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CALL TO ORDER

[Time: 00:00:02]

Mayor Lane: Good afternoon everyone. We'll start again. Thanks for being here, it is nice to have you here. I would like to call to order our May 14th, 2019 City Council Meeting. It's approximately 5 o'clock.

ROLL CALL

[Time: 00:00:17]

Mayor Lane: And we'll start with a roll call, please.

City Clerk Carolyn Jagger: Mayor Jim Lane.

Mayor Lane: Present.

Carolyn Jagger: Vice Mayor Linda Milhaven.

Vice Mayor Milhaven: Here

Carolyn Jagger: Council members Suzanne Klapp.

Councilwoman Klapp: Here.

Carolyn Jagger: Virginia Korte.

Councilmember Korte: Here.

Carolyn Jagger: Kathy Littlefield.

Councilwoman Littlefield: Here.

Carolyn Jagger: Guy Phillips.

Guy Phillips: Here.

Carolyn Jagger: And Solange Whitehead.

Solange Whitehead: Here.

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 Sharon Walker.

Sharon Walker: Here.

Carolyn Jagger: And the clerk is present.

[Time: 00:00:42]

Mayor Lane: Thank you. Some items of business that I would like to go through. We do have cards if you would like to speak on any of the agenda items or for Public Comment. Those are the white cards the City Clerk is holding up over her head right now. They can be filled out for that. And there are also the yellow cards for written comments on any of the agenda items and they will be read during the proceedings. She had them holding over her head just a moment ago here to my right. We do have Scottsdale police officers Eric Bolles and Tony Wells as well as Scottsdale Fire representatives here to assist if needed. And we have our officers here directly in front of us.

Thank you, gentlemen, for being here and our firefighter right here and our paramedic. So, if you have any need for their services, that's where they are at. The areas behind the council dais are reserved for the council and for staff. We do have facilities for your convenience over here under this exit sign over here to my left. And if you have any difficulty hearing the proceedings at all, we do have hearing assist headsets available. They are here at the City Clerk's table right here to my right for your, for any needs you might have in that regard. Just check with them. We have a little bit of a change here.

PLEDGE OF ALLEGIANCE

[Time: 00:02:04]

Mayor Lane: So, we are going to start with the Pledge of Allegiance. If you can please stand and I'm going to ask that Councilwoman Klapp lead us in the pledge, please.

Councilwoman Klapp: 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.

INVOCATION

Mayor Lane: This afternoon we have Pastor Bob Drew of the Scottsdale Bible Church to give us an Invocation. Please Pastor if you would.

[Time: 00:02:51]

Pastor Drew: Thank you. On behalf of Scottsdale Bible Church, I want to thank you for allowing us to be part of this time with you. Please join me in bowing your head as we pray. Lord God, on behalf of everyone here today I thank you for your many blessings that you have given us, the gift of life itself, the daily health to engage in the opportunities you put before each of us, for the provisions we need for ourselves and others, and for the many the relationships that we have been graciously given. Thank you for this opportunity that draws us together this evening. To come together with a common sense of responsibility to serve our community and the people of Scottsdale. Thank you so much for the freedom to know you, to relate with you and even for some to turn away from you. In this your grace goes beyond our understanding. Yet to your never-ending grace, we give thanks.

Together we agree with what you have established in the scriptures that the people should obey its governing authorities and the ideally ordained officials to promote peace, order and justice within this community. All as blessings upon the people. Accordingly, I pray for blessings upon our mayor, our City council and our appointed and elected City officials who serve and sacrifice for the benefit of all constituents. Specifically, Lord I ask that you grant to each of them wisdom to govern well in conflicting times, a deep passion for the welfare and true needs of our people, a thirst for justice and what is right, discernment in what is best and not what is easiest. The ability to work together in the pursuit of unity, even when disagreement abounds, peace in their personal lives and joy in their calling to serve others. I pray for the agenda set before them today. Please give an assurance of what would please you and what would benefit those that live and work in and around our beloved City. I ask this in accordance with your will and in Jesus' name. Amen. Thank you.

MAYOR'S REPORT

[Time: 00:04:41]

Mayor Lane: Thank you, Pastor. A couple of things that I would like to report today. Starting with, I would be like to comment that we have approached, what we can only expect to be another extremely hot summer. That's the nature of things for us. I urge everyone to look before you lock. According to the national safety council almost 800 children have died from vehicular heat stroke since 1998. Even on mild or cloudy days temperatures inside vehicles can reach life-threatening levels. Please never leave your children or pets in unattended vehicles. Or allow them to be able to gain access to the inside of a vehicle.

On another note, I would like to also say that every year, my State of The City Address is hosted by the Scottsdale Business Development Forum for the last seven years. We've structured as a fund raiser to benefit Operation Fix-It. A program that we adopted as a program that was hugely needed at the time and a modification of a program that the Code Enforcement right here in Scottsdale ran for a number of years, but during the Great Recession, the need was even that much larger. For those of you who aren't familiar, Operation Fix-It is a neighbor helping neighbor program that assists the elderly, disabled and people in difficult financial situations addressing property maintenance issues and bring their property to code. This is done through volunteer labor and monetary donations for supplies. In 2018, 228 projects were completed with the help of 927 volunteers in our community. Once again, we have donated the proceeds from the 2019 State of the City Address to Operation Fix-It. This year, that equals \$23,000. And over the last seven years we've given well over \$150,000 to that effort. Please help me introduce Mark Dewane, president and board of the Scottsdale Business Development Forum to present the ceremonial check to Michelle Holmes, Operation Fix-It project manager.

[Time: 00:06:58]

Mark Dewane: Thank you, Mr. Mayor. Council, friends, neighbors. It is a great opportunity to work with the city and with Operation Fix-It. To find a way of raising some money to help this worthy cause. It was interesting a couple of years ago I had lunch with Michelle, and she described how she scrambles about pretty much by herself, moving a trailer and tools from location to location and from a storage yard into a van and does all this miraculous work to meet the needs. And as Mr. Mayor described, these are people that wouldn't normally be able to maintain their yard or keep it up to code. As the mayor has described in the past, you can do two things, you can see a yard that is in disarray, it can't be kept up, and we can make it worse by giving them a citation, or it can be fixed by Operation Fix-It. And with Operation Fix-It we're able to do that. So, I'm proud today to present a check for \$23,000 from the keen operation of the State of the City Address and covering all expenses from that and giving the access to this organization so, I'm very, very happy to present this check.

Michelle Holmes: I just want everyone in this room to know and everybody that's watching this, how much I appreciate this man and his support because, and of course Mayor Lane, because without them we wouldn't be successful on a regular basis, they make me look good. So, it's a lot of work, but all of us together it takes a village, so thank you.

Mayor Lane: Well, thank you very much and congratulations on another good year and a lot of good results for Operation Fix-It.

PRESENTATIONS/INFORMATION UPDATES

[Time: 00:09:57]

Mayor Lane: We have a presentation from the International Public Management Association for Human Resources Western regional award, and our presenter is Donna Brown, Human Resource Executive Director.

Donna Brown: Good evening. Mayor and members of the City Council, I'm happy to report that over the last 30 days, one month, the Human Resources Department has accepted four additional awards on behalf of the City of Scottsdale. The first award was the Healthy Arizona Worksite Program, sponsored by the Arizona Department of Health Services. The City of Scottsdale achieved the gold level of excellence in work site wellness for 2019. The second award was the City of Scottsdale was recognized for the ninth consecutive year as one of the valley's healthiest employers in a large organization category. This award is hosted by the Phoenix Business Journal. The third award, the City of Scottsdale was awarded with the first ever Move It Miracle County, uh, walker-tracker Challenge hosted by Miracle the, County public health. The city had the highest steps percentage than all of the other participating local municipalities. The fourth award is the City of Scottsdale's Human Resources Department was one of four municipalities recognized as the 2019 Award of Excellence recipient by the Western Regional International Public Management Association for human resources. The award was received at the annual conference in Westminster, Colorado on April 30th, 2019. The nomination that won was for the process of building trust and confidence in your Human Resources department. In closing, I'm very happy to report that you have a Human Resources Department that you can be proud of. I would like to invite the HR leadership team up with our awards, and if you don't mind, Mayor Lane, if you could come join us for a picture.

Mayor Lane: Another presentation on the Statewide Distracted Driving and Texting Legislation and an Impact to Scottsdale Residence. So, we have our illustrious City man- uh, City Attorney, Bruce Washburn, here for that presentation. Mr. Washburn please.

[Time: 00:12:38]

City Attorney Bruce Washburn: Thank you, Mayor. Um, I wanted to do this presentation because there's been a recent change in Arizona law regarding texting and driving, distracted driving. Uh, the law took effect immediately, and its provisions are- even though it's been discussed in the press, I'm not sure that all the provisions had been accurately described in all of the, uh, commentary that I've read on it. It's the kind of thing that affects all of our citizens on a regular basis because it's something that people unfortunately do quite often. So, I just thought it would be helpful if we could do a presentation that would make people familiar with the new law that's in place. And I've spoken with Kelly Corsette and we'll probably take the information I'm presenting to you and make that available to the citizens of- through the City's public outreach. So, the new texting while driving, I'm going to call it the texting while driving law, that's a popular name for it, it was signed into law on April 22nd of this year, and it contained an emergency clause which means that it took effect immediately. So, it is now the law in

place. Usually the- most laws that are passed by the legislature don't take effect until after the legislative session is over with. The law affects three different statutes. One is basically a new statute A.R.S 28-914, and that was added to the A.R.S and it contains most of the new provisions. But also, changes were made to A.R.S 28-963 regarding images- display devices in vehicles. And A.R.S 28-672, which makes violations of civil traffic violations, misdemeanor violations in some instances. And I'll talk about each one of these laws as we go through.

So, the law, the new law pertains to portable wireless communication device. What is a portable wireless communication device? You can read this whole description if you want to, it's about what it is and what it isn't but basically, it's your cell phone. And things like, things like a cell phone, and in the statute and generally it's referred to as a PWCD because it wants to say Portable Wireless Communication Device every time they talk about it. There's also another type of device that's affected by the law, it's the stand-alone electronic device. Again, you can read the definition if you wish, but it's basically it's like your iPad if it's wireless, if it has, has the ability to do wireless communication. And again, this is usually referred to by its initials as an SAED.

[Time: 00:15:13]

So, what is prohibited? The first thing that which people should take note is that this law does not apply if someone is in their vehicle, but they're stopped for a red light or at a train crossing. So, all those instances where somebody stops at a red light and gets the phone out and then you're sitting behind them and you just so aggravated, yeah, well that's still legal. I'm not sure what happens if the light turns green and you're still sitting there. I don't know if that that's going to affect you, but hopefully that will not be a big problem. So, but if you're not stopped at a red light or at a train crossing, it is illegal to drive and physically hold or support a PWCD or an SAED. And that means that not only can it not be held in your hand, you also can't, I'm not sure exactly how you'd hold or support it, you know, put it in the crook of your arm but basically they made the law broad enough so that, yeah, no, you can't be using your- holding onto your PWCD or your SAED. And I'm going to stop using those initials, and I'm just going to say cell phone every time I talk about this, but please understand that it's not just cell phones it's also the SAED devices and similar things. So, it's illegal to be holding it.

However, you can use it with, you can use the PWCD with an earpiece or headphones or the ones that you can wear on your wrist and talk to them. Those are- you can still use those. So, in addition to it being illegal to drive and physically hold or support these items, and remember, note please that that doesn't mean that you even have to be using it. If you're physically holding or supporting it, that's a violation of this statute. I think you can see that that makes sense because, if a police officer who is observing you they will not, might not necessarily know whether or not you're using it but if you have it up like this there's a good chance you're going to be distracted by it. So, the law does cover that behavior. But in addition to it being illegal to hold it, it's also illegal to write, send or read text messages, emails or the like unless it's done with voice-based communication.

So again, the law basically was written so that people will not be sitting there looking at their cell phones while they're driving. Even if they're not held up like that, you're not supposed to be using them unless you can do with voice-based communication to write, send or read messages. There is an exception for- if you're using navigational or GPS devices in a hands-free mode or getting other information related to driving a vehicle, except you can't use your hands for like activate or deactivate a function of the device.

So again, since everybody navigates their vehicles now using these kinds of devices, the law takes that into account but it has to be at a hands free mode so the only thing to do with your hand is if it's necessary to activate or deactivate one of the functions. And then there's exceptions for the people that you would expect to have to be able to use devices: the law enforcement, emergency vehicles, that sort of thing.

So, what is the enforcement mechanism for this? It is a primary offense which means that the police can actually stop you if they see you in violation of the statute. However, until January 1, 2021, the police can only issue warnings for violations of the statute. After January 1, 2021 the first offense is a \$75 to a \$149 fine, the second and subsequent offense is a \$150 to \$250. One important point in the law is that even if you're stopped and you're using your cell phone, this doesn't authorize the peace officers to seize the phone, search the phone, or anything like that. It's the use of the phone that constitutes the criminal act or the, I'm sorry constitutes the violation and not the phone itself not what you're actually doing with it it's just use of it. However, there can be exceptions to that exception, in that, if the peace officer otherwise has a lawful basis for searching or seizing the phone such as having a warrant, owner's consent, things like that.

[Time: 00:19:24]

The change to ARS 28-963, that law already prohibited watching television while driving, which I thought, "duh," but apparently it was necessary to make a law against that. But now basically 28-963 has been, I'm going to say updated. It still prohibits watching video or a movie but now it's- it says that you can't do it on the PWCD or the SAED but also it takes into account the exception for mapping services, for data you need to navigate you know, the vehicle information related to driving the vehicle and again, because everybody does that. They use that, uh, for the purpose of, you know, getting, getting around to find out where you're going. For some reason they also felt it was necessary to make it illegal to broadcast or record videos while you're driving, so that's included in there and this is a civil traffic violation with a penalty of up to \$250.

The change to 28-672, 28-672 is a law that was already in place that had a whole list of civil offenses and it basically says if you're violating- if your committing one of these civil offenses while driving and you cause an accident that causes death or serious injury, then that makes the civil offense now, it becomes a criminal offense. And a violation of 28-914, the prohibition on using your cell phone while driving, has now become one of those offenses and please note that this is, this is in effect immediately. The fact that you can only be issued a warning at this time until January 1, 2021, does not change this at all. If you're texting while driving and you cause an accident that causes serious physical injury or death then you're, um, the civil offense is turned into a misdemeanor and a misdemeanor can have a penalty of up to six months in jail and a \$2,500 fine.

So why was the thought necessary by the legislature and the governor to have this take effect on an emergency basis? When the governor, when the governor signed this his office put out some information and I've included some of that here, for why it was felt that this was something that needed to be addressed sooner rather than later. And these are some of the facts that the governor was relying upon; drivers who text and drive increase their crash risk by a factor of 23. In other words, you're 23 times as likely to be in an accident if you're if you're texting while driving. Over 3,000 people were killed nationwide in 2017 by distracted driving and a lot of that is the texting while driving types of problems.

We have 26 different local ordinances and as a practical matter, you can't, it's hard to get people to obey laws if they don't know what the law is when they drive from one city to the next city. It's almost a, as matter, as a practical matter, it's impossible to expect people to know what all those laws are and if you can't expect people to know what the laws are, it's hard to expect them to follow them, especially on something like this whereby definition you are in your vehicle moving from place to place. So, this gives one statewide standard.

It also states, other states that have passed these kinds of hands-free laws experienced 16 percent reduction in fatalities. You know whether those were related solely to this it's difficult to say but the fact is, that happened pretty much across the board and then they did some polling and found out that 86 percent of Arizonans supported having this type of legislation. So, this is something that the public wanted, the public now has. So that's the, that's the information that I wanted to provide you and like I said we're also going to be making this available to our citizens through the city's social outreach. Thank you.

Mayor Lane: Thank you, Mr. Washburn. Our next order business is Public Comment, we do not have any requests to speak in public comment, but it is a period of time where it is reserved for citizens comments regarding non agendized items with no official civil counsel action taken on these items. Comments are limited to within the jurisdiction of the City Council. As I said, there's no request at this point in time but there is also a time at the end of the meeting if in fact it's requested.

MINUTES

[Time: 00:24:02]

Mayor Lane: Moving on to our next order of business is the minutes and earlier I asked, if there are no questions, or changes, or deletions, or otherwise some modifications to our minutes that had been received by the Council ahead of time I request to, approve the special meeting minutes of April 2nd, 2019, April 16th, 2019, regular meeting minutes of April 2nd, 2019 and April 15th, 2019, and executive session minutes of April 2nd, 2019. Do I have a motion, or a question, or otherwise?

Councilwoman Klapp: So moved.

Councilmember Korte: Second.

Mayor Lane: Motion is made and seconded. Motion made by Councilwoman Klapp and seconded by Councilwoman Korte. I think we're all then ready to vote. It's unanimous then 7-0 and there is, the acceptance of the minutes.

CONSENT AGENDA

[Time: 00:24:55]

Mayor Lane: Moving on to our Consent items 1 through 28, we had, do have a request by, seeing no requests at Council on any of that. We do have a request to speak toward Item 13, two requests to speak toward- toward Item 13 and I just- for the record, Item 13 is Patient Alternative Relief Center

Conditional Use Permit. And it's a request of that- to find that the conditional use permit criteria has been met and adopt Resolution Number 11453 approving the amendment, an amendment to an existing Conditional Use Permit to expand an existing Medical Marijuana facility. Speaking toward that, number one, first, I'd like to ask up to speak to Item 13 is Patricia Badenoch.

[Time: 00:25:59]

Patricia Badenoch: Good evening Mayor and Council, my name is Patty Badenoch 5027 North 71st Place in Scottsdale, 44-year resident. Patient Alternative Relief Center cleverly disguised term for a Medical Marijuana use. Here, we have a facility that has already been used for several years so it must be okay. I love the phased in approach. I see it all the time. So, it's no surprise that they want to now expand 1,500 square feet to 15,000 square feet to allow a larger space for product infusion and cultivation on-site. Such items for this kind of operation are like gummy bears, lemon squares, and of course the usual brownies, it's like going to a 7-Eleven with all the junk food to be sold at the counter. But this facility is not like that yet, so far. No dispensary for walk-ins is proposed so that it takes care of traffic and parking issues. They have ensured that they will mitigate the smell and the refuge will be properly handled.

So, what is the issue? Outreach sent letters of intent that reached 150-foot radius. Open house there was one, no attendees, must not be a problem I would think adjacent property owner values would be compromised and there were some letters in that regard. There was no response back to those individuals from the Council. The usual uninformed majority and complacent attitude is once again useful. But you are our elected officials. You're supposed to act objectively based on facts collected and outcome. Have you reviewed other cities where marijuana is legal? In Scottsdale, these facilities of various farms are springing up all over the place like weeds, no pun intended. The opponents play loudly to the sentiment of our conscience claimed there are so many sick and terminally ill that please let us help, we need these places.

There was another proposed- proposal down by the Bar district to re-purpose a tattoo parlor for a medical marijuana use. To my knowledge, there at least four others of this kind already in operation. This new normal for recreational use is in the works. It will be part of our next state election. How are you going to manage if it passes? What regulations can you impose? Too many times have we witnessed that our city government behind the eight ball on critical issues from decisions made ignoring the downside effects until it reaches a critical edge. Please deny this request. Thank you.

Mayor Lane: Thank you Ms. Badenoch. Next will be Clifford, I think it's Cutler. Please, correct me if I've got that wrong.

[Time: 00:28:59]

Clifford Cutler: That's correct. It's Clifford Cutler and my company is Cutler Commercial Real Estate. I'm very active up in the Scottsdale Air Park and all over the valley. I manage about six billion square feet and our experience with medical marijuana facilities has been very negative and it causes other prospective tenants to stay away from the area and I just think it's a terrible, terrible mistake.

Mayor Lane: Thank you, Mr. Cutler. That completes the comments with regard to item 13, no call to remove, or we can go on with the Consent items 1 through 28. Councilmember Korte?

Councilmember Korte: Mayor, I would move to accept Consent Agenda items 1 through 28.

Vice Mayor Milhaven: Second.

Mayor Lane: A motion made by Councilwoman Korte and seconded by Councilwoman Milhaven would like to speak toward it? Okay. I think we're then ready then to vote. All as in favor please indicate Aye, those opposed with a Nay, Aye. It's unanimous and in acceptance for all of the Consent items 1 through 28. If you are here for those Consent items, certainly you're welcome to stay with us, if not please do leave quietly. We have business to continue with.

REGULAR AGENDA

Mayor Lane: So, our next items are Regular Agenda items and starting with item 29 is a public hearing and adoption of fiscal year 2019/20 rates and fees and our presenter is Ms. Judy Doyle our Budget Director. Ms. Doyle, welcome.

ITEM 29 – PUBLIC HEARING AND ADOPTION OF FISCAL YEAR 2019/20 RATES AND FEES

[Time: 00:30:50]

Budget Director Judy Doyle: Thank you. Good evening Mayor and Council. Tonight's topic Fiscal Year 2019/20 Rates and Fees. There we go, on March 5th, directors presented in detail their proposed new and or rate and fee changes. Those proposed rate and fees were then posted to the city's website mid-March. So, the public would have an opportunity to review those changes at least 60 days prior to this evening's meeting. I will note water and sewer rate and fee changes were also published in the newspaper prior to this evening, again, in an effort to inform the public of any changes. Tonight, does serve as the final public hearing on the proposed rates and fees. So in lieu of the directors coming back up for a second time to walk you through the almost 70 slides of details. I was just going to give you a brief recap. I will note that the details are included in your council report as well as that original March 5th presentation. It's also part of this evening's packet. Directors are available this evening if you should have any questions. So, to summarize, in the Enterprise funds, the city is proposing within water resources an increase to the sewer rates effective July 1st, which will increase sewer revenues by approximately 2 percent. Also, effective July 1st, increases to several water and sewer miscellaneous charges. The City's also proposing effective November 1st, an increase to water rates which will increase water revenues by approximately 3 percent. Finally, in the Enterprise funds within public works, the city is proposing increases to its residential and commercial solid waste rates, effective July 1st. I thought I would be remiss if I did not also include in tonight's presentation, Mr. Dan Worth's favorite car at the Barrett Jackson auction this year, and yes it still has nothing to do with rates and fees. I couldn't resist.

The non-Enterprise divisions include written fee changes such as establishing a martial yard storage fee, an increase to the planning and development services user fees, a storm water fee increase of \$1 paid by utility customers that will be dedicated to city drainage and flood control, establishing a special event banner program application review and permit fees, WestWorld fee changes to outdoor hall stall, horse stalls, RV parking and cleanup labor. Community Services proposed a number of changes such as

increasing rental rates at Indian School Park and establishing a drop-in fee for table tennis at the senior centers. They also proposed increasing the train ride and carousel ride by \$1 at the McCormick Stillman Rail, Railroad Park, aka the Best Park in the Country. Public Safety Fire is making changes to permit fees which are directly related to the Planning and Development Services user fee changes. All of those non Enterprise proposed rate and fee changes are projected to increase the General Fund by approximately 2.2 million and about \$550,000 in the special programs fund, which would be restricted for use at that best park in the country.

So, with that, we are recommending adopting the associated resolutions and ordinances, and again, each of the directors are available this evening if you have any questions.

Mayor Lane: Thank you, Ms. Doyle. I do have one request to speak on this, it's, on this item, and it is, Pat Shaler if you'd like to come forward and make your comments.

[Time: 00:35:10]

Pat Shaler: Good evening. Pat Sheila address of record and I'm glad to see we have such a photogenic Mayor. Lots of opportunity. If you want to follow along with me, each of you should have this in front of you there. I'm still asking for the same thing. I'm asking you to charge the market rate of \$12 per lane per hour for pool rental for competitive swim practice. That rate was established as the market value rate through these cities open bidding process, a year and a-half ago. We're asking if you go to agenda Item 29 on Item Number 9, we're asking you to adopt position B and to turn down what the request is there. If you go forward with the numbers that you want to continue with and have been going on for years and years. We will, the city of Scottsdale, will lose about \$1,100 a day. If fair market value is adopted, recovery, cost recovery would be over \$208,000 each year just from Cactus Pool alone.

Conversely, in these bonds you've asked for what was it about 31 million to, for rebuilding Cactus Pool. It says building this swimming pools but when I went to the citizens open house on the bonds all I saw was big improvements to Cactus Pool. I was told by Bilmer Faith that one of the reasons that you charge this lower rate is because your current competitive swim club provides in-kind services and capital improvements. So, on a foyer request, I ask what in-kind volunteer services and capital improvements have been provided that come up to \$1,100 a day. The response to the foyer was, "There is no record of any of those". Knowing the government, what are the chances that that's been happening and there's no record. So, we ask that you get money for swimming pools from the people who are using our swimming pools and at the market rate is \$12 per hour. Thank you.

Mayor Lane: Thank you, Ms. Shaler. That completes the comments on that item. Are there any questions from council, from the report that's been given to us or do we have, this is a public hearing, and of course, we have that, had that hearing. And the adoption of the proposed fiscal year 2019/20 budget, tentative budget. So, I believe the adoption of these items that are listed here in front of us are up for action. So, if I can....

Councilmember Korte: Mayor, I'd, I'd like to make a motion. To adopt Resolution number 11436, number 4391, number 4392, number 11418, 11465, 11466, 11429, 11440, and 11424.

Mayor Lane: Motion's been made by Councilwoman Korte. Yes, Mr. Washburn.

City Attorney Bruce Washburn: Yeah, I just want to make the point that the, a couple of these read as resolutions are actually ordinances 4391, 4392. But I assume that was the intent of the motion maker.

Councilmember Korte: Yes, sir, that was the intent.

Guy Phillips: Second.

Mayor Lane: I'm seconded by Councilman Phillips. No further comment seen or heard. We're then ready to vote, all those in favor please indicate by aye and (inaudible). It's unanimous then on the Item 29, and those particular resolutions and ordinances. Thank you very much and thank you, (inaudible) for that.

**ITEM 30 – PUBLIC HEARING ON AND ADOPTION OF PROPOSED FISCAL YEAR 2019/20 BUDGET
(TENTATIVE BUDGET)**

Mayor Lane: Moving right along then to Item 30 which is a public hearing on and the adoption of proposed fiscal year 2020- 2019-2020 budget tentative budget. We have again, presenting is Judy Doyle our budget director.

[Time: 00:39:51]

Budget Director Judy Doyle: Thank you. Yes, hello again. Tonight, is the adoption of the city's fiscal year 2019/20 tentative budget, which does set the maximum annual expenditure limit. On June 11th, the date slated for final budget adoption, you may reduce or reallocate total budget expenditures. However, per state statute, you may not increase the total amount of expenditures adopted tonight in the tentative budget. I will begin a brief presentation this evening to highlight significant changes to the General Fund operating budget from what I had presented to you during the proposed budget discussion on April 16th, and then following the operating budget, Dave Lipinski, our city engineer, will present the significant General Fund changes in our capital budget.

So first beginning with the changes since the proposed budget to the current fiscal year 2018/19. That first column of numbers is what was included in the proposed budget for 18/19, that middle column is what is now in the tentative budget, and that final column is the change. Talking about the change in the current 18/19 fiscal year is important because it does have an impact on that fund balance, which then carries forward to that beginning fund balance of 19/20. You will see a favorable change in expenditures. We had included one-time funding in fiscal year 18/19 related to the McCormick Stillman Railroad Park Restroom Project, and the project will not be completed by June 30th. So, we are reducing the expenditures this fiscal year and we're carrying them forward into 19/20.

Significant General Fund changes to the 19/20 proposed budget include \$100,000 favorable change in revenues as we do anticipate additional funds from Maricopa County Library District for the purchase of library materials. There is a one-and-a-half million dollar increase in expenditures, they include \$100,000, again, to purchase the library materials for that additional revenue that we anticipate. It also includes the carry forward for the McCormick Stillman Railroad Park Restroom Project that I had mentioned on the previous slide. It includes \$100,000 for an increase related to the intergovernmental

agreement with the Department of Revenue for the administration of sales tax. We also added \$100,000 in funding and a full-time equivalent in FTE for a contract's coordinator position in the Public Works Division to administer, coordinate, and maintain multiple service contracts. That \$100,000 does include some one-time funding for a vehicle for that position.

And then finally, 700,000 was added because we removed administrative overhead costs that will no longer be charged to the capital budget and will now be charged to the operating budget. That 700,000 is completely offset by a decrease in transfers out to the CIP for the food tax for an overall change in 19/20 of 600,000. However, when you include the change from the previous slide in 18/19, the total change is the decrease of 300,000 to fund balance at the end of 19/20. And that concludes the General Fund operating budget changes from the proposed budget. I will turn it over to Dave Lipinski, our city engineer and talk about the capital budget changes.

Mayor Lane: Thank you, Ms. Doyle. Thank you. Welcome, Mr. Lipinski.

[Time: 00:43:45]

Dave Lipinski: Good evening. So, I am going to walk through some minor changes in the General Fund capital budget. This represents the General Fund budget as proposed and brought before you on April 16th. From that time, there's been source it- there's been changes to some sources and one project change that are being incorporated. The first change in source is in addition of \$4.5 million in estimated income based on a one million dollar transferred to CIP or interest over a million dollars in earnings transferred to the CIP over the five years. There's a deduct of the 3.8 million from the food tax as Ms. Doyle just talked, that's going to the operating sign. So, the net change on the sources of the money into the program is an addition of \$700,000 over the five years. On the use side of the project sign, there is the removal of one project from the General Fund, it will still be funded. This project is being removed from General Fund and will be funded by fleet and aviation rates. So, the projects will still occur, it just won't occur with General Fund dollars. So today as- as we bring this forward, you had started with a five-million-dollar cash balance from previously presented. The two changes are the two bottom lines, the removal of the vehicle if you will. And then the update to the sources leaving a seven-million-dollar cash balance, but the CIP is presented.

Other updates within the CIP is the appropriation for the stadium has been added. This is not a General Fund appropriation. This does add to the 18/19 CIP, the first portion of this has already been reviewed and approved by City Council, we anticipate the remainder to come before Council in June to fund the full Phase 1 for the Scottsdale Stadium improvements. The other addition is a \$20 million contingency in support of the general obligation bond program. What this does is if the bonds are successful in November, this allows the Bond Oversight Committees and City Council and staff to start establishing projects to begin work shortly after the election before July 1st, so we can recognize actual budget within the CIP as a contingency can't be used for anything else, but we can start some projects before July 1st, before we bring the full authority in. So, this is just in the event if the bonds are successful, we can get some things moving shortly after the election. I'll take in questions if you have any.

Mayor Lane: Thank you, Mr. Lipinski. Yes, we have a comment or a question from Vice Mayor Milhaven.

[Time: 00:46:13]

Vice Mayor Milhaven: Thank you, Mayor. I'm looking back from my notes and I thought we had committed ourselves to \$35 million for the stadium and yet you've got 45 there, could you explain the difference?

Dave Lipinski: Yes, Mayor Lane and Councilwoman Milhaven, this is the all in Phase 1 cost for construction, this is not just the city's portion. The city is funding the project for Phase 1. This encompasses all the funding from our funding partners in the stadium also.

Vice Mayor Milhaven: So, we've not accounted for our partners paying us back.

Dave Lipinski: It is accounted for in the agreements and the agreement will come forward, the final agreement will come forward in June, which establishes what the total Phase 1 cost is, and then each of our partners total reimbursement, if you will, back to the City of Scottsdale. The city pays for everything. This accounts for the entire Phase 1 balance minus the five million that was previously- was in the CIP last year. But behind this will be all the reimbursement agreements and the agreements with the other- Giants and (inaudible) and other entities that are funding partners in this.

Vice Mayor Milhaven: Thank you. So, then there's, we're not in the rest of the budget not accounting to be reimbursed in the coming year? Is there an offset in the rest of the budget for getting paid?

[Time: 00:47:50]

Judy Doyle: Mayor and members of the Council. I'm thinking that the difference that you are talking about is we had 10 million of Tourism Development Funds and the total project is going to be the 45.6. So, we do have included in the budget an assumed amount for MPC debt, some contributions from the Charros, contributions from the Giants, and then the Tourism Development Fund.

Vice Mayor Milhaven: So that is accounted for elsewhere in the budget.

Judy Doyle: Yes.

Vice Mayor Milhaven: Thank you.

Mayor Lane: If I might, then the net effect is the third, the original \$35 million that we are talking about in the allocation. Thank you. Continue then please.

Dave Lipinski: That's all I have.

Mayor Lane: Oh, okay. Sorry. Continue to the end then. Now while I do have Councilman Philips, comment or question or otherwise.

Councilman Phillips: I was going to move to adopt Ordinance Number 4393.

Councilwoman Klapp: Second.

Mayor Lane: Motion made by Councilman Phillips and second by Councilwoman Klapp, seeing no further comment, I think we're then ready for to vote. All those in favor please indicate by Aye, and register your vote, Aye. It's unanimous then. Thank you, Mr. Lipinski.

ITEM 31 – MONTHLY FINANCIAL UPDATE

Mayor Lane: All right, moving right along then to our next presenter, our City Treasurer, Jeff Nichols for the Monthly Financial Update. Mr. Nichols, welcome.

[Time: 00:49:32]

City Treasurer Jeff Nichols: Thank you Mr. Mayor, members of council, Monthly Financial Update as of April 30th, 2019. There is not a lot of changes from last month's so, we'll see if I can get this to work for me. There we go. As depicted, all but one of the General Fund operating sources has a positive variance, kinda busy on the slide, easier to see on this slide. You see the negative variants there for fines, fees and forfeitures, and that's just related to us turning off our photo radar program for a little while. Having some negotiations with the vendor, and then getting it started back up. But we had budgeted a little bit more than we've currently taking in.

Looking at the local taxes, actually, the majority of these I'll talk about in a couple of slides. It's related to the sales taxes, are coming in higher, which has to do with the information that we currently have from ADOR, and as we've talked about before it will be some time before we can figure out exactly what the spread... budget spreads are going to be month-to-month from the revenues we receive from ADOR, versus us collecting them.

The largest variance theory, that 40 percent about midpoint of the page, the charges for services and others, are \$3.3 million positive variance, as reported last month. The largest portion of that, about 38 percent is related to a change in accounting for the fire insurance in relation to the pension. So now we're required instead of netting the revenues-- expenses against the revenues, we're required to record the revenues as a whole, the expenses as a whole. You'll see the expenses later on in this presentation. But the net impact on the General Fund is zero.

Looking at the, this slide, I'll depict, it has depicted all but one of the sales tax categories have a positive variance. And that would be if you look towards the bottom of the slide, the rental category whereby the revised budget is greater than the actual. And here you see that \$400,000, or negative three percent variants. Looking at the different categories, automotive, we have a vendor who is now reporting, collecting taxes on the repair and maintenance of vehicles and the selling of parts they weren't before and we also have another- a new- new vendor within the city, related to the construction, the eight percent or \$600,000 positive variances related to residential construction, and the sales tax we're collecting are related to that.

When you look at the food stores category, about midpoint, 12 percent, \$700,000 positive variance. We have a grocery store that opened up, that was not included in our forecast. So, it will be next year and we don't expect that variance to be there at that point in time. And again, looking down to other activity, the \$1.2 million, or 12 percent variance, positive variance. It's due in part to increase taxable

sales from other miscellaneous products and manufacturing, but it's also due to a onetime large audit payment. So that is not a timing difference, that will carry forward to the end of the fiscal year.

Too fast. So looking at our General Fund operating uses by category, there's only one General Fund operating use category that has a negative variance, and that would be in the, there we go, its capital outlays and- and the 70 percent, certainly negative variance, is kind of scary, but when you think about it it's only \$300,000 out of the actual expense of \$219 million. It's not a large amount of money. You see they are in contractual services; we have a very large variance of \$3.4 million, which is only seven percent. The majority of that is due again to the photo radar program. We aren't paying the vendor during that portion of time, so we didn't have those expenses.

[Time: 00:53:44]

We also had a delay in ramping up the process servers in the, in the police department courts area. And so those expenses we have not incurred, and that's creating a positive variance. And then what we're also seeing is, within the court system, we're having less people going from Scottsdale City Court to (inaudible) county jail. And so, our jail feels that we're paying the county are less than budgeted. So, I think a positive overall in that category. But bottom line is, General Fund operating uses \$4.3 million less actual than budget, or two percent favorable variance.

You look at personnel services, and you see four of six personnel services categories have a positive variance. And the first being salaries. Again, I've gone over this most every month. The bottom line is, when people retire or leave the city, we fill those positions at a rate that is less than the people that vacated them, and thereby we receive a savings from that.

The overtime average \$400,000, or six percent related to police and fire. And just more services required during our special event seasons this year. And- and again all of those special events though do drive sales tax increases to the city. People in our community, they're going to our restaurants, they're staying in our hotels. A very positive thing coming out of that. And as you'll note down towards the bottom in retirement, the \$1 million negative variance, again is just the recordation of that expense related to the public safety fire.

Going on General Fund Operating Division expenditures, all but one of seven divisions have positive variances. The one that doesn't we'll talk about a little bit is Fire, but remember, one million of that \$1.6 million is related to that gasby requirement, how we record those expenses, and the balance of that, the majority of that is related to the overtime that fires had not only for the special events, but Fire has also had some overtime relating to sending firefighters to California and some other areas at a request for help, and those will be reimbursed expenses once we apply for those reimbursements.

But all in all, \$4.4 million favorable variance, or two percent. Excuse me. So looking at fiscal year to date, as of April, where we thought we would be, that middle column if you will, fiscal year 18-19 actual, we thought that change in fund balance, or I'm sorry, budget, we thought that change in fund balance would be approximately 24 to 25 million. In fact, at this point in time, it's about 38.7 million. So, a \$14.1 million favorable variance at this point in time. And this is the first month where we take a shot at letting you know what we think will carry through to June 30th of 2019. And so, let me go over some of those figures.

Again, on the operating sources year-end estimates for revenues, we're looking for a \$8 million unfavorable variance overall in revenues, about three percent. And on the uses side, we're looking for a favorable variance, about \$2.7 million, or one percent of the forecast budget, or revised budget. And in total, again, the change in fund balance positive variance of \$10.7 million that will be available to council in the coming fiscal years. And you can give us direction at that point in time or the use of those funds. And with that I would take any questions you may have.

[Time: 00:57:50]

Mayor Lane: Thank you Mr. Nichols. Just a quick question on possibly some future considerations, given the way fair decision and a digital sales definition. I know it's still in process, but has there been any consideration as to how that might be impacting us, presumably in a favorable way?

Jeff Nichols: Well, we are, we are following that. I'm not sure I think Mr. Lundahl would probably be more informed as, as to that decision and how it's going to impact us in total. But we do expect a positive, you know, impact from it, because now someone doesn't, business doesn't have to have the physical presence within the state, for their transactions within the state to be taxable. So, we expect to receive additional revenues from that in the future.

Mayor Lane: And we've got a meeting next week actually on the model to city tax code, as far as our part in it as well. But nevertheless, a lot of the figures are pretty well established. But no, no real reason to get ahead of it as far as the calculation, because things could change.

Jeff Nichols: Yes.

Mayor Lane: But I would presume it's going to be favorable to some extent or another.

Jeff Nichols: We believe so, sir.

Mayor Lane: Yes. All right. Very good. Thank you very much Mr. Nichols.

Jeff Nichols: Thank you.

Mayor Lane: That concludes our Regular Agenda items. And there is no action on that item, that final item there. We have no further Public Comment or Citizens Petitions, Mayor and Council items.

ADJOURNMENT

[Time: 00:59:30]

Mayor Lane: And with that, I'd like to thank everybody for participating and being here with us. And with that I'll ask for a motion to adjourn. So, motioned and second. And seconded, all those in favor of adjournment, please indicate by Aye. Aye. We are adjourned.