



**MINUTES OF THE
GLENDALE CITY COUNCIL MEETING
Council Chambers
5850 West Glendale Avenue
May 24, 2011
7:00 p.m.**

The meeting was called to order by Mayor Elaine M. Scruggs, with Vice Mayor Steven E. Frate and the following Councilmembers present: Norma S. Alvarez, Joyce V. Clark, Yvonne J. Knaack, H. Philip Lieberman and Manuel D. Martinez.

Also present were Ed Beasley, City Manager; Horatio Skeete, Assistant City Manager; Craig Tindall, City Attorney; and Pamela Hanna, City Clerk.

COMPLIANCE WITH ARTICLE VII, SECTION 6(c) OF THE GLENDALE CHARTER

A statement was filed by the City Clerk that the 5 resolutions and 1 ordinance to be considered at the meeting were available for public examination and the title posted at City Hall more than 72 hours in advance of the meeting.

APPROVAL OF THE MINUTES OF THE MAY 10, 2011 CITY COUNCIL MEETING

It was moved by Martinez, and seconded by Clark, to dispense with the reading of the minutes of the May 10, 2011 Regular City Council meeting, as each member of the Council had been provided copies in advance, and approve them as revised. The motion carried unanimously.

BOARDS, COMMISSIONS AND OTHER BODIES

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This is a request for City Council to approve the recommended appointments to the following boards, commissions and other bodies that have a vacancy or expired term and for the Mayor to administer the Oath of Office to those appointees in attendance.

Board of Adjustment

Cathy Cheshier	Cholla	Reappointment	06/30/2011	06/30/2013
Bert Schwind	Yucca	Reappointment	06/30/2011	06/30/2013
Bert Schwind – Chair	Yucca	Appointment	06/30/2011	06/30/2012
Jeff Blake – Vice Chair	Mayoral	Appointment	06/30/2011	06/30/2012

Citizens Advisory Commission on Neighborhoods

Barbara Cole	Cactus	Reappointment	06/30/2011	06/30/2013
John Geurs	Ocotillo	Reappointment	06/30/2011	06/30/2013
Manuel Cruz	Yucca	Appointment	06/30/2011	06/30/2013
Rebecca Ontiveros	Ocotillo	Reappointment	06/30/2011	06/30/2013
Vickie Loya – Chair	Cholla	Appointment	06/30/2011	06/30/2012
Barbara Cole – Vice Chair	Cactus	Appointment	06/30/2011	06/30/2012

Citizens Bicycle Advisory Committee

David Coble – Chair	Cholla	Appointment	07/17/2011	07/17/2012
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Citizens Transportation Oversight Commission

Jackie Doerr	Cactus	Reappointment	07/25/2011	07/25/2013
Manuel Padia Jr.	Ocotillo	Reappointment	07/25/2011	07/25/2013

Community Development Advisory Committee

Richard Schwartz	Yucca	Appointment	05/24/2011	07/01/2012
Sharon Wixon	Mayoral	Reappointment	07/01/2011	07/01/2013
John Torres – Neighborhood Rep.	Cactus	Appointment	05/24/2011	05/24/2013
Madelin Page – Chair	Barrel	Appointment	05/24/2011	04/26/2012

Library Advisory Board

Charlene Sharp	Sahuaro	Reappointment	06/28/2011	06/28/2013
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Parks & Recreation Advisory Commission

Samantha Cooke – Teen	Sahuaro	Appointment	05/27/2011	05/27/2012
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Risk Management/Worker’s Compensation Trust Fund Board

Councilmember Joyce Clark	Yucca	Reappointment	07/24/2011	07/24/2014
Sandra Oates	Barrel	Reappointment	07/24/2011	07/24/2014
Diane Goke – Finance Director		Appointment	05/27/2011	07/24/2014
John Stern – Chair	Cholla	Reappointment	07/24/2011	07/24/2012

Councilmember Clark made the recommendation is to make appointments to the boards, commissions and other bodies and administer the Oaths of Office.

It was moved by Frate, and seconded by Knaack, to appoint Cathy Cheshier, Bert Schwind and Jeff Blake to the Board of Adjustment; Barbara Cole, John Geurs, Manuel Cruz, Rebecca Ontiveros, and Vickie Loya to the Citizens Advisory Commission on Neighborhoods; David Coble to the Citizens Bicycle Advisory Committee; Jackie Doerr and Manuel Padia Jr. to the Citizens Transportation Oversight Commission; Richard Schwartz, Sharon Wixon, John Torres and Madelin Page to the Community Development Advisory Committee; Charlene Sharp to the Library Advisory Board; Samantha Cooke to the Parks and Recreation Advisory Commission; and Councilmember Joyce Clark, Sandra Oates, Diane Goke and John Stern to the Risk Management/Worker’s Compensation Trust Fund Board, for the terms listed above. The motion carried unanimously.

Mayor Scruggs called those present forward and issued the oath of office.

CONSENT AGENDA

Items on the consent agenda are of a routine nature or have been previously studied by the City Council at a work session. They are intended to be acted upon in one motion.

Mr. Ed Beasley, City Manager, read agenda item numbers 1 through 7 and Ms. Pamela Hanna, City Clerk, read consent agenda resolution item numbers 8 through 11 by number and title.

Councilmember Lieberman asked that item number 11 be heard separately.

1. LIQUOR LICENSE NO. 5-1063, CONNOLLY'S BAR & GRILL

This is a request for City Council to approve a person-to-person transferable series 6 (Bar - All Liquor) license for Connolly's Bar & Grill located at 5160 West Northern Avenue. The Arizona Department of Liquor Licenses and Control application (No. 06070744) was submitted by JoAnne Kurgan.

The location of the establishment is 5160 West Northern Avenue in the Barrel District. The property is zoned C-2 (General Commercial). The population density within a one-mile radius is 20,150. Connolly's Bar & Grill is currently operating with an interim permit, therefore, the approval of this license will not increase the number of liquor licenses in the area. The current number of liquor licenses within a one-mile radius is as listed below.

Series	Type	Quantity
06	Bar - All Liquor	3
07	Bar - Beer and Wine	2
09	Liquor Store - All Liquor	5
10	Liquor Store - Beer and Wine	4
11	Hotel/Motel	2
14	Private Club	1
	Total	17

The Maricopa County Health Department and the City of Glendale Planning, Police, and Fire Departments have reviewed the application and determined that it meets all technical requirements.

No public protests were received during the 20-day posting period.

Based on information provided under the background, it is staff's recommendation to forward this application to the Arizona Department of Liquor Licenses and Control with a recommendation of approval.

2. LIQUOR LICENSE NO. 5-1216, VINNIE & JOEY'S PLACE

This is a request for City Council to approve a person-to-person transferable series 6 (Bar - All Liquor) license for Vinnie & Joey's Place located at 9250 North 43rd Avenue, Suites 17 and 18. The Arizona Department of Liquor Licenses and Control application (No. 06070234) was submitted by Ann Lee Chang.

The location of the establishment is 9250 North 43rd Avenue, Suites 17 and 18 in the Cactus District. The property is zoned C-2 (General Commercial). The population density within a one-mile radius is 22,089. Vinnie & Joey's Place is currently operating with an interim permit, therefore, the approval of this license will not increase the number of liquor licenses in the area. The current number of liquor licenses within a one-mile radius is as listed below.

Series	Type	Quantity
06	Bar - All Liquor	10
07	Bar - Beer and Wine	2
09	Liquor Store - All Liquor	3
10	Liquor Store - Beer and Wine	7
12	Restaurant	6
	Total	28

The Maricopa County Health Department and the City of Glendale Planning, Police, and Fire Departments have reviewed the application and determined that it meets all technical requirements.

No public protests were received during the 20-day posting period.

Based on information provided under the background, it is staff's recommendation to forward this application to the Arizona Department of Liquor Licenses and Control with a recommendation of approval.

3. LIQUOR LICENSE NO. 5-1256, THE PLACE, MIKE AND RONDA'S RESTAURANT

This is a request for City Council to approve a new, non-transferable series 12 (Restaurant) license for The Place, Mike and Ronda's Restaurant located at 5171 West Bell Road. The Arizona Department of Liquor Licenses and Control application (No. 12078720) was submitted by Keawana Jane Mead.

The location of the establishment is 5171 West Bell Road in the Sahuaro District. The property is zoned M-1 (Light Industrial). The population density within a one-mile radius is 12,359. This series 12 is a new license, however, the approval of this license will not increase the number of liquor licenses in the area because this license replaces the previous one held at this location. The current number of liquor licenses within a one-mile radius is as listed below.

Series	Type	Quantity
06	Bar - All Liquor	5
07	Bar - Beer and Wine	1

09	Liquor Store - All Liquor	2
10	Liquor Store - Beer and Wine	3
12	Restaurant	13
	Total	24

The Maricopa County Health Department and the City of Glendale Planning, Police, and Fire Departments have reviewed the application and determined that it meets all technical requirements.

No public protests were received during the 20-day posting period.

Based on information provided under the background, it is staff's recommendation to forward this application to the Arizona Department of Liquor Licenses and Control with a recommendation of approval.

4. REDISTRICTING CRITERIA APPROVAL

This is a request for City Council to formally approve the criteria to be used by the consultant in the redistricting process.

This request addresses Council's goal of one community with high-quality services for citizens by creating a redistricting process that ensures the public's voting rights will be protected and that a diverse and engaged citizenry will have a voice in helping to develop the new Council district boundaries.

On March 10, 2011, current figures were released by the United States Census Bureau. Glendale's population grew to 226,721. Based on the new Census population of Glendale, the ideal district should contain 37,787 persons (the total population divided by six Council districts).

City Charter requires that redistricting be done at least every ten years and, in order to be on the county ballot, Maricopa County requires the redistricting plan be submitted by October 1, 2011.

The United States Department of Justice is required to approve any redistricting plan.

On May 17, 2011, during the workshop, Council reviewed criteria to be used by the consultant.

On April 26, 2011, Council awarded the proposal to National Demographics Corporation.

On April 5, 2011, during the workshop, Council discussed redistricting.

Redistricting protects voters' rights by ensuring population equality in Council districts.

The recommendation is to approve the criteria to be used by the consultant in the redistricting process.

5. FY 2011-2012 PERFORMING ARTS PARTNERSHIP PROGRAM

This is a request for the City Council to approve the expenditures recommended by Glendale Arts Commission for the FY 2011-12 Performing Arts Partnership Program.

The Performing Arts Partnership Program supports Council's goal of a city with high-quality services for citizens through sponsoring a wide variety of arts programs in public facilities and schools throughout the city.

In 1996, Council approved the Performing Arts Partnership Program. One percent of construction projects in the capital improvement program are deposited into the municipal art fund to be used to administer the city's public art and performing arts program. Expenditures from the municipal arts fund are recommended by the Glendale Arts Commission through its annual art projects plan and are subject to approval by Council. Proposals for performing arts projects to be held in Glendale were solicited from non-profit arts organizations, schools and government agencies for FY 2011-12. As a result, the Arts Commission met on April 20, 2011 and recommended 11 of them be funded for a total of \$35,500. The expenditures recommended are as follows:

- \$3,500 - ABT Performing Arts Association, Inc. for production of *The Adventures of Stuart Little* and *Hyronomous A. Frog, The Frog Prince* at Glendale Public Library along with an arts component after each performance.
- \$4,000 - Arizona Theatre Company to support artists-in-residence programs for students at Glendale High School and Mountain Ridge High School showcasing *Romeo and Juliet* and *Macbeth*, the work of William Shakespeare.
- \$4,000 - Center Dance Ensemble for 11 performances of *The ABC's of Dance and Poetry 'n Motion*, a series of touring dance demonstrations to be held at Bicentennial North, Bicentennial South, Glenn F. Burton, Desert Palms, and Foothills schools.
- \$3,000 - Childsplay, Inc. for the presentation of *Interrupting Vanessa* and *Rock the Presidents* touring theatrical performances to be held at Foothills Branch Library. Each performance will be presented twice.
- \$3,500 - Free Arts for Abused Children of Arizona for production of *The Sunshine International Cultural Festival*, a multicultural arts event for abused, homeless, and at-risk youth. Includes an artists-in-residence component featuring five teaching artists. Each artist will conduct one five-week residency in group homes located in Glendale. The project culminates with a festival held at Sahuaro Ranch Park.
- \$3,000 - The Fusion Foundation for presentation of 11 musical performances at downtown Glendale's First Saturdays during the 2011-12 season.
- \$3,000 - Opendance for a multi-disciplinary program presented in celebration of the Arizona Centennial at Glendale Public Library. The program targets young audiences and will be held during the fall and spring breaks at elementary schools located in Glendale.
- \$2,250 - The Phoenix Conservatory of Music for a year-long after school artists-in-residency percussion program for Bicentennial South Elementary.
- \$4,000 - The Phoenix Symphony for presenting a Classroom Concert featuring the Symphony's 25-member String Orchestra at Bicentennial South Elementary.

- \$2,250 - Scottsdale Cultural Council for presenting *Arizona Wolf Trap* arts programs for preschoolers and workshops for teachers at seven classrooms in various schools in the Glendale Elementary School District.
- \$3,000 - West Valley Arts Council for presenting *The Big Read* literary art series, which will include performances, lectures and discussions at Glendale’s libraries. The featured book for the statewide program is *The Great Gatsby*.

The public events will occur over the course of the next twelve months. As such, additional public notification will take place on the city’s website, via press-release and additional notification efforts by the funding recipients.

Every year since 1996, Council has approved the expenditures for the Performing Arts Partnership Program to motivate, increase and support the performing arts in Glendale. Since inception of the program, the city has invested \$491,800 in 180 performing arts projects.

The Performing Arts Partnership Program supports a wide variety of programs, which make the arts more accessible to Glendale citizens, most notably youth and their families. The various organizations host a variety of diverse arts programs throughout the community that can be enjoyed by residents of all ages.

Funds are available through the Public Art Program. There are no operating costs associated with this program.

Grants	Capital Expense	One-Time Cost	Budgeted	Unbudgeted	Total
			X		\$35,500

<u>Account Name, Fund, Account and Line Item Number:</u> Arts Maintenance, Account No. 1220-15310-518200, \$35,500

The recommendation is to approve the expenditures for the various agencies that have been selected to participate in the Glendale Arts Commission’s FY 2011-12 Performing Arts Partnership Program.

6. AWARD OF BID 11-49: FIRE HYDRANTS AND RELATED PARTS

This is a request for City Council to authorize the award of Bid 11-49 to HD Supply Waterworks, Arizona Waterworks Supply, and EmpireWest Inc. in an amount not to exceed \$300,000 for the purchase of fire hydrants and related parts.

This request addresses Council’s goal of one community with high-quality services for citizens. Awarding this bid will allow the city to continue to provide reliable and sufficient water services for fire protection to Glendale residents and businesses.

An Invitation for Bids to supply fire hydrants and related parts was issued and six offers were received. The bid was divided into eight lots. The first three lots (A, B, and C) were strictly for

fire hydrants, valves, and miscellaneous related parts. Lot D was for ductile iron pipe. The remaining lots (E, F, G and H) were for repair parts specific to the fire hydrant models currently installed throughout the city. Of the six offers received, HD Supply Waterworks was the lowest responsive and qualified bidder for lots A, B, and C; Arizona Waterworks Supply was the lowest responsive and qualified bidder for lot D; and EmpireWest Inc. was the lowest responsive and qualified bidder for lots E, F, G, and H.

Upon approval by Council, the bid award shall commence July 1, 2011 and continue for one year. The bid contains an option that will permit the city to extend the bid for an additional five years in one-year increments. Price adjustments are permitted annually if mutually agreed upon by both parties. The city can accept or reject the price adjustment. If the city accepts the price adjustment, the award will be extended for one year. If the city rejects the price adjustment, the award may be rebid.

On June 8, 2010, Council awarded bids to Ferguson Enterprises, Inc., Farnsworth Wholesale Company, and HD Supply Waterworks for fire hydrants and related parts. The contract expires on June 11, 2011.

On March 27, 2007, Council awarded bids to Dana Kepner and HD Supply Waterworks for fire hydrants and related parts.

The maintenance, repair, and replacement of fire hydrants will continue to provide reliable and sufficient water service for fire protection to the Glendale community.

Funds are available in the FY 2011-12 operating budget of the Water Services Department.

Grants	Capital Expense	One-Time Cost	Budgeted	Unbudgeted	Total
			X		\$300,000

Account Name, Fund, Account and Line Item Number:
 Water Distribution, Account No. 2400-17290-524400, \$300,000

The recommendation is to award Bid 11-49 to HD Supply Waterworks, Arizona Waterworks Supply, and EmpireWest Inc. for the purchase of fire hydrants and related parts in an amount not to exceed \$300,000 for the initial award and authorize the city to extend the award for an additional five years in one-year increments with price adjustments in accordance with Bid 11-49.

7. AWARD OF BID FOR NORTHERN AVENUE RESURFACING

This is a request for City Council to award the bid and authorize the City Manager to enter into a construction agreement with Knochel Bros., Inc. in an amount not to exceed \$2,303,882.75 for the resurfacing of Northern Avenue from 43rd to 65th Avenues.

This request supports Council’s goal of one community with high-quality services for citizens by providing improvements to city roadways.

This project will resurface Northern Avenue from 43rd to 65th Avenues. The overlay was scheduled in conjunction with an Arizona Department of Transportation intersection enhancement project, and Southwest Gas line replacement. These projects are now nearing completion and the overlay will begin as soon as these projects are completed in mid-June. Work in the major intersections will be completed at night and on the weekends with the entire project scheduled to be completed by mid-August. This will complete a series of projects which have significantly improved this area of Northern Avenue.

On April 14, 2011, eight bids were received for this project, with Knochel Bros., Inc. submitting the lowest responsive and qualified bid in the amount of \$2,303,882.75.

On November 2, 2010, a professional services agreement was entered into with Ritoch-Powell & Associates Consulting Engineers, Inc. in the amount of \$49,863.76 to provide design phase services for this project.

Rubberized asphalt overlay mitigates traffic noise, provides a smooth surface for motorists, and will extend the life of the roadway on Northern Avenue.

A public notification component is included as part of the construction agreement, which includes distribution of a newsletter to the surrounding businesses and residents in the affected area. A hotline number will also be established to address any issues that may arise.

Funding is available in the FY 2010-11 capital improvement plan. There are no additional operating and maintenance expenses associated with this project.

Grants	Capital Expense	One-Time Cost	Budgeted	Unbudgeted	Total
	X		X		\$2,303,882.75

Account Name, Fund, Account and Line Item Number:
 Northern Avenue Storm Drain, Account No. 2180-79008-550800, \$2,303,882.75

The recommendation is to award the bid and authorize the City Manager to enter into a construction agreement with Knochel Bros., Inc. in an amount not to exceed \$2,303,882.75 for the resurfacing of Northern Avenue between 43rd and 65th Avenues.

CONSENT RESOLUTIONS

8. INTERGOVERNMENTAL AGREEMENT WITH THE REGIONAL PUBLIC TRANSPORTATION AUTHORITY FOR TRANSIT SERVICES

This is a request for City Council to adopt a resolution authorizing the City Manager to enter into an annual intergovernmental agreement (IGA) with the Regional Public Transportation Authority

(RPTA) for the continued operation of fixed route bus services in the City of Glendale and reimbursement of transit services for the Americans with Disabilities Act (ADA) eligible riders.

This request supports Council's goal of one community with high-quality services for citizens by making transportation options more convenient for residents and visitors.

This action provides regional funding for fixed route, express, and ADA transit services in Glendale.

Fixed route bus services in Glendale will be provided through an agreement with the City of Phoenix at a cost estimated at \$7,521,860 for FY 2011-12. The RPTA will provide \$3,515,629 towards the cost of this service and the remaining \$4,006,231 is provided by the GO Transportation Program. This action secures the RPTA portion of the funding that will be provided to Phoenix for fixed route transit services in Glendale.

In addition, this action will provide an estimated \$176,904 for the continued operation of express routes in Glendale. There are three express routes that provide service between Glendale and downtown Phoenix.

This action also provides partial reimbursement of ADA transit costs with funds provided through Proposition 400. Glendale provides ADA transit service within three-quarters of a mile of fixed route service as required by the ADA legislation. The agreement provides for reimbursement of ADA transit costs up to \$589,866 for FY 2011-12.

On October 12, 2010, Council approved an IGA with the RPTA for transit services. This is an annual agreement to provide funding for bus service in addition to the funding provided by the GO Transportation Program.

This action provides the city with funding for bus service on Glendale, Peoria, Grand, 59th, and 67th Avenues and all express routes in Glendale. Fixed route and express service was provided to more than two million riders in Glendale last year, and Glendale's ADA transit service provided over 18,600 rides last year.

In FY 2011-12, regional transit funds will provide an estimated \$3,515,629 towards the cost of fixed route service, \$176,904 towards the cost of express service, and up to \$589,866 for the reimbursement of ADA transit expenses. Reimbursement funds will be deposited into account 1660-16530-419250, RPTA Revenue.

The recommendation is to waive reading beyond the title and adopt a resolution authorizing the City Manager to enter into an annual intergovernmental agreement with the Regional Public Transportation Authority for the continued operations of fixed route bus services in the City of Glendale and reimbursement of transit services for the Americans with Disabilities Act eligible riders.

Resolution No. 4481 New Series was read by number and title only, it being A RESOLUTION OF THE COUNCIL OF THE CITY OF GLENDALE, MARICOPA

COUNTY, ARIZONA, AUTHORIZING AND DIRECTING THE ENTERING INTO OF THE THIRD AMENDMENT TO THE INTERGOVERNMENTAL AGREEMENT WITH THE REGIONAL PUBLIC TRANSPORTATION AUTHORITY (RPTA) FOR THE PROVISION OF PUBLIC TRANSPORTATION SERVICES.

9. INTERGOVERNMENTAL AGREEMENT WITH THE CITY OF PHOENIX FOR FIXED ROUTE BUS SERVICES

This is a request for City Council to adopt a resolution ratifying Contract Change Order No. 2 and authorizing the City Manager to enter into Contract Change Order No. 3 to the intergovernmental agreement (IGA) with the City of Phoenix for the continued operation of fixed route bus services in the City of Glendale.

This action supports Council’s goal of one community with high-quality services for citizens by making transportation options more convenient for residents and visitors.

Fixed route bus service in Glendale is provided through an agreement with the City of Phoenix. The current IGA was approved on October 12, 2010. Due to funding restructuring, Contract Change Order No. 2 reflects a decrease of \$168,279 in the cost of transit services to Glendale. The estimated contract cost to Glendale decreased from \$4,407,206 to \$4,238,927 for FY 2010-11. The change does not result in any decrease of service.

Contract Change Order No. 3 will provide fixed route bus service for FY 2011-12 at an estimated cost of \$7,521,860. The Regional Public Transportation Authority (RPTA) will provide \$3,515,629 directly to the City of Phoenix on behalf of Glendale towards the cost of this service, and the remaining \$4,006,231 will be provided by the GO Transportation Program.

For over 29 years, fixed route bus service has been provided in Glendale through an IGA with the City of Phoenix, and this action will provide continuation of fixed route bus service in Glendale.

On October 12, 2010, Council approved an annual IGA with the City of Phoenix for fixed route services.

This action provides citizens with bus service on Union Hills Drive; Bell, Thunderbird, Cactus, and Bethany Home Roads; Northern, Olive, Peoria, 51st, 59th and 67th Avenues. Fixed route bus service is provided to more than two million riders in Glendale annually.

Funds for Contract Change Order No. 3 are available in the FY 2011-12 GO Transportation Program operating budget, and the cost is an estimate provided by the City of Phoenix.

Grants	Capital Expense	One-Time Cost	Budgeted	Unbudgeted	Total
			X		\$4,006,231

Account Name, Fund, Account and Line Item Number:

Fixed Route, Account No. 1660-16540-518200, \$4,006,231

The recommendation is to waive reading beyond the title and adopt a resolution ratifying Contract Change Order No. 2 and authorizing the City Manager to enter into Contract Change Order No. 3 to the intergovernmental agreement with the City of Phoenix for the continued operation of fixed route bus services.

Resolution No. 4482 New Series was read by number and title only, it being A RESOLUTION OF THE COUNCIL OF THE CITY OF GLENDALE, MARICOPA COUNTY, ARIZONA, RATIFYING THE ENTERING INTO OF CONTRACT CHANGE ORDER NO. 2 TO THE INTERGOVERNMENTAL AGREEMENT WITH THE CITY OF PHOENIX FOR THE OPERATION OF FIXED ROUTE BUS SERVICES IN THE CITY OF GLENDALE; AND AUTHORIZING AND DIRECTING THE ENTERING INTO OF CONTRACT CHANGE ORDER NO. 3 TO THE INTERGOVERNMENTAL AGREEMENT WITH THE CITY OF PHOENIX FOR THE OPERATION OF FIXED ROUTE BUS SERVICES IN THE CITY OF GLENDALE.

10. JOB RETENTION AND ECONOMIC DEVELOPMENT ACTIVITIES AGREEMENT WITH BECHTEL CORPORATION

This is a request for City Council to adopt a resolution authorizing the City Manager to enter into a Job Retention and Economic Development Activities Agreement with the Bechtel Corporation.

This request supports the Council's goal of one community with quality economic development. Retaining this prestigious company in Glendale enhances the city's ability to attract similar advanced business services companies, which is one of the city's targeted industries.

The Bechtel Corporation is an international engineering, construction and project management company and one of Glendale's largest employers, paying some of the highest wages, plus benefits of any employer in the city. The Glendale Economic Development Department recruited the Bechtel Corporation Business Services Division to Arizona in 2002 and the facility has been located in Talavi Corporate Center since that time. The Bechtel lease will expire at Talavi Corporate Center in April, 2012. Bechtel indicated it was evaluating options, including relocating its Glendale operation to Maryland, Tennessee or Texas. Options for remaining in Arizona included renewing the lease in Talavi Corporate Center or moving to the Glendale Corporate Center.

This agreement will retain the Bechtel Corporation Business Services Division in Glendale and relocate the facility to the Glendale Corporate Center, located at 5323 North 99th Avenue.

On April 24, 2001, Council approved Development Agreement C-4269 with Bechtel Corporation when the company located to Glendale.

Bechtel Corporation is the largest engineering company in the United States and is ranked by *Forbes Magazine* as the third largest private corporation in the country with over \$3 billion in annual revenue, and employs over 52,000 people worldwide. It is estimated the Business Services Division of Bechtel and its employees will generate approximately \$3 million in direct revenue to the City of Glendale over the next six years. Currently, average salaries of Bechtel employees in Glendale are \$73,000 annually.

The total maximum cost of the business retention initiative is \$1,026,000 which includes tenant improvements, job retention incentive, and a portion of the permit fees waived.

Funds will be budgeted in FY 2013 for \$288,000 in the Rebate and Incentives Account with additional funding in subsequent years.

The recommendation is to waive reading beyond the title and adopt a resolution authorizing the City Manager to enter into the Job Retention and Economic Development Activities Agreement with Bechtel Corporation.

Resolution No. 4483 New Series was read by number and title only, it being A RESOLUTION OF THE COUNCIL OF THE CITY OF GLENDALE, MARICOPA COUNTY, ARIZONA, AUTHORIZING AND DIRECTING THE ENTERING INTO OF A JOB RETENTION AND ECONOMIC DEVELOPMENT ACTIVITIES AGREEMENT WITH BECHTEL CORPORATION.

It was moved by Frate and seconded by Clark, to approve the recommended actions on Consent Agenda Item Nos. 1 through 10, including the approval and adoption of Resolution No. 4481 New Series, Resolution No. 4482 New Series, and Resolution No. 4483 New Series; and to forward Liquor License Application No. 5-1063 for Connolly's Bar and Grill, No. 5-1216 for Vinnie and Joey's Place and No. 5-1256, The Place, Mike and Ronda's Restaurant to the State of Arizona Department of Liquor Licenses and Control, with the recommendation for approval. The motion carried unanimously.

11. AUTHORIZATION FOR LEASE REFINANCING

Diane Goke, Finance Director, presented this item.

This is a request for City Council to adopt a resolution authorizing the refinancing of various leases in an amount not to exceed \$11.7 million. This proposed refinancing will consolidate and lower the existing lease payments on these properties.

This refinancing supports Council's goal of one community that is fiscally sound.

A team from the Budget and Financial Services Department met to review financing options. They consulted with the city's bond counsel and financial advisors. The team determined that refinancing the leases is prudent business practice.

During the budget workshops in March 2011, refinancing several leases and restructuring the city's long-term debt obligations was discussed. This refinancing is a first step and is included in

the balancing plan for the FY 2012 budget. Staff will return to Council later this calendar year to present a plan for restructuring the long-term debt obligations.

Refinancing the leases on these properties is a prudent business practice.

The refinanced lease will continue to be repaid from the General Fund.

The recommendation is to waive reading beyond the title and adopt a resolution authorizing the refinancing of various leases in an amount not to exceed \$11.7 million.

Councilmember Lieberman thanked Ms. Diane Goke, Finance Director and Ms. Sherry Schurhammer, Executive Director, Financial Services for discussing this item with him this afternoon. However, he stated there were certain portions of this that he did not totally favor, specifically the part where they have to first sell the property back to the financing source and then lease it back with a lease purchase agreement. Ms. Goke explained the city was not selling any property and the language simply referred to the land they are using as collateral for this loan.

Councilmember Lieberman stated he would like further clarification from legal. Mr. Craig Tindall, City Attorney, explained the transaction is for the city to enter into a ground lease of the property to Bank of America then lease the property back. The city has the right to repurchase the lease hold interest. Councilmember Lieberman asked if they were retaining the rights to purchase the lease and property back with lease hold interests. Mr. Tindall replied yes and added that at the end of the term, they have the right to buy back the lease hold rights at a very low amount from Bank of America. Councilmember Lieberman asked what the interest rate was on this item. Ms. Goke stated the interest rate was 5.4%. She noted with this agreement, they will be paying off the Hickman/Motorola Lease in the amount of approximately \$6 million, Northern Crossing Lease in the amount of approximately \$4 million and the ADOT Lease in the amount of approximately \$1.3 million. Councilmember Lieberman asked about the time frame for payment. Ms. Goke indicated once the refinancing was complete, they will be paying off those leases immediately. The new refinancing terms are seven years with no pre-payment penalty for the first five years.

Mayor Scruggs thanked Ms. Goke, Ms. Schurhammer and Mr. Skeete for their explanation and their time in explaining this item to her and Councilmember Clark this morning.

Resolution No. 4484 New Series was read by number and title only, it being A RESOLUTION OF THE COUNCIL OF THE CITY OF GLENDALE, MARICOPA COUNTY, ARIZONA, ACCEPTING THE PROPOSAL OF BANC OF AMERICA LEASING & CAPITAL, LLC OR DESIGNEE FOR THE LEASE OF CERTAIN PROPERTY OWNED BY THE CITY AND THE LEASE-PURCHASE BACK OF PROPERTY TO THE CITY; APPROVING AND AUTHORIZING THE EXECUTION AND DELIVERY OF A GROUND LEASE AND LEASE-PURCHASE AGREEMENT WITH RESPECT THERETO; MAKING CERTAIN COVENANTS AND AGREEMENTS WITH RESPECT THERETO AND AUTHORIZING THE TAKING OF ALL OTHER

ACTIONS NECESSARY TO CONSUMMATE THE TRANSACTIONS CONTEMPLATED BY THIS RESOLUTION.

It was moved by Lieberman, and seconded by Clark, to pass, adopt and approve Resolution No. 4484 New Series. The motion carried unanimously.

ORDINANCES

12. AIRPORT FIXED BASE OPERATOR USE AND LEASE AGREEMENT

Jim Colson, Deputy City Manager, presented this item.

This is a request for City Council to adopt an ordinance authorizing the City Manager to enter into a Glendale Airport Fixed Base Operator (FBO) Use and Lease Agreement with Copper State Turbine Engine Company d.b.a. Glendale Aero Services at the Glendale Municipal Airport.

This request supports Council's goal of one community with high-quality services for citizens by having an FBO that will provide first-class services and facilities to Airport patrons.

The First National Bank of Olathe (FNBO) assumed control of the day-to-day operations of the FBO from Glendale Aviation on May 21, 2010. Subsequently, FNBO has worked cooperatively with the City of Glendale to secure bidders/buyers and ensure the FBO operations are transferred to a qualified operator.

Glendale Aero Services was deemed to be the most qualified and responsive bidder to meet the objectives of both Glendale's and FNBO's requirements, possessing the knowledge, skills, experience, and financial capacity to run the FBO during the term of the lease.

The initial lease term will be in effect from July 1, 2011 until June 30, 2041 with two ten-year options, which is customary and facilitates consistent with long-term operations at the airport. In addition to the annual base rent of \$65,000, Glendale Aero Services will pay other standard and customary fees based on FBO operations including fuel flowage, avionics sales, maintenance and repair fees, aircraft sales, instruction, rental and charter operations. All fees have a built-in escalator.

On October 12, 2010, Council authorized the Lease Agreement with FNBO for the interim operation of the FBO, and to secure a permanent and qualified operator to provide FBO services.

Quality aircraft facilities are important in meeting the needs of the flying community by providing necessary aviation services.

The approval of this agreement will result in continuity of FBO operations and assure continued revenues to Glendale.

The recommendation is to waive reading beyond the title and adopt an ordinance authorizing the City Manager to enter into a Glendale Airport Fixed Base Operator Use and Lease Agreement

with Copper State Turbine Engine Company d.b.a. Glendale Aero Services at the Glendale Municipal Airport.

Councilmember Clark asked who the interim FBO operator was. Jim Colson, Deputy City Manager, stated it was First National Bank of Olathe, which had brought in Wisemanen Aviation as the temporary service provider on behalf of FNBO. They are an FBO out of Flagstaff and Winslow. Councilmember Clark asked if there were any revenues generated to the city during this time. Mr. Colson explained the interim lease agreement with FNBO provided that FNBO would pay to the City all past due rents and owed by the previous operators, as well as provided a continuation of those payments to the City under the interim agreement. Councilmember Clark asked what the major responsibilities and duties were under this contract of the FBO. Mr. Colson indicated the customary FBO services provided maintenance servicing, avionics, flight line services, airport parts and accessories, sales and so forth. He added the lease agreement would run until 2041 with two optional extension periods.

Councilmember Lieberman asked if these were the people who were presently doing the mechanical repair and service as part of the FBO. Mr. Colson replied yes.

Vice Mayor Frate commented that First National Bank of Olathe stepped up and paid all moneys due from the previous FBO. He believes they are good partners to the city and the outcome was a win-win situation for the city of Glendale.

Ordinance No. 2770 New Series was read by number and title only, it being AN ORDINANCE OF THE COUNCIL OF THE CITY OF GLENDALE, MARICOPA COUNTY, ARIZONA, AUTHORIZING AND DIRECTING THE CITY MANAGER AND CITY CLERK TO EXECUTE A GLENDALE AIRPORT FIXED BASE OPERATOR USE AND LEASE AGREEMENT WITH COPPER STATE TURBINE ENGINE COMPANY d.b.a. GLENDALE AERO SERVICES AT THE GLENDALE MUNICIPAL AIRPORT; AND ORDERING THAT THE LEASE AGREEMENT BE RECORDED.

It was moved by Clark, and seconded by Lieberman, to approve Ordinance No. 2770 New Series. Motion carried on a roll call vote, with the following Councilmembers voting “aye”: Alvarez, Clark, Lieberman, Knaack, Martinez, Frate, and Scruggs. Members voting “nay”: none.

RESOLUTIONS

13. FISCAL YEAR 2011-12 PRELIMINARY BUDGET

Sherry M. Schurhammer, Executive Director, Financial Services, presented this item.

This is a request for City Council to review the FY 2011-12 preliminary budget and adopt a resolution formally approving the preliminary operating, capital, debt service, and contingency appropriation budget; and give notice of the date for public hearings on the preliminary budget and property tax levy and the date for the adoption of the property tax levy.

Once Council approves the preliminary budget, it will be published in a newspaper of general circulation for two weeks along with notice of hearings on the preliminary budget and the property tax levy scheduled for June 14, 2011. The actual adoption of the property tax levy will occur at the June 28, 2011, evening meeting.

Council's goals continue to serve as the foundation for the development of the city's annual budget regardless of whether the economy is growing or contracting. Vision, innovation, partnerships, and dedicated employees continue to play a central role in making the city's efforts over the past year rewarding and successful in areas of key importance to Council.

Council approval of the preliminary budget will set the maximum level of expenditures for FY 2011-12. Adjustments and reallocation of appropriation authority may be made after adoption of the preliminary budget; however, the total amount of appropriation cannot be increased.

Council budget workshops were conducted in January and March 2011 to review the proposed FY 2012 budget for revenues and expenditures.

The FY 2012 operating and capital budgets are based on Council's continued vision of one community, and the supporting strategic goals.

While the current economic environment has presented its share of challenges for local and state government, the City of Glendale continues to look towards the future with optimism, flexibility and resilience. Vision, innovation, partnerships, and dedicated employees continue to play a central role in making the city's future efforts rewarding and successful despite the difficult economy.

This outlook is a result of Council's continued focus on enhancing long-term fiscal strength and sustainability for the community. This outcome is being accomplished through quality economic development and the continuation of strategic investments that build upon those made over the last several years. This outlook also is the result of the strategic management of constrained city resources during the recession that hit Arizona particularly hard.

The budget balancing strategy that was presented to Council as part of the FY 2011 operating budget remains in place. It is important we continue with this strategy until we see sustained growth in retail sales, income taxes and other critical revenue sources because ongoing revenues have not recovered sufficiently to fully support the city's ongoing operating expenses. While this budget strategy is designed to adapt operations to constrained resources, it also positions the city to be ready for the time when the economy is fully recovered.

This budget strategy is marked by a strategic, business-based and phased approach. This budget strategy also sustains core city services as defined by Council's strategic goals. These core services are health and safety related such as emergency response services provided by the Police and Fire Departments. This strategy also ensures the smooth operation of the overall organization. Finally, to the extent possible, this strategy minimizes the impact to other services provided to the community in recognition of the fact that a municipality is fundamentally a service organization.

A critical element of the city's budget strategy that deserves recognition is the city's Innovate Initiative. This initiative is directly tied to the budget process and the city's strategic business model. Employees have been, and continue to be, actively engaged in making business-based recommendations for adjustments that help us in balancing the budget.

On March 29, 2011, the second and final budget workshop on the recommended FY 2012 operating budget occurred.

On March 22, 2011, the first budget workshop on the recommended FY 2012 operating budget occurred.

Council was provided the FY 2011 budget workbook during the week of March 14, 2011.

On March 1, 2011, Council reviewed an update on the FY 2011 General Fund (GF) operating budget through the first seven months.

On January 18, 2011, Council reviewed an update about the economy and the FY 2011 GF operating budget through the first five months. This update also confirmed the strategy for balancing the GF operating budget for FY 2012 and beyond, given that economic recovery is expected to occur gradually over time.

Glendale's budget is an important financial, planning and public communication tool. It gives residents and businesses a clear and concrete view of the city's direction for public services, operations and capital facilities and equipment. It also provides the community with a better understanding of the city's ongoing needs for stable revenue sources to fund public services, ongoing operations and capital facilities and equipment.

The budget provides Council, residents and businesses with a means to evaluate the city's financial stability.

All budget workshops were open to the public and were posted publicly per state requirements. The Council budget workbook materials were posted publicly along with each of the workshop's meeting agenda.

The annual budget (all funds) for the city is divided into four major components that include all appropriations. The total budget, including all four components, is \$638 million for FY 2012. The four components and their respective total amounts for FY 2012 are as follows:

- The *operating budget* finances the day-to-day provision of city services and totals \$362.1 million.
- The *capital improvement budget* funds the construction and repair of city assets including roads, public amenities and other infrastructure throughout the city. The capital improvement budget totals \$144.2 million.

- The *debt service budget* is used to repay money borrowed by the city, primarily for capital improvements, and amounts to \$85.1 million.
- The final component of the budget is the *contingency appropriation*, which is made up of fund reserves and is available to cover emergency expenses or revenue shortages should they arise during the fiscal year. The contingency appropriation for this fiscal year totals \$46.6 million.

The total budget of \$638 million represents a decrease of 5.6% from the FY 2011 total budget of \$676 million. The decrease is the result of capital budget reductions that were implemented to address reduced revenue sources due to economy.

The recommendation is to waive reading beyond the title and adopt a resolution approving the FY 2011-12 preliminary budget; directing publication of the preliminary budget; and giving notice of the date for public hearings on the preliminary budget and property tax levy and the date for the adoption of the property tax levy.

Resolution No. 4485 New Series was read by number and title only, it being A RESOLUTION OF THE COUNCIL OF THE CITY OF GLENDALE, MARICOPA COUNTY, ARIZONA, ADOPTING A PRELIMINARY BUDGET OF THE AMOUNTS REQUIRED FOR THE PUBLIC EXPENSE FOR THE CITY OF GLENDALE FOR THE FISCAL YEAR 2011-2012; SETTING FORTH THE REVENUE, THE AMOUNT TO BE RAISED BY DIRECT PROPERTY TAXATION FOR THE VARIOUS PURPOSES; AND GIVING NOTICE OF THE TIME FOR HEARING TAXPAYERS AND FOR FIXING TAX LEVIES.

It was moved by Knaack, and seconded by Martinez, to pass, adopt and approve Resolution No. 4485 New Series. The motion carried with Alvarez voting Nay.

REQUEST FOR FUTURE WORKSHOP AND EXECUTIVE SESSION

It was moved by Frate, and seconded by Martinez, to hold a City Council Workshop at 1:30 p.m. in Room B-3 of the City Council Chambers on Tuesday, June 7, 2011, to be followed by an Executive Session pursuant to A.R.S. 38-431.03. The motion carried unanimously.

CITIZEN COMMENTS

There were no citizen comments.

COUNCIL COMMENTS AND SUGGESTIONS

Councilmember Alvarez noted she had been the only one who voted “nay” on the budget and wanted to explain her position. She was aware she did not have the experience that the rest of the Council had but she had made a commitment to the Ocotillo District that she would never

gamble with their money. Therefore, she cannot see spending so much money on sports while the city is making reductions to city services.

Councilmember Clark thanked everyone who attended her Spring/Summer District Meeting. She also thanked the city staff's great presentations on city issues from Code, Transportation and Police. She wished everyone a happy and safe Memorial Day.

Councilmember Lieberman thanked everyone who attended his District Meeting. He noted the next Council Meeting will be in three weeks. He stated that Memorial Day was one of the three most dangerous driving days in the year; therefore, he asked everyone to please be careful and safe.

Vice Mayor Frate announced the Costco Building on 59th Avenue and Bell Road had been purchased by Winco grocery chain. They will be investing several million in improvements for the exterior and interior of the building. He stated that The Place, Mike and Ronda's Restaurant will be relocating to 51st Avenue and Bell Road. He noted Glendale seemed to be making good economic progress even in a bad economy. He reminded everyone to watch children around water especially over the Memorial Holiday.

Councilmember Martinez stated that last Saturday was the grand opening of the pedestrian bicycle bridge on the 101 and 63rd Avenue. He thanked the city staff involved with this wonderful project as well as ADOT. He also thanked the 300 people who attended the ceremony and all the amazing positive comments the public had on the bridge. He believes in time it will be recognized as the landmark of the Northern part of the city. He invited everyone to go see it.

Councilmember Knaack thanked Ms. Lisa Kutis from the Fire Department who did a fabulous job on the taping of Glendale Today. The topics were car seat installation, water safety, fire intervention and CPR as well as many more safety issues.

Mayor Scruggs referenced the great economic successes on which Vice Mayor Frate had previously commented. She stated it was great to have so many wonderful successes in Glendale. She thanked the Economic Development Department, under Brian Friedman, for these great accomplishments. She added that the Bechtel Corporation was also a great success story which had its start in Glendale in 2002. The Bechtel Corporation is an International Engineering Construction and Project Management Company and one of Glendale's largest employers. It pays some of the highest wages and benefits of any employer in the city. The company had researched where they would relocate after their lease expired in April of 2012 and ultimately decided to stay in Glendale. She stated one of the city's top priorities was the retention and creation of excellent jobs in the community. She thanked the Bechtel Corporation for their continued involvement in Glendale's corporate community.

ADJOURNMENT

There being no further business, the meeting was adjourned at 7:50 p.m.

Pamela Hanna

Pamela Hanna - City Clerk