

**MINUTES OF THE REGULAR MEETING OF THE COUNCIL
OF THE CITY OF GLENDALE, MARICOPA COUNTY, ARIZONA,
HELD TUESDAY, JUNE 24, 2008, AT 7:00 P.M.**

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

Councilmember H. Philip Lieberman was absent.

Also present were Ed Beasley, City Manager; Pam Kavanaugh, 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 five resolutions and five ordinances 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 JUNE 10, 2008 CITY COUNCIL MEETINGS

It was moved by Goulet, and seconded by Frate, to dispense with the reading of the minutes of the June 10, 2008 Regular City Council meeting, as each member of the Council had been provided copies in advance, and approve them as written. The motion carried unanimously.

BOARDS, COMMISSIONS AND OTHER BODIES

BOARDS AND COMMISSIONS

This is a request for the 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.

			Effective	Expiration
<u>Citizens Advisory Commission on Neighborhoods</u>				
Luiszer, Edward	Barrel	Appointment	6/30/2008	6/30/2010
Caufield, JoAnn	Cholla	Appointment	6/30/2008	6/30/2010
McNutt-Bessler, John	Ocotillo	Appointment	6/30/2008	6/30/2010
Sprague, Sharon	Sahuaro	Appointment	6/30/2008	6/30/2010
<u>Citizens Bicycle Advisory Committee</u>				
Gaballa, Mohamed	Cholla	Appointment	6/24/2008	2/5/2010

Series	Type	Quantity
6	Bar - All Liquor	5
7	Bar – Beer and Wine	1
9	Liquor Store – All Liquor	3
10	Liquor Store - Beer and Wine	5
12	Restaurant	4
	Total	18

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

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

Based on the 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. 3-1193, RAFI MINI MART LLC

This is a request for the City Council to approve a new, non-transferable Series 10 (Liquor Store-Beer and Wine) license. Rafi Mini Mart LLC is located at 5828 West Camelback Road. The Arizona Department of Liquor Licenses and Control application (Number 10075623) was submitted by Rifat Yousef Jaber.

The 60-day deadline for processing this application will be July 14, 2008. The location of the establishment is 5828 West Camelback Road, and is within the Cactus District, zoned C-2 (General Commercial). This Series 10 liquor license is a new license. The population density is 22,289 persons per square mile. The establishment is over 300 feet from any church or school. The approval of this license will increase the number of liquor licenses in the area by one. The number of liquor licenses within a one-mile radius is as listed below:

Series	Type	Quantity
5	Government (Maryvale Municipal Golf Course)	1
6	Bar – All Liquor	5
7	Bar – Beer and Wine	2
9	Liquor Store – All Liquor	2
10	Liquor Store - Beer and Wine	11
12	Restaurant	1
14	Private Club	1
	Total	23

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

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

Based on the 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. INCREASE ANNUAL EXPENDITURE AMOUNT FOR AUTOMATED WASH BAY SUPPLIES AND SERVICES

This is a request for the City Council to approve an increase to the annual expenditure with Rieskamp Washing Systems, Inc., formally Rieskamp Equipment Company, to provide supplies and repair services for the city's vehicle wash bay.

Provision of an automated wash bay for city vehicles promotes exceptional service delivery and maintains the city's image by keeping clean equipment operating on city streets.

In August of 2004, the city opened the new equipment maintenance facility and the automated car and truck wash facility. Rieskamp, the manufacturer, offers a lifetime limited warranty and an extended maintenance program that reduces city costs and improves the operational availability of the wash bays. The program provides the city with monthly equipment inspections, free minor repairs, and no labor charge for major repairs.

During the initial three years of operations, the city has averaged 8,300 light duty vehicle washes per year and 8,000 truck/heavy duty vehicle washes per year.

Additional annual expenditure is requested to cover increased expenses for the remainder of the current fiscal year. The city fleet has increased by 25% (294 vehicles) since the car/truck wash was placed in service, which has resulted in an increase in the amount of chemicals needed for vehicle washes.

The Council approved an award of this contract with Rieskamp Equipment Company on May 24, 2005 in an amount not to exceed \$60,000.

Funding is available in the Field Operations Department Equipment Management operating budget.

Grants	Capital Expense	One-Time Cost	Budgeted	Unbudgeted	Total
			X		\$75,000

Account Name, Fund, Account and Line Item Number:
 Car Wash Supplies and Service, 1040-13510-523240

The recommendation was to increase the annual expenditure to Rieskamp Washing Systems, Inc. to provide supplies and repair services for the city's vehicle wash bays in the amount not to exceed \$75,000.

4. AWARD OF PROPOSAL 08-24, PARK RESTROOM CUSTODIAL SERVICES

This is a request for the City Council to approve an agreement with The Shannon S. Martin Company, Inc. for restroom custodial services for various park locations.

This agreement for restroom custodial services addresses the Council strategic goal of providing high-quality services for our citizens and strong neighborhoods by maintaining a clean, healthy and safe environment for park users.

Seven proposals were received to clean and maintain restrooms at fourteen city parks. Custodial work is performed during the evening hours, seven days per week, including holidays.

An evaluation committee consisting of staff from Parks and Recreation and Facilities Management reviewed the proposals. Specific evaluation factors included: overall cost, compliance with specifications, references and capabilities of the firm and personnel. The proposal which scored highest by the committee was submitted by The Shannon S. Martin Company, Inc. The agreement will begin on July 1, 2008, and continue for one year, at an annual rate of \$75,720. Additional funds have been budgeted to cover any additional cleaning and maintenance anticipated in the specifications.

The proposal specifications also contain an option clause that will permit the city, at the discretion of the City Manager, to extend this agreement for four additional years in one-year increments.

In July of 2003, the Council approved a restroom custodial contract with The Shannon S. Martin Company, Inc. This contract will expire on June 30, 2008.

The custodial service assists the department in meeting or exceeding the established maintenance standards and provides citizens clean and functional restrooms in the parks.

Funding is available in the following operational budget.

Grants	Capital Expense	One-Time Cost	Budgeted	Unbudgeted	Total
			X		\$100,000

Account Name, Fund, Account and Line Item Number:

Parks Maintenance – Professional and Contractual, Account No. 1000-13040-518200

The recommendation was to award the agreement for park restroom custodial services to The Shannon S. Martin Company.

5. **AWARD OF CONTRACT FOR GENERAL ENGINEERING CONSULTANT FOR GLENDALE TRANSPORTATION PROGRAM**

This is a request for the City Council to authorize the entering into a contract with URS Corporation in an amount not to exceed \$3,434,839 for general engineering services to complete capital projects in the Glendale Onboard Transportation Program.

General engineering services in support of the Glendale Onboard Transportation Program contribute to several Council strategic goals. The Council goal of one community with strong neighborhoods is served by replacement of older and deteriorating infrastructure (sidewalks, curbs, street lighting). The Council goal of one community with a vibrant city center will be addressed by considering downtown pedestrian enhancements, street improvements, and new transit facilities. In addition, the Council goal of one community focused on public safety for citizens and visitors will be addressed by safety improvements at intersections, access controls, bicycle facility improvements, street repairs and paving. The Council goal of a city that is fiscally sound will be met by ensuring that transportation projects and programs proposed in the Transportation Plan will be completed in a timely and efficient manner.

On March 27, 2008, the City of Glendale requested proposals for general engineering services to implement capital projects proposed in the Glendale Transportation Program. A review panel with representatives from the Transportation Department and Engineering Department reviewed five proposals and, based on the proposals, three firms were interviewed. URS Corporation was selected as the preferred firm.

URS Corporation will be responsible for defining projects and completing the preliminary engineering for the projects contained in the Glendale Transportation Program. The Program includes street projects, bicycle/pedestrian projects, and transit projects. URS will also facilitate public involvement and project control, as well as providing project oversight for final design and construction engineering of capital projects. URS Corporation support services will include traffic engineering, environmental assessment, right-of-way services, utility location services, and financial analysis.

The term of agreement for this contract shall be for two years and will be renewable on a two-year basis for up to six years, subject to Council approval. If the contract is approved, the emphasis will be for the consultant to develop design concepts, review final designs, facilitate public involvement, and provide right-of-way acquisition and tenant relocation services.

In June of 2002, the Council approved a professional services agreement with URS Corporation for general engineering services for the GO Transportation Program for six years. This contract expires June 30, 2008.

The consultant will work collaboratively with city staff, stakeholders and residents to provide general engineering services that will address the transportation needs of Glendale for the next 25 years.

Implementation of the City's Transportation Program, with the assistance of URS, will continue to have comprehensive citizen input, and program oversight by the Citizens Transportation Oversight Commission.

Funding is available in the Transportation PE & Oversight Trans. Pkg. Account and is programmed in the Capital Improvement Program for Fiscal Year 2008-09 and Fiscal Year 2009-10.

Grants	Capital Expense	One-Time Cost	Budgeted	Unbudgeted	Total
	X		X		\$3,434,839

<i>Account Name, Fund, Account and Line Item Number:</i>
PE & Oversight for Transp. Pkg, Account No. 2210-65022-551200, FY 08-09 (\$1,683,745)
PE & Oversight for Transp. Pkg, Account No. 2210-65022-551200, FY 09-10 (\$1,751,094)

The recommendation was to approve the professional services agreement with URS Corporation in an amount not to exceed \$3,434,839.

6. AWARD OF PROPOSAL 07-73, CASE MANAGEMENT SOFTWARE

This is a request for the City Council to authorize the entering into of a contract with New Dawn Technologies for a case management software system and implementation services for the Office of the City Prosecutor.

This addresses the City Council Strategic Goals of a city with high-quality services for citizens. The Office of the City Prosecutor will increase its effectiveness with service automation provided by the case management system.

The implementation of a comprehensive case management system will facilitate the coordination and delivery of client services and reduce the amount of redundant information throughout the Office of the City Prosecutor. Achieving this requires a system which is a combination of case management, document management and imaging technologies. The system includes software, installation, integration, customization, data conversion, training, maintenance, and support.

A Request for Proposal was issued and four offers were received. An evaluation panel, consisting of city staff from the Office of the City Prosecutor, Information Technology and an independent consultant, reviewed the proposals based on specific criteria included in the request for proposal. The offer ranked highest by the evaluation panel was New Dawn Technologies.

Implementation of a case management system will provide citizens of Glendale with increased functionality and enhanced services from the Office of the City Prosecutor.

Grants	Capital Expense	One-Time Cost	Budgeted	Unbudgeted	Total
	X	X	X		\$77,535

Account Name, Fund, Account and Line Item Number:
Technology for Prosecutors, Account No. 1000-81049-551000

The recommendation was to award the contract for case management software to New Dawn Technologies in an amount not to exceed \$77,535.

7. AGREEMENT FOR THE REPLACEMENT OF TEMPORARY PARKING

This is a request for the City Council to authorize the City Manager to enter into an Agreement for the Replacement of Temporary Parking with Coyote Center Development, LLC, (CCD), Coyotes Hockey, LLC, Arena Management Group, LLC, Entertainment Center Development, LLC, and an entity affiliated with the Coyotes Hockey LLC, yet to be formed that will be charged with the development and management of Arena parking.

This item supports the Council goal of one community with quality economic development.

In November of 2005, the city entered into a Temporary Parking Agreement permitting CCD to provide temporary replacement parking for the Jobing.com Arena in lieu of permanent replacement parking as required by the Mixed-Use Project Development Agreements (MUDA). Replacement parking was required for the surface Arena parking spaces that were removed to allow for CCD's development of residential units on Lots 7 and 14A. The Temporary Parking License Agreement expires in

November of 2008 and requires CCD to provide, and transfer to the city title to 1,440 permanent replacement parking spaces in accordance with the MUDA.

This agreement would provide for CCD to deposit \$25M into an escrow accounts to construct a permanent parking structure for the replacement parking of 1,440 spaces. This permanent structure will be located on Lot 8 at Westgate and will be owned by the city.

In November of 2001, the city entered into (MUDA) with the Ellman Companies, affiliates and related parties for the development Westgate City Center, which consists of a 223-acre mixed-use project that contains up to 1.6 million square feet of retail development, a multi-purpose facility that meets or exceeds National Hockey League Standards (Jobing.com Arena), and substantial additional development, including restaurants, office space, entertainment and recreational uses, hotels and residential units.

In November of 2005, the city entered into a Temporary Parking License Agreement to allow parking on Lot "X".

There will be no direct costs associated with the replacement parking to the city.

The recommendation was to authorize the City Manager to enter into an Agreement for the Replacement of Temporary Parking.

CONSENT RESOLUTIONS

8. NOTICE OF SEPTEMBER 2, 2008 PRIMARY ELECTION

This is a request for the City Council to adopt a resolution that will inform voters of the Primary Election to be held September 2, 2008, as well as establish polling place hours and locations and the purpose of the election, pursuant to A.R.S. §16-228.

Municipal elections promote increased citizen involvement in all aspects of municipal government.

On April 22, 2008, the Council passed Resolution No. 4145 New Series, calling for a Primary election on September 2, 2008 and, if necessary, a General election on November 4, 2008. The resolution stated that candidates would be nominated for the office of Mayor and the City Council seats for the Cactus, Sahuaro and Yucca districts.

On May 15, 2008, an initiative was submitted and certified as having enough signatures to be placed on the ballot.

The recommendation was to waive reading beyond the title and adopt a resolution providing notice of the September 2, 2008 Primary Election, pursuant to A.R.S. §16-228.

Resolution No. 4171 New Series was read by number and title only, it being **A RESOLUTION OF THE COUNCIL OF THE CITY OF GLENDALE, MARICOPA COUNTY, ARIZONA, PROVIDING NOTICE OF ELECTION PURSUANT TO ARIZONA REVISED STATUTES (A.R.S.) §16-228; SETTING THE DATE OF THE PRIMARY ELECTION, ESTABLISHING LOCATIONS OF POLLING PLACES, SETTING THE HOURS THAT POLLS WILL BE OPEN, STATING THE PURPOSE OF THE ELECTION; AND DIRECTING PUBLICATION OF THIS NOTICE.**

9. ELECTION SERVICES WITH MARICOPA COUNTY, 2008

This is a request for the City Council to adopt one resolution that will authorize and direct the entering into of two intergovernmental agreements with Maricopa County Elections Department. The first agreement allows the City Clerk to enter into a Service Menu agreement for the County to provide election services to the City of Glendale for the September 2, 2008 Primary Election and, if necessary, the November 4, 2008 General Election. The second agreement would allow the City Clerk to download voter data directly from Maricopa County Elections Department using internet connections.

The city has contracted with Maricopa County Elections to supply election-related services since approximately 1981. The technology is now available that would allow the City Clerk Department to download voter data rather than waiting for disks to be sent. The faster availability of voter data will allow voter reports, such as the voted file, early ballot requests and returns, etc., to be done more quickly.

On April 22, 2008, the Council passed resolution No. 4145 New Series, calling for a Primary election on September 2, 2008 and, if necessary, a General election on November 4, 2008.

The City of Glendale is able to consolidate election services with Maricopa County in order to improve voter convenience and increase voter turnout while reducing costs to the residents of the City of Glendale.

The Maricopa County Elections Department will obtain and provide personnel for all polling places on the day of the election. Additionally, the County will be responsible for supplying all ballots and equipment necessary. The funds for this service have been budgeted in the City Clerk Elections Professional/Contractual Account. The actual funds necessary will not be known until after the election, as the costs are based on total number of registered voters at the time of the election; however, the cost is listed as \$.31 per voter.

The recommendation was to waive reading beyond the title and adopt one resolution to authorize and direct the entering into of two intergovernmental agreements with Maricopa County Election Services Department.

Resolution No. 4172 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 TWO INTERGOVERNMENTAL AGREEMENTS WITH MARICOPA COUNTY FOR ELECTION SERVICES.**

10. VERIZON WIRELESS COMMUNICATION SITE AT 91ST AVENUE AND ROSE LANE

This is a request for the City Council to adopt a resolution approving a license agreement with Verizon Wireless for installation of wireless communication facilities at 91st Avenue and Rose Lane.

The installation of wireless communication facilities is consistent with the Council strategic goal of providing high-quality services for citizens.

Verizon Wireless has been looking at potential locations to install wireless equipment to provide better service to its customers in the area around the stadium and Westgate since 2004. For the past six months, Parks and Recreation and Engineering Property Management staff have been negotiating with Verizon. The resulting agreement requires Verizon to install a fabricated palm tree that is paid for by Verizon. The proposed communication site is on park-managed property with the antenna being located on the southerly property line within an existing utility easement. The antenna array will be concealed within the fabricated palm limbs and foliage, painted to match the colorization of the palm tree. Additionally, the ground level equipment will be installed within a 560 square foot compound surrounded by a masonry wall eight feet in height. The masonry wall will be designed to match other walls and architectural features. Verizon will pay the city an annual license fee of \$25,000 with annual increases thereafter, until terminated as defined within the license agreement. Revenue from this license fee is deposited to the General Fund.

The proposed wireless facility will generate \$25,000 annually to the City of Glendale and will provide enhanced and adequate Verizon Wireless service.

The recommendation was to waive reading beyond the title and adopt a resolution authorizing the City Manager to execute a license agreement with Verizon Wireless for installation of wireless communication facilities at 91st Avenue and Rose Lane.

Resolution No. 4173 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 THE CITY MANAGER TO EXECUTE A LICENSE AGREEMENT FOR WIRELESS COMMUNICATIONS SITE WITH VERIZON WIRELESS FOR THE SOUTHEAST CORNER OF 91ST AVENUE AND ROSE LANE IN GLENDALE.**

Mr. Leonard Clark, a Barrel resident, indicated that he strongly approves of Agenda items five and eight. He agreed with the contract for general engineering consultant for Glendale transportation program. He stated that this will insure quality sidewalks and foundations that last a long time. He also encouraged the citizens of Glendale to vote in the September 2008 primary election.

It was moved by Frate and seconded by Knaack, to approve the recommended actions on Consent Agenda Item Nos. 1 through 10, including the approval and adoption of Resolution No. 4171 New Series, Resolution No. 4172 New Series, and Resolution No. 4173 New Series; and to forward Liquor License Application No. 3-1192 for Ridgepoint Tobacco Beer & Wine and Liquor License No. 3-1193 for Rafi Mini Mart LLC to the State of Arizona Department of Liquor Licenses and Control, with the recommendation for approval. The motion carried unanimously.

PUBLIC HEARING – RESOLUTIONS

11. PROPOSED INCREASE IN WATER AND SEWER RATES (PUBLIC HEARING REQUIRED)

Roger S. Bailey, P.E., Utilities Director, presented this item.

This is a request for the City Council to hold a public hearing and adopt a resolution implementing a water and sewer rate adjustment effective with the October 2008 utility billing.

Consistent with the Council goal of providing high-quality services for citizens, the top priority of the Glendale Utilities Department is to provide safe drinking water and sewer services 24 hours a day, seven days a week to all of its customers.

One of Glendale's top priorities is to provide safe drinking water 24 hours a day, seven days a week to its utilities customers. In order to provide quality water and sewer services and remain in compliance with Federal and State regulatory requirements, there are a series of improvements that need to be completed. These include: design and construction of the Oasis Groundwater Treatment Plant, renovation of water and wastewater treatment plants, rehabilitation of the water distribution and sewer collection systems, and security enhancements to critical facilities.

The recommended rate adjustments are necessary to provide the financial resources to complete required system improvements, which are listed in the ten-year Capital Improvement Program, operate and maintain the system to remain in compliance with federal and state regulations, and ensure that the Water and Sewer Enterprise Funds maintain adequate operational cash reserves.

In 2007, the Utilities Department contracted with Red Oak Consulting to update its 2007 water and sewer rate report. This update addresses the financial requirements of the Utilities Enterprise Fund. As part of this evaluation, Red Oak Consulting reviewed and evaluated revenues and revenue requirements of the department.

On May 13, 2008, the Council adopted a resolution declaring the city's intent to increase the water and sewer rates effective October 2008 and setting the public hearing for June 24, 2008.

The results of Red Oak Consulting updated analysis were presented at the April 15, 2008 Council Budget Workshop. At the April 22, 2008 Workshop, the Council directed staff to begin the process to increase water and sewer rates as presented, effective with the October 2008 billing.

The proposed water and sewer rate adjustments will help to ensure that the city has the financial resources to continue to provide the highest quality water and sewer services to Glendale citizens and remain in compliance with federal and state regulations.

The recommendation was to conduct a public hearing, waive reading beyond the title and adopt a resolution implementing water rate and sewer rate adjustments effective with the October 2008 utility billing.

Mayor Scruggs opened the public hearing on Agenda Item No. 11.

Mr. Burt Becker, a Cactus resident, stated that he has lived in the city of Glendale for over 38 years. He commended the city for doing an excellent job in providing public services. However, he had some concerns with the increase in water rates. He quoted from an article in the Glendale news which stated that Glendale was in the mid range in rates, however, while Glendale's increase was 12%, Mesa and Scottsdale's were only less than 6%. He indicated that this increase will affect senior citizens on fixed incomes. He discussed a meeting hosted by Councilmember Lieberman on utility increases. Councilmember Lieberman informed them the city of Glendale was solvent and was faring much better than other cities. Mr. Becker inquired if large businesses were also paying the higher rate. He asked the Council to consider the effects of this increase on senior citizens.

Mr. Gary Livingston, a Sahuaro resident, agreed with Mr. Becker's comments. He added that in 2002, the city hired consultants to research the capital improvement plan on water and sewer. He stated nothing was done and now they were paying for it. He reiterated that many citizens were on a fixed income, and this increase was a high price to pay. He suggested the city manager analyze the current budget and make adjustments for fixed income citizens.

Mr. Leonard Clark, a Barrel resident, stated people do not always agree with any type of increase; however, he believes the city is run very efficiently so as not to have the problems now occurring in Phoenix. He praised Glendale on their high quality services, especially the water. He noted that the city staff in Glendale works very hard for their citizens.

Mayor Scruggs closed the public hearing.

Mayor Scruggs asked Mr. Bailey to come forward with any comments.

Mr. Bailey stated that this increase was an across the board adjustment for both residential and commercial. He said that they were asking Council for a 12% revenue adjustment on water and sewer. He reported that they had approximately 61,000 water service connections, the majority being for single and multi-family homes. He provided information on a 15% increase in electricity cost to run the water treatment plants. The city's electrical cost for water is \$1.1 million and \$1.5 million for sewer. He noted that chemical cost for water preparation had also increased 33% over the last three years. He stated they had seen an increase in cost for an operation that is highly regulated. He noted the city has no choice but to comply with those regulations.

Mayor Scruggs commented most people were not aware of all the components that go into delivering high quality water to homes. She stated it was helpful and productive to have staff provide a breakdown on all the mechanisms used to deliver excellent services.

Councilmember Clark noted part of the increase was to also repair aging infrastructure. She asked Mr. Bailey if the cost for piping, concrete and like material had also increased. Mr. Bailey confirmed she was correct. He added that in the CIP, there was approximately \$244 million for improve aging infrastructure. To comply with federal regulations, the improvements are essential. Councilmember Clark reminded everyone of waterline breaks and how they disrupt traffic and services. Mr. Bailey stated waterline breaks occur frequently and not only disrupt services but also have the potential to create water quality problems.

Councilmember Clark inquired as to why water wells were not used. Mr. Bailey replied that only using water from wells was not sufficient to meet the needs of the public. He explained that they draw water from several sources to meet the demand.

Councilmember Frate asked Mr. Bailey to explain how low water use and large water use rates vary. Mr. Bailey explained the block structure procedure which essentially works to the benefit of the low end user. The high end user actually has a greater impact on the treatment plants; therefore, they pay more. He explained that the block structure had four blocks with different rates. The less you use the less you pay.

At Councilmember Knaack's request, Mr. Bailey explained the utility operation was structured by ordinance as an enterprise fund which operates like a business. He explained that every penny spent has to be earned. He noted that it is not subsidized by the General Fund. The cost of running the department is recovered by rates customers pay in addition to impact fees as well as other miscellaneous charges.

Resolution No. 4174 New Series was read by number and title only, it being **A RESOLUTION OF THE COUNCIL OF THE CITY OF GLENDALE, MARICOPA COUNTY, ARIZONA, ESTABLISHING WATER RATES PURSUANT TO GLENDALE CITY CODE, CHAPTER 33, ARTICLE II, SECTION 33-77; ESTABLISHING SEWER SERVICE USER CHARGES PURSUANT TO GLENDALE CITY CODE, CHAPTER 33, ARTICLE III, SECTION 33-174; AND SETTING FORTH EFFECTIVE DATES.**

It was moved by Martinez, and seconded by Clark, to pass, adopt and approve Resolution No. 4174 New Series. The motion carried unanimously.

12. FISCAL YEAR 2008-09 FINAL BUDGET (PUBLIC HEARING REQUIRED)

Sherry Schurhammer, Management & Budget Director, presented this item.

This is a request for the City Council to review the Fiscal Year 2008-09 final budget, conduct a public hearing, and adopt a resolution formally approving the final operating, capital, debt service, and contingency appropriation budget.

The budget incorporates all of the Council's strategic goals and key objectives, while ensuring the city's financial stability by presenting realistic analyses about the provision of city services and future revenue expectations

A series of Council budget workshops were conducted in March and April of 2008 to review the proposed Fiscal Year 2008-09 budget for revenues and expenditures.

Similar to past fiscal years, the City of Glendale enters Fiscal Year 2009 in a solid financial position despite the downturn in the economy that the country is experiencing. This position is a result of prudent management of city resources, as well as wise strategic investments in the community over the last several years. As a result, the city's budget for the coming fiscal year continues to provide the resources to maintain essential city services while moving forward with strategies that ensure a positive, sustainable future.

The Fiscal Year 2009 operating and capital budgets reflected in this document are balanced between revenues and expenditures. They are based on the Council's continued vision of 'one community' and the supporting strategic goals and key objectives, as shown below:

- One community with strong neighborhoods,
- One community focused on public safety for citizens and visitors,
- One community with quality economic development,
- One community with a vibrant city center,
- One community with an active partnership with Luke Air Force Base,
- A city with high quality services for citizens, and
- A city that is fiscally sound.

The recommended budgets integrate these guiding principles for Fiscal Year 2009 and include resources to address the identified goals, with public safety and redevelopment having a high priority.

The overall intent of the recommended budgets is to continue providing exceptional city services that support a high quality of life for the entire Glendale community. The recommended budgets also reflect continued investment in the community's infrastructure based on Council's prudent direction.

Some key features of the Fiscal Year 2008-09 budget include the following:

- 52 new public safety positions, with 41 new positions for the Police Department and 11 new positions for the Fire Department. With these additions, City Council has added a total of 178 new positions to the Police and Fire Departments since June 2006. These new positions reflect the progress that has been made in implementing the needs assessments of both departments.
- \$600,000 for the Neighborhood Improvement Grants program to provide small-scale capital improvements to various neighborhoods such as right-of-way landscaping enhancements and neighborhood entryways.
- \$100,000 for a new Redevelopment Program that will lead to the establishment of strategies to improve and enhance under-performing or under-utilized areas of the city. The purpose of this effort is to encourage local business growth that will benefit the Glendale community and generate higher levels of sales tax revenues.
- \$150,000 for continuation of the Visual Improvement Program that helps business owners in the renovation and improvement of the exterior of their businesses.
- \$28.9 million for economic development capital projects is included in the first five years of the plan, with \$15.7 million in Fiscal Year 2009 alone. These funds are intended for the purchase of land for redevelopment, the upgrade and repair of older infrastructure, and new development infrastructure.

- \$11.5 million in the Glendale Onboard Transportation Capital Program, which is supported by the designated sales tax for transportation, for the city's pavement management program, with \$3.5 million for residential street overlay and \$8 million for arterial street overlay. This funding supplements the \$11.5 million that was allocated for the same purposes in the Fiscal Year 2008 budget.
- \$42 million for the construction of a new municipal court facility.
- \$7 million for the construction of a new branch library in the west area of Glendale.
- \$2.4 million for improvements to Sahuaro Ranch Park.

The Fiscal Year 2008-09 preliminary operating, capital, debt service, and contingency appropriation budget was presented to the Council on June 10, 2008. The Council also conducted a public hearing on this item, adopted a resolution accepting it and gave notice of the June 24, 2008, public hearing on setting the property tax levy.

The fourth Council budget workshop occurred on April 22, 2008. These budget discussions included total compensation and Council's final decisions regarding the Fiscal Year 2008 operating and capital budgets and the rate recommendations for the water, sewer, sanitation, and landfill funds.

The third Council budget workshop occurred on April 15, 2008. These budget discussions included the supplemental requests and capital improvement plan for the enterprise operations (water and sewer funds, sanitation fund, and landfill fund); the annual Utilities Needs Assessment; and the rate recommendations for the enterprise operations. These budget discussions also included follow-up to the questions from the April 1, 2008, budget workshop related to the proposed 10-year capital improvement plan and property tax rate adjustment.

The second Council budget workshop occurred on April 1, 2008. These budget discussions included the supplemental requests for the public safety sales tax funds and the proposed 10-year capital plan for all funds except water, sewer, sanitation, and landfill.

The first Council budget workshop occurred on March 25, 2008. These budget discussions included the recommended General Fund (GF) operating budget, all GF supplemental requests, and the supplemental requests for the GO! Transportation Program.

The Budget Workbook containing the City Manager's recommended budget for Fiscal Year 2008-09 was posted on the city's webpage, www.glendaleaz.com, for citizens prior to each budget workshop.

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.

All Council budget workshops were open to the public and posted publicly per state requirements. In addition, the Budget Workbook containing the City Manager's recommended budget for Fiscal Year 2008-09 was posted on the city's webpage for citizens to view prior to each budget workshop.

Public notices were printed in the June 12, 2008 and June 19, 2008 issues of ***The Glendale Star*** regarding the date, time and location for the public hearings regarding the final budget adoption and the setting of the property tax levy.

The Fiscal Year 2008-09 Preliminary Budget Book also became available for viewing online at www.glendaleaz.com/budget on June 5, 2008.

The annual budget (all funds) for the city is divided into four major components, which include all appropriations for the city. The total budget, including all four components, is \$925.0 million for Fiscal Year 2009. The four components and their respective total amounts for Fiscal Year 2008-09 are as follows:

- The *operating budget* finances the day-to-day provision of city services and totals \$376.9 million.
- The *capital improvement budget* funds the construction of city facilities, such as police/fire stations and libraries, in addition to the construction of roads, public amenities and other infrastructure throughout the city. This year the capital improvement budget totals \$391.9 million.
- The *debt service budget* is used to repay money borrowed by the city, primarily for capital improvements, and amounts to \$79.3 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 \$76.9 million.

The recommendation was to conduct a public hearing, waive reading beyond the title, and adopt a resolution approving the Fiscal Year 2008-09 budget.

Mayor Scruggs opened the public hearing on Agenda Item No. 12.

Mr. Leonard Clark, a Barrel resident, thanked the Council and city staff for their work on the budget. He commented on how well the city is run and how it is continually

being improved. He reminded everyone other cities are going through very difficult times and because of the leadership shown by our City Council, we were in good shape. He discussed the many programs Glendale has to improve the city.

Mayor Scruggs thanked Mr. Clark for his support and interest in the city.

Mayor Scruggs closed the public hearing.

Resolution No. 4175 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 THE ESTIMATES OF THE AMOUNTS REQUIRED FOR THE PUBLIC EXPENSE FOR THE CITY OF GLENDALE FOR THE FISCAL YEAR 2008-2009; ADOPTING A FINAL BUDGET; AND SETTING FORTH THE REVENUE AND THE AMOUNT TO BE RAISED BY DIRECT PROPERTY TAXATION FOR THE VARIOUS PURPOSES.**

Mayor Scruggs asked for any additional comments.

Councilmember Clark commented that she was not at the last meeting and would like to offer a few comments. She thanked and congratulated the city staff for their work in completing a budget that is fiscally sound. She also congratulated her fellow Council members on their deliberation and consideration of the issues. She discussed how it was with reluctance that they had approved the rate increase. She noted it had been necessary to maintain quality service.

Councilmember Clark commented on other cities cutting services and personnel while Glendale is adding 52 public safety positions. She said the total budget of \$925 million was divided in four major parts, the Operating budget, Capital Improvement Budget, Debt Service and Un-appropriated Contingency Fund. She stated a lot goes into running a city and it might seem that \$925 million is a lot; however, there were many components associated with each part. She reiterated her congratulations in the passing of this fiscally sound budget of which the city can be proud.

Councilmember Frate stated he was happy that a sound budget was being passed; however, each department had to cut back on their budgets. He thanked all the city employees who serve in the running of the city. He noted that the city was still moving forward with new projects and improvements.

Vice Mayor Martinez also thanked Mr. Beasley, Ms. Kavanaugh, Ms. Schurhammer and all the staff who worked on creating a strong and sound budget.

Mayor Scruggs acknowledged and thanked all city employees who worked on the budget. She recognized the actions of the citizens of Glendale, which resulted in this budget being fiscally sound. She thanked the citizens who voted for last year's increase for public safety services. She indicated that without the support of the citizens, they could not have added 52 public safety positions. She explained they will be experiencing a 4½% reduction in department services. She said recent budget cuts had been felt in park services; however, when the economy turns around, those cuts will be reviewed and restored. She agreed that the city of Glendale had fared better than most cities economically. She acknowledged that it was due to the diversity of their revenue sources. She reiterated her thanks to the citizens as she believes that without their continued support, the city would not be continuing to provide excellent services.

It was moved by Clark, and seconded by Goulet, to pass, adopt and approve Resolution No. 4175 New Series. The motion carried unanimously.

PUBLIC HEARING – ORDINANCES

13. FISCAL YEAR 2008-09 PROPERTY TAX LEVY (PUBLIC HEARING REQUIRED)

Sherry Schurhammer, Management & Budget Director, presented this item.

This is a request for the City Council to set the property taxes for Fiscal Year 2008-09, conduct a public hearing, and adopt an ordinance setting the Fiscal Year 2008-09 primary property tax rate at \$0.2432 per \$100 of assessed valuation and the secondary property tax rate at \$1.3519 per \$100 of assessed valuation. The total property tax rate will be \$1.5951. This total rate represents a \$0.0249 (approximately 2.5 cents) decrease from the Fiscal Year 2007-08 total rate.

The setting of the property tax rate for Fiscal Year 2008-09 is consistent with the Council's goal of ensuring the city's financial stability.

Arizona state law requires the Council to set the property tax levy by the third Monday in August.

Arizona's state property tax levy consists of two tiers. The primary property tax levy has state-mandated maximum limits, but it can be used by a city for any lawful purpose. It is the primary property tax revenue that is included in the General Fund. The secondary property tax levy is not limited, but it can be used only to retire the principal and interest on a municipality's General Obligation debt.

All Truth in Taxation requirements of A.R.S. §42-17107 have been met. A Truth in Taxation hearing is not required.

The Fiscal Year 2008-09 preliminary operating, capital, debt service, and contingency appropriation budget was presented to the Council on June 10, 2008. The

Council also conducted a public hearing on this item, adopted a resolution accepting it and gave notice of the June 24, 2008, public hearing on setting the property tax levy.

A Council budget workshop occurred on April 15, 2008. These budget discussions included follow up to the questions from the April 1, 2008, budget workshop related to the proposed 10-year capital improvement plan and property tax rate adjustment.

Another Council budget workshop occurred on April 1, 2008. These budget discussions included the proposed 10-year capital plan and the property tax rate for Fiscal Year 2008-09.

On June 26, 2007, the Council reduced Glendale's property tax rate by 10 cents, from \$1.72 to \$1.62, when it conducted a public hearing and adopted an ordinance setting the Fiscal Year 2007-08 primary property tax rate at \$1.62.

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.

All Council budget workshops were open to the public and posted publicly per state requirements. In addition, the Budget Workbook containing the City Manager's recommended budget for Fiscal Year 2008-09 was posted on the city's webpage, www.glendaleaz.com, for citizens to view prior to each budget workshop.

Public notices were printed in the June 12, 2008 and June 19, 2008 issues of *The Glendale Star* regarding the date, time and location for the public hearings regarding the final budget adoption and the setting of the property tax levy.

It is estimated that the Fiscal Year 2008-09 primary property tax rate will generate approximately \$4 million and the Fiscal Year 2008-09 secondary property tax rate will generate approximately \$29.7 million for a total of approximately \$33.7 million.

The recommendation was to conduct a public hearing, waive reading beyond the title and adopt an ordinance setting the Fiscal Year 2008-09 primary property tax rate at \$0.2432 per \$100 of assessed valuation and the secondary property tax rate at \$1.3519 per \$100 of assessed valuation, for a total property tax rate of \$1.5951.

Mayor Scruggs opened the public hearing on Agenda Item No. 13. As there were no comments, Mayor Scruggs closed the public hearing.

Ordinance No. 2648 New Series was read by number and title only, it being **AN ORDINANCE OF THE COUNCIL OF THE CITY OF GLENDALE, MARICOPA COUNTY, ARIZONA, LEVYING UPON THE ASSESSED VALUATION OF THE**

PROPERTY WITHIN THE CITY OF GLENDALE, SUBJECT TO TAXATION, A CERTAIN SUM UPON EACH ONE HUNDRED DOLLARS (\$100.00) OF VALUATION SUFFICIENT TO RAISE THE AMOUNT ESTIMATED TO BE REQUIRED IN THE ANNUAL BUDGET, LESS THE AMOUNT ESTIMATED TO BE RECEIVED FROM OTHER SOURCES OF REVENUE; PROVIDING FUNDS FOR VARIOUS BOND REDEMPTIONS, FOR THE PURPOSE OF PAYING INTEREST UPON BONDED INDEBTEDNESS AND PROVIDING FUNDS FOR GENERAL MUNICIPAL EXPENSES; ALL FOR THE FISCAL YEAR ENDING THE 30TH DAY OF JUNE, 2009; AND DECLARING AN EMERGENCY.

Mayor Scruggs stated she was not happy with the small amount of property tax decrease and will continue to voice her concerns. She said she would continue to push for it to be lowered, because she believes the property tax is extremely high compared with other Valley cities. She indicated they were lowering it 2½ cents this year; however, Peoria was lowering theirs by five cents. She added they need to do better and she looks forward to having a downward trend next year. She stated the city had a very high property rate that inhibited attracting businesses to the area.

It was moved by Frate, and seconded by Knaack, to approve Ordinance No. 2648 New Series. Motion carried on a roll call vote, with the following Councilmembers voting “aye”: Clark, Goulet, Martinez, Frate, and Knaack, Members voting “nay”: Scruggs

ORDINANCES

14. DEDICATION OF EASEMENT: NORTHWEST CORNER OF 107TH AVENUE AND CAMELBACK ROAD

Larry J. Broyles, P.E., City Engineer, presented this item.

This is a request for the City Council to adopt an ordinance of declaration of exclusive easements in favor of public benefit for: (1) a force main sewer easement; and (2) recycled water pipeline easement on city-owned property at the northwest corner of 107th Avenue and Camelback Road.

One of the city's 24-inch raw sewer force mains extends from the raw sewage pump station on the northwest corner of Loop 101 and Camelback Road, along Camelback Road to its intersection at 107th Avenue, and then northwesterly across city-owned property to the Western Area Wastewater Reclamation Facility (WAWRF). Due to the construction of other utilities and future dedication of public right-of-way in the vicinity of the sewer force main, staff has requested an easement be recorded to protect the city's investment and facilities.

The city's recycled water pipeline transports recycled water across city-owned property from the WAWRF northeasterly from the crossing of New River to the aquifer recharge facility north of the intersection of 107th Avenue and Bethany Home Road

alignment. Due to the construction of other utilities and future dedication of public right-of-way in the vicinity of the recycled water pipeline, staff has requested an easement be recorded to protect the city's investment and facilities.

The recommendation was to waive reading beyond the title and adopt an ordinance authorizing the city manager to execute two declarations of dedication of exclusive easements in favor of public benefit, at the northwest corner of 107th Avenue and Camelback Road.

Ordinance No. 2649 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 THE CITY MANAGER TO EXECUTE TWO DECLARATIONS OF DEDICATION OF EXCLUSIVE EASEMENTS FOR (1) FORCE MAIN SEWER EASEMENT AND (2) RECYCLED WATER PIPELINE FOR CITY-OWNED PROPERTY LOCATED AT THE NORTHWEST CORNER OF 107TH AVENUE AND CAMELBACK ROAD IN THE CITY OF GLENDALE; AND ORDERING THAT THE CITY CLERK INDIVIDUALLY RECORD THESE TWO EASEMENTS.**

It was moved by Knaack, and seconded by Frate, to approve Ordinance No. 2649 New Series. Motion carried on a roll call vote, with the following Councilmembers voting "aye": Clark, Goulet, Martinez, Frate, Knaack, and Scruggs. Members voting "nay": none.

15. CITY OF PHOENIX EASEMENT: NORTHWEST CORNER OF 107TH AVENUE AND CAMELBACK ROAD

Larry J. Broyles, P.E., City Engineer, presented this item.

This is a request for the City Council to adopt an ordinance to grant an easement in favor of the City of Phoenix for approximately 102 square feet of city-owned land at the northwest corner of 107th Avenue and Camelback Road.

In mid-2007, the City of Glendale entered into an agreement to develop its 207-acres of vacant land on the northwest corner of 107th Avenue and Camelback Road. The development required tiling and realignment of a United States Bureau of Reclamation (BOR)/Salt River Project (SRP) irrigation ditch along the eastern boundary of the property. SRP, on behalf of the BOR, agreed to accommodate this request, but a portion of the realignment is in the City of Phoenix right-of-way. The City of Phoenix has agreed to accommodate the request provided the City of Glendale dedicates to the City of Phoenix an equal size portion of property to offset the new alignment.

The recommendation was to waive reading beyond the title and adopt an ordinance authorizing the City Manager to execute an easement in favor of the City of Phoenix, at the northwest corner of 107th Avenue and Camelback Road.

Ordinance No. 2650 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 THE CITY MANAGER TO EXECUTE AN EASEMENT IN FAVOR OF THE CITY OF PHOENIX FOR CITY OF GLENDALE OWNED PROPERTY LOCATED AT THE NORTHWEST CORNER OF 107TH AVENUE AND CAMELBACK ROAD; AND ORDERING THAT A CERTIFIED COPY OF THIS ORDINANCE BE RECORDED.**

It was moved by Clark, and seconded by Goulet, to approve Ordinance No. 2650 New Series. Motion carried on a roll call vote, with the following Councilmembers voting “aye”: Clark, Goulet, Martinez, Frate, Knaack, and Scruggs. Members voting “nay”: none.

16. SALT RIVER PROJECT EASEMENTS

Larry J. Broyles, P.E., City Engineer, presented this item.

This is a request for the City Council to adopt an ordinance granting an electrical easement in favor of Salt River Project (SRP) on northeast corner of 95th Avenue and Grand Canal/Bethany Home Road.

SRP is requesting a power distribution easement from the city for the installation and protection of its facilities at this location.

The recommendation was to waive reading beyond the title and adopt an ordinance authorizing the City Manager to execute the easement in favor of Salt River Project.

Ordinance No. 2651 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 THE CITY MANAGER TO EXECUTE AN ELECTRICAL EASEMENT IN FAVOR OF SALT RIVER PROJECT ON THE NORTHEAST CORNER OF 95TH AVENUE AND GRAND CANAL/BETHANY HOME ROAD; AND ORDERING THAT A CERTIFIED COPY OF THIS ORDINANCE AND EASEMENT BE RECORDED.**

It was moved by Clark, and seconded by Goulet, to approve Ordinance No. 2651 New Series. Motion carried on a roll call vote, with the following Councilmembers voting “aye”: Clark, Goulet, Martinez, Frate, Knaack, and Scruggs. Members voting “nay”: none.

17. LEASE OF CERTAIN REAL PROPERTY AT THE GLENDALE AIRPORT BY AND BETWEEN CITY OF GLENDALE AND RLDG GLENDALE HANGERS I, LLC

Judy Skeen, Airport Administrator, presented this item.

This is a request for the City Council to adopt an ordinance approving a real property lease with RLDG Glendale Hangars I, LLC for 3.19 gross acres between the FBO building and the Glendale Municipal Airport terminal building.

This real property lease meets the Council's goal to promote economic development. This hangar and office development has been marketed to aviation-related corporate executives and professionals whose relocation to Glendale will enhance a growing business sector through the creation of up to 250 jobs at the airport.

The Council has previously approved real property leases for the Glendale Municipal Airport for the development of hangars and office space.

RLDG Glendale Hangars I, LLC will construct, at their expense, two large executive hangars and one office building on the parcel.

The lease term for this parcel is 35 years, with two 15-year options and incorporates specific milestones for construction of the project. The initial construction period is to take place on or before the date that is six calendar months after the effective date of the lease. The lease requires completion of construction of the initial improvements on or before the date that is 18 months after the date of Commencement of Construction.

The initial annual lease rate for this parcel is \$.10 per square foot, with an increase to \$.23 per square foot on the Completion of Construction date with an annual CPI adjustment.

Adequate aircraft facilities are important in meeting the needs of executives and professionals relocating to Glendale. As the city works at attracting new business to the western part of the city, the airport becomes a very valuable marketing tool. Having an airport near a commercial development makes it far more attractive to companies that want to locate retail, satellite offices, or corporate headquarters.

The approval of this real property lease will result in increased revenues for the operations and maintenance of the Glendale Municipal Airport.

The recommendation was to waive reading beyond the title and adopt an ordinance authorizing the City Manager to execute the real property lease at the Glendale Municipal Airport to RLDG Glendale Hangars I, LLC.

Mayor Scruggs asked what a substantial final draft meant. Mr. Tindall stated that it was a designation put on the document to provide staff with additional time to make non-substantive changes to the document.

Mayor Scruggs referred to Section 2.3a of the lease. She commented on previous leases and revenue streams that came back to the city for these particular activities. She stated it appeared that in this lease, the city was only receiving funds from the ground lease rent and no percentages from any other activities. Mr. Tindall confirmed this lease did not have a percentage of income from other activities; it was only a ground lease. He explained with this lease, either you receive an income percentage or a ground lease. He said in this case, they did not do a percentage of income but instead took the fair market value for just the property. He added that should they include a percentage of revenue, the ground lease amount would go down.

Mayor Scruggs inquired if she was incorrect in her memory that in the past the lessee paid both the ground lease and a percentage of activities associated with the business. Mr. Tindall explained this was a different type of lease. He noted that the FBO lease does impose a percentage of revenue to come back to the city, however, this lease was strictly a ground lease. The developer will finance and build the entire structure.

Mayor Scruggs inquired as to why the ground lease method was chosen over having a percentage of revenue once the structure was developed. She felt that the city would see more revenue generated with having a percentage of the activities. Mr. Tindall reiterated that they had measured the financial consideration on both strategies and determined the fair market value for the ground lease was the best option. However, if there had been a structure on the property it would have been a different type of negotiation.

Ms. Skeen interjected stating that this project will bring in more jobs to the airport. She noted that this was a very important factor.

Mayor Scruggs commented that there used to be a standard operating procedure and guideline developed to treat everyone fairly. She asked Ms. Skeen if they still existed. Ms. Skeen replied that they did. Mayor Scruggs asked if the tenants will be paying revenue to the city once the building is developed. Mr. Tindall replied that the tenants will pay a lease rate to the developer of the building. Ms. Skeen added that the city will be approving the sub-lease to ensure they comply with all rules and regulations.

Mayor Scruggs asked if she will at some point see a lease come forward on this property that will bring more revenue to the city of Glendale than the 26 cent per square foot. Mr. Tindall replied no. The term rates will be in effect during the term of the lease. Mayor Scruggs asked if the city will receive any additional revenue once the tenant starts repairing and storing aircrafts. Mr. Tindall replied no. The city will not have the lease with the tenant; the developer will.

Mayor Scruggs asked if the initial time frames of 30 years, then the two 15 year periods were consistent with other leases. Ms. Skeen explained that there was some consistency with other ground leases at the airport; however, this time frame was a bit longer than was normal.

Mayor Scruggs and Mr. Tindall discussed penalties should the lessee fail to perform any covenant or obligation in the agreement.

Mayor Scruggs referred to Section 6.3 of the lease. She stated that the developer will not be required to pay design review fees. Mr. Tindall replied that she was correct. He noted that it was by Council's direction. Mayor Scruggs also inquired as to the issue of eminent domain.

Mayor Scruggs inquired if anything built at the airport became property of the city. Ms. Skeen stated that she was correct. She explained that the action did occur after a certain period of time. Mayor Scruggs asked if it was stated in the lease document that at the end of the lease, the property would be owned by the city of Glendale. Mr. Tindall explained that in a land lease, what remained was a fixture that could not be moved, therefore, it was the standard common law of realty property that the structure became the property of the city.

Mayor Scruggs referred to Section 9.3 of the lease. She remarked that nowhere on the lease did it reference Luke Air Force Base. Mr. Tindall explained that there had been no particular reason why it was not stated and assumes the developer would not have a problem adding it. Mayor Scruggs stated that they should always remain cognizant of Luke Air Force Base.

Mayor Scruggs asked for clarification on Section 12 of the lease which dealt with permitted mortgages. She indicated that it seemed to be a very significant part of the lease document; however, she was unable to understand how it applied to this lease. Mr. Tindall explained this provision allows the developer to go out and finance the construction of the building, allowing for a construction loan to be taken out by the developer to build the building. The contractor will then lease it and repay the mortgage over time.

Mayor Scruggs commented on Section 15.2 of the lease which dealt with knowledge defined. She said she did not remember seeing it in any other lease. Mr. Tindall stated this fell under the representation section where one entity represents another. He explained that the city is very large and they had added provisions that limit the knowledge and information to the people that are specified in the lease term. He added that other large, complex organizations are also adding this provision.

Mayor Scruggs asked for clarification on section 19. Mr. Tindall explained this provision was for any catastrophic event that might happen on the property. He said that if the destruction was more than 50%, it would fall to the city to decide what to do with the property. The developer also had the option not to rebuild. He noted that this was a very common practice in land lease provisions.

Mayor Scruggs asked what the lease payment would be on the property. Ms. Skeen replied that it would be approximately \$2,663 a month. Mayor Scruggs believed it to be very low. She stated that she was still not comfortable with the option chosen.

Councilmember Frate asked Ms. Skeen what the developer planned to invest in the building and how many people will be employed. Ms. Skeen replied that in this phase, there will be approximately 40 to 50 people. She added that she did not know the amount of the investment, however, it was significant. Councilmember Frate commented that he had heard that at build-out the employee numbers could rise to 250.

Mayor Scruggs asked for any additional comments.

Mr. Leonard Clark, a Barrel resident, stated that until more information is provided to Council on this matter, he would withhold his support.

Ordinance No. 2652 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 REAL PROPERTY LEASE AGREEMENT AT THE GLENDALE MUNICIPAL AIRPORT WITH RLDG GLENDALE HANGARS I, LLC.**

It was moved by Goulet, and seconded by Clark, to approve Ordinance No. 2652 New Series. Motion carried on a roll call vote, with the following Councilmembers voting “aye”: Clark, Goulet, Martinez, Frate, and Knaack. Members voting “nay”: Scruggs.

REQUEST FOR FUTURE WORKSHOP AND EXECUTIVE SESSION

It was moved by Martinez, and seconded by Frate, to vacate the July Council meetings and to hold a special workshop at 1:30 p.m. in Room B-3 of the City Council Chambers on Tuesday, August 12 and to hold a regular City Council meeting at 7:00 p.m. on August 12. The motion carried unanimously.

MOTION TO EXCUSE COUNCILMEMBER LIEBERMAN

It was moved by Martinez, and seconded by Clark, to excuse Councilmember Lieberman from tonight’s Council meeting. The motion carried unanimously.

CITIZEN COMMENTS

Mr. Leonard Clark, a Barrel resident, commented on the price of fuel around the state. He reported that citizens and cities were doing their part to lessen their consumption. He suggested Glendale ask their citizens to participate in finding alternative ways to travel. He discussed the rising gang problems and youth vandalism. He recommended having better role models.

COUNCIL COMMENTS AND SUGGESTIONS

Councilmember Clark commented on the recent passing of Mayor Scruggs' father. She said that everyone's prayers and condolences were with her and her family. She reminded everyone that Council breaks in July but will be back in August. She wished everyone a safe 4th of July.

Councilmember Goulet thanked and congratulated management and staff for passing a sound and strong budget. He acknowledged Glendale's many accomplishments throughout the year. He stated that the city will continue to grow with annexation and redevelopment. He also commended fire and police for all they do for the community.

Vice Mayor Martinez wished everyone a fun and safe summer. He said that although the Council was breaking for July, you could still reach him by e-mail or phone.

Councilmember Frate thanked the Scout Troop for staying through the meeting tonight. He commented on the severe heat in the Valley. He said the City of Glendale did have a plan for citizens who needed relief from the heat. He noted hydration stations are set up around the city. He reminded everyone to watch children around water.

Councilmember Knaack wished everyone a safe and happy summer. She invited everyone to the Summer Band Concert on July 3rd and the July 4th celebration at the Glendale Community College.

Mayor Scruggs thanked Councilmember Clark for her kind words in regards to the passing of her father. She also thanked the many citizens for their tremendous outpouring of concern. She said that she was very fortunate to have received so many cards and messages. She expressed her gratitude for those who came to the visitation and funeral. She commented on how proud she was of her father and all the wonderful things he had taught her. She said that he taught her to always strive for the best and not to settle for anything less. She said that he passed down a strong work ethic to her. She commented that she always knew that he would without a thought give his life for her. She commented on how her father was a lot of fun and a great dancer. He was a very good man and everyone's best friend.

ADJOURNMENT

There being no further business, the meeting was adjourned at 8:55 p.m.

Pamela Hanna
Pamela Hanna - City Clerk