayor Lane: All right.

[Time: 00:46:27]

Dan Symer: The case before you is a rezoning case and a minor General Plan amendment. Currently the General Plan is designated as mixed use. The applicant has requested a non-major plan amendment to commercial, I'm sorry to urban residential. The current zoning is C1, which is neighborhood commercial, and is being requested R5 urban residential. In the surrounding areas, thank you. The site is located on the northwest corner, west of the intersection of Granite Reef and McDowell Road. It's an existing restaurant. There's multifamily to the north and west, commercial to the south, and the east, and multifamily further to the east, further commercial to the southeast. A little bit bigger perspective for you is the commercial, the site. It is bounded by an alley, and commercial to the east. As indicated previously this is a request for non-major General Plan amendment from commercial to urban neighborhoods and a zoning district map amendment from neighborhood commercials to multifamily R5. As indicated here, it is in the red category which is commercial on the General Plan, and it will be changing to the brown category which is urban residential. As you can see, it's consistent with the adjacent land uses.

In addition, this application is in the southern area character plan, which is an activity area which also

contemplates additional development in a mixed use or multifamily densities to support those areas or redevelopment in new investment. On the screen before you is the existing zoning on the left-hand side, the C1 and the R5 proposed on the right-hand side. It is a development of over, just over 1.25 acres and the maximum building height to the top of the stairwell is 32 feet 6 inches and the lower is about 22 with a handrail. They are providing additional parking above that as required. This results in guest parking. If you have any questions, I will be happy to answer them or turn the presentation over to the applicant.

Mayor Lane: Thank you, Mr. Symer. We do have a couple of requests to speak on it. Would the applicant like to speak first or would, yes? Okay.

[Time: 00:49:05]

Applicant Alexandra Schuchter: Good evening, Mayor Lane, Alexandra Schuchter representing Diversified Partners, 7500 E. McDonald Drive over in Scottsdale. I also have a presentation. I will wait for that to be pulled up. I have a paper copy if the digital one is not working. Just let me know.

Mayor Lane: If you can use the overhead then, let's see if we can get, do we have someone that can turn on the overhead for her?

Alexandra Schuchter: Oh, it's working now.

Mayor Lane: There you go.

Alexandra Schuchter: As some of my initial presentation will reiterate a little bit of what Dan said but the project location is over on McDonald Drive, or McDonald Road and Granite Reef Road just off the northwest corner. Our property size is just a little bit over 1.25 acres at 1.27. Currently the zoning is designated as commercial and we are requesting a change to urban neighborhoods under the General Plan and a C1 to an R5. The surrounding uses are R5 to the north, C1 to the east, and C1 to the south and R5 to the west.

Historically, the property operated as the Voltaire French Restaurant for 34 years and they changed their name to the Brooklyn Cafe and were open for one additional year. They closed April 13th, 2014 and it's been vacant for the past three years. Currently the property is subject to blight and is under-utilized and needs repair. Here you can see some of the current photos. Some additional ones for your reference and the parking lot out back of the property.

One the reasons that we are proposing that this site be rezoned to R5 is there is a significant amount of commercial vacancy in the immediate area. As you can see, the Basha's shopping center that is across the street has nearly 18,000 square feet of commercial vacancy as it sits today, and it's been vacant for quite a number of months. Same with the commercial office space that is across the street with nearly 9,000 square feet of vacancy. The viability of our site as C1 and being utilized any time soon under its current conditions are not likely, which makes it a wonderful infill project for R5.

Contextually, you can see our site fitting into the neighborhood. It's going to be up against a couple of commercial uses and against an apartment complex. Here's an up close of the site plan where you see 18 townhome, owner occupied units proposed. There's an amenity area that shows a pool and nine guest spaces. Some key development information that I would like to highlight is that our proposed density is 14.17 dwelling units per acre which is significantly under the 23 maximum allowed. Our allowed height per code is 36 feet, and proposed for our plan is 32 feet 9 inches at the tallest part with a majority of the building actually sitting at 25 feet 2 inches or below that. 86.2% of the building or roof area is at the 25 feet 2 inches or below. Our open space is above the minimum required for the development, and our private open space is well above the minimum required for the development. Part of our private open space actually includes the third floor outdoor patio.

Our parking required as Dan mentioned earlier is 36 spaces and we're providing 45. Our extra parking is an additional nine spaces which is nearly, well, it's 900% above code. One of the concerns that was also raised as part of this proposal is the potential for traffic and under the C1 zoning, there's an estimated 570 more trips per day that could generate from C1 to R5. So the traffic generation goes down significantly. I know we haven't quite gotten to the DR stages yet. But in the context, here's some the proposed elevations and massing to get an idea of what our development would like to look like. Here's an additional view as well.

In summary, the site has been vacant for three years and we believe it's an excellent site for infill, especially in this neighborhood. The site is currently very under-utilized. As I noted earlier, vacancy is high and the targeted infill redevelopment will aid in the revitalization of the area. The zoning request of R5 it complements the existing development to the north and to the west. And the proposed plan addresses concerns raised from stakeholders during previous neighborhood outreach and previous Planning Commission hearings. We are excited to bring much needed activity to the neighborhood. I'm happy to answer any questions you may have or I can reserve my time for after Public Comment.

Mayor Lane: Very good. Thank you. We will go to Public Comment right now. Councilman Smith, would you mind if we waited until we had Public Comment? Okay. All right. We will start with Christina Echavarria. Pardon me if I've mispronounced that. You can correct me at the podium if you would.

[Time: 00:55:45]

Christina Echavarria: Christina Echavarria. I am asking that you please oppose this request, primarily because of the height allowance. No homes surrounding apartment, townhouses, and commercial building areas have the height that the owner is requesting. The owners have only made a reduction of 1 foot 8 inches from the original plan after hearing comments from the neighbors about the proposed property height not being compatible with the surrounding neighborhood. Please do not allow any part of the building to be almost 7 feet taller than any of the surrounding buildings. I'm aware that the current zoning allows a greater height, yet none of the properties have exceeded approximately 25 feet. I would like to use this as a comparison when you walk into the elevator and it says 20 people are allowed in the elevator. You really don't want to be in there with 20 people and

that's kind of what this is tantamount to. Yes, 85% of the building is below it. How would you like to be in an elevator that's at capacity 15% of the time, day after day if you have to use the elevator every single day, seeing it on your way to work, as you go to work, and you come back from lunch, as you go home. The character and design goal, I do not agree that the design of this building is consistent in character with the neighborhood and urge against the proposal with the requested height of 32 feet and 8 inches. Thank you.

Mayor Lane: Thank you. Next is Terry Tower.

[Time: 00:57:47]

Terry Tower: Good evening. I have never done anything like this but I'm very passionate about my neighborhood. My name is Terry Tower and I live at 8205 East McDonald Drive. I will be approximately one block down from this development. So I care. I care what my neighborhood looks like. I care what Scottsdale looks like. When you drive down the road, you have wide open spaces. You see trees. You see Camelback Mountain. If we keep going up, we are losing our character. We are losing what we all moved and live in Scottsdale about. So I want to introduce you to my neighborhood with pictures and just a little blurb. This is McDonald Drive. This is looking to the east. The development is that little red building, I want you to see the open space and the open sky that we get to see, the long trees that have been, you know, growing all this time. Just, I want you to see the sky. This is a picture you are seeing, you are on Granite Reef, you're looking down McDonald Drive and facing west. The development they are proposing is right behind this gas station here. Once again, I want you to know that you can almost see the mountains in the background, the trees, the big sky.

This was done on a sun morning and, Sunday morning and there was not a lot of traffic. This is what a 32 height building will look like. So right now we determined that we think the cafe is 10-foot tall and so we took a line and brought it up 32 feet. Notice how that dwarfs everything around it. Everything. It's not in character with the neighborhood. This is you are standing in their parking lot and looking across the street. You look at the storage unit and Chateau Six. You notice that it's two stories and they are even. They are level. There's not a big roof top enclosure. This is a huge concern for the neighbors. I'm on my next door neighborhood board and we are very concerned about this and I'm running out of time. That McDonald's is coming right at their driveway. That's something to worry about trafficwise. Once again, we're looking down the road. We are seeing Camelback Mountain.

This is what their building looks like as of today. That's their rendering. We dropped it in using Revit on what it looks like. It's huge. It will take over and dwarf everything. You can see the apartment complex next door. It just gets swamped! This is very important. This is what this rendering looks like. This is what they are asking for. They say they are going to have an open roof top deck but it covers everything. Everything. This is the cute little apartment complex right next door. I want you to see the character it has. It has windows and, you know, the balconies. If you look down at Chateau six and Chateau five, we have the good facies, and we have awnings and we have character. This is farther down the road, a block down the road, notice the roof heights.

That's all I'm saying. Big open sky. Keep it level. Don't let them go too high. I'm very passionate about my neighborhood.

Mayor Lane: Thank you, Ms. Tower. Next is Lisa Chamberlain.

[Time: 01:01:27]

Lisa Chamberlain: Lisa Chamberlain, 8326 East Arlington Road. I also live in the neighborhood. I'm a long-time resident and we all, many of us agree it's too high and our concern, my major concern, my husband pointed out to me after recovering my patio umbrella from the front of the house, open air patios at a third story level right there on the corner is a launching pad for everything that's in those open air patios. I'm assuming they are not going to put concrete furniture up there, which would be the only thing you couldn't get off that roof. If you noticed before, third story completely open. That was the selling point for getting the third story height. It's a launching pad when any of those winds come in. Thank you.

Mayor Lane: Thank you, Ms. Chamberlain. Next is Randa Hightower.

[Time: 01:02:32]

Randa Hightower: Thank you for letting me speak and I love what you said, Mayor Lane, that Scottsdale is the golden rule city. Do unto others. That's what we are asking for. I raised my daughters in that neighborhood, I love my neighborhood, like everybody else has said here. They graduated from Saguaro high. They went to Mojave Junior High before that, and when you look across our roofline there, the conformity of it allows you to see two man-made structures and then Camelback and Mummy in the distance and two manmade structures that you see that pop up, are actually worth it. And that is St. Maria Goretti Catholic Church, just the tip of it and our high school, the Saguaro high football stadium. The top of those bleachers has been my thinking spot for many, many years. You can sit up there and watch between Mummy Mountain and Camelback the sunset sometimes right between. Anyway, that's part of why I bought property and pay taxes here, I didn't even look anywhere else. We're not saying no, we don't want an empty building in our area. No one does. Just, just fit in. Assimilate, please. You are the new people coming in, we're invested there. Please fit in. Meet our height requirement and we'll welcome you. Thank you.

Mayor Lane: Thank you, Ms. Hightower. Okay. That completes the comments for Public Comment on the issue. So I would invite the applicant if you would like to respond to any of that.

[Time: 01:04:35]

Alexandra Schuchter: Mayor Lane and Council, I believe that the number one issue raised right now is height. And while I appreciate, you know, Ms. Tower's presentation, I believe that the height exhibits actually greatly exaggerate the proposed height in context with the neighborhood. The most recent residential construction in the immediate area are the Monterro condominiums built in 1980 and all other nearby multi-family housing was constructed in the 1960s and 1970s. This is the new

proposed multifamily and the floor and the parapet heights are consistent with the modern building typology. I have a small height exhibit that might add a little bit of context to this. Here is our subject property. And the Meridian apartments with the zoning of R5 are 29-foot average. We actually had a surveyor go out and laser measure all of these nearby buildings to measure the height. The Park Scottsdale townhouse sits at 28 feet to the tallest. The Chateau townhouses with an R-4 sit at 27 feet. The Basha's which is the tallest building in the commercial across the way sits at 33 feet. And the other townhomes in the area sit at 27 and 28 feet. What we are proposing height-wise does not fit out of context in the neighborhood.

I do believe that there's, again, a small percentage of the building that sits above, building that sits above the 25 feet that we are proposing and it houses a staircase in order to go upstairs to the outdoor patio. Should you have any questions about the elevations, I have an architect who is here and more than willing to answer them.

Mayor Lane: Thank you very much. If you could stand by. We do have some questions from the Council. We will start with Councilman Smith.

[Time: 01:06:59]

Councilman Smith: Thank you, Mayor. First question, I think, is probably for you, Dan. And I'm assuming that this is a little brain spasm here but on page 3 of the City Council report, under the, applicant's proposal, it says in the development information, the development proposal includes four three-story multifamily condominium buildings. Is that a carryover from the olden days?

Dan Symer: Mayor, members of Council, I believe that is a typographical error.

Councilman Smith: What would the correct phraseology be for that sentence then?

Dan Symer: Well, there are four buildings on the development site, if you look on the site plan. It's a matter of how to state the information. There are two stories of livable space and a third story elevator, a stairwell penthouse which would be typically generically considered as three stories but the development itself is two story livable with the roof top patio. So it's four buildings with a total of three stories with the, that includes the elevator, the stairwell penthouse.

Councilman Smith: So you are sticking with the story that it's four buildings, three-story multi-family condominium?

Dan Symer: Mayor, members of Council, Councilman Smith, essentially yes by code it is a three-story building although there are two stories that are livable and then the third story is a roof top patio.

Councilman Smith: I think that's the crux of the problem that the neighbors are having. Even though this is touted as a two-story building and, in fact, on page 1, it says two-story, 18-unit multifamily development. When it says two stories one place and three stories another, it gives neighbors, I think a justifiable degree of angst about what is really going here. And I think the angst

arises from the characterization of what you are calling the third story which is, it may be a patio and not count as living space, but, whatever, quasi enclosed the way it is, with the elevator shaft and so on and so forth, visually, it's going to look like a 32-foot or 33-foot building that will look like a three-story building even though people may not be out on the roof top at all times. The, is there a stipulation, before we leave this point is there some stipulation by the developer that the rooftop would never be finished into a third story livable space?

Alexandra Schuchter: Yes, I believe we stipulated to that at the Planning Commission and prepared to agree to stipulate to that again tonight.

Councilman Smith: Another question for you, Dan. When you look at these changes in zoning from commercial to residential, some people applaud that hands down, no questions asked. I probably approach it more cautiously, because I know if we, if it's commercial today, and we change it to residential, we'll play hell to ever change it back to commercial. Zoning just doesn't work that way in the city. Nobody wants to take a piece of property that's residential and move it to commercial. So the question in my mind without regard to the fact that the restaurant hasn't operated for three or four years, how does staff satisfy themselves that this will, let me say, never be needed as commercial space? Do you do any kind of balance of residential versus commercial as we did in the land use study in 2013 to determine what the commercial requirements might be?

Dan Symer: Mayor, members of the Council, we are going to have Long Range Planning come up and take this question. Mayor, members of the Council, Sarah with long range planning.

[Time: 01:11:48]

Project Coordination Liaison Sara Javoronok: If you look in the staff report, as you referred to there was a 2013 study that looked at land uses throughout the city and the demand for the different types of land uses and the 2013 Citywide land use assumption in the report, looked at the projected uses in the south sub area of the city. And it projected that there would be additional urban residential development in this area, approximately 136 acres and at this point, there have been 42 acres have been entitled and so having this additional urban residential land use in the southern portion of the city, is consistent with the 2013 Citywide land use assumptions report. And so it's something we did take into consideration when we were viewing this proposal for the townhomes.

Councilman Smith: I hear what you are saying, that the land use report 2013 said we had the prediction of 136 acres of additional residential in the south. Was that coming in some cases from conversion of commercial to residential? More specifically, what did those same reports say would be the commercial growth or decline over the same period?

Sara Javoronok: Sure. I understand where you are coming from. I think one thing to consider, especially in the southern area of the city, it's predominantly built out and so there would be some conversion from commercial to residential happening as a result of that.

Councilman Smith: And that's what that report says or that's what you are assuming?

Sara Javoronok: Yes, correct.

Councilman Smith: That was two different questions.

Sara Javoronok: Correct. It does anticipate some change in land uses from other categories, to urban neighborhoods or potentially to other land uses that there's additional demand for that doesn't exist at the moment.

Councilman Smith: Well, I think on any project like this, when we are taking a piece of commercial land out of inventory, in perpetuity, and that's what it will virtually be, it would be helpful for Council if you made a fairly compelling argument for why this was a wise thing to do, and it may well be. It may be that the commercial necessity in this intersection will not be as much in the future as it has been in the past, but it would be helpful if we had some discussion for that. In my judgment, the fact that the current property is in a state of blight is not in any way a reason to rezone the property but a reason to fix the blight. The fact that it's vacant may not be a reason.

It may be a reason but it may not. I think I also question, when you put together a report like this and you try to force fit that it's just what we need here, you say in some cases, when you are trying to compare it to the six guiding principles in the General Plan and this is on page 6 of the applicant's discussion, and the first guiding principle is that what we do around here should value Scottsdale's unique lifestyle and character that goes to what some of the other speakers were talking about earlier. And the answer is: It will do that.

[Time: 01:15:26]

It will value Scottsdale's unique lifestyle and character because it will provide more housing options. I think that's kind of a lame response to that guiding principle. I don't think the purpose was simply to provide more housing options and take commercial out of play. I think someone made the point that this is not consistent with the neighborhood. It certainly doesn't look consistent in any mind. I would love to see just a two-story product that is consistent with the neighborhood, props doesn't have the mass that this one, perhaps doesn't have the mass in this one does. Let me ask the applicant a question. You made a comment when you were talking about the open space that part of the open space is the third floor outdoor patio. Did I hear you right?

Alexandra Schuchter: No, sir. The open space I was referring to is the common area open space that is required and the private outdoor open space which is also required as a separate unit of measurement.

Councilman Smith: Okay. And when we talked sometime earlier, you indicated you might have what the expected square footage of these properties and the expected price points.

Alexandra Schuchter: Yes, sir. So there is a proposed 2200 square feet per unit which includes a side by side garage and 1800 square feet of livable space proposed, and the price point is anywhere

between \$200 to \$225 per square foot by the time it's built out and fixtures and finishes are chosen.

Councilman Smith: Okay. Well, I know my comments have been somewhat negative. I do appreciate the applicant's willingness with the Planning Commission to reduce what was otherwise a three-story all enclosed living structure to two-story and also to increase the parking spaces available for visitors. I think those are moves in the right direction. I'm still obviously troubled by some of the issues that I have raised, not necessarily just with your application, but with the presentation to Council. Thank you, Mayor.

Mayor Lane: Thank you, Councilman. Councilwoman Littlefield.

[Time: 01:17:54]

Councilwoman Littlefield: Thank you, Mayor. This has been very troubling to me. I'm very familiar with the area, the old Voltaire restaurant, which I personally liked a great deal when it was open, but it has been closed for several years and has no anticipation of reopening. There's also a great deal of closed and unoccupied commercial space nearby which limits any anticipation additional commercial opening on the site in the near future. In fact this project is quite run down as we can tell from the pictures. I drove by it. It's not usable as it is. It could easily become a problem in the area if it's not addressed.

I have a number of comments, most of which were addressed by Councilman Smith, however, several of the residents have contacted me regarding concerns with this plan, and a couple just wanted the land to continue as it is. And I don't think that a very good idea at all. I think that's asking for trouble. Sorry. Can't approve that. But several folks had several defined issues and questions. One was traffic. Since the site is currently closed and unoccupied, any development would cause an increase in traffic. However by changing to residential from commercial, I think the increase would be a great deal less than if it were developed as a commercial property. If it was like a gas station or a grocery store or a mini-mart or another restaurant, it would be a greater increase than a residential neighborhood. Am I correct in that assumption or not? Anyone on staff who can answer that?

Dan Symer: Mayor, members of the Council, Councilwoman Littlefield, that's correct. The commercial use has significantly more trips per day than the residential use.

Councilwoman Littlefield: Thank you. Other concerns that the neighbors had was that the three stories of height in one and two-story neighborhoods which we have discussed here. And also, I will get into a little bit more detail. The language of approval by planning allowed for two stories of living space with the garage as part of that living space in the lower story. And a third story being an open air balcony, patio configuration. Several folks are very concerned that the garage level would convert simply to a garage with no open space, or no living space and that the third floor would be enclosed and instead of having an open air patio, it would be the second story allowable living space as an enclosed story on the third level. I asked Alexandra about that, and we talked about that quite a bit on this issue. And she said the developer had no intention of doing that, and that as far as she knows, they would have no objection to putting in a stipulation to the effect that that would not

happen.

So I contacted Legal and Planning and asked them to create for me a stipulation that would disallow the enclosure of that third floor patio into a third floor living space part of the home. And I will read it, Mr. Washburn, if I get this wrong, please correct me. Except for a, except for a stairwell penthouse above the second floor to access a roof top patio and parapet walls or railing, a patio above the second story shall not have enclosed walls, roof, or trellis. Would that be acceptable to the developer as a stipulation to acceptance on this project?

Alexandra Schuchter: Yes, that's an acceptable stipulation.

Councilwoman Littlefield: Thank you. Therefore, I would move to approve this, with the stipulations as given by Planning, when they approved it and with this additional stipulation to approve this project and I don't have the number right ahead of me. But to approve this project for development. Thank you.

Mayor Lane: The motion has been made by Councilwoman Littlefield and seconded by Councilman Smith. Would you like to add anything to your second, Councilman?

Councilman Smith: No, the stipulation, I think will address some of the issues. Thank you.

Mayor Lane: Okay. All right. Any other questions of the Councilmembers? Seeing none, we have no further comment cards on it. Thank you very much for your presentation. I think we are then ready to vote. All those in favor, please indicate by aye. Those opposed with a nay. Aye. Motion passes unanimously, 7-0. Thank you. All right.

ITEM 16 – EXPERIENCE SCOTTSDALE DESTINATION MARKETING SERVICES AGREEMENT

[Time: 01:23:34]

Mayor Lane: That moves us on to the next Regular item, which is Item 16. And for the record, this was moved from Consent and it is the Experience Scottsdale Destination Marketing Services Agreement. Requested approval of Resolution 10895 authorizing Agreement 2017-079-COS with the Scottsdale Convention and Visitor Bureau Inc. doing business as Experience Scottsdale for the use of the tourism development fund for the provision of destination marketing services and we have Ms. Karen Churchard here, our tourism and events director for presentation on that. Welcome.

[Time: 01:24:21]

Tourism and Events Director Karen Churchard: Thank you, Mayor and Council. The Scottsdale Destination Marketing Services Agreement with Experience Scottsdale. The city's destination marketing services program of work has been provided by Experience Scottsdale since 1977. And program funding is based on Proposition 200, which says that 50% of the total annual bed tax collections shall be used towards destination marketing.

The timeline we are proposing is a new five-year destination marketing services agreement with Experience Scottsdale with, the agreement could also be extended five years if subject to the City Council's approval. The existing contract terms that would continue are quarterly, that Experience Scottsdale would provide performance measure reports and programming updates and financial reports. Annually, they will have an audit done through their company and provide financial and performance reports and also I want to note that annually, funding and marketing activities are, require the City Council's approval.

New contract terms based primarily on the 2016 city audit is our, assist the city in the efforts to promote city owned venues in downtown Scottsdale and provide no cost to advertisements in the Experience Scottsdale produced guidelines and equally share in the payment of the Fiesta Bowl agreement and enhance procurement and travel and compensation policies and provide I.R.S. form 990 and keep non-program costs within the competitive range, which would be based on similar destination marketing organization budgets.

Additionally the City Auditor will conduct an audit in the fifth year. The financial terms of the agreement, again the actual budget forecasted bed tax revenue is in the amount of \$19.4 million, a little over that and 50% of that is by voter approval. Goes towards their contract-based funding which would be about \$9.7 million. As I mentioned, the Fiesta Bowl agreement is now 50% paid by us and 50% by Experience Scottsdale and then there's a true up of the fiscal year 2016/17 and the payment of \$118,475. So a total of \$10 million would be paid if this is approved. And with that, I thank you for the opportunity to give you an overview and any questions?

Mayor Lane: We will go to the Council for some questions, but first, we are going to, we have some requests to speak by the public. So you can take a seat and then come back or stand by whatever you would like, Sandra. I'm sorry, Karen. First to speak is Sandra Schenkat followed by Bob Pejman.

[Time: 01:27:30]

Sandra Schenkat: Good evening, Mayor Lane, Vice Mayor Klapp and Councilmembers. I'm Sandy Schenkat, I live at 10960 East Derry Road, 85259. Howard Myers asked me to make a statement for him. He's a city activist and the founder and protector of the Preserve. He would like to have you think about this. My frustration with Experience Scottsdale is what they have on their website as a result of their rebranding. They are trying to appeal to a younger generation that doesn't spend money in our city. If you watched the video on their site, they show a hummer ripping through the desert, bonfires, parties in the desert and other activities which cannot currently be done in the Preserve. As implied in their ads, I believe Experience Scottsdale rebranded Scottsdale to attract the wrong demographics, which will eventually hurt our tourism businesses, especially in our downtown. The Preserve is very hard to find on their website much less the fact that it's not emphasized. So to me, they are way off track, but it may take a couple of years for their marketing results to become obvious. Howard is in Sedona tonight. So I'm relaying his sentiments.

Last week, I send emails to the audit committee regarding this item number 16, which was on Consent

Agenda. And requested that Experience Scottsdale contract be revised. The total bed tax raised is almost \$20 million because of the 5% we tax each occupied hotel room guest. 50% is almost 10 million and is handed over to the nonprofit corporation, Experience Scottsdale. E.S. is tasked with destination marketing for Scottsdale. In addition to funding provided by bed tax, there are approximately 400 E.S. paid members, however, 170 of those members are not Scottsdale businesses. It appears that non-Scottsdale venues detract from our actual tourist destinations within Scottsdale.

When retail destinations such as Kierland Commons, Desert Ridge, Salt River Pima are marketed alongside Scottsdale businesses, the tourists supposedly attracted to Scottsdale are diverted from our city. When this happens, our own Scottsdale businesses suffer and no sales tax is collected to help support our city. Over 66% of the tax to Phoenix and other, excuse me, over 66% of E.S. marketing dollars come from Scottsdale bed tax. The diversion of the collectible sales tax to Phoenix and other Arizona attractions should be limited by you as Councilmembers in this contract. Since E.S. receives \$120 million from Scottsdale heads and beds, certainly Scottsdale should receive the majority of the benefit of those marketing dollars.

Mayor Lane: Your time has expired. If you could wrap it up quickly.

Sandra Schenkat: Thank you.

Mayor Lane: Next is Bob Pejman followed by Mike Surguine.

[Time: 01:31:24]

Bob Pejman: Thank you Mayor Lane, Vice Mayor Klapp, and members of Council. My name is Bob Pejman, I'm located at 7130 East Main Street. I want to bring to your attention some facts, not my opinions but just plain facts. Now, one of the major facts is that downtown has been in decline mode for the past three years and I'm talking about sales revenue and I'm talking about tax revenue. And no slide or chart illustrates this better than the following. Can everybody see that?

Mayor Lane: Not yet.

Bob Pejman: Okay. As you can see, there's a downward trajectory in the sales tax in downtown. Now, this graph doesn't show fashion fair, but even if you add fashion square into this chart, fashion square was also down 2% last year. So the sales in downtown are slipping. Now some of the Councilmembers will say, little, let's, it's not news. Brick and mortar are on the decline. Online Internet sales are doing this and so forth. And that would be all correct, except that when you look at citywide, the trend is the opposite. It's going up. So this is not a bad city to do business with, except downtown is a bad place to do business with. So as all of Scottsdale is growing, downtown is slipping and that's the problem, wouldn't you say so? That's the problem that needs to be addressed.

What are the reasons? I think one of the reasons is that we don't have abundance of qualified foot traffic, quantity and quality in downtown. I'm not here to ask you to try to figure out how to solve,

other than acknowledge that we need to have a robust plan to promote downtown as a destination, not to promote it, just to bring in residents would live or promote it as a destination. Which basically feeds to my next set of facts which has to do with the bed tax money. So here's some other facts. We collect \$20 million from hotels. Half of that is slated for Prop 200 for destination marketing. We are giving all of that money to Experience Scottsdale to do a good job with that money. What is their purpose? To promote Scottsdale as a destination, not to promote the resorts.

Of course, the resorts are the prime beneficiary. People have to stay somewhere and that's what they will do. So the question to you is if there's a destination marketing budget, isn't Scottsdale a major tourist destination? And I think most of you would agree that it is and for that reason, there is language that is put into the new Experience Scottsdale contract to address that, but my problem is that the language is so thin, that it doesn't really do much. I mean, the language is basically limited to Experience Scottsdale to work closely with downtown. I mean, what does that really mean? It's so loose. Can't we define it better? Can't Council direct staff to put firmer language in? By the way, we are not looking nor money or the allocation of funds. We are looking for more concrete language and I think it will serve all of us well. Thank you.

Mayor Lane: Thank you, Mr. Pejman. Next is Mike Surguine to be followed by Jack Miller.

[Time: 01:35:16]

Mike Surguine: Thank you, my name is Mike Surguine, I'm the vice chair of the board of directors of Experience Scottsdale and if I say Experience Scottsdale every time I get \$5 because I want to say SCVB. Last year, Experience Scottsdale launched a new destination brand and advertising campaign after 18 months of research and development. During these months, Experience Scottsdale uncovered the best tactics to appeal to current and future travelers. And consumer testing, after viewing Experience Scottsdale's new ads, potential interest in visiting Scottsdale increased by 25%. The ads appeal to potential visitors no matter their age, geography, or familiarity with Scottsdale. Throughout the past fiscal year, these ads have been placed in ZIP codes where our consumers live, New York, Chicago, San Francisco, Denver, San Diego, and other locations.

They were placed in high end publications like afar, golf digest and Bon appetite. We want to brand the entire region so important affluent visitors to Scottsdale. No other organization is tasked with that responsible and no other organization promotes the entire region to not only leisure visitors but to meeting and incentive planners. The past fiscal year, their efforts have ruled in more than 500 future group bookings in the Scottsdale area hotels and resorts. Scottsdale was featured in more than 1,000 articles and publications like sunset and "Washington Post." And Experience Scottsdale educated nearly 4,000 travel agents and tour operators on how to best sell Scottsdale vacations.

Many businesses both large and small in all parts of the city rely on Experience Scottsdale because no other one business can generate as much national and international business as Scottsdale. Experience Scottsdale is the envy of other CVBs around the country. They excel in everything that they need to excel in. Their R.O.I., return on investment is one of the top in the country. Their research is beyond reproach.

Their leading edge marketing, some of the advertising campaigns that they did in New York City and Chicago, when they were 4-foot of snow on the ground was remarkable. I would also tell you that the executive committee, the board of directors and the membership of Experience Scottsdale are not just hotels and resorts. It's hotels and resorts. It's restaurants. It's bars. It's the golf industry and it's retail and all of them are overwhelming in their praise of what Experience Scottsdale has done. I encourage you to please approve this five-year plan. And I thank you for your time.

Mayor Lane: Thank you, Mr. Surguine. Mr. Jack Miller, followed by Mr. French Thompson.

[Time: 01:38:19]

Jack Miller: Thank you, Mayor and Council, my name is Jack Miller. I'm the chairman of Experience Scottsdale. I'm not going to give \$5 for that, Mike. People don't just choose Scottsdale. I have been in the hotel business now for 40 years. Of that 40 years, I have served on over 18 CVBs. I know, I'm old. The reality is I have never been with a more efficient, highly talented group of people than the one I get to work with here and let's just be clear, as nice as I am, hoteliers are bound and determined to have the best CVB they can. I have been in cities where it was the opposite, and we fought very hard to change that city's CVB. There's no call for that here.

The hotels that generate those tax dollars by the customers walking through the doors, those hotels have owners and they are bound and determined to put their dollars in cities where they can reap the benefits, but our city gets the benefit of a great CVB who causes more and more to come. Notice this, we've had four years of prosperity. But supply is growing across the United States right now. Austin, Texas, is adding almost 2,000 rooms. That's a major competitor to us. Other cities are doing the same. We must have a Convention and Visitors Bureau that is seasoned like ours is. The leadership like we have. Know this. Our game changer and we talk about game changers in the business. Our game changer is the CVB, Experience Scottsdale. We sell experiences. That's why people come here.

And the fact that we have been able to prosper, don't assume that that's an entitlement to the future. It's not. I look across this city, and it's an awesome city. And that \$10 million, that someone was speaking about, the other half goes to our city to spend as they need to spend it. I ask, what other department in the city, what other third party generates \$67 in revenue for every dollar they spend? There's none. I don't have to ask. I knew the answer. But this one does. I think we should all quickly say thank you. We appreciate you. You are awesome. That's what I say and that's what the tourism community says. It's an absolute that this group of people do the job better than any I have ever seen. And the board holds them to task, but necessity have got great leadership. I'm looking for you to support them tonight 7-0. Thanks.

Mayor Lane: Thank you, Mr. Miller. Next is Mr. French Thompson, followed by Mr. Mark Stuart.

[Time: 01:41:37]

French Thompson: Good evening Mayor Lane, my name is French Thompson, the I'm the president of the Scottsdale Gallery Association. I thought I was going to come up here and be a cheerleader but I have been outshined by two cheerleaders better than myself. So I would say thank you, Experience Scottsdale. You have done a phenomenal job. I have been a member of it for over 20 years. So I know that I have reaped some of the benefits of it. I think the city right now is in a perfect time to leverage the skills and the expertise of Experience Scottsdale to help market the downtown. The downtown of Scottsdale is truly the heart of Scottsdale. It's a retail heart. It's an entertainment heart. It's an arts heart. I would like to see their expertise which has already been stated is second to none in the country. I mean, I really do believe that too.

I think we're in a situation where the downtown Scottsdale should be marketed as a destination for the out-of-state visitors. I think that Experience Scottsdale can do that probably better than anybody else that is around. I have thought about this quite a bit. You know, there's no back up for Experience Scottsdale. You have no Plan B. I want to be a cheerleader for Plan A because I think it's a darn good Plan A. But I would like to take the foremost marketing skills and they are capable as a marketing group and they have the expertise to do a first-class job of marketing the downtown. For years there was a lot of misinformation and I think they would be able to change the misinformation and educate the concierge and the hoteliers and get a conversation going with all of those people about what's going on in the downtown.

What is the heart? I mean, we are the part that started Scottsdale, the downtown and everything that is grown out around it. And cities all over the country are paying a lot of attention to the downtown. I have been having more conversations with people that don't even work in the downtown that are concerned about the downtown. So right now, we have a really great opportunity to leverage the skills of Experience Scottsdale in marketing Scottsdale's heart, the downtown as a destination to visitors. After many conversations with Experience Scottsdale, I believe they are willing and have the desire to do this marketing and just need some direction from the City Council to achieve these goals of increasing traffic and accurate knowledge of the downtown. I believe in Experience Scottsdale. I believe in its staff. I think that they would be the best people that we have in this city to market the downtown. Thank you.

Mayor Lane: Thank you, Mr. Thompson. Next Mr. Mark Stuart, followed by Mr. Mark Hiegel.

[Time: 01:44:44]

Mark Stuart: I'm going to ask you to vote no on this contract for a simple reason. This is a classic case of procurement fraud. Procurement fraud is when public officials pay more than the fair market prices for goods and services. That comes from the Arizona Auditor General. I want you to have them answer the following questions if they have the courage, which I think we all know they can't. What are the well-defined goods and services that they are providing. What are the fair market prices of these goods and services. What are the maximum prices that Experience Scottsdale can pay for these goods and services? We pay more every year, but the market prices for goods and services like media are falling dramatically. In the last ten years they have fallen over 50%. In the last five years, our expenditures for some undefined basket of goods and services has doubled. That's

typically how you spot fraud. How does our basket of goods and services compare to the state office of tourism's basket of goods and services? In their contract, they have a specifically defined list of all the things that they do and they have maximum prices that you can pay for it. I didn't see anything in their contract like that and I know they don't have it and here's how I know. I sent some public records requests in, and they told me, well, we are not going to tell you because it's proprietary, but we are not subject to public records laws. Now, we all know that's wrong. Because they are entirely supported with public money and our city charter requires that any agent of the city provide all of their records and make them open to the public. They refuse to do it. That's a classic sign of fraud. In fact, Mr. Smith pointed that out with the Phil Mickelson deal. That's how I spotted the TPC deal.

And if you come to the trial on October 18th, we are going to show how you go through a contract and properly benchmark and define the goods and services. You can do that with any contract. Revenues increase for this tax because hotel rates are going up. Hotel rates are significantly positively correlated to disposable income. Which goes up when the economy does well. Doesn't have anything to do with Experience Scottsdale. Tourism is flat here when adjusted for inflation. In fact, it's down. That's not a sign of somebody who is competent. That's a sign of someone who is incompetent. But the real killer is that we are paying more for the incompetence. What about duplication of services. What do the hotels do? What do they do that the hotels don't do? Aren't we just giving gratuitous contracts and paying for gratuitous services for friends of the Council and friends of the CVB? It appears that way. And let me wrap it up with this. Prop 200 will fall to a legal challenge because the goods and services aren't defined. There's no requirement that you cannot pay more than the fair market prices. So it will automatically fall to a gift clause challenge. It also violates our city charter antisubsidy clause. So I urge you all to come down to the trial on the 18th. We are going to have the City Auditor, Mr. Smith and Mr. Lane, we are going to ask you how you determine the fair market prices of goods and services. Vote no on this. Protect your own wallet.

Mayor Lane: Mr. Stuart, your time has expired.

Mark Stuart: Thank you, Mr. Lane.

>>Mayor Lane: Mr. Mark Hiegel.

[Time: -1:48:31]

Mark Hiegel: Mayor, Vice Mayor, and City Council, I'm Mark Hiegel, President and CEO of the Scottsdale Area Chamber of Commerce and I represent over 1100 businesses here in Scottsdale. I work at Scottsdale and McCormick Parkway and I live at Scottsdale and Lincoln Road. I'm here to speak on behalf of and in support of Experience Scottsdale. In my role as the head of the Chamber, and as a citizen of Scottsdale, it is my honor to partner with numerous different groups here in Scottsdale. These are groups such as the city and staff.

More specifically, the Economic Development department, Danielle who spoke previously and her

staff. Scottsdale Leadership, go class '31. I just graduated. Scottsdale Charros, the city and spring training and just as, if not more importantly, Experience Scottsdale. So I just have one message. In my previous life, I served on the board of the Phoenix Convention and Visitors Bureau. I worked with the Las Vegas Convention and Visitors Authority and more commonly known as LVCVA. Their budget was approximately \$64 million a year. And that was eight or nine years ago. And I have never seen such as high a return on dollars as I have here in Scottsdale. And I have experience. I can talk about it. I have been in the business for 30 years. So I look at that return that we get in Scottsdale and Las Vegas Convention and Visitors Bureau was really good, but they're better here and we need to continue to work with this team. Thank you.

Mayor Lane: Thank you. And that completes the public testimony on Item 16. And we can start with comments and questions and starting with Councilwoman Milhaven.

[Time: 01:50:29]

Councilwoman Milhaven: Thank you, Mayor. And to the ladies and gentlemen of Experience Scottsdale, I say thank you. I appreciate you. You are amazing. Great organizations strive for continuous improvement and I think that's what we see here with this contract renewal that we have taken a great vendor and a great program, tweaked the contract based on some feedback to make it even better and so I applaud all the changes that we are making here. I'm also pleased to see the mention of the supporting downtown Scottsdale. I think that Experience Scottsdale has demonstrated its commitment to downtown Scottsdale. I have attended many of the tourism master plan meetings and a lot of the efforts around the tourism master plan task force was around how do we, what can we do to bring more people downtown and I see marketing downtown as a natural extension from that. And so I have already seen Experience Scottsdale's commitment to downtown. I'm glad to see that there's language in the contract that reinforces that and while some folks said they would like to see more concrete language, I didn't hear any suggestions of more concrete language but I think the intention to say that we all prosper when downtown prospers is true and exemplified in this contract. So I would like to adopt Resolution 10895, authorizing the Agreement 2017-079-COS with Scottsdale Convention and Visitors Bureau doing business as Experience Scottsdale.

Councilmember Korte: Second.

Mayor Lane: Would you like to speak to it, seconder?

Councilmember Korte: Yes. And echoing Councilwoman Milhaven's comments, thank you, Experience Scottsdale. You bring talent. You bring integrity, and you bring passion to our fine city. So thank you.

Mayor Lane: Thank you, Councilwoman. Just continuing some conversation, questions or comments? Councilwoman Littlefield?

[Time: 01:52:33]

Councilwoman Littlefield: Thank you, Mayor. I would like to say congratulations and I would like to say thank you for all the hard work that you do for Scottsdale. I would like to say thank you to our City Manager, Jim Thompson for taking a contract and making it better and tweaking it to something that will be, I believe, very beneficial to Scottsdale and all of its businesses and residents. So thank you, Jim. I like the changes that have been made in the Experience Scottsdale contract. I believe the ongoing monitor of this contract can help solve any problems early on and I like the greater transparency that we are going to have on costs and the activities that you provide us.

I'm also happy to see the additional marketing focus on promoting Scottsdale's own venues of WestWorld and the Scottsdale sports complex. And, of course, I like the increased focus and better marketing of our downtown. A lot has been said about it tonight. I'm going to say some more, because I think it's extremely important. It needs some special and concentrated TLC. We give Experience Scottsdale 50% of our tourism market for, or money for destination marketing. And that's estimated to be about \$9.7 million plus or minus a few hundred thousand in tax dollars. These are areas, these three areas that I mentioned are the targeted area in new contract, and are of concern to the city.

All of them are important. All of them are very complex. Scottsdale doesn't do simple. I'm focusing today on the downtown area. It includes many varieties of commercial businesses, including an abundance of fine restaurants, high quality commercial shops, the historic and world renowned art galleries and the relatively new and dynamic Museum of the West. Each of these areas in our downtown needs to be recognized and needs to be a good-to downtown place. I do not believe that that's currently happening. And I'm going to tell you why.

[Time: 01:54:51]

A number of people here in the city have told me they don't understand what the people in the downtown want. They get conflicting issues, conflicting ideas. Nothing is the same from one person to the next. And so I said, okay. I'm going to call around. I'm going to find out for myself. I have spoken to many in this area over the last few weeks. And I'm finding at least one very, very, very large problem that was of overall concern to just about everybody. There is a huge disconnect. So big that I believe it has almost come to the point of distrust between the downtown merchants and the city. Which includes Experience Scottsdale.

Let me tell you just a few of the comments that I heard and they are from a number of people that said pretty much the same thing. Let me separate papers. We are considered the step child for Scottsdale staff. They decide what they want to do and then they tell us what they are going to do. We are not consulting until after the decisions are made. We need to be advertised at least on an equal footing with others like the Celebration of Fine Arts. We need to be at the table earlier in the process before decisions are made. Our input is not considered. These are separate quotes from a lot of different people. So I asked them, well, what do you see as the biggest need and concern that is not being addressed into the downtown area and their answer to this was develop straightforward and fairly unanimous.

These following are pretty close to direct quotes. Many of our customers are from out of town. Often they come in to shop and they say things like, we are so happy to have found you! No one told us about this part of Scottsdale. We need to work on how to link to the conversations, both online and at the hotels and their meetings. We need to be able to link with the meeting organizers and the conference planners to include the downtown as a destination to discover and find out what made our city's downtown famous in the first place. Maybe we need an Experience Scottsdale special group marketing team to focus and market on downtown so we have more exposure to the visitors when they come here. I thought that was a little ironic. Our hotel visitors don't hear about us. Those are the quotes. And those are pretty much all that they said. So I support Experience Scottsdale and I certainly plan on approving this contract tonight. I think they do a wonderful job. That doesn't mean that there can't be better things done in the next five years.

My question, what are your thoughts about marketing the fair and unique part of Scottsdale? How do you tie it all together it's a unique shopping, visiting experience from the hotels to the museum, to the galleries, to the Skinner to the art walk and then back again to the hotels? As a said, we don't do simple in Scottsdale. But I would like to hear your thoughts on how you plan to market this very vital and very unique area of our city. Karen, can you answer that?

[Time: 01:58:27]

Karen Churchard: Mayor, Councilman Littlefield, we are in constant meetings with, not constant but regular meetings with Experience Scottsdale and their staff and we talked about a lot of different ways to further promote downtown Scottsdale in particular. I want to make it very clear that Experience Scottsdale has always marketed downtown Scottsdale in many ways from the meeting planners to the travel professionals, the familiarization tours, obviously the marketing and the advertising, it pretty much goes on and on. So our goal is how do we even do it more? And just one example of hopefully many to come is thanks to the Council recently you have funding for the Canal Convergence event. And we'll have that event in February, March of 2018, and then we'll be moving that event to a ten-day destination event in November of 2018. So we're already collaborating and talking about how we can leverage their expertise and. Media, and getting some of the travel bloggers and influencers and how we can get them here in February and March and they will start promoting and talking about that amazing event so people will come to our destination and to downtown specifically in November of 2018. So that's one example.

Councilwoman Littlefield: Thank you. I would be very interested to be abreast of the other one.

[Time: 02:00:10]

Mayor Lane: With the recognition of the city's responsibility with the major, the largest operating contractor we use here in the city, and that's being Experience Scottsdale. It's extremely important that we have, and I want to thank our City Auditor. I want to thank our City Treasurer and I want to thank our City Manager and anyone and certainly experience Scottsdale, their staff, Rachel, yourself and your board for working together and understanding that there are certain things that have to take place and sometimes it's not all milk and honey kind of thing, but nevertheless, it's a good place. But

where we are at, a lot of good things have been incorporated. There's been a little bit the tumble on it. One of the things that's interesting to me and important for our downtown. It actually translated into exactly the situation that we saw developing here two and a half years ago.

Downtown was on the same rise up out of the great recession as every other part of the city until we made some dramatic changes. We started to talk it down and it became a problem area. People started to recognize it as an area in turmoil and I think it drove some people away, and some people just didn't come because the rules had changed. That's the reason that I see for it. Otherwise, it would have followed the same trend line as the rest of the city as far as I was concerned. And it was on the upturn for a great number of years. Notwithstanding, that's something that's in place now. I think that's what we are talking about here. What can and what will our contract with Experience Scottsdale contribute to specific city assets and venues and one of them is downtown Scottsdale. We have had specifically laid out. I have think that's important.

So Mr. Pejman's concern about it not being quantifiable, I certainly do understand that, but there is something about it, when you have a professional organization that we have invested in a tremendous amount of the city resources to do exactly what you do and making sure that we have the coverage, we do have the return on city assets, those tax funds, two that are recovered here, two city properties and downtown into those venues that we talked about. I would only say that it's implied that we are going to be looking to see specifically how that translates as far as this support for downtown, the support for WestWorld, the support for the museum. How do we, how does that translate and how can we demonstrate that when the time comes around to make the judgment on that?

But other than that, I don't think it's outside the realm of what can and will be done. I think it's positive. And hopefully positive for downtown. There's not a period of time since I have been here and it's been quite a while that we have spent as much money on downtown as we have in the last year and a half. It's incredible the amount of money that we put into this. And opportunities and that, and it's obviously, having exactly the opposite effect. It's rolling down the other direction as was pointed out by Mr. Pejman's graph. We have think of a better way to do it, to make sure that we talk up downtown, it's a great place, and frankly has done some great things.

I'm looked forward to this and I want to congratulate everybody for their part in putting this together and with the recognition that it's an important component for the city and for taxpayers and our business and our major industry which is tourism. So with that, I just would want to say thank you to everybody and we want to move forward positively. I'm hoping for a 7-0. Thank you very much.
Councilman Smith.

[Time: 02:24:21]

Councilman Smith: Thank you, Mr. Mayor. And I will echo what everybody else has said. Thank you to everyone involved in this contract. I made a comment to somebody that this contract probably should not be on Consent. It is one of the largest contracts that we have with a partner and I think the public deserves to know how and why we have made this award again to Experience Scottsdale. Not the CVB, Experience Scottsdale, Jack. Besides which I think you all would have

missed a real love fest had you not had this on the Regular Agenda, all the complimentary comments. Because I think you've, it's a great history since 1977 or whatever. It's a great history of growing together and promoting our mutual interest I think the things you heard tonight take to heart. There's a great concern about the downtown area and whether it's a concern about the declining sales or a concern about the lack of promotion, whatever. I don't happen to agree that we have thrown untold money into downtown. I don't think studies do anything to promote business downtown. And I don't think that what's happening downtown is the result of taking the white tents off the canal.

I think the downtown is a unique asset to the city. And it's a tourist destination. I think we all agree with that. And that's what you hear the speakers say. They want evidence of a promotional program to acquaint people not with the Canal Convergence. Not with the Christmas tree or whatever, but acquaint them with the totality of the downtown Scottsdale. The unique experience that one has in walking the downtown area. I too would love to see stronger words. I would like to see something other than whatever the slide says, assist the city in promoting downtown. I don't know when you can come up with some metrics working with city staff or come up with a way of measuring the effort that you are putting in.

But I would certainly encourage you to do that because we are going to be looking for evidence that this part of the tourism destination, the advertising, marketing program is a reality. And you are hearing some of the people say to some of the speakers talking about memberships and how the memberships in the Experience Scottsdale seem to drive the efforts of Experience Scottsdale. Whether that's true or not, none of us up here are skilled enough to figure out what you are doing with the money. That's why we have hired you. But certainly, we want to be sure that the tourist destinations of Scottsdale get an A-1 top priority for our \$10 million over and above what any other member might get by paying a membership of \$1,000 or whatever. So be sensitive to that message. I will echo what many people have said here. We look forward to working together for another five years. We look forward to another five successive years of growth and prosperity for the city. And think we have made improvements to the contract and we will always work to make improvements. Thank you all for your efforts. Thank you, Mayor.

Mayor Lane: Thank you, Councilman. Councilman Phillips.

[Time: 02:28:27]

Councilman Phillips: Thank you, Mayor. I'm usually the first to speak. So it's kind of strange to be the last. Well, Mr. Miller, that was a great speech you gave. I was going to clap but I thought the Mayor would shut me down. You know, I have known Rachel for, what, five years now, maybe six years. I haven't been here as long as most other people. Every time I talk to her, there's one thing that sits on my mind, it's always a different number, but I just heard 67:1, what type of stock will give you 67:1. I will buy 1,000 shares of that. How can you go wrong if I give you \$1, you will give me \$67 in return? Everybody will do it and for Mr. Miller, all the CVBs you've been on over the years or known, and say this is one of the best in the country. That's an amazing statement. Maybe Scottsdale is lucky to have you. And there's been a lot of talk, well, what are they doing here? What are they doing there? Why aren't they promoting the downtown enough?

You know, these are questions never really occurred to me. I didn't think, yeah, we are not really promoting downtown enough. But when you have to start thinking about, should CVB, how much should be to the downtown, the Princess, the Sanctuary, whatever. How much should the TDC be doing that? How much should the business owners and the downtown property owners themselves be doing something? I think the Mayor hit on a major point. We need to speak good of downtown because I agree with that. There was a lot of talk oh, this and this, about downtown, blah, blah, blah, that does nobody any good. I agree that I would like to see more defined objectives in your contract. That didn't happen but I appreciate the fact that our City Manager gave you that extension and we worked on it more and worked out some other bugs in the contract and that was a good thing.

Councilman Smith is correct that it shouldn't have been on the Consent Agenda, if for no other reason than to provide some accolades for you because this is a major contract for us. It should be spoken in public and the public should know we have the confidence in you for this. So I want to help the business owners downtown and I want to see them prosper and I think there's other things that we will do in the future that will really help that. But I think for right now, I think we have done the best we can with this marketing agreement. It's a five-year agreement and everyone will be watching it closely to see what's going on. Hopefully Experience Scottsdale, it's hard to remember that and the TDC will work hand in hand to see more things that we can do to promote the downtown. It has to be in conjunction with the downtown property owners because they have to do their share too. It should be a mutual contract between them, I think. I'm happy that this contract is finally done and it sounds like everybody is on board and good luck in the next five years.

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

[Time: 02:11:52]

Vice Mayor Klapp: You weren't the last to speak. I am. And I just want to thank you as well. The Experience Scottsdale is a very professional organization and the work you do is well recognized by people within the city and outside the city. I think that French Thompson probably said many of the things that I was thinking that, you know, he's a retailer downtown and he loves the organization. And wants to help in any way to make it better and wants to find ways to work within the organization to make the downtown better as well as our other city-owned facilities. And I don't want to sit here and tell you how to do that. The language says you are going to assist in helping promote the downtown and other city facilities or city facilities and that's fine with me.

About all I will ask is when you come back and make reports to the city, that you find a way to explain to us what you are doing to help promote the downtown, WestWorld and the other facilities so that we can see that there's some progress being made. It's up to you to do what you need to do and then report back to us if that can be quantify in some way, that's fine. But if it can't, give us a sense of what it's doing for WestWorld, for the museum, for the giant stadium and all the things that are owned in the city.

I know that you will work closely with Karen Churchard's group to do this and I don't want to leave her

out because I know that she's got a lot of specific plans to help promote downtown as well. All I can do is encourage you to work together and tell us the things that you are doing to help us improve the area because it's the heart of the city. We are concerned about it having declined. I don't degree also about some of the reasons consider it has declined and we need to, I think it's because we are not promoting enough. I really believe that's probably the major reason. Marketing promotion is what makes a difference many times to keep growing an area or a business or whatever it is. So thank you. I think you are going to have your 7-0 vote, and we appreciate that you will be coming back to us and give us reports from time to time and make the progress over the next year and the next five years. Thank you.

Mayor Lane: Thank you. You know, one other final thing I would have to say, even though it's been said differently by some others. There isn't any doubt in any anyone's mind that it's not all an accident. It's most assuredly a joint effort, but there's no doubt about it, that the efforts by Experience Scottsdale is a major component in what Scottsdale has presented to the world. So irrespective of the marginalization, and in much the same way we want to always be thinking good not in the delusional state, but certainly realistically by being positive things we want the same feeling with Experience Scottsdale. We are glad to have this opportunity to speak about it in this way.

So with that, I think we are then ready to vote. All of those in favor, please indicate by aye and register your vote. Aye. And it is unanimous. 7-0. Just exactly what we were looking for. So thank you very much. Have a great year going forward. It's good to have you here.

Next item we have.... I'm presuming no petitions.

ITEM 22 – LOSS TRUST FUND BOARD

[Time: 02:15:46]

Mayor Lane: And the next item we have is the Loss Trust Fund Board request. At the request of Councilman Smith, we are looking to potentially direct staff to review the Loss Trust Fund Board ordinance and to agendize the presentation, discussion, and possibly directions to staff regarding potential updates to the ordinance, including suggestions for a new name that would be more indicative of the board's purpose, meeting, meeting and membership requirements and the board's duties and responsibility. This is just a vote to agendize or not, I would ask for a motion as to whether or not to agendize this.

Councilman Smith: I will make a motion to agendize it.

Mayor Lane: Okay.

Councilwoman Littlefield: Second.

Mayor Lane: The motion has been made and seconded. There's no further comment that's necessary.

Councilman Smith: If I could explain, I will explain why I put this on here.

Mayor Lane: I thought it was pretty well laid out there. All right. You know, Mr. Smith, I don't want to deprive you of your moment to discuss it. If you would like to please tell us.

Councilman Smith: And it may go to the direction to staff, or their takeaway. Two things happened. First of all, it's the silliness of the name. We call it the Loss Trust Fund.

Mayor Lane: Let me ask this, to agendize something, we are not to start the discussion.

Councilman Smith: Let's agendize this, what do you say?

Mayor Lane: I think so. So we will be discussing it when it's on the agenda. If it's okay, we will go ahead with the vote. All of those in favor, please indicate by aye and those opposed with a nay. It's unanimous. We will have our moment to discuss when it's on the agenda officially. But thank you, Councilman. Okay.

ITEM 23 - BOARDS, COMMISSIONS, AND TASK FORCE NOMINATIONS

Mayor Lane: That completes our items on our Regular Agenda as it is right now, until we move to Item 23, which is the Boards, Commissions and Task Force nominations. And just a note here that interviews and appointments scheduled for September 12th, 2017. So with that, we would like to, I would like to turn over the meeting to our Vice Mayor to conduct that meeting.

[Time: 02:18:12]

Vice Mayor Klapp: Thank you, Mayor. This evening, the City Council will be nominating Scottsdale residents interested in serving on citizen advisory boards and commissions. The eight with vacancies are the Airport Advisory Commission, Development Review Board, Industrial Development Authority, Library Board, McDowell Sonoran Preserve Commission, Path & Trails Subcommittee, Planning Commission, and the Tourism Development Commissions. Those nominated will be interviewed at the City Council meeting as the Mayor mentioned on September 12th and appointments will follow each set of interviews.

Airport Advisory Commission

[Time: 02:18:48]

Vice Mayor Klapp: The Airport Advisory Commission advises the City Council on policy matters relating to the operation of the airport, proposals for development, airport area land use, fees and safety concerns. John "Brad" Berry's term expires September 12th. He's eligible for reappointment and has submitted an application. Steve Ziomek's term expires September 20th. He is not eligible for reappointment. There are two vacancies and four applicants. The applicants are:

Larry Bernosky
John "Brad" Berry
Michael Gonzalez
Elizabeth Kaplan

So we have two positions to fill with these four applicants and we'll begin with Councilwoman Littlefield.

Councilwoman Littlefield: Thank you, Vice Mayor. Larry Bernosky and John Berry.

Councilwoman Milhaven: No additional.

Vice Mayor Klapp: I will add Elizabeth Kaplan.

Mayor Lane: No additional.

Councilmember Korte: No additional.

Councilman Smith: No additional.

Councilman Phillips: And no additional.

Vice Mayor Klapp: Okay. So we have Lawrence Bernosky, John Berry and Elizabeth Kaplan who will be interviewed.

Development Review Board

[Time: 02:20:05]

Vice Mayor Klapp: The Development Review Board has three openings. The purpose of the Development Review Board is to review and approve architectural design and layout of proposed development plans. This includes site planning and the relationship of the development to the surrounding environment and the community. As specified in the Scottsdale City Code, the Development Review Board membership consists of a City Councilmember, a Planning Commission member and five public members, three of whom shall be architects, environmental scientists, landscape architects or persons otherwise qualified by design background training or experience and two of whom shall be land developers, builders, or contractors. Kevin Bollinger was appointed to the Planning Commission on and he represented a design position. He left the DRB. Matthew Mason's term expires September 13th. He is eligible for reappointment, however, did not submit an application, and he represented a developer position. Joe Young's term expires September 9th. He is eligible for reappointment and has submitted an application for consideration and represents a design position. There are three vacancies and nine applicants. The applicants are:

Doug Craig
Andrea Davis
Troy Hill
Peter Koliopoulos
Michael Leary
Ted Luther
William Scarbrough
Winston Thorne

I will now entertain nominations for the DRB. You can nominate 3 people and I will begin with Councilwoman Milhaven.

Management Assistant Kelli Kuester: I would just like to add Joe Young is also on the list.

Vice Mayor Klapp: Oh, I'm sorry, it was not showing when I looked up there. And add Joe Young who is a current member of the DRB.

Councilwoman Milhaven: Thank you, I nominate Joe Young, Doug Craig and William Scarbrough.

Vice Mayor Klapp: I will add Peter Koliopoulos and Ted Luther.

Mayor Lane: I nominate Andrea Davis, Troy Hill.

Councilmember Korte: No additional.

Councilman Smith: No additional.

Councilman Phillips: No additional.

Councilwoman Littlefield: No additional.

[Time: 02:22:11]

Vice Mayor Klapp: Okay. So we have six people who will be interviewed, Doug Craig, Andrea Davis, I'm sorry, four people. Were there six there before?

Councilman Smith: There were seven if you count Joe Young.

Kelli Kuester: Doug Craig, Andrea Davis, Troy Hill, Peter Koliopoulos, William Scarborough, Joe Young and Ted Luther.

Vice Mayor Klapp: So that's seven. They were not showing on the screen.

Kelli Kuester: Can we go back to the nominee list for DRB?

Vice Mayor Klapp: Yes, Joe Young is down there. So that's seven. Thank you. They will be interviewed on September 12th.

Industrial Development Authority

[Time: 02:23:09]

Vice Mayor Klapp: Next is the Industrial Development Authority. The Industrial Development Authority's purpose is to issue tax-exempt bonds for certain types of private development for the purpose of attracting new economic activity to the community. There are no formal requirements for this authority. Given the nature of the word, it is suggested that members be comfortable with detailed financial pro forma, feasibility studies and financial projections. Marc Blonstein's term expires September 13th. He is eligible for reappointment but he did not submit an application. There is one vacancy and one applicant. The applicant is:

John Bradley

So I will begin with the nominations for the I.D.A. with myself and nominate John Bradley.

Mayor Lane: John Bradley.

Vice Mayor Klapp: You probably don't need to have any more. John Bradley will be interviewed. Pretty simple.

Mayor Lane: I wanted to make sure that I'm backing you up.

Vice Mayor Klapp: Okay. Got it.

Library Board

[Time: 02:24:10]

Vice Mayor Klapp: Next is the Library Board. This Board advises the City Council on general policy relating to the programs, services and future development of the Scottsdale Public Libraries. Dana Braccia's term expires September 20. She is eligible for reappointment however did not submit an application. There is one vacancy and three applicants. The applicants are:

Dana Rakinic
Janet Smigielski
Ruth Wachs

So I will now entertain nominations for the Library Board. You can have one nominee. We will begin with the Mayor.

Mayor Lane: I nominate Janet Smigielski.

Councilmember Korte: Dana Rakinic.

Councilman Smith: Ruth Wachs.

Vice Mayor Klapp: That pretty much does it. All three people will be interviewed for the Library Board.

McDowell Sonoran Preserve Commission

[Time: 02:25:02]

Vice Mayor Klapp: Next is the McDowell Sonoran Preservation Commission. There is one opening. The McDowell Sonoran Preserve Commission provides citizen oversight for acquisition, preservation, management, and stewardship of the McDowell Mountains and related Sonoran desert for the benefit of this and future generations. Jace McKeighan's term expires September 9th. He is eligible for reappointment and has submitted an application for consideration. There is one vacancy and one applicant.

Jace McKeighan

I will now entertain nominations for this commission, beginning with Councilmember Korte.

Councilmember Korte: Jace McKeighan.

Vice Mayor Klapp: And that will do it. We will interview one person for this.

Transportation Commission – Paths and Trails Subcommittee

[Time: 02:25:43]

Vice Mayor Klapp: The Path and Trails Subcommittee is actually part of the Transportation Committee and there's one opening. This subcommittee provides a public forum for issues surrounding paths and trails. Linda Whitehead's term expired November 19th. She is eligible for reappointment but did not submit an application for consideration. There is one vacancy and one applicant. The applicant is

Jenna Warner

So I will entertain nominations for this subcommittee with one nomination from Councilman Smith.

Councilman Smith: Let me try to decide. How about Jenna Warner.

Vice Mayor Klapp: Okay. So we have Jenna Warner nominated and she will be interviewed.

Planning Commission

[Time: 02:26:25]

Vice Mayor Klapp: Next is the Planning Commission. There's one opening on this commission, which makes recommendations to the City Council on all matters relating to the creation of zoning districts, the enforcement of zoning regulations, and amendments to all zoning ordinances. Ali Fakh's term expires September 9th. He is eligible for reappointment and has submitted an application for consideration. There is one vacancy and six applicants. The applicants are

Anthony Coletta
William Conti
Mark Edelman
Ali Fakh
Jill Moritz
Joanne "Copper" Phillip

I will now entertain nominations for the Planning Commission. You can nominate one person beginning with Councilman Smith, Councilman Phillips.

Councilman Phillips: Ali Fakh.

Councilwoman Littlefield: Joanne Phillips.

Councilwoman Milhaven: No additional.

Vice Mayor Klapp: No additional.

Mayor Lane: No additional.

Councilmember Korte: No additional.

Councilman Smith: No additional.

Vice Mayor Klapp: We have two people who will be interviewed, Ali Fakh and Joanne Phillips.

Tourism Development Commission

[Time: 02:27:27]

Vice Mayor Klapp: The Tourism Development Commission has one opening. The Tourism Development Commission advises the City Council on matters concerning the tourism industry in

Scottsdale as well as the expenditure of revenues from the Transaction Privilege Tax on Transient Lodging, Bed Tax, designated for Tourism Development. As specified in the Scottsdale City Code, the seven members of the Tourism Development Commission shall consist of representatives of the tourism industry in Scottsdale, including a minimum of four Scottsdale hoteliers, one member of Experience Scottsdale and a balance from elements of the tourism industry. Robert McCreary submitted his resignation effective August 16th. He represents a hotelier position. There is one vacancy and one applicant. The applicant is

David Winter

I will now entertain nominations for this commission, beginning with Councilwoman Littlefield.

Councilwoman Littlefield: Thank you. I think I will nominate David Winter.

Vice Mayor Klapp: Thank you. And so that is the list that we have. So David Winter will be interviewed in September. That concludes the nomination process this evening. The staff will contact those who were nominated and provide them with additional information about the interview process. I would like to thank everyone who applied to serve on citizen advisory boards and commissions. Even if you were not nominated your application will remain on file for one year for consideration at a future date, if there are additional vacancies. So I will turn the meeting back over to the Mayor.

Mayor Lane: Thank you very much, Vice Mayor. Excellent job. Got it done in great time. So with that, I think that concludes all of our business.

ADJOURNMENT

[Time: 02:29:05]

Mayor Lane: And I would entertain a motion to adjourn.

Councilmember Korte: So moved.

Vice Mayor Klapp: Second.

Mayor Lane: All of those in favor of adjournment, please say aye. Thank you, everyone. Thank you, staff.