

**SCOTTSDALE CITY COUNCIL
REGULAR MEETING MINUTES
TUESDAY, FEBRUARY 13, 2018**



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

CALL TO ORDER

Mayor W.J. "Jim" Lane called to order a Regular Meeting of the Scottsdale City Council at 5:03 P.M. on Tuesday, February 13, 2018, in the City Hall Kiva.

ROLL CALL

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

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

PLEDGE OF ALLEGIANCE – 5th Grade Cub Scout Webelos; Scout Leaders Mr. and Mrs. Handley

INVOCATION – Minister Michelle Crane, Scottsdale Bible Church

MAYOR'S REPORT

Mayor Lane congratulated the Chaparral High School girls' soccer team, the Firebirds, for their state title win.

Mayor Lane reminded everyone that there are two weeks left to provide input on their favorite Scottsdale flag design.

PRESENTATIONS/INFORMATION UPDATES

- **Scottsdale Arts Update**
Presenter(s): Kathy Wills, Chairman of the Board of Trustees

Scottsdale Arts Chairman of the Board of Trustees Kathy Wills gave an update on Scottsdale Arts programs.

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

PUBLIC COMMENT

- Gary Rinsem expressed concern about lack of sidewalk access.
- George Cavalliere expressed concerns about the Taylor Morrison development adjacent to his property.
- Elizabeth Cavalliere asked for the City's help with asbestos from the Taylor Morrison development.
- Glen De Souza talked about criminal activity near his office building in the entertainment district.
- Jerry Lewkowitz reported on the success of the Waste Management Open.

MINUTES

Request: Approve the Special Meeting Minutes of January 8, 2018, and January 23, 2018; Regular Meeting Minutes of January 8, 2018, and January 23, 2018; and Executive Session Minutes of January 8, 2018.

MOTION AND VOTE – MINUTES

Vice Mayor Korte made a motion to approve the Special Meeting Minutes of January 8, 2018, and January 23, 2018; Regular Meeting Minutes of January 8, 2018, and January 23, 2018; and Executive Session Minutes of January 8, 2018. Councilwoman Littlefield seconded the motion, which carried 7/0.

CONSENT AGENDA

- 1. Blind Dragon/Dorian Liquor License (107-LL-2017#2)**
Request: Consider forwarding a recommendation of approval to the Arizona Department of Liquor Licenses and Control for a person transfer of a Series 6 (bar) State liquor license for an existing location with a new owner.
Location: 7419 E. Indian Plaza
Staff Contact(s): Tim Curtis, Current Planning Director, 480-312-4210, tcurtis@scottsdaleaz.gov
- 2. IL Bosco Pizza Liquor License (1-LL-2018)**
Request: Consider forwarding a recommendation of approval to the Arizona Department of Liquor Licenses and Control for a Series 12 (restaurant) State liquor license for an existing location with a new owner.
Location: 7120 E. Becker Lane
Staff Contact(s): Tim Curtis, Current Planning Director, 480-312-4210, tcurtis@scottsdaleaz.gov
- 3. Uncorked Wine Lounge & Eatery Liquor License (3-LL-2018)**
Request: Consider forwarding a recommendation of approval to the Arizona Department of Liquor Licenses and Control for a Series 12 (restaurant) State liquor license for an existing location and owner, new license series.
Location: 17025 N. Scottsdale Road, Suite 140
Staff Contact(s): Tim Curtis, Current Planning Director, 480-312-4210, tcurtis@scottsdaleaz.gov

- 4. Fraesfield Mountain Trailhead Municipal Use Master Site Plan (11-UP-2017)**
Request: Find that the conditional use permit criteria have been met and adopt **Resolution No. 11001** approving a Municipal Use Master Site Plan for the purpose of constructing an access trailhead area for the McDowell Sonoran Preserve on 6± acres of a 533±-acre site of City-owned property located at the northwest corner of E. Rio Verde Drive and N. 134th Street with Single-Family Residential District, Environmentally Sensitive Lands (R1-70/ESL and R1-190/ESL) zoning.
Location: 13400 E. Rio Verde Drive
Staff Contact(s): Randy Grant, Planning and Development Services Director, 480-312-2664, rgrant@scottsdaleaz.gov
- 5. Granite Mountain Trailhead Municipal Use Master Site Plan (12-UP-2017)**
Request: Find that the conditional use permit criteria have been met and adopt **Resolution No. 11002** approving a Municipal Use Master Site Plan for the purpose of constructing an access trailhead area for the McDowell Sonoran Preserve on 6± acres of a 471±-acre site of City-owned property located at the northwest corner of E. Lone Mountain Road and N. 136th Street with Single-Family Residential District, Environmentally Sensitive Lands (R1-190/ESL) zoning.
Location: 31402 N. 136th Street (Parcel Nos. 216-58-001 and 216-59-009)
Staff Contact(s): Randy Grant, Planning and Development Services Director, 480-312-2664, rgrant@scottsdaleaz.gov
- 6. Storyrock Abandonment and Development Agreement (4-AB-2017)**
Request: At the request of the applicant, continue to February 20, 2018.
Staff Contact(s): Randy Grant, Planning and Development Services Director, 480-312-2664, rgrant@scottsdaleaz.gov
- 7. Neighborhood Advisory Commission Ordinance**
Request: Adopt **Ordinance No. 4331** amending Sections 2-322 and 2-323 of the Scottsdale Revised Code relating to the membership, purpose, powers, and duties of the Neighborhood Advisory Commission.
Staff Contact(s): Randy Grant, Planning and Development Services Director, 480-312-2664, rgrant@scottsdaleaz.gov
- 8. General Landscape Construction Services Job Order Contracts**
Request: Adopt **Resolution No. 10998** authorizing the following one-year contract extensions for Citywide general landscape construction services:
1. Contract No. 2015-004-COS-A2 with Valley Rain Construction Corporation
2. Contract No. 2015-005-COS-A2 with DBA Construction, Inc.
Staff Contact(s): Daniel Worth, Public Works Director, 480-312-5555, dworth@scottsdaleaz.gov
- 9. Engineering Services Contract for Intelligent Transportation Systems**
Request: Adopt **Resolution No. 11013** authorizing Contract No. 2016-006-COS-A1 with Kimley-Horn and Associates, Inc., for a one-year contract extension, in an amount not to exceed \$1,000,000, for on-call intelligent transportation system engineering services needed on an on-call basis for projects throughout the City.
Staff Contact(s): Daniel Worth, Public Works Director, 480-312-5555, dworth@scottsdaleaz.gov

- 10. Engineering Services Contracts for Stormwater Engineering Services**
Request: Adopt **Resolution No. 11007** authorizing the following on-call engineering services contracts for an initial two-year term, in an amount not to exceed \$2,000,000 per contract, for on-call professional services to provide stormwater and drainage related services at various project locations throughout the City:
1. Contract No. 2018-016-COS with J2 Engineering and Environmental Design, LLC
2. Contract No. 2018-017-COS with Michael Baker International Inc.
Staff Contact(s): Daniel Worth, Public Works Director, 480-312-5555, dworth@scottsdaleaz.gov
- 11. Former Fire Station No. 601 Revocable License Agreement**
Request: Adopt **Resolution No. 11021** authorizing Agreement No. 2018-024-COS with Maricopa Ambulance, LLC, to house ambulances and their crews in former Fire Station No. 601.
Location: 2857 N. Miller Road
Staff Contact(s): Daniel Worth, Public Works Director, 480-312-5555, dworth@scottsdaleaz.gov
- 12. Parking Management Pilot Program**

Item 12 was moved to the Regular Agenda (see Page 5).
- 13. Financial Statement Audit Professional Services Contract**
Request: Adopt **Resolution No. 11019** authorizing a one-year extension of Contract No. 2015-052-COS with Heinfeld, Meech & Co., P.C., in an amount not to exceed \$96,550, for the audit of the City's FY 2017/18 financial statements and related services.
Staff Contact(s): Sharron Walker, City Auditor, 480-312-7867, swalker@scottsdaleaz.gov
- 14. Biennial Certified Audit Professional Services Contract**
Request: Adopt **Resolution No. 11020** authorizing the extension of Contract No. 2016-019-COS with Raftelis Financial Consultants, Inc., in an amount not to exceed \$34,730, for the biennial certified audit of the City's land use assumptions, infrastructure improvements plan, and development impact fees.
Staff Contact(s): Sharron Walker, City Auditor, 480-312-7867, swalker@scottsdaleaz.gov

MOTION AND VOTE – CONSENT AGENDA

Vice Mayor Korte made a motion to approve Consent Agenda Items 1 through 14, directing that Item 6 is to be continued to March 6, and absent Item 12, which was moved to the Regular Agenda. Councilwoman Milhaven seconded the motion, which carried 7/0.

REGULAR AGENDA

12. Parking Management Pilot Program

Request: Adopt **Resolution No. 11016** to authorize:

1. A FY 2017/18 transfer in the amount of \$231,185 from the Capital Improvement Plan In-Lieu Parking Fund to the Operating Special Programs Fund.
2. A \$231,185 appropriation only operating contingency transfer from the adopted FY 2017/18 operating Special Programs Fund contingency to a newly created operating Special Programs Fund cost center to be titled Parking Management Pilot Program.

Staff Contact(s): Paul Basha, Transportation Director, 480-312-7651,
pbasha@scottsdaleaz.gov

MOTION NO. 1 – ITEM 12

Councilman Smith made a motion to fund the program with general funds from the Police Department. The motion died for lack of a second.

MOTION NO. 2 – ITEM 12

Councilman Smith made a motion to deny the request. The motion died for lack of a second.

MOTION NO. 3 AND VOTE – ITEM 12

Councilwoman Klapp made a motion to adopt Resolution No. 11016. Vice Mayor Korte seconded the motion, which carried 6/1, with Councilman Smith dissenting.

15. Marshall Way Entry Feature (15-DR-2017)

Requests:

1. Hearing to reconsider the Development Review Board's denial of the requested approval of the site plan for the location of the Marshall Way Entry Feature and lighting.
2. Uphold, modify, or overturn the Development Review Board's December 7, 2017, decision regarding 15-DR-2017, which denied a request for approval of a site plan for the location of the Marshall Way entry feature and lighting. Council initiated the appeal on January 8, 2018.

Location: Northwest corner of E. Indian School Road and N. Marshall Way

Presenter(s): Jeff Barnes, Planner

Staff Contact(s): Randy Grant, Planning and Development Services Director, 480-312-2664, rgrant@scottsdaleaz.gov

Planner Jeff Barnes and Scottsdale Public Art Advisory Board Chair Chris Irish gave PowerPoint presentations (attached) on the proposed Marshall Way entry feature.

Mayor Lane opened public testimony.

The following spoke in support of the Marshall Way entry feature:

- Jason Rose, Scottsdale resident
- Tommy Suchart, Scottsdale resident
- Blen Shipp, Scottsdale resident
- Dan Klinski, Scottsdale resident

Mayor Lane closed public testimony.

MOTION AND VOTE – ITEM 15

Vice Mayor Korte made a motion to overturn the Development Review Board's December 7, 2017, decision regarding 15-DR-2017, which will have the effect of approving the site. Councilman Smith seconded the motion, which carried 6/1, with Councilwoman Littlefield dissenting.

16. Loloma Lands Purchase and Sale Agreement

Request: Adopt **Resolution No. 11034** authorizing Agreement No. 2018-029-COS with ARC Scottsdale Holdings, LLLP, for the sale of 183,000± square-feet of land for \$27,750,000.

Location: East of N. Goldwater Boulevard, near the intersection of N. Marshall Way and E. 2nd Street

Presenter(s): Dan Worth, Public Works Director

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

Public Works Director Dan Worth gave a PowerPoint presentation (attached) on the proposed lands purchase and sale agreement.

Mayor Lane opened public testimony.

The following spoke in support of the proposed Loloma Lands purchase and sale agreement:

- Don Henninger, Scottsdale resident
- Mary Turner, Scottsdale resident, read a letter of support from Paul Messinger (attached)
- Ashley Porter, Scottsdale resident, read a letter of support from Jim Bruner and Mike Fox (attached)
- Trudy Hay and Norman LaZar, representing Scottsdale Artists' School
- Sasha Weller, representing Scottsdale Firefighters Associations

Mayor Lane closed public testimony.

MOTION AND VOTE – ITEM 16

Councilwoman Littlefield made a motion to approve the Loloma lands purchase and sale agreement and adopt Resolution No. 11034 authorizing Agreement No. 2018-029-COS with ARC Scottsdale Holdings, LLLP, for the sale of 183,000± square feet of land for \$27,750,000. Councilwoman Klapp seconded the motion, which carried 7/0.

17. Comprehensive Financial Policies and Governing Guidance

Request: Adopt **Resolution No. 10923** relating to Comprehensive Financial Policies and Governing Guidance as the formal guidelines for the City of Scottsdale's FY 2018/19 financial planning and management.

Presenter(s): Jeff Nichols, City Treasurer

Staff Contact(s): Judy Doyle, Budget Director, 480-312-2603, jdoyle@scottsdaleaz.gov

City Treasurer Jeff Nichols gave a PowerPoint presentation (attached) on the comprehensive financial policies guidelines.

MOTION AND VOTE – ITEM 17

Councilman Smith made a motion to adopt Resolution No. 10923 relating to Comprehensive Financial Policies and Governing Guidance as the formal guidelines for the City of Scottsdale's FY 2018/19 financial planning and management. Vice Mayor Korte seconded the motion, which carried 7/0.

PUBLIC COMMENT – None

CITIZEN PETITIONS

18. Receipt of Citizen Petitions

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

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

No citizen petitions were received.

MAYOR AND COUNCIL ITEMS

19. Tax Reform Options

Request: At the request of Councilman Smith, direct the City Manager and City Treasurer to present for Council discussion and direction during the February 20, 2018 discussion of the Council Capital Improvement Plan Subcommittee recommendations, a variety of options for tax reform, particularly related to Scottsdale's Transaction Privilege Tax (sales tax), identifying options for: increases/decreases in the tax rate; additions/deletions of goods and services to which the tax rate applies; and creating new funds for the segregation and administration of new tax receipts.

MOTION – ITEM 19

Councilman Smith made a motion to direct the City Manager and City Treasurer to present for Council discussion and direction at a future Council meeting or work study session, discussion of the Council Capital Improvement Plan Subcommittee recommendations, a variety of options for tax reform, particularly related to Scottsdale's Transaction Privilege Tax (sales tax); identifying options for increases/decreases in the tax rate, additions/deletions of goods, and services to which the tax rate applies; and creating new funds for the segregation and administration of new tax receipts. Councilman Phillips seconded the motion. No vote taken.

ALTERNATE MOTION AND VOTE – ITEM 19

Councilwoman Milhaven made an alternate motion to defer consideration of this agenda item until after the Council's discussion of the Capital Improvement Subcommittee's recommendations on February 20, 2018. Councilwoman Littlefield seconded the motion, which carried 6/1, with Councilwoman Klapp dissenting.

ADJOURNMENT

The Regular City Council Meeting adjourned at 7:15 P.M.

SUBMITTED BY:



**Carolyn Jagger
City Clerk**

Officially approved by the City Council on March 6, 2018

CERTIFICATE

I hereby certify that the foregoing Minutes are a true and correct copy of the Minutes of the Regular Meeting of the City Council of Scottsdale, Arizona held on the 13th day of February 2018.

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

DATED this 6th day of March 2018.



Carolyn Jagger, City Clerk

Item 15

Marshall Way Entry Feature

15-DR-2017

City Council

2/13/2018

Coordinator: Jeff Barnes

Marshall Way Entry Feature

REQUEST:

Hearing for the City Council to reconsider the Development Review Board's denial of the requested approval of the site plan for the location of the Marshall Way Entry Feature and lighting.

15-DR-2017.

Marshall Way Entry Feature



15-DR-2017

Context Aerial

Marshall Way Entry Feature



15-DR-2017

Detail Aerial

Marshall Way Entry Feature

Zoning Ordinance Section 1.905.C states, the Development Review Board may approve, approve with stipulations, or deny the location of artwork that is provided in accordance with the Cultural Improvement Program or Public Art Program, if it finds the location addresses the criteria outlined in Section 1.904.A.6:

- a) Accessibility to the public;
- b) Location near pedestrian circulation routes consistent with existing or future development or natural features;
- c) Location near the primary pedestrian or vehicular entrance of a development;
- d) Location in conformance with the Design Standards and Policies Manual for locations affecting existing utilities, public utility easements, and vehicular sight distance requirements; and
- e) Location in conformance to standards for public safety;

15-DR-2017

Marshall Way Entry Feature

PREVIOUS ACTION:

Scottsdale Public Art Board

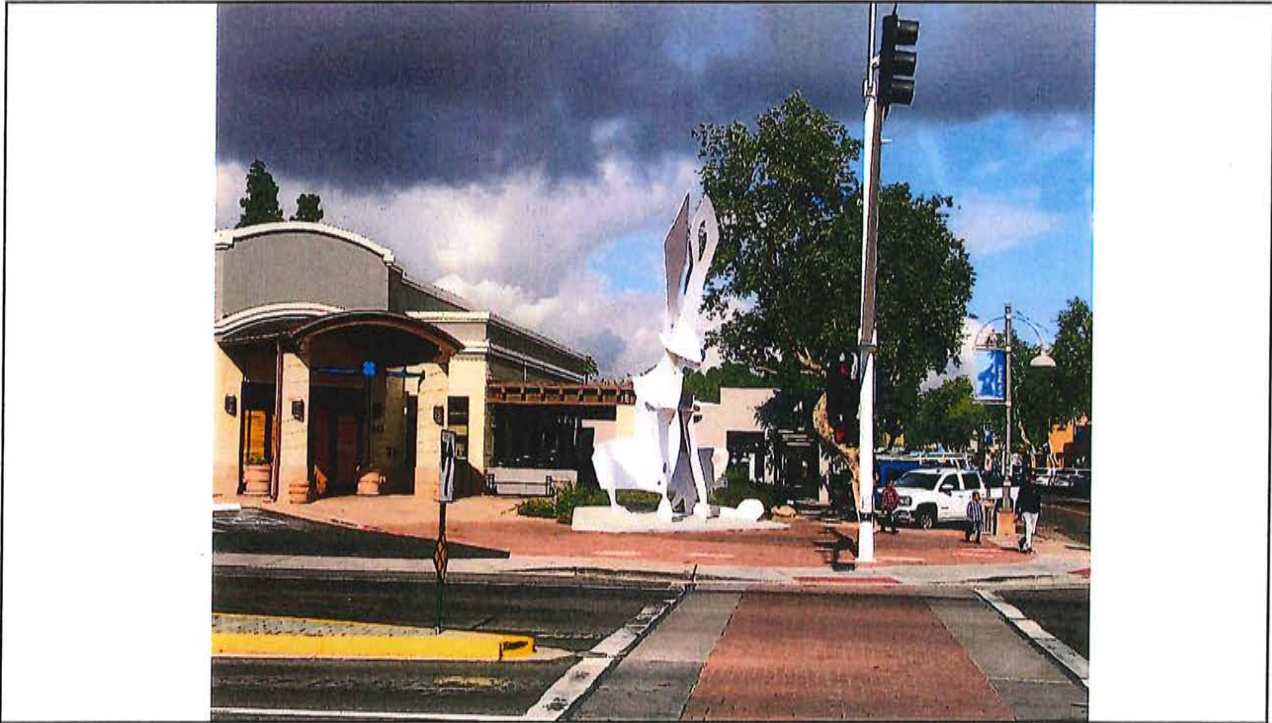
June 9, 2017 - the Scottsdale Public Art Board voted to approve the Marshall Way Entry Feature, and recommend that the Development Review Board approve the proposed location, with a vote of 10-0, with Board member Unger abstaining.

Development Review Board

July 6, 2017 - the DRB heard case 15-DR-2017 and voted 6-0 to continue the project, identifying concerns about the placement of the art piece which included the following:

- Proximity to the intersection and people standing in the street to photograph the art.
- Potential impacts to pedestrian circulation.
- People may feel inclined to climb on the art.
- Direction to search for an alternative site for the sculpture.

15-DR-2017



Item 16

**Loloma Purchase and Sale
Agreement**

ARC Scottsdale Holdings

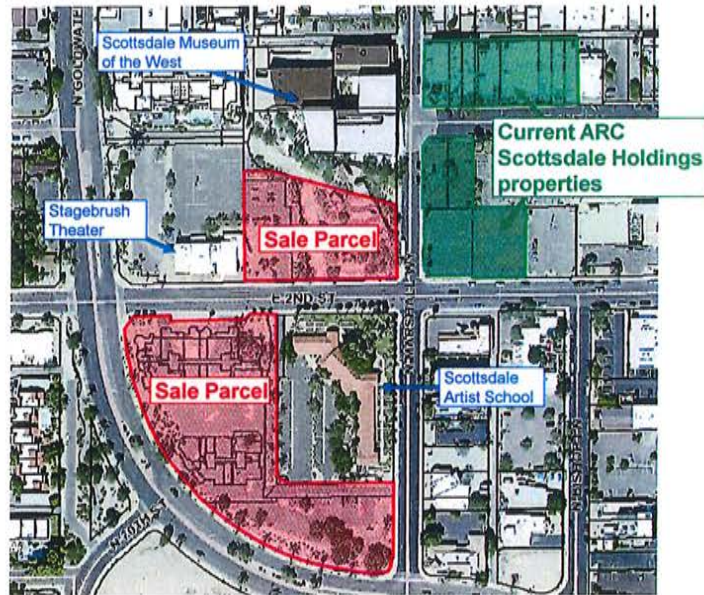
City Council
February 2018

Action

Authorize Real Property Sale Agreement
2018-029-COS between City and ARC
Scottsdale Holdings

- 180,000 sf
- Located between Marshall Way and Goldwater Blvd, north & south of 2nd St
- Sale price \$27.75M including possible bonus payments
- Sale to adjacent property owner under terms of City code 2-221b(5)

Location



Deal Points

- \$27.75M purchase price; includes bonus payments for height & density
- Closing occurs 60 days after:
 - Approval of development agreement
 - Approval of zoning
- \$1M security deposit:
 - Refunded if text amendment or zoning application is not approved
 - City retains if Purchaser terminates agreement
 - Part of sale price at closing

Valuation

- City conducted appraisal Apr 2017:
\$100 per square foot (\$18M for parcel)
- Appraisal addendum in Sep 2017:
 - Value rises to \$120 per sf if heights up to 150 feet are allowed
 - Value offset by amount of bonus height payment to achieve 150 feet
- Adjusted appraised value: \$20.6M
- Sale price is 35% above appraised value

City Code Section 2-221

- Code section 2-221b(5) allows sale to adjacent property owner
- Requires City Manager determination of public benefit of combining parcels:
 - High quality mixed use development
 - Benefit to public spaces and facilities
 - Payment in excess of market value

Next Steps

- Negotiate development agreement
- Process zoning application
- Milestones:
 - City approves downtown plan update and planned district text amendment by June 30, 2018
 - Purchaser files development application within 90 days of approval of text amendment
 - Approve development application and development agreement by Feb 28, 2019

Questions and Comments



MESSINGER MORTUARIES
CEMETERIES AND CREMATORIES

February 13, 2018

Mayor Lane and Scottsdale City Council
Scottsdale City Hall
3939 N Drinkwater Blvd.
Scottsdale, AZ 85251

Dear Mayor and Council,

Serving as a member on the Board of Trustees of the Museum of the West holds a special place in my heart. We have spent years improving the museum to become the special place it is today.

The development of the proposed Museum Square will help provide critical funds that could double the size of the museum. In 2016 the Museum of the West, a facility that has become an affiliate of the Smithsonian Institution, was named the nation's best Western museum. Expanding the museum would assist Scottsdale tourism and the many galleries next door.

I understand the City will retain some land in proximity to the Museum of the West. I hope Scottsdale will consider additional expansions of the Museum of the West on this land in the future. After all, the complex is currently only 42,000 square feet yet peer facilities like those in Cody, Wyoming are some 300,000 square feet.

While I understand that the parking lot adjacent to the Museum of the West will be allocated for public parking, I encourage the Scottsdale City Council to consider reserving this land and a 50' wide corridor between it and the museum for the long-term expansion of the museum. Additionally, I urge the final plan to show these reservations and to plan someday to put more required underground parking for the museum, when that parcel is used by the museum.

Messinger
Indian School Mortuary
7601 E. Indian School Rd.
Scottsdale, AZ 85251
(480) 945-9521
Fax: (480) 946-9362

Messinger
Pinnacle Peak Mortuary
8555 E. Pinnacle Peak Rd.
Scottsdale, AZ 85255
(480) 502-3378
Fax: (480) 502-9947

Messinger
Fountain Hills Mortuary
12065 N. Saguaro Blvd.
Fountain Hills, AZ 85268
(480) 837-5588
Fax: (480) 837-9383

Messinger
Payson Funeral Home
901 S. Westerly Rd.
Payson, AZ 85541
(928) 474-2800
Fax (928) 474-1658

Mountain Meadows
Memorial Park
(Cemetery & Crematory)
Round Valley Rd.
901 S. Westerly Rd.
Payson, AZ 85541
(928) 474-2800
Fax (928) 474-1658

Paradise Memorial Gardens
9300 East Shea Blvd.
Scottsdale, AZ 85260
(480) 860-2300
Fax (480) 860-2339

Paradise Memorial Crematory
9300 East Shea Blvd.
Scottsdale, AZ 85260
(480) 451-4255
Fax (480) 451-4408

Members:
Selected Independent Funeral Homes
National Funeral Directors Association
Arizona Funeral Directors Association



MESSINGER MORTUARIES
CEMETERIES AND CREMATORIES

As part of its plan, the new Museum of Square plan will also provide substantial public event space for the next few years until the museum expansion happens.

Having been involved in various projects during my long history of service in Scottsdale, including the revitalization of Indian Bend Wash, I understand the challenges and complexities of bringing visions and projects like these to life. My vision is to continue improving the Museum of the West for the next 20 years, starting with the improvements made by Macdonald Development.

For these reasons I encourage you to continue the process with Macdonald Development (at a price significantly higher than the City's appraised value) as a way to advance the Museum of the West, Main Street and our community at large. I am confident that this can be done. I applaud the city for its innovative approach, something Scottsdale has always been known for to achieve so many objectives at once.

Paul Messinger
Owner of Messinger Mortuary
Board of Trustees Member, Museum of the West

Messinger
Indian School Mortuary
7601 E. Indian School Rd.
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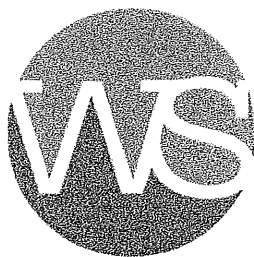
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Members:
Selected Independent Funeral Homes
National Funeral Directors Association
Arizona Funeral Directors Association



**WESTERN
SPIRIT
SCOTTSDALE'S
MUSEUM
OF THE WEST**

3830 N. Marshall Way
Scottsdale, AZ 85251

480-686-9539

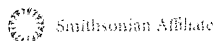
scottsdalemuseumwest.org

Board of Trustees

- Jim Bruner, *Chairman*
- Howard Alper
- Myron Deibel
- Betsy Fahlman, Ph.D.
- Joan Fudala
- Abe Hays
- Stephanie Johnston
- Paul Messinger
- Mary G. Meyer
- Christine Molling
- Tim Peterson
- Brad Richardson
- William G. Ridenour
- W. Scott Robertson, M.D.
- Jennifer Sands
- David Sherf
- Marshall Trimble
- Fred Unger
- Gil Waldman

Board Emeritus

- Jamie Drinkwater
- Ray Harvey
- Mike Ingram
- Orme Lewis, Jr.
- Richard Saba
- John Trump
- Rachel Sacco, *Ex-Officio*
- Michael J. Fox, *Director & CEO*



February 5, 2018

Mayor Jim Lane and City Council
Scottsdale City Hall
3939 N. Drinkwater Blvd.
Scottsdale, AZ 85251

Dear Mayor and Council Members:

On behalf of Scottsdale Museum of the West, Inc., the managing operator of the City's *Western Spirit: Scottsdale Museum of the West*, we are enthusiastically supportive of the proposed *Museum Square* and commend the Scottsdale City Council for its inventive public-private approach in this community-based initiative. The sale of used, City-owned land next to our community's award-winning Museum of the West, a three-year old institution that is an affiliate of the Smithsonian Institution, will provide numerous benefits to the City and arts community.

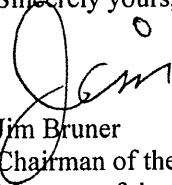
In recent years, downtown Scottsdale has lost a substantial amount of area that was used to hold large scale events and they have moved to Phoenix, Tempe, and Glendale, causing Scottsdale to lose a significant amount of exposure and business. As part of its open space plan, *Museum Square* will provide new public event space contiguous to the museum which will activate and animate the *Museum Square* neighborhood.

As you know, the City-owned Museum of the West would like to expand. New revenues provided by the sale of the land to *Museum Square* will enable key funds for the expansion that would nearly double the size of the museum and increase its positive impact on the area and City.

Macdonald Development is already providing stunning improvements to downtown Scottsdale. With the development of a Canopy Hotel, a new high-end experience by Hilton Hotels Worldwide, the museum will see an increase in visitation and synergistic programmatic opportunities involving this new property to be located immediately across from the museum.

For these reasons and many more, we encourage you to proceed with Macdonald Development (at a price notable higher than the City's appraisal) and to move the project forward in a way that will advance the arts, architecture, our community's museum, Main Street, and the downtown. We are confident that will be achieved.

Sincerely yours,


Jim Bruner
Chairman of the Board of Trustees
Museum of the West


Mike Fox
Director/CEO
Museum of the West

CC: City Manager, Jim Thompson

Item 17

Comprehensive Financial Policies

**City Council
February 13, 2018**

Financial Policies

Background

- First adopted in FY 1994/95
- Promote sound financial planning and management of public funds
- Assist in making fiscal strategy and policy decisions
- Contribute to AAA bond rating

Financial Policies

Categories

- Operating Management
- Capital Management
- Debt Management
- Reserve Management
- Financial Reporting

FY 2018/19 Administrative Changes

Financial Policies

Operating Management #21:

Property tax will be levied to recover: (1) annual payments of principal and interest for existing and planned general obligation debt-service bond issuances, including the factors and amounts authorized by state law but net of the amount required under state law and (2) revenues required for the General Fund equal to (a) the prior year's revenue (b) plus new growth added to the tax roll and (c) the prior year's tort liability payments as approved by City Council. Council may also approve the legally allowable maximum over the previous year's primary levy.

Financial Policies

Rationale:

Modified to ensure compliance with recent legislation (HB 2011, Chapter 212, Laws 2017). Clarified that the secondary property tax levied will recover annual payments of principal and interest for existing and planned general obligation bond issuances, including the factors and amounts authorized by state law but net of the amount required under state law

Financial Policies

Debt Management #33:

Improvement District (ID) and Community Facility District (CFD) Bonds shall be permitted only when there is a general city benefit. ID and CFD bonds will be utilized only when it is expected that they will be issued for their full term. It is intended that ID and CFD bonds will be primarily issued for existing neighborhoods desiring improvements to their property such as roads, water lines, sewer lines, streetlights, and drainage.

Financial Policies

Debt Management #33 (cont.):

a. Improvement District debt will be permitted only when full cash value of the property, as reported by the Assessor's Office, to debt ratio (prior to improvements being installed) is a minimum of 3/1 prior to issuance of debt and 5/1 or higher after construction of improvements. Should the full cash value to debt ratio not meet minimum requirements, property value may be determined by an appraisal paid for by the applicant and administered by the city. In addition, the city's cumulative improvement district debt will not exceed 5 percent of the city's ~~secondary-assessed valuation~~ net assessed limited property valuation. Bonds issued to finance improvement district projects will not have maturities longer than 10 years.

Financial Policies

Debt Management #33 (cont.):

b. Community Facility District debt will be permitted only when the full cash value of the property, as reported by the Assessor's Office, to debt ratio (prior to improvements being installed) is a minimum of 3/1 prior to issuance of debt and 5/1 or higher after construction of improvements. In addition, the city's cumulative facility district debt will not exceed 5 percent of the city's ~~secondary assessed valuation~~ net assessed limited property valuation. The landowner/developer shall also contribute \$0.25 in public infrastructure improvement costs of each dollar of public infrastructure improvement debt to be financed by the district.

Financial Policies

Rationale:

Modified to replace 'secondary assessed valuation' with 'net assessed limited property valuation' so terminology is consistent with the County's abstract and previous Proposition changes

Financial Policies

Reserve Management #38:

Debt Service Reserve will be funded with secondary property taxes; levied by City Council, **and will not exceed 10 percent of the amount needed sufficient** to pay the **following years** bonded indebtedness for General Obligations bond principal and interest (excluding Preserve General Obligation bonds). A debt service sinking fund will be maintained to account for these restricted revenues and debt payments, as well as any additional debt amounts deemed to be advisable and necessary for any public or municipal purposes.

Financial Policies

Rationale:

Modified to ensure compliance with recent legislation (HB 2011, Chapter 212, Laws 2017). Clarified that the secondary property tax debt service reserve will not exceed more than 10 percent of the amount needed for the following year's General Obligation bonds principal and interest payments

Financial Policies

**Adopt Resolution No. 10923
relating to Comprehensive
Financial Policies and Governing
Guidance as the formal guidelines
for the City of Scottsdale's FY
2018/19 financial planning and
management.**