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CALL TO ORDER

[Time: 00:00:10]

Mayor Lane: That was the official call to order. Thank you very much for your response to that. I want to welcome you here to our Regular Meeting. It is approximately 5:05 p.m. and March 3, 2020.

ROLL CALL

[Time: 00:00:26]

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

City Clerk Carolyn Jagger: Mayor Jim Lane.

Mayor Lane: Present.

Carolyn Jagger: Vice Mayor Kathy Littlefield.

Vice Mayor Littlefield: Present.

Carolyn Jagger: Councilmembers Suzanne Klapp.

Councilwoman Klapp: Here.

Carolyn Jagger: Virginia Korte.

Councilmember Korte: Here.

Carolyn Jagger: Linda Milhaven.

Councilwoman Milhaven: Here.

Carolyn Jagger: Guy Phillips.

Councilman Phillips: Here.

Carolyn Jagger: Solange Whitehead.

Councilwoman Whitehead: Here.

Carolyn Jagger: City Manager Jim Thompson.

Jim Thompson: Here.

Carolyn Jagger: City Attorney Sherry Scott.

Sherry Scott: 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: 00:00:512

Mayor Lane: Thank you very much. We have speaker cards if you would like to speak or if you would like to make any written comments on the agenda items, they are the yellow cards over the Clerk's head. They will be read during the course of the proceedings. And of course, the City Clerk and her staff are here to assist you in all of that. The Scottsdale Fire Department is here to assist you. We have our police officers here. There are restrooms by the exit sign for your convenience. If you have any need for hearing assistance, there are hearing headsets at the Clerk's desk, as well.

PLEDGE OF ALLEGIANCE

[Time: 00:02:17]

Mayor Lane: We have the honor tonight of having the Girl's Soccer Team of Chaparral High School. It is very, very nice to see you here. We have on display all of the great trophies that you have been able to assemble during a course of time. Congratulations to all of the girls who are here with you. I think that you have a spokesperson that would like to say a few words. We'd love to hear from you. You might as well come forward if we are going to do this pledge the right way. You are all going to be given a civics lesson in the Pledge of Allegiance. Everyone else, if you can please, stand. Ladies, when you are ready, please proceed.

Chaparral High School Girls Soccer Team: 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. If you want to turn around and face the audience, you can stay up here and whoever is going to speak on your behalf, happy to hear from you.

Chaparral High School Girls Soccer Team: Well, my name is Bella and we are Chaparral Girls' Soccer and we have just won our fourth year in a row. It has been an amazing four years. We would love if you guys could come out and watch as we go into our future seasons. I won't be there, but most of us will be. And yeah, it's been awesome.

Mayor Lane: Congratulations. And certainly, ladies, you are welcome to stay with us for the entire evening. We go to until about midnight. No, I'm kidding. But stay if you like.

INVOCATION

Mayor Lane: For the invocation this evening, we have Pastor Brooke Hellestrae of the Scottsdale Bible Church. Welcome.

[Time: 00:04:34]

Pastor Brooke Hellestrae: Would you join me as we bow our heads to pray. Lord God, I thank you for the blessings that you have bestowed upon us. Thank you for this opportunity that draws us together this evening to come together with a common sense of responsibility and serve our community, the City of Scottsdale, the place that we call home. We pray that the citizens obey the governing authorities and blessing of peace and justice for all people. In particular, Lord, I pray for blessings upon our Mayor and City Council. In your name we pray, amen.

Mayor Lane: Thank you, Pastor.

MAYOR'S REPORT

[Time: 00:05:52]

Mayor Lane: Just to report today, before the start of today's meeting, I hope you enjoyed the short video featuring news from around the City. The video is updated every couple of weeks to share with

you at home the many points of pride in our community. I hope that you spotted some things that remind you why Scottsdale is truly a world class community.

[Time: 00:06:19]

Next, Scottsdale has built a reputation as a community that values and supports the arts. I'm proud that this year marks the 50th anniversary of the arts festival. And to recognize this special milestone we have a proclamation for the Scottsdale Arts Festival. The proclamation reads, WHEREAS, The Scottsdale Arts Festival is celebrating its 50th anniversary in 2020 making it one of longest running arts festivals in the United States; and WHEREAS, The citizens of Scottsdale have consistently and strongly expressed that Arts and Culture is a community priority, and every year the Scottsdale Arts Festival is the favorite outdoor event symbolizing that commitment; and WHEREAS, The first Scottsdale Arts Festival took place in locations all over the city and made possible through the dedication of citizens such as Louise Kerr, Kax Herberger, William Jenkins, Warren Gentry as well as many other local luminaries; and WHEREAS, Upon completion of the Scottsdale Civic Center in 1975, the festival was moved to its current location, grew in its collaboration, added a variety of stage performances and matured into the wonderfully dynamic event enjoyed by tens of thousands each year; and WHEREAS, The Scottsdale Cultural Council was created in 1987 and took over the festival in 1989 adding engaging enhancements such as large scale participatory public art installations; and WHEREAS, From its inception in 1970, the Scottsdale Arts Festival has been a point of community pride and is continually rated one of the top ranked festivals in the United States by both artists and industry publications; Now Therefore, I, W.J. "Jim" Lane, Mayor of the City of Scottsdale, Arizona, do hereby proclaim the month of March, 2020 as Scottsdale Arts Festival Month and encourage all citizens to attend the Scottsdale Arts Festival from March 13 to 15, 2020 to enjoy a favorite community experience and help to celebrate 50 years of success. Congratulations, Scottsdale Arts Festival. And now, I'm pleased to have Dr. Gerd Wuestemann, president and CEO of Scottsdale Arts, along with the Board Chair Alison Lewis and Events Director Jamie Prins to come up front and accept this proclamation. Congratulations and we look forward to many years to come. If you could, please come forward.

PUBLIC COMMENT

[Time: 00:09:51]

Mayor Lane: All right, next order of business is Public Comment period, which is reserved for citizen's comments of non-agendized items in which no action will be taken. Speakers are limited to three minutes each with a maximum of five speakers. There is an opportunity for Public Comment at the end of our meeting. As I see it right now, we have just the one Public Comment card. That's Mike Merrill.

[Time: 00:10:38]

Mike Merrill: Good evening, Mayor, members of the City Council. I'm here tonight because we have to do something regarding Scottsdale discount lotto. For three years plus, we have been battling with his Conditional Use Permit and parking vehicles. His Conditional Use Permit stated in 2017, you sitting up there all approved this, it states that all vehicles that are for repair are required to be behind the line and fenced in. For three years, we have battled this. There has been notices and the notices remain. It doesn't matter what the City does, he violates it continuously. I'm told that him that there is nothing

that we can do about it. He is incorrect. His Conditional Use Permit states clearly, they must be behind and screened in. That's just the way it goes. You have all seen the pictures. I sent you the emails. Since 2017, we have been dealing with this. Even before 2017, we have been dealing with this because he opened up his business against the business code and he was code. For three years, he's been a bad player. I have been informed to bring a citizen's petition to have his Conditional Use Permit revoked. Do we have to go that far? After three years, I say, yeah. If the City can't get him in compliance and we can't get him in compliance, and we are going to get his Conditional Use Permit. There is no teeth in the Conditional Use Permit. Our only way of doing anything is to revoke his Conditional Use Permit. I'm going to wait two more weeks and see if the City can finally make him come in compliance. If not, I will bring forward a citizen's petition to have his Conditional Use Permit revoked. We have to put something in our Conditional Use Permit and have some teeth in them. There has to be something that says if you do this, you are fined this and if you do this, you have to do this. It's just that simple. Thank you.

Mayor Lane: Mr. Merrill, I didn't catch the business and location.

Mike Merrill: It is called Discount Scottsdale Auto and it is 87th Street and McDowell, and I don't know the exact address, but the City and we have been out there all of the time and we just can't get anywhere.

Mayor Lane: Thank you.

Mike Merrill: Thank you.

Mayor Lane: That's the only request for Public Comment.

MINUTES

[Time: 00:14:00]

Mayor Lane: So, we are going to move on to the next order of business, which is a request to approve the Special Meeting Minutes of February 4, 2020, February 11, 2020, Work Study Session of February 11, 2020, and Executive Session Minutes of February 4, 2020. Unless there is any comment to modify, I will accept a motion from the Council.

Councilmember Korte: So moved.

Councilman Phillips: Second.

Mayor Lane: We are ready to vote on the minutes. All those in favor, please indicate by 'aye". Aye. It's unanimous and has been approved.

CONSENT AGENDA

[Time: 00:14:49]

Mayor Lane: Moving right along to our Consent Items 1 through 23. With the one caveat that we have

had, Consent Item 8, the Recycled Materials Intergovernmental Agreement has been moved at request of staff. So, just for the record and for the note, we have one request to speak on Item 4. And that would be Luna Iveth Lopez. With a donated card. So, if you are present, please come forward. I will add a minute to the regular time, so you have four minutes to respond to it.

[Time: 00:15:52]

Luna Iveth Lopez: Thank you. I'm here with my family. My brothers, my mom, and my son, and some of my neighbors are here to join me and our concern for adding a street and extension to our community. It is in the Indian Bend Wash. We are doing a petition for the City of Scottsdale as a family and a community to prevent this construction of the road. On 77th Street and McKinley. I have spoken to many of our neighbors and the majority are in agreement. It is a very safe neighborhood for children. I have two brothers with disabilities, and we are not able to get out with them too much because it is very difficult. We have a park right next to our home. Our home, they are going to be building the street right behind our home.

The reason that we purchased our home is because of them. And having this street is going to be a change of lifestyle for them. This is the reason that we got the home. It is a big investment getting a home but knowing that we would be safe and be able to bring them out and our children and our dog to this park and it was going to be safe. Now, we feel that is not going to happen. There is going to be traffic, unnecessary noise, and traffic and just a danger for our children when they are running and playing. We believe that we need to be heard and able to give the opportunity to at least, consider another way of putting a street.

We are aware of a situation that happened. Apparently, the firefighters were not able to go through a street because when it gets flooded, we are in a flooded area and it is very difficult for firefighters to get through, but we believe there must be another way for this to get resolved. Putting a street behind our home and I think that it is going to bring more danger to our children, and we are not going to be feeling safe. I have a video where I'm able to take care of my son where he's playing and able to take care of my brothers while I'm feeding them. And I have the ability to see my son playing. That will be taken away. In the future, I will probably have grandkids and that's the reason that we got this house. I won't be able to care for my son and my disabled brothers. They have cerebral palsy. We have to bathe and feed them and everything. We care about our dogs and our children. So, I really appreciate you considering finding another solution. Thank you so much.

Mayor Lane: Ms. Lopez, for a point of clarity, you mentioned something about a petition. Have you filed a petition with the City Clerk's office?

Luna Iveth Lopez: I have been speaking with Jeremy, the director of the master plan. I don't know if I have officially made a petition, but this is our way. We have been speaking to him and he suggested that we come and talk to you guys.

Mayor Lane: Part of the process would be a petition and I'm asking, okay. If you could, stop by the Clerk's office and that's going to give you direction to officially put it in.

Luna Iveth Lopez: Thank you.

Mayor Lane: Don't generally, all right, thank you very much.

Luna Iveth Lopez: Thank you.

Mayor Lane: Is it, if I might just ask briefly, if you could come forward. No, I'm sorry. Ms. Jagger, could I speak to you for just a second? Thank you for that. I don't know, did you have a question?
Councilwoman?

Councilwoman Whitehead: Yes, I guess I would like to have a staff discussion on this.

Mayor Lane: Okay. Okay, and that's..... City Manager, do we have someone that might be able to address the program and the process of this and the outreach on this? Item No. Four.

Senior Planner Greg Bloemberg: Mayor Lane, if I may. This is Greg Bloomberg. I'm the coordinator for that particular case. The project coordination team is here, Jeremy Richter is here, so if there are questions for him he is available to speak on that.

Mayor Lane: Okay.

[Time: 00:22:18]

Councilwoman Milhaven: I do have a question. The speaker spoke about and I'm looking at the plan and the agenda item and the speaker spoke about a new road. Can you explain specifically what she was referring to?

Public Works Executive Director Dan Worth: Mayor, Councilwoman Milhaven, as we looked at the area the to the south of Roosevelt Drive on the east side of the Wash. There is a community of a couple dozen homes. They have one access into the community. And that one access in the community is in a location that floods. It is in the Wash. We have emergency access to that community through an alley right now. The community doesn't wish to have a lot of traffic through that alley. We have put a bollard in place but there's been some difficulties in getting it removed when the flood happens. The thought was that we have more reliable access for emergency vehicles and for residents during a flood event if we could build a different connection. We looked at two alternatives. One was to realign a street that connects from the community up to Roosevelt, the other was to build a street that connects to Pierce to the south and to the east of the community, and that second alternative is the one that is currently in the Municipal Master Site Plan.

Mayor Lane: Thank you Councilwoman. Dan, when this came up a year or two ago during a flood condition, we had an emergency situation, whether the people could even get emergency situations out of that neighborhood because of the inability to get the bollards, I'm sorry. To get some kind of new locking mechanism or some other thing and I understand that the member of the community actually had the key at one point in time, is that correct?

Dan Worth: I'm not sure of specifics regarding the event. But the situation is that there is a locked mechanism, a bollard and whoever has the key, we are dependent on that individual if it's not removed

during a flood event, then there's issues. So the alternatives would be one of those realignments, the other realignment or finding a way to make the current situation work better. We can certainly explore all of those alternatives as we go towards the completion of this.

Mayor Lane: And I think that would probably be worthy, I'm not sure what stage, well it's not at a stage right now but nevertheless. I just remembered that the neighbors came to us with regard to the emergency situation and the difficulty, the reason they wanted the bollards there and of course the reason it became a problem. That's the whole initiation of this road. I may come back to this.
Councilwoman Whitehead.

[Time: 00:25:19]

Councilwoman Whitehead: On that issue, I don't know if we have to make a motion to amend the current item, so this is reviewed. I would think there's some sort of situation where in an emergency there is access and otherwise, there is no access. I'll leave that up to the Mayor. I have another question because on another card, it says that there is a desire to keep the parking insert on Oak and 77th Street because there are mature trees. Are we removing any trees in that area?

Jeremy Richter: Councilwoman Whitehead, Jeremy Richter, the project manager here for this one. The question you asked, I believe you are asking about the median island that is near the parking on 77th Street and the very large trees there; no, the intention is to keep those. Unfortunately just the scale of the master plan, we're showing that 20,000 foot level. We're really not able to show those small skinny islands in the parking lot. Our parking lot almost looks continuous with 77th Street but that's not what will truly be there in the field. It's just a matter we're kind of at the planning 20,000-foot level.

Councilwoman Whitehead: So, there is no plans to remove the parking lot and there's no plans to remove the trees? It just doesn't show up? Is that what I understood?

Jeremy Richter: Correct, yeah. They're just not showing on the scale you're seeing right now. As far as I understand, the parking lot, you are talking just close to Murray Lane? Yes. Correct, yes, those very, very large.....

Mayor Lane: Careful with having a dialogue without having a microphone.

Jeremy Richter: Sorry. We heard very early on in our public feedback that the public wanted to keep any mature trees down there and so while we're not quite at that stage and we're not showing that on this plan now, we certainly heard that feedback. We still have to break this off into constructible projects and at that time we'll come back to the public, but when we get into construction plans, we will certainly accommodate those trees.

[Time: 00:27:28]

Mayor Lane: Thank you Councilwoman. One additional item of note is that we did meet with the community when that emergency situation existed. There was leadership and folks there for that, but I'm wondering if there was any outreach beyond that? The consensus is that this needed to be on higher ground and that's where it went.

Dan Worth: There has been continued outreach, they've participated in our outreach for this Municipal Use Master Site Plan and another point that I would add that addresses both the situation that access and the situation with the trees. This is just a Municipal Use Master Site Plan. There is going to be extensive design as we go through this project. It is one of the bond projects and as we go through the design process, there will be additional opportunities for public input to make sure that we get the details right.

Mayor Lane: Thank you Dan, appreciate that. That does clarify the point. All right, Councilwoman Milhaven. Okay. There was a motion on the table. I don't believe there was a second. I'm sorry, I thought there was a motion to do something different with it from Councilwoman Whitehead. Hearing none. Councilmember Korte?

Councilmember Korte: Mayor, I move to approve Consent Agenda Items 1 through 23.

Mayor Lane: Minus Item 8.

Councilmember Korte: Yes, sans Item 8.

Councilman Phillips: Second.

Mayor Lane: Motion made by Councilmember Korte and seconded by Councilman Phillips. I think we're ready to vote. All those in favor, please indicate by 'aye'. Those opposed with a nay. It is unanimous. Consent Agenda Items 1 through 23 absent eight have been approved.

REGULAR AGENDA

ITEM 24 – EMPLOYEE MEDICAL PLANS AND PREMIUMS

Mayor Lane: Moving on to our Regular Agenda, Items 24 and 25. And we'll start with Employee Medical Plans and Premiums. We have Luran Beebe, Human Resources Manager, here at the podium to present. Welcome.

[Time: 00:29:51]

Human Resources Manager Luran Beebe: Good evening Mayor and members of Council. I'm Luran Beebe, HR Manager, and tonight I'm going to walk you through the Fiscal Year 20/21 medical plan premium recommendations. We currently have 2,100 covered employees and 53 covered members. If we made no plan design changes, we would experience an overall 6% or \$1.9 million increase, with the City's share being \$1.5 million, and the employees' share \$0.4 million. We continue to educate our employees through the Total Benefits Advisory Committee and bi-weekly benefits bulletins. Our current plan claims data shows that we have at least 400 members with pre-diabetes. TBAC recommended implementing the Omada pre-diabetes program last year and we have already seen great results. We have 180 members actively participating. Out of those completing at least 15 lessons, they are seeing an average weight loss of 3.8%. Of those completing over 16 lessons, they are seeing an average weight loss of 7.2%.

Over 50% of our eligible population has completed the health risk assessment. Of those completing the HRA, 82% or approximately 1100 members are taking additional steps to improve their health through preventive care, health coaching and managing their medications and chronic diseases. These employees are taking an active and are engaged in their health. This helps confirm that the incentives that we continue to provide are very important for our employees' overall health.

Tonight, we are recommending reducing the mental health co-pay from \$20 to \$10 to reduce barriers for employees to access health. Additionally, we are recommending increasing the out-of-pocket maximum on the OAP In-Network and Local Plus plans to be in line with our other two plans. For our wellness program, we are recommending continuing the health risk assessment and blood pressure incentive, along with continuing the tobacco surcharge. Our current fiscal year 219/20 total medical and dental costs are \$34 million with employees contributing \$8 million and the City contributing \$26 million. With tonight's plan recommendations, we are anticipating an overall total medical and dental plan cost of \$35.8 million, with employees contributing \$8.3 million and the City contributing \$27.5 million. Tonight we are recommending adopting Resolution No. 11669 which will approve the medical and dental plan premium and benefit options shown on Exhibit A. So thank you and I'm here to answer any questions you have.

Mayor Lane: Yes, thank you very much for that. Councilwoman Korte.

[Time: 00:33:04]

Councilmember Korte: So, employee committees, talk to me about the employee outreach on these changes and their input.

Lauran Beebe: Mayor, members of Council, we actually started this over a year ago, and we ended up tabling it for further discussion this year. We discussed it at several of our Total Benefits Advisory Committee meetings that comprises 30 to 40 members of different departments. They would take that feedback back to their departments and in turn would bring that feedback back to us. We would discuss it. We also put out a bi-weekly benefits bulletin discussing these plan changes that we are recommending tonight. We have not received any negative feedback.

Councilmember Korte: Thank you.

Mayor Lane: Thank you Councilmember. No further questions, sorry, late to the button. Vice Mayor Littlefield?

Vice Mayor Littlefield: I just had a question. We have a \$20 per month tobacco surcharge still in effect on this plan?

Lauran Beebe: Mayor, members of Council, that's correct.

Vice Mayor Littlefield: Are we covering things like medical marijuana and vaping or whatever it is?

Lauran Beebe: I don't believe that is covered. No, it is not.

Vice Mayor Littlefield: Thank you.

Mayor Lane: Thank you, Vice Mayor. Thank you very much. Councilwoman Klapp?

Councilwoman Klapp: I would like to make a motion to adopt Resolution No. 11669 authorizing Fiscal Year 2020/21 medical and dental plan contributions, rates and plan benefit options.

Mayor Lane: The motion has been made by Councilwoman Klapp and seconded by Councilwoman Whitehead. We are ready for a vote. It is unanimous and accepting. Thank you very much. That completes Item 24.

ITEM 25 – CITY’S PROPOSED FISCAL YEAR 2020/21 RATES AND FEES

Mayor Lane: Moving on to Item 25, the City's Proposed Fiscal Year 2020/21 Rates and Fees. We have Judy Doyle here our Budget Director for presentation.

[Time: 00:35:52]

Budget Director Judy Doyle: Good evening Mayor and Councilmembers. Tonight, we are here to present the proposed rate and fee changes for fiscal year 2020/21. Each director will come up and present to you in detail their proposed rate and fee changes. The changes will then be posted to the City's website, so the public will have an opportunity to review, currently 60 days prior to holding a public hearing and adopting the rates and fees, which is scheduled for May 5th. So we've organized the presentation this evening by Enterprise and non-Enterprise rates and fees. Per financial policy, Enterprise rates and fees are reviewed annually and should recover all direct and indirect costs of service, any debt service, and should provide adequate funding for future capital needs. Water Resources, Public Works and Aviation will share with you shortly their proposed Enterprise changes.

Also, per financial policy, non-Enterprise rates and fees should be reviewed periodically and should be set based on acceptable recovery rate for direct and indirect costs of services. Tonight, you will hear Proposed rate and fee changes from Planning and Development Services, Tourism and Events, Community Services, and Fire and Police. So overall the Enterprise proposed rate and fee changes for fiscal year 2020/21 total an additional \$7.8 million in revenue, and the non-Enterprise, the General Fund rate and fee changes, total approximately \$1.2 million in revenue. No significant changes within the special programs fund and an additional \$1.1 million in the Capital Stormwater fund. Now, I'm going to turn it over to Brian Biesemeyer, our Water Resources Executive Director, who will share with you his proposed rate and fee changes.

Mayor Lane: Thank you.

[Time: 00:38:05]

Water Resources Executive Director Brian Biesemeyer: Good evening Mayor and Council. As Ms. Doyle said, I'm presenting the Water and Wastewater proposed rates and fees. And as she mentioned we are an Enterprise fund, so our operating costs, our direct and indirect costs are covered only through our rates and fees. Some of the cost drivers we have on the operational side, increasing actions for drought

preparedness and that includes increased conservation programs, as well as work on our web portal and advance meter reading programs. Increased groundwater treatment, so that we can recover groundwater that we have recharged, and this comes from the costs of our Thomas Road water treatment facility which is under construction on Thomas Road right now.

And increased costs of raw water, treatment chemicals. I can't say on the treatment chemical side, we have seen extreme jumps in our treatment chemicals, some up to 50% in a single year. On our Capital side, we have some drought-driven improvements in our plan, rehabilitation and replacement as our infrastructure ages. A lot of the infrastructure was put in in the 80s and that's now 40 years old. We have considerable cost to rehabilitate or replace that infrastructure, as well as technology and security. A couple of examples of different programs that we have in our capital improvement program. Under-droughts improvements, our water meter replacement program. We are accelerating that, and we've added to the budget to do so. We believe that through automated meter reading, customers will have the ability to have more control and understanding of their water consumption patterns and conserve.

I apologize the Zone 3 water system improvements should be on the next slide. But then our arsenic treatment, Cluster 3 arsenic treatment, again that is to improve our well system so that should drought constrictions with the Central Arizona Project, we can pump the groundwater that we have stored in our aquifer. We also have some water system improvements as I mentioned for aging infrastructure, as well as improvements to our asset management and condition assessment programs. On the sewer side, similarly, we have some system improvements and asset management programs. We also have and you will note online two, the water reclamation participation program. That's our current sewer line extension program. That is our current program, that's not any, does not involve anything that we have discussed at the study session last year. I wanted to state that is our current program budget for sewer line extensions. The proposed rate increase that we are proposing is 3% on the water side, 3% on the wastewater side, and then, we have miscellaneous service charge, our cost-driving charges for specific services, which I will go over. The estimated revenue from these increases is overall for both funds at \$4.4 million. Specifically, on our water rates, we're proposing an increasing in both the base fee and the volume metric charge. With the base fee, this charge represents the cost of having that service provided to our customers 24/7 and 365 days of the year. It is based on the volume that meter can provide. We adjust that charge based on the size of the meter.

[Time: 00:42:13]

On the volume metric side, we are requesting an increase on tiers 3 through 4, keeping tiers 1 and 2 at the same rate. On the commercial side, we have only four tiers. The commercial rates are slightly different because of the constant flow of the nature of the larger consumers there, but we are asking for increases in tiers 3 and 4. On the sewer side, since we don't have sewer meters, we base our base charge on the water meter that constrains the amount of wastewater that can come back from any structure. We set the residential, typical residential meters, 5/8", 3/4" all at the same rate and go up based on the volume metric flow from there. Similarly, on the wastewater side, we have a volume metric chart that is based 90% on a winter average consumption. That's under the premise that in the wintertime, most of the consumption is indoors vs. outdoors in the summertime. It is basically, a \$0.01 increase in our different customer categories. These categories are based on the loading basically of how much or how difficult it is to treat the different wastewater products coming out of these different customer categories.

A little history of our rates. Going back five years, you can see the 5-year average. If these rates were to be adopted it would be on average 2.2% for the 5-year period. So, how do we compare? Now, we set our rates based on our costs and our costs alone. We do like to see how we compare to others and how efficient we are. So if you look at the CIP which is a water, sewer and trash CPI. Based on that CPI set equalized 10 years ago, comparing those costs to our rates, from both water, sewer and solid waste, you can see that we beat the CPI for this 10-year period. Going back to our miscellaneous service charges, which are based on the cost to provide these services, we are updating some service line replacement charges and meter move replacement charges, you see there are very few of these that actually occur. The largest would be on the one-inch service line improvement for those who are remodeling their home and need a service line, moved or constructing a new home and bring that service line to them. The other miscellaneous service charge is on the water haulers, these are a little above the 3% range and the capital recovery for the water filling station we constructed on Pima and Jomax. The other large increases are hydrant meter deposits, that's merely a deposit to recover our cost should a hydrant meter be damaged.

How do we compare to the valley cities? You can see based on a typical 5/8ths inch meter, a customer with 11,500 gallons of water and 8000 sewer, we are projected right in the middle of Valley cities. I will make my normal statement that the Cities on the left of the screen, Gilbert and Chandler are difficult to compare with because they only have, they're very flat cities, Chandler has two pressure zones. A pressure zone is about a hundred foot elevation change. We have 17 pressure zones. A gallon of water weighs a little over eight pounds. We push around 60 million gallons a day of eight pounds up 17 different pressure zones. The infrastructure and the energy consumption for that is tremendously different than Gilbert and Chandler.

As we move on to another typical customer on the one-inch side with considerably more consumption at 17,000 gallons and 12,000 on the sewer. You can see that we do in this case, apparently jump ahead of Peoria, but I know that Peoria is proposing rate changes to their Council. We did this exactly last year and we jumped them, and they came back. Also these costs do not show the City of Phoenix which has a 6% increase that went into effect in February. And then kind of a national comparison. I have statistics that came out last year on the national side that looked at water rates across the country using 7,480 gallons, which is actually ten cubic feet and how do we compare to these national averages? As you can see we are the one-inch meter right in line with the national average and on the 5/8ths, we are below the national average. Pending your questions, this concludes my presentation.

[Time: 00:47:54]

Mayor Lane: Thank you, I appreciate that. I have one question and I don't see any other questions for the moment. For a little background information, on the CIP side significant cost drivers. It happens to be your slide eight. When we talk about drought driven improvements, what is that conservation, antileak programs? Is there a specific element in that? Or is it new contracts or changes?

Brian Biesemeyer: Are you talking about the operational sides?

Mayor Lane: On the CPI, the drought driven improvement. I did say programs, nevertheless.

Brian Biesemeyer: That includes our meter replacement program, accelerating the meter replacement program. It also includes our ASR aquifer storage and recovery well program where we're replacing four new aquifer storage and recovery wells that can put water in the ground in times when we have a full CAP allocation, and should our CAP allocation be cut; we can pull from that same stored water and use that water. So those costs are imbedded in those CIP cost drivers.

Mayor Lane: An awful lot of talk on the shortfall and replenishment side of the K-grid programs. Are we likely to incur or have we incurred any additional cost when you start to talk about how to get water back into the aquifer that it is drawn from in replenishment? And do we have much of that in any case?

Brian Biesemeyer: We are a member of CAGRID, but only as a back-up for a non-potable water system that we have for several golf courses, but that membership doesn't cost us anything. It's really an insurance policy for those particular golf courses. We don't incur cost on that. We don't even use that program to recharge water. All of our water, we recharge through our own mechanisms available to us. And we discussed previously, particularly with the ASR program, we are concentrating on our recharge efforts within Scottsdale, so that the water is put in the ground in Scottsdale and can be recovered in Scottsdale. Unlike the articles that came out about CAGRID and the declining water levels tables and such, we can show rising water levels in Scottsdale because of our recharge efforts.

Mayor Lane: The focus on that was Pinal County, but it seemed to have implications of some kind of development of programs to make sure what you've just told me we do anyway. That's recharge into the areas that we are drawing from. We are replenishing into the same aquifer.

Brian Biesemeyer: That's correct. That's an emphasis we have is to recharge into the aquifer that we use. Part of the shortcomings of that CAGRID program is the disconnect where you recharge and where you recover. Again, we don't use that mechanism to recharge. We don't plan to use it to recover.

Mayor Lane: Thank you. No other questions on that. Good presentation, thank you very much.

Brian Biesemeyer: Thank you.

Mayor Lane: This Item 25 is for, oh, we still are going. Pardon me. Mr. Worth, welcome.

[Time: 00:51:36]

Public Works Director Dan Worth: We've still got the good part.

Mayor Lane: I understand. We always look forward to this. You always remind us that we should look forward to it. Do you have any classy picture this year?

Dan Worth: You are just going to have to wait and see, Mayor. These are the proposed rates for next year for Solid Waste. If you look at the right hand column, you can see a whole bunch of 3s. That's the commercial program, basically a 3% increase across the board and then you see a somewhat alarming number in the upper right and that's the residential program. It's a \$2.60 a month increase, 14.75%. I'm going to spend much of the rest of the presentation discussing this and letting you know what is going on. Recycling is a big part of it. I'm sure you have heard recycling in the news over the last year. This is

the five-year projection and I'd like to show this just in a slightly different way. Same chart and all of the number that are lightened are exactly the same that I showed you a year ago when I showed you the 5-year plan. So nothing's changed. We told you a year ago that we had to program some increases to keep up with equipment costs, maintenance and repair, fuel costs, labor costs. We looked at a 3% annual to do that. Nothing has changed. That's still over forecasting for next year and the following four years of the program. The only difference is the top line, the residential program.

I will point out that last year, I had told you that we were anticipating an 8.7% increase this year. 1.61%. A \$1.61 rather, 8.7% increase. We were not looking at a three, but we are looking at 8.7, which became 14.75. In order to account for increased equipment costs, labor everything else, normal inflation and get back to a full cost recovery for the residential program, we are looking at 8.7, that's bumped up a little bit and I'm going to explain why. Two major factors.

This is the first one. This is all about recycling. The discussion is going to be primarily about recycling. And this is due to the drive up in cost in the market. I have been talking to you about it for the past few years. First off, the recycling business, we get some revenue. It helps to offset the cost of the process and the recycled materials. That model for this century and most of the seven years, it accommodates the return and we can incur the cost of recycling and still incur a profit, we got money back. That is no longer the case.

[Time: 00:54:47]

What happened is China in 2017, China prior to that time was a huge market. Almost all of the paper and cardboard from the whole western half of the U.S. was going to China. China was a big country, rapidly growing economy, they had a lot of industry that was using this material and producing products that were making its way back to the States. Several things happened because of that. The prices were driven up. Good for us. We got a lot of revenue. The prices for the cardboard and the paper. Not so good for other domestic producers that use that stuff because they got priced out of the market. So a lot of the domestic production paper mill and cardboard plants that were recycling material repurposed. They went into something else, they moth-balled or went out of production. People didn't think much about it. It is coming back to haunt us now. What happened in 2017 and years leading up to that, China was getting upset at the amount of contamination that was happening. That's the issue. They were getting loads of paper and cardboard that had as much as 40% or 50% of non-recyclable materials in it. So, they were paying big bucks to send shiploads, millions of tons of bails of cardboard and paper across the ocean. They were unloading them, they were sorting them, cost them money to do that, and then they were throwing it away, half of it. So they were paying to import garbage from the United States. Not a good business model for them.

Their solution was to put draconian limits on what we could ship over there and in some cases banned certain commodities altogether. They implemented a 99% cleanness criteria on the paper and the cardboard and banned some of the plastics and other commodities all together. And you can see what happens with the prices. These are the prices that Waste Management provided. This is the value they got for their mixed commodity stream over time. \$80, \$90, \$100 and China announced the ban in 2017 and the market started to tank. The market has been continuing to go down ever since November of last year. I have heard it is down to 31 now using the same index that Waste Management tracks. It has been a huge impact.

What does that mean for us? We were getting revenue and I have a couple of slides, I want to really drill down the impact of this. This is the formula that is in our contract right now. We currently have a contract with the Salt River Pima community. They are contracted with us to take our material, sort it, market it. The way this works is commodities on the left side, processing cost is on the right side. If the commodity values are greater than the processing cost, we get 75% of the difference. If the commodity values are less than the processing cost, we get a break. There's a floor in the contract. We never have to pay to have our stuff recycled under the current contract.

The other thing I want to point out, on the commodity values, I'm going to show you the next slide, I'm going to show you what the commodity values looked like around the time that we negotiated this contract, they were high. We were worried about what happens if there is a downturn on the market, so we insisted on having some floors put into the contract for these values. You can see them, they're \$90 a ton. It really works out to \$125 a ton because we already agreed in the contract to add \$35 to ship it to west coast ports. That's where it was all going. So, paper, cardboard, floors. In 2016 is when we negotiated the agreement. 2017, this is just to give you an idea what it looked like at that time, this is the market value for cardboard: \$246 per ton. The floor was \$90. Nowhere near the floor. We are making money. The processor is making money. The Chinese are buying all of this stuff. Everything is going good.

[Time: 00:59:15]

You take the formula that we had, and these are actual numbers from March of 2017. The processing cost and we were getting paid \$41 a ton for every ton of recycled material that we delivered under this contract. Last fall and after the ban went into effect and these are numbers for last September and the market value for cardboard was 246. It is now 75. This was 182. It is now 15. Dropped 92%. Nobody is buying the paper. The Chinese cut off the market. I mentioned earlier, when the prices were high, the commodities were high. The domestics couldn't afford it and moth-balled their facilities. They are in the process of coming back into production because the values are low for them now. But it takes some time.

So, the prices are just tanked, but we have that \$90 a ton floor. Even though \$75, \$15, \$20 for everything else and you merge that all together and come up with a commodity value, it is greater than any one of those individual commodities because of the floors. Whoever came up with the idea that put those floors in the contract was really on top of things I have to tell you. And the Council that approved it. We are still being paid \$75 a ton under this contract. I believe that we were the only city in the State of Arizona that is getting paid for recycling last fall. I went to a statewide industry forum in June and I was invited to speak on a panel and other panels are talking about how they are paying \$75 or \$80 a ton and I'm like, we are still getting paid for it. And everybody starts hissing and booing.

We are on the downside and it has worked like a charm. I'm going to show you what it would look like if those floors weren't in place. \$25 a ton, \$15 a ton for the other stuff. You work that all out and adjust for the freight and it comes to \$2 a ton. If you take out the floors on the commodity that says that we never pay for recycling, we would be paying. It costs me \$27 a ton to put it in the landfill. So, \$69 a ton is processing, and a lot of labor involved and if there is no commodities getting sold to pay for it, we would pay for it.

This is what it would look like without the floor prices. To put it in a little different perspective, I can annualize it. If you remember, last year, Mayor I think I alluded to this. I showed you a picture of a fully restored 1960 Corvette, compared it to the cost of an automated sideloader garbage truck. If you take a look at the good old days, the first number there. I would have had enough money in that one year of recycling to buy two of those automated sideloaders and have enough money left over to go to one of those WestWorld RV auctions and buy a Class-C motorhome with a Mercedes spinner chassis. Times were good. Last year, when times were not good, but we still had the floors protecting us, I wouldn't have been able to buy the sideloaders, but I still would have been able to get the RV. Without the floors, I'm not buying anything. Renting it by the minute. Another way to look at it, to go from September where we had the floors protecting us to a situation where you don't have those floors, it would have cost us about \$1.60 per month on a residential bill to make up that difference.

Now, we are not paying that or under the contract we're not paying that. Somebody else is. Somebody else who has been paying that is the vendor that Salt River Pima contracts with to operate their recycling facility. Republic Services is the company. They came to us in the spring of last year were asking for relief. They told us they were losing money on the floor prices and I knew that to be true. They told us they were losing money on the operating costs. The problem is contamination. In order to market their stuff, they have to reduce the contamination rate. In order to do that, they can do two things, they can invest in new equipment, which they did, and they can slow down the production line. Slowing down the production line means more people working it, more hours, increased costs. They claim that both of those things are driving their costs up. The floors were killing them on the marketing side, and they needed some help.

[Time: 01:04:43]

So, we agreed to enter into negotiations with them and potentially modify the pricing for that contract. I knew what the market prices were. We can see those. It is published indexes. I didn't know anything about their operating costs. So, we asked them if we could come in and audit their operating costs and they agreed. Our City Auditor and her staff conducted an audit over the summer and came back with some results that prevented us from being able to negotiate a price change of that operating cost figure. We didn't get full access that we wanted to their personnel cost. There was some depreciation that they did that tended to frontload the depreciation into current year, to make it look like their operating costs were higher than we think they really are. And they didn't account for the fact that we are bringing the cleanest recycling material in the valley to their facility, while they're bringing stuff they collect that's 40% contaminated. So, it is their stuff that drives up the cost, and not our stuff. And they were proposing that we pay for that. So, there were some issues that we didn't agree with as a result of the audit. We continued to negotiate. And then, this was all market prices, factor number one and factor number two happened. October 24th, this is the former Salt River Pima community recycling facility out by the Beeline highway. It burned and total loss. All of the equipment inside was gone. Another way to look at it, I talked about the floors in the contract. These are my floors burning up. We no longer have that situation.

So, what are our options with the loss of that facility? We still have the contract. It gives the Salt River Pima community and their vendor, if we continue to partner with them, the ability to designate an alternate facility, gives us some protections on pricing. They have indicated a desire to do that. The

problem is they don't have an alternate facility, so they are going to have to make arrangements with someone else if they wish to do that. They've indicated a desire to that, I'll leave it to them to make arrangements with somebody else to use their facility. But they don't want to do that unless we continue the negotiation and come up with a revised pricing mechanism for the value of the commodities. Other options, they are limited. Waste Management, City of Phoenix, United Fiber. That's it. Those are the recycling facilities in the valley.

We have pricing for them, and it is increased transportation cost for us as well because of the distance. And skip to United Fiber and they don't have the capacity. Capacity is a problem for all of these. The City of Phoenix recently upgraded one of their facilities and feel they have the capacity since the upgrade to take us. They are offering us an IGA with another municipality. It is all open book and we can see what they are paying with other municipalities. So, we have done that. And in fact, the Item that you have on your Consent Agenda that we ended up postponing today is an IGA with Phoenix. They just asked for additional time because they have had to go through a process with their Council regarding their recycling program. We still feel that that is a very viable alternative.

Whether or not we ever get an alternative facility through the Salt River Pima community, the IGA that we're proposing and enter into with Phoenix would be a tool that we can use. Under the current Salt River Pima agreement, we can take half our recycling to somebody else. And this is good pricing. In fact the pricing that we use to build our projected rate increases. So, those are all of the RV alternatives and we are likely going to be bringing that contract to you for the next meeting for your consideration. So with all that, current residential rate per month \$18.75. As I told you when I showed you the five-year forecast, we had forecasted a \$1.61 increase this year to begin with. The additional impact of the recycling, the loss of the old facility, the inability to handle it under the current contract, entering into a new contract without those floors to protect us, actually paying for recycling, that impacts works out to about \$1.15 per month per residential customer. Total increase, \$2.76, 14.75%. So, that is the impact of the recycling situation and where we're at and where we hope to be in the near future.

[Time: 01:10:01]

This is how our rates would look compared to the other large cities in the valley. We are still in the lower half. You can see that this was the controversy in Phoenix this past month. They are going to be staging this \$6 increase over two years. But they are going to be increasing their rates. The increase plan in Tempe and Chandler and Gilbert, two of the three communities that were lower than us last year are doing rate studies, we don't know where they there going to land yet. So they may end up being at the same level or higher than we are. So, we are still in a fairly good position compared to the rest of the valley.

That's the recycling and the residential rate. There are a handful of miscellaneous charges that we are looking for changes to. Most of these are one-time changes. This is not reoccurring costs for any of our customers. The additional refuse container, additional recycling container, this is new houses that every new house has to buy their first container, and this is the price that we charge for that first container. All of these are two additional container charges are to get us to cost. This reflects the actual cost of the container that we require. It is usually the developer that buys the container when they complete construction with a new living unit. Install lock latch is a service. We can put a lock on the commercial dumpsters. This is often used in the alleys where anybody can drive down the alley lift the lid and put

their stuff in, but one person is paying for it, this secures it. So, only the person that is paying for it can use it. Again, this reflects the actual cost to do it. Special event is not what we think of when we talk about special events. This is a unique circumstance than a special event. We have, and you can see the numbers that are very small. Maybe five transactions per year.

We offer a roll-off service. If someone is doing a renovation in their house and they want a roll off and we can't fit a roll off in their yard or in their driveway, or if the driveway won't handle it, alternatively we can give them a dumpster and service it as a commercial dumpster. There is a delivery fee to provide that service. Commercial roll-off service during high demand, when all of our containers are in use, that's high demand. It doesn't happen terribly frequently, and I don't think that we have done this for a couple of years, but when all of our containers are in use and somebody is holding on to a container for two weeks or longer, waiting for us to pick it up, we charge them because we could be re-using that container providing service to somebody else. This is the increase to that charge. Private hauler per vehicle fee, this is the, all the other people that do solid waste business in Scottsdale, Waste Management, Republic, all the smaller haulers are required to license with the city and they pay a license fee for each vehicle, this is a per vehicle fee. The \$750 fee was established in 1993. We haven't increased it since then. If you apply CPI to that 1993 price we'd be up over \$1000 right now. \$900 we felt was a good compromise so we are proposing to increase that charge. This does cover for our cost of monitoring what they are doing and responding to the complaints that involve the commercial providers and this is the only mechanism that we have for addressing wear and tear that they provide in our alleys. Those are the miscellaneous charges. This is a summary of the estimated revenue increase, the bulk of it is obviously from the residential rates. To conclude, this is that first slide over again showing the rate increases. I'd be happy to answer questions that you might have.

[Time: 01:14:28]

Mayor Lane: Thank you, Mr. Worth. Just a quick question or maybe an observation as it relates to the absence of one of the biggest purchasers of our trash, being China. There have been some conversations about Taiwan addressing this and the Philippines addressing this as an alternative place. I know that's not our end of it, but do you know when any of the perspective purchasers of this or independent are looking?

Dan Worth: There have been several other Asian nations. The shippers are exploring. And almost every situation, they end up with the same concern, they end up with the contamination concern. If we can't deliver them stuff that is 90% deliverable, it is not worth it, and they end up backing out. Even so, the volume is not anything that what China was taking. It could have made a dent, but not anywhere close to the volume that China was taking.

Mayor Lane: I know that if you contaminated your recycle bin, a notice was put on your bin. I don't want to say that I have received a notification.

Dan Worth: Me too, Mayor. We have the cleanest recycling in the City. They have told us that ours is cleaner than anybody else. Republic today us the same thing. I heard at the forum that the contamination rates of 30 to 40% of different municipalities. The last time that we did a sort, it was 8%. When we went to waste management, it was 14. So, we provide high-quality material. Our residents know what they are doing. They do a good job of sorting this stuff properly.

Mayor Lane: Another thing that we have done too to ensure the purity of it is that with commercial multi-family and it is a less controlled environment and the contamination rate was not acceptable and we had to withdraw from those markets that couldn't control what was dumping into what container, or by nature, it is the nature of the beast?

Dan Worth: We did service the multi-families a few years ago. It wasn't strategic on our part to get out of communities that have issues with contamination. If they have issues of contamination, we try and work with them. The loss of those accounts are more of a result of the price increases that we did a few years back. I know this is a topic that we have addressed for a couple of years. The prices for our multi-family and we are at capacity. We are turning away customers now. I'm not going to say that all of our businesses come back, but we have certainly stabilized. We are strong again now and doing full cost recovery.

Mayor Lane: Thank you. Councilmember Korte.

[Time: 01:18:43]

Councilmember Korte: Thank you, Mayor. So, the recycling I assume includes paper, cardboard, plastics, and glass.

Dan Worth: That's correct.

Councilmember Korte: Is there a difference in market rate between those four recycling products?

Dan Worth: Absolutely. Glass is difficult because the collection process and the sorting process. It gets crushed and intermingled with other things and it is hard to separate it out economically. But some processors will do that. Cardboard and paper are the biggest parts in terms of volume and percentage. Cardboard is worth a little bit more. You saw the prices. 75 for the cardboard and 15 for the paper. Paper is the biggest volume.

Councilmember Korte: With glass not easy to recycle is there going to come a time when it is not a recyclable product and just goes into the landfill?

Dan Worth: One of the things that's happening now, is with markets fluctuating and different pricing for all the different commodities, some of the recycling processors are making that call. They are not counting it as contamination because we are delivering stuff that they are supposed to be recycling, but they will make that call. They'll pull that out of that waste stream and if it's cheaper for them to bury it, they will.

Councilmember Korte: That's right.

Dan Worth: It is one of the concerns that we have, as well as other municipalities, we want to make sure that what we're delivering is recyclable material. Gets recycled to a high degree.

Councilmember Korte: It's very much a concern, we're telling our residents that part of their garbage is

being recycled and they are paying for it. So I think that's something to keep an eye on.

Dan Worth: The Phoenix contract has mechanisms to assure us that it is actually being recycled. A plug for the next meeting's action.

Mayor Lane: Thank you, Mr. Worth. I appreciate that.

Dan Worth: Thank you.

[Time: 01:21:06]

Aviation Director Gary Mascaro: Good afternoon Mayor, members of the Council. As we all know, the Scottsdale Airport is an Enterprise fund and one of the focuses of the Enterprise fund is to follow our federal grant assurances. There is regulations in place where we do not create a revenue diversion scenario. So, all of the rates and fees that we collect at the Scottsdale Airport have to remain at the airport to meet the requirements of our federal partners. These are all being impacted by the airport users. There is no General Fund impacts or anything of that nature.

We have been very, very lucky of late and the FAA has been writing our checks through the past 10 years. Believe it or not, we have actually caught up on all of our maintenance and repairs. The FAA says that since we paid the lump sum to the capital investment, you guys have to pay to maintain it. So, we have a very robust maintenance program in place. That's one of the reasons that we wanted to come before you guys to talk about it. We have not adjusted our rates and fees in several years. I think that the last time that we did an adjustment was back in 2000. So, we are going to make some adjustments per recommendation to this Council.

Our rates and fees are going to be below comparable in the valley and other areas in the country. We want to make sure that we make these recommendations on our rates and fees for the future development and viability of the airport. Our airport fuel park flowage fee and I'm going to explain each item. Our transient parking fees for jet aircrafts and helicopters. Our airport rental car concession services and our airport staff hourly rate. The airport fuel flowage. Since 2002, our airport fuel flowage fee about \$2 a gallon. The flow of the fuel that is put into that airplane.

We did a market analysis and out of all of the 18 airports we are below average. So, we are proposing a \$0.10 per gallon increase. The highlighted yellow is where we are at, at \$0.08 a gallon. And you are going to see upwards of 12 to \$0.22. We are at eight right now. So, after our market analysis, we felt that the \$0.10 per gallon would be reasonable.

Our next is the transient parking fee. They are assessed to aircraft that fly into Scottsdale Airport and they park overnight. Just like if you were staying overnight at a hotel, they are staying at our airport, so we require a fee. There is various fees because we base it on weight and types of aircraft. Since 2011, the transient parking fee has stayed the same. We wanted to compare with other international airports.

Highlighted on the left-hand side and we are changing the nomenclature within the City code to make it comparable to the other airport transient parking fees. We are adding a new category and it is single twin propel prop. There is propellers that are jet engines and based on the propeller type. So, we did

some adjustments. You will see 75 to \$110 per night. That's our fee that we collect. The FAO or fixed operators charge a little bit more than that and they put our fee on top of it. The single helicopter and the twin, as you can see the adjustments, the 5, 10, and 15.

[Time: 01:26:58]

Here's an example of the market analysis. We are on the top. Everybody does it a little bit differently and we wanted to take a look at other areas. Being Scottsdale Airport, we didn't want to be the highest, the lower, but somewhere in the middle. We compared to airports that are very similar to us in nature and the clientele. And the next fee increase we are proposing tonight is the rental car concession services. We charge 8% gross income for any rental car that someone picks up or gets at the airport or is calling and gets picked up from the airport. We are at 8% right now. Falcon field is at five. Everybody else is 10%. We didn't want to compare to Sky Harbor because it is very large. I didn't think that was a fair assessment. So, we wanted to look at airports that are very similar to us. So, our recommendation would be the 10%.

Finally, we are asking for an increase in our airport staff hourly rate. It is the rate that we charge for outside parties for work performed by aviation staff. Like for special event coverage. Any damage, coverage, or claim. So, if we have an aircraft that takes off or taxis late, we have to repair it with our team. And we have done escorts for film crew and such. And currently what we have is \$46.96 and we are proposing \$50. We wanted to keep it a simple \$50 fee. We run this calculation that we got from the finance office a very long time ago and we just processed it through, and it came out to \$50 per hour.

Generally speaking, to wrap things up here. We for our fuel, we are asking for a \$0.02 increase. Our transient parking would vary, but based on the past two years, a \$30 increase. I wanted to talk about our outreach. I think it is very important when I came back here 10 years ago, that we really need to focus on our outreach efforts to our customers and users. We did several outreach public houses. We did notifications via our email system. 45 recipients received it. We have a large database of every operator that comes in and out of here, so we posted there. We got lots of news coverage on it as well. We received two comments. Comment number one was thank you for increasing the fuel charge, it is about time. And another comment, we like Scottsdale Airport, but we usually fly out of Sky Harbor. And with that, that's it.

Mayor Lane: Thank you. I think that you did an excellent job.

Gary Mascaro: Thank you, Mayor and Council.

[Time: 01:31:13]

Planning and Economic Development Executive Director Randy Grant: Good evening Mayor and Council. Every year at this time I'm reminded how much less interesting I am than everybody else. But the good news is I'm going to be less interesting for a shorter time than Dan Worth. Tonight I'm here to talk to you about the Planning and Development Services rates and fees. We're looking at an aggregate of a 6% predominantly for permit fees. And this reflects increased cost of service. The 6% allows us to maintain about a 94 and a half percent cost recovery which is important to us. It helps cover inflation costs. It allows us to continue to provide what I consider the best customer service in the Valley. It

updates some of the fees that haven't been updated from the Building Code perspective and it eliminates some old and unused rates and fees.

We're looking at the following proposals. Again, 6% in the base rate increase, predominantly for permit fees. We're looking to update based on input that we've gotten from Council to provide a no-fee application for zoning, for historic preservation. Something that came out recently in one of the cases, and we've included in the budget for this year. It also includes an adjustment for how we calculate permit fees for multi-family residential. In the past, we've had a discount for stories, more than two-story because primarily, buildings were 3 and 4 stories tall and the upper floors were very similar to the lower floors. As we get more height increases and we see variation in the building, it takes us longer to do the review. We are proposing to eliminate that discount and it would be based on how many floors, and there would be no discount for the upper stories. New proposed fees, we are requesting a lift station permit fee for civil improvements. This is a permission to work in the right-of-way and for on-site. These are very minor, you can see the dollar amount is about \$5,000 a year. It does reflect the fact that we are doing an increased level of review and also for underground retention type plan reviews.

The wireless communication facilities. This is the industry standard, 3% that the industry has agreed is an appropriate increase. It comes out of the state legislation several years back that provides for an approximate 3% increase in fees for wireless facilities. This will generate about \$15,000 more dollars in revenue. And the stormwater fee which we're proposing to increase by \$1.00. With this amount going to providing funding for capital projects for drainage related improvements.

This would be the City's match for what we see a very favorable participation by the Maricopa County Flood Control District, 50% or greater and this provides money for us to be able to do those capital projects when the opportunities arise. Short and sweet. I would be happy to answer any questions.

Mayor Lane: Brief is good. It looks like whatever questions we might have had have been answered. Thanks very much for your presentation, Randy.

Randy Grant: Thank you.

Mayor Lane: Okay, so I'm showing Bill Murphy. He's not here? Oh, I gotcha. Okay. All right.

[Time: 01:35:34]

Tourism and Events Director Karen Churchard: Mayor and Council. I will go very quickly. Sorry for that, I thought that Randy was covering that. We have a few minor changes in our special events, event venue fees. We're looking at Stetson Plaza. Just switching the rental from a 600 square-foot and splitting it into half. The Soleri Plaza fee is just increasing the fee structure and standardizing the cost of rentals to \$0.10 per square-foot. A General Fund revenue of approximately \$1,700. Street closure fees, we're looking at local streets, changing the standard fee to close local street segments, up to one mile per event per day. This would standardize the costs for street use of the static events. And then collector and arterial streets, we would change the standard fees to close the collector and arterial street segments per lane per mile per day. This is a slight General Fund revenue of \$500. Our downtown fees for city off-street parking lots and garages, we are changing the in cost per square-foot of event rental. This is being adjusted to bring the fees in line with current market rate, about a \$688

increase. Other fees are public property rentals for all of our public areas that are not indicated in the event venue fee section. This changes the rental rate at \$0.10 a square-foot or \$300, whichever is less. And we have new bollards now at the Canal Banks area and we're setting up a renewable, an installation fee. Revenue is pretty minimal on that. That's a new addition. Any questions?

Mayor Lane: Seeing none. Thank you very much Karen. Oh, just on the scene. Mr. Murphy, welcome.

[Time: 01:37:42]

Assistant City Manager Bill Murphy: Good evening Mayor, members of Council. I'm going to go through Community Services fees with you right now. We offer an after school program at six sites. We offer them at Echo Canyon, Navajo, Tonalea and Yavapai as well as our two community centers at Mountain View and at Horizon. We are proposing that we would take our title one fee from \$24 to \$30. And the community centers would go from \$42 to \$45. Our learn to swim classes, we are going to increase those \$2 for residents and they are going to increase to \$3 for non-residents for our program. The learn to swim program and a two-week program. Eight classes are offered. It is one of the main missions within the aquatics and we hope to recover 100% as we do this. The Community Services facility room rentals, we want to try to streamline the process for the rooms. When people call and say they are resident and non-resident that we want to be able to have them utilize the computer and do a lot more of this done online. So, we are going to be looking at fee changes in that area. The increase that you are going to see in our medium and small rooms will increase by \$5. They'll go to \$20 and \$25.

The large and extra-large rooms are going to stay the same at the fee that we have today. The Scottsdale Sports Complex, we have had requests from some of the local businesses nearby to rent the parking lot out for some parking for their staff as they have done various remodels or just because they lack the amount of parking necessary. For some of the smaller groups that want to reserve some time, we would charge them \$2 a parking slot. That would cover that. We have four parking lots up there and we do get a few requests that are a little bit related to this. The Library, you have asked that we come back to you and give information on the fees. We are in the future. We are going to start our amnesty program in April and through May. This is probably one of the starts of that. We have a \$1 hold fee for books on hold up to seven days. We are going to release not doing that with the hope that again, this will help to give us some feedback related to our fees. The Library collection fee, we use a company called Unique. We charge \$15 for them. That is tacked on to some of the other cost recovery that we have for the late fines and fees. Our staff, as part of this program are working with business services. We may not use Unique in the future, but we are working through that right now. This collection fee would be effected with the fees this year and eliminate this fee.

The Human Services fee is new. Our Youth and Family Services is a licensure by the behavioral health agencies of Arizona. We embarked on this about two years ago with a pilot program with the court to see if we could streamline some of the counseling necessary for people who receive a DUI and also involved further into domestic violence. It's been very successful for us. We're now starting Year 3. We are proposing to do the services online. What that would be is we would have a 16-hour program that would be \$225 fee for that. For some numbers, so far this year, we have had 473 drug/alcohol screenings that our staff has completed at the court. The defendants were given 16 to 36 hours for each of those. We feel that the online gives them another opportunity to have some easy way to adjudicate some of the things that the court has put forward with them. This is an idea that Greg Bestgen worked

out with the court and it has really worked out well so far.

The Preserve, I'm bringing forward to you because we have not brought anything back to you since 2010. In 2010, we enacted the guiding permit fee. So, for an individual to go out with a group like REI was \$3.50 per person and we are benchmarking with others and take it to \$5. On the application fee, we have it set at \$150 and it is done annually, and we have notified them of this process and what we would be doing. And the daily Special Use Permit fee that we have involves a couple areas that we, so if you have a professional family photographer, we charge you a \$50 fee. These are all new fees that we take to the Preserve Commission on February 6th. We are looking to implement these in the future.

WestWorld as become part of Community Services and we are excited to work closely with Brian. The Equidome Drop-in fee is based on availability, as well as the market demand. Right now, it is \$250 for you to come in to WestWorld and use the Equidome. Someone has to watch over that while that's going on, which is a little cumbersome. We are proposing to take it up to \$500 up to four hours of use in the Equidome this coming year. Labor equipment and labor cleanup rate is another area where we want to capture 110% of our full recovery. Just to give you some numbers on that. Our equipment would be at \$40 and the rate for staff would be at \$30. So, 110%. I was out there last week for the clean-up they did from the transition from the Arabian show to the quarter show so to see all of that moving, staffing that involves that turnover is pretty amazing and this is a good way to recapture some of those costs.

[Time: 01:45:00]

The RV overnight parking and we have a seasonal rate and a high demand rate. The seasonal rate would be from October through April. We are proposing that goes to \$75. The off-season goes from \$29 to \$33. There is a parking fee that we have not done anything within 15 years. We are suggesting that we take it from \$5 to \$10. That would be for the special events that are outside the major events that we have there at WestWorld. One other thing that I wanted to point out to you. We are also going to put a fee in for the soccer use of the polo fields. Last summer, we generated \$20,000 with soccer on the polo field. The rate at \$30 is similar to the fee that we charge for a field in our parks system, so that's also what we are going to incorporate at WestWorld.

And then, we get to our busiest park, which is McCormick and the ramada fees as the busier park that we have, the reservations for ramadas go very quickly. What we're recommending there is we would take the ramada fee for a small ramada from \$38 to \$45, a medium ramada from \$65 to \$75, and a larger ramada from \$95 to \$100. we also would like to throw in a picnic table fee because the ramadas go so quickly, we do have picnic areas throughout the park, and what we're suggesting there again in peak season which would be October to May that we would take a small picnic area and charge \$25, a large one would be \$50. And in the summer months, which would be roughly June through September, we would go \$13 for the smaller picnic areas and \$25 for the larger. The McCormick also, if you have gone out there to buy tickets and as a grandparent now, going back-and-forth with my family. It is cumbersome to buy tickets and how many tickets go where. We have incorporated that into a fee that would be a wristband. It would go for \$10 to \$12. You would be able to pay for that for rides whether it is the carousel or utilizing the train. And the birthday party fee and we have the birthday party cars in which you can have your birthdays, and that is covered with a ride, as well as supplies.

We are going to be taking that fee up, so we can produce 100% recovery rate for that. The museum ticket eliminations. This is located east to the carousel. It is an educational and historical attraction that we have charged \$1 for. We are suggesting that we no longer charge a fee for it to encourage people to understand and learn more about the railroad and the museum. itself This would be a reduction in our revenue this coming year. With that, I will turn it over to the chief. If you have any questions.

Mayor Lane: Just a quick question. Am I right in assuming if in fact, you are talking about rental rates on picnic tables and you are talking about a picnic table area or an area that you want to reserve or is this if you walk into the park and sit down at a picnic table?

Bill Murphy: If you wanted to reserve. The peak season that we are in now and they are scattered throughout the park, we would have those inventoried and available. If they have not booked, you can certainly use them at that point.

Mayor Lane: Very good. Councilwoman Whitehead?

[Time: 01:49:11]

Councilwoman Whitehead: On the parking on the Scottsdale Sports Complex, you are talking about the existing parking and not the added parking that we do with the sports field?

Bill Murphy: This is actually the asphalt, black top surfaces that surround the upper portion of where the fields are.

Councilwoman Whitehead: Are we going to have any conflict where there's too much parking taken, and we have people who go to that park and already dissatisfied with the Open.

Bill Murphy: That's a good question. Most of the parking requests that come to us are prior to us having soccer activities out there for either a weekend or during the weekday. It is primarily during the workday hours of 8 to 5. Really there is very little impact that we have to any of the users reserving the facility.

Councilwoman Whitehead: Great. Then we are using it when it is not needed by others. Great.

Mayor Lane: Thank you, Mr. Murphy. Welcome Chief Shannon.

[Time: 01:50:30]

Fire Chief Tom Shannon: Good evening. We will be very brief. We are proposing nominal increases on par with the building division in conjunction with the Planning Department. We have marginal increases to about five of our 22 fees. They really amount to a General Fund increase of \$4,580. The total increase is \$230 amongst the five fees and they are specifically related to common fees that we parallel the building department with. With that, I'm happy to answer any questions. Talk about brief.

Mayor Lane: I was wondering why we didn't have a PowerPoint on you. I see no questions on it. Short, brief, and to the point. Thank you, Chief.

[Time: 01:51:38]

Police Chief Alan Rodbell: Good evening, Mayor and members of Council. I only have a couple of recommendations. They all involve off-duty paid officers represents 0 increase to the General Fund in terms of revenue. A couple of years ago, the fiscal year I think 2018/19, we agreed to get away from a formula in terms of how we pay our off-duty officers into an average of the Valley agencies, so we compare ourselves to the several other agencies including DPS and others in the east valley. And we come up with an average. This is an increase and we haven't done it in a couple years, so we did it this year. The current average is \$51.50 per hour for a police officer. Again, the costs are passed on and there is no additional revenue to us. The second one if you increase the off-duty rate, you have to increase the off-duty rate for holidays at one and a half times. This includes four holidays, Thanksgiving, Christmas, Independence Day and New Year's day. It is what we do currently and only changes the rate to the new rate.

The thing that is new that I'm asking for this year is a holiday eve off-duty rate starting at 3 o'clock on three of the holidays. We are having a difficult time filling these spots for our vendors and we see this as a little bit more of an incentive and they are working the holiday eves and most of us are enjoying our holidays at home and increases our officers to have higher coverage. That's it for my presentation.

[Time: 01:53:26]

Mayor Lane: Thank you. The holiday eve off-duty rate and I know that some of these are pass throughs. Does that change the equation for your regular duty officers?

Chief Rodbell: No, sir. The regular off-duty officers and it depends if the holiday falls on an off-duty day. If they are working Friday and not Saturday, it might have some impact on them, but not a major concern.

Mayor Lane: To the point of overtime rate vs. straight time. Regular duty, whether it is for an event or otherwise, there would be some effect there.

Chief Rodbell: I don't think so. If an officer is working on a holiday eve and also working on the holiday, they would not be receiving time and a half on the actual holiday eve because they are receiving holiday pay on the holiday. That's a good point. This is all revenue to the City and not pass through.

Mayor Lane: I see no other questions. Thank you very much.

Chief Rodbell: Thank you.

Mayor Lane: Okay. That does complete Item 25, the City's Proposed Fiscal Year 2020/21 Rates and Fees and this was for presentation, discussion, and possible direction. I think that whatever direction, unless there is any other comments from the Council was imparted during the process of the presentations. I think that completes Item 25 and there is no decision to be made on this. I will ask if there are any other comments from the Council? Seeing none. We have completed Item 25. Thank you for the presentations and the comments imparted. Thank you.

Moving on from there, we have a request from this Regular Meeting as to Public Comment, I see no further Public Comment and no further citizen's petition. Frankly, none at all.

MAYOR AND COUNCIL

ITEM 27 - BOARDS, COMMISSIONS, AND TASK FORCE NOMINATIONS (Note: Interviews and appointments scheduled for March 17, 2020)

Mayor Lane: For the purposes of boards and commissions, it is part of our Mayor and Council Item and commission and board nominations. I'm going to turn it over to Vice Mayor Littlefield.

[Time: 01:56:30]

Vice Mayor Littlefield: Thank you, Mayor. This evening, the City Council will be nominating Scottsdale residents interested in serving on citizen advisory boards and commissions. The boards and commissions with current vacancies include the following: Building Advisory Board of Appeals, Development Review Board, Human Services Commission, Industrial Development Authority, Judicial Appointments Advisory Board, Library Board, Parks and Recreation Commission and the Transportation Commission. The Scottsdale City Council is responsible for establishing City policies and enacting laws in support of those policies. The Council relies on volunteer, citizen-based boards and commissions to research issues and make recommendations in support of the Council's mission and goals. The information and recommendations provided by Council-appointed advisory boards is a valuable tool in helping Councilmembers in their deliberations. Individuals nominated will be interviewed at a Special City Council meeting on Tuesday, March 17th with appointments following each set of interviews.

BUILDING ADVISORY BOARD OF APPEALS

[Time: 01:57:50]

Vice Mayor Littlefield: Our first board is the Building Advisory Board of Appeals has three openings; however, no applications have been received at this time. As such, we will move on to the next Board.

DEVELOPMENT REVIEW BOARD

[Time: 01:58:02]

Vice Mayor Littlefield: The Development Review Board has one opening. The purpose of the Development Review Board is to review and approve architectural design and layout of proposed development plans. There are special qualifications, as outlined in the Scottsdale City Code, the membership shall consist 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. Shakir Gushgari's term expires on March 21st; is eligible for reappointment and has submitted an application for consideration. Mr. Gushgari represents a design background position. There is one vacancy and five applicants. The applicants are Jeffrey Brand,

Michael Buschbacher, Andrea Davis, Shakir Gushgari, and Peter Koliopoulos. I will begin with Linda Milhaven.

Councilwoman Milhaven: Shakir Gushgari.

Councilwoman Klapp: Which way are you going?

Vice Mayor Littlefield: Around that way.

Councilwoman Whitehead: Mr. Gushgari.

Vice Mayor Littlefield: Andrea Davis.

Councilman Phillips: No further.

Councilmember Korte: No additional.

Mayor Lane: Jeffrey Brand.

Councilwoman Klapp: No further.

Vice Mayor Littlefield: Thank you. I will now entertain nominations for the Development Review Board. We already did that. We have three nominees: Jeffrey Brand, Andrea Davis and Shakir Gushgari.

HUMAN SERVICES COMMISSION

[Time: 02:00:01]

Vice Mayor Littlefield: The Human Services Commission has one opening. The Human Services Commission provides advisory recommendations to staff and the City Council on human services priorities and programs; and funding allocations for Scottsdale Cares, Community Development Block Grants, HOME, Human Services Emergency and General Funds. Jayne Hubbard's term expired in February; is eligible for reappointment; and has submitted an application for consideration. There is one vacancy and one applicant. The applicant is Jayne Hubbard. We will begin with Councilwoman Whitehead.

Councilwoman Whitehead: Jayne Hubbard.

Vice Mayor Littlefield: All applicants have been nominated. So, we will close the nominations.

INDUSTRIAL DEVELOPMENT AUTHORITY

[Time: 02:00:57]

Vice Mayor Littlefield: The Industrial Development Authority has one opening. However, no applications are currently on file at this time. As such, we will move on to the next Board.

JUDICIAL APPOINTMENTS ADVISORY BOARD

[Time: 02:01:11]

Vice Mayor Littlefield: The Judicial Appointments Advisory Board has one opening and it is a citizen position. The Judicial Appointments Advisory Board makes advisory recommendations to the City Council regarding the appointment and reappointment of full-time city judges. The seven-member JAAB will consist of two active judges, one representative from both the State Bar and the Scottsdale Bar Associations, and three citizens appointed by the City Council, who are not judges in any official capacity, nor retired judges, nor members of the State Bar of Arizona. Brian Adamovich's term expired in February; is eligible for reappointment and has submitted an application for consideration. Mr. Adamovich represented a citizen position. There is one vacancy and one applicant. I will start this with Brian Adamovich. And we'll now close nominations. Since the one applicant has been nominated.

LIBRARY BOARD

[Time: 02:02:26]

Vice Mayor Littlefield: The Library Board has two openings. The Library Board advises the City Council on general policy relating to the programs, services and future development of the Scottsdale Public Libraries. Teresa Quale's term expired in February and is not eligible for reappointment. Sheila Reyman's term expires in March; is eligible for reappointment; and has submitted an application for consideration. There are two vacancies and five applicants. The applicants are Sam Campana, Freda Hartman, Nicole Huser, Brian Kelley, and Sheila Reyman. We will begin with Councilman Phillips.

Councilman Phillips: Sheila Reyman.

Councilmember Korte: There is two openings.

Vice Mayor Littlefield: There's two openings.

Councilman Phillips: Sheila Reyman and Sam Campana.

Councilmember Korte: Sam Campana and Sheila Reyman.

Mayor Lane: Ruth Wachs.

Councilwoman Klapp: Freda Hartman.

Councilwoman Milhaven: No additional.

Councilwoman Whitehead: Nicole Huser.

Vice Mayor Littlefield: Sheila Reyman and Nicole Huser.

Mayor Lane: It's nominations.

Vice Mayor Littlefield: Mayor, did you want to make an additional?

Mayor Lane: I added one and that's it. It's nominations and not a vote.

Vice Mayor Littlefield: Nominations okay. Thank you very much. Nominations are closed.

PARKS AND RECREATION COMMISSION

[Time: 02:04:17]

Vice Mayor Littlefield: Parks and Recreation Commission. There is three openings. The Parks and Recreation Commission advises the City Council on the acquisitions of lands and facilities for use as parks or recreation centers, and on the operation, use, care and maintenance of these parks and recreation areas. Terms for Michael Auerbach, Kurt Jones and Jason Watton ended in February; and all were eligible for reappointment. Michael Auerbach and Jason Watton did not submit applications for consideration. Kurt Jones submitted an application for consideration for a new term. There are three vacancies and three applicants. The applicants are John Doering, Kurt Jones, and Susan McGarry. We'll begin with Councilmember Korte.

Councilmember Korte: John Doering, Kurt Jones, Susan McGarry.

Mayor Lane: No additional. I think it closes it.

Vice Mayor Littlefield: Okay, nominations are closed. All three have been nominated.

TRANSPORTATION COMMISSION

[Time: 02:05:24]

Vice Mayor Littlefield: The Transportation Commission has one opening. The Transportation Commission advises the City Council on matters relating to the safe and efficient movement of vehicles, transit, pedestrians and bicycles. The commission provides a public forum to hear citizen complaints and requests regarding transportation matters. Pamela Iacovo's term expired in February; is eligible for reappointment; and has submitted an application for consideration. There is one vacancy and five applicants. The applicants are David Dubner, Pamela Iacovo, Karen Kowal, Michael Penn, and Carl Stein. We will begin with Mayor Lane.

Mayor Lane: Karen Kowal.

Councilwoman Klapp: Pamela Iacovo.

Councilwoman Milhaven: No additional.

Councilwoman Whitehead: No additional.

Vice Mayor Littlefield: No additional.

Councilman Phillips: Dave Dubner.

Councilmember Korte: No additional.

Vice Mayor Littlefield: Thank you, we have three nominations, David Dubner, Pamela Iacovo and Karen Kowal. This concludes our nomination process this evening. City staff will contact those who were nominated and provide them with additional information about the interview process. I would like to take this opportunity to sincerely thank all who applied to serve on a citizen advisory board or commission. Even if you were not nominated, your application will remain on file for one year for consideration at a future date, should an additional vacancy arise. Thank you very much. I turn the meeting back over to the Mayor.

Mayor Lane: Thank you, Vice Mayor. Good meeting. We got some great nominees. Thank you everyone for submitting. With that, we have completed our business for our meeting today.

ADJOURNMENT

[Time: 02:07:42]

Mayor Lane: I would ask for a motion to adjourn.

Councilwoman Klapp: Motion to adjourn.

Councilmember Korte: Second.

Mayor Lane: Motion has been made and seconded. All those in favor of adjournment, please indicate by 'aye". We are adjourned. Thank you.