



**MINUTES OF THE
GLENDALE CITY COUNCIL WORKSHOP SESSION
Council Chambers – Room B3
5850 West Glendale Avenue
May 20, 2014
1:30 p.m.**

PRESENT: Mayor Jerry P. Weiers, Vice Mayor Yvonne J. Knaack and Councilmembers Norma S. Alvarez, Ian Hugh, Manuel D. Martinez, Gary D. Sherwood, and Samuel U. Chavira

ALSO PRESENT: Brenda Fischer, City Manager; Jennifer Campbell, Assistant City Manager; Michael Bailey, City Attorney; and Pamela Hanna, City Clerk

CALL TO ORDER

WORKSHOP SESSION

1. **GRAND CANYON STATE LOGO SIGNS – URBAN LOGO SIGN PROGRAM**
PRESENTED BY: Cathy Colbath, Interim Executive Director, Transportation Services
Win Holden, Publisher, Arizona Highways Magazine, CEO,
Grand Canyon State Logo Signs

This report outlines the Grand Canyon State Urban Logo Sign Program. The purpose of this report is to inform the City Council of the program and to seek direction regarding potential participation in the City of Glendale.

Ms. Colbath introduced Win Holden, publisher of Arizona Highways Magazine. She said this program is to help motorists find travel-related businesses. She said they would like feedback or discussion about Glendale participating in this program.

Mr. Holden summarized the program. He said it is ADOT's program and is designed to help motorists find travel-related businesses. He said they currently have 1200 signs in Arizona representing qualified travel-related businesses, which include food, lodging, gas, 24-hour pharmacy, camping and attractions. He said these are the only categories allowed to participate in this program. He said they would like to expand this program into urban areas of the state. He said by statute, the sources of revenue go into the state highway fund.

Mr. Holden discussed criteria and availability. He said safety is always a priority. He also explained that at each exit ramp, between one and four large signs could be available. He said the business must be a travel-related business located within three miles of the highway and it must be on an existing road or cross street. He also explained the signs are owned and maintained by ADOT and the city has no liability or financial responsibility for any of these signs.

Councilmember Martinez referred to the comment made by Mr. Holden regarding the height of the larger signs and asked how high those signs were. Mr. Holden said the larger signs are approximately six feet. He said the number of logos on each sign determines the sign's size. Councilmember Martinez asked in Mr. Holden's experience working with other cities, has he ever had the feedback of anyone opposed to them for whatever reason. Mr. Holden said he has. He explained the city of Phoenix has approved putting pathfinder signs anywhere within their city limits and Avondale has also approved this, but Scottsdale has declined the signs. He said the decision is up to the municipality. Councilmember Martinez asked what reasons have been given by those opposed to these signs. Mr. Holden said Scottsdale gave the reason of sign clutter. Councilmember Martinez asked about other cities, other than Scottsdale, where there has been push back, he asked what other reasons were given. Mr. Holden said they have not had any push back from other cities at this point. Some cities have taken this issue under advisement. Councilmember Martinez asked if Mr. Holden had heard from those cities as to whether they might be opposed to it. Mr. Holden said he has had no other comments from any other cities at this time.

Mayor Weiers asked if Mr. Holden was familiar with the MIM Museum. Mr. Holden said he was. Mayor Weiers said Scottsdale lobbied hard to put up signs to get people to go to that museum, which has been very successful. He asked why Scottsdale was okay with the signs for the museums, but not other types of signs. Mr. Holden said there was a special statute passed to permit that sign.

Vice Mayor Knaack asked which two cities have given permission so far. Mr. Holden said Phoenix and Avondale.

Mr. Holden discussed several intersections along Loop 101 that were qualifying for these signs. He said businesses have signed up to participate in this program along several of those intersections. Mr. Holden provided examples of pathfinder signs for Council review. He said there would be no cost to the city for maintenance or repair of these signs.

Vice Mayor Knaack asked how many of the pathfinder signs they were looking at. Mr. Holden said by law, the maximum number at any one location is four. He said in most cases, it would be one or two based on the businesses in the area. Vice Mayor Knaack asked where the four signs would be. Mr. Holden gave examples of the sign placement. He said if there was more than one participating business at that location, the maximum number of businesses on any given sign panel would be four. Vice Mayor Knaack asked how tall those signs were. Mr. Holden provided the sign dimensions.

Councilmember Martinez asked if there had been any studies done as to the impact of the signs on the businesses that utilize the signs. Mr. Holden said yes and said the rural program has been in place the longest. He said there is a 95 percent renewal rate on those signs. He also said Avondale has indicated an increase in business after the signs went up. He said the amount of renewal is the best way to judge the signs' effectiveness. Mr. Holden asked Council if it was in the city's best interest to participate in the pathfinder sign program. He provided an example of Westgate.

Councilmember Chavira said he was going to bring up Westgate and said it would be a great opportunity for Westgate.

Mayor Weiers said it was a great way to get people to get off the freeway and visit Glendale without any costs to the city.

Vice Mayor Knaack said she is not a supporter of the visual blight of signs. She said these signs are not very intrusive and she said it would support the business community.

Mayor Weiers said there was consensus to move forward with this.

2. SALE OF CITY PROPERTY AND FACILITIES

PRESENTED BY: Stuart Kent, Executive Director, Public Works

Staff is seeking guidance on the possible sale of city property and facilities. The city owns over 140 buildings encompassing over two million square feet. Buildings vary from ancillary storage buildings at a water treatment plant and restrooms at a city park to larger structures including city hall and Jobing.com Arena. Attached is a list of all city buildings and properties. Should Council wish to proceed with further evaluation of any properties or facilities, staff recommends that a request for qualifications be issued to hire a company to conduct a comprehensive evaluation and appraisal of any selected properties.

Mr. Kent provided history on this item and explained the spreadsheet provided to Council which listed buildings for sale. He said a more comprehensive evaluation would need to be done if Council wished to sell any of these properties. He said cost would hinge on how many facilities they looked at. Mr. Kent separated the facilities into categories, which consisted of community facilities, public works facilities, public safety facilities and general government facilities. He also explained although just buildings were listed on the spreadsheet, the city owns other real property and provided the landfill and golf courses as examples.

Mayor Weiers said on the community facilities inventory, Westside Food Bank was listed and he asked if it was no longer the Westside Food Bank but a Fire Department facility. Mr. Kent said that was correct. Mayor Weiers also asked if GRPSTC was listed in there. Mr. Kent said GRPSTC was on the list. Mayor Weiers asked how GRPSTC works as the city partners with other cities on this facility. Mr. Kent explained this is a jointly operated facility and jointly capitalized. He mentioned several surrounding cities that were all capital partners in the facilities and who also assist with the operating costs for the city.

Mayor Weiers said it might be difficult for Glendale to do anything with that facility even if they wanted to because of those partnering relationships. Mr. Kent said that is correct and some were more viable options than others. Mayor Weiers said he would also like to have a list of the buildings where other parties have interests so he has a more realistic idea of what is available.

Councilmember Martinez asked about Community Center North and asked if staff had looked at this and identified if the facilities are not being used or if the city could sell the facilities. Mr. Kent said staff has not gone through a detailed evaluation of each asset to determine which properties are more viable than others. He said a vendor may assist the city with answers to these questions. Councilmember Martinez said he had attended a meeting at that facility years ago and wondered how much use that facility gets at all. He asked if that facility is getting some use. Mr. Strunk said he does not have specifics on how many days per week the facility is being used, but explained it is being used by faith based organizations and an athletic association. Councilmember Martinez asked if there are other buildings that are being used for something or other buildings that are vacant and not being used at all. Mr. Kent referred to the report regarding several facilities that are minimally used. He also said there were seasonal issues to take into consideration regarding these facilities. Councilmember Martinez said there have been some discussions on this, but suggested those could be used somehow and said there were some issues with a facility that used to have a dry cleaner. He said they should investigate this and come to some kind of a decision whether to sell the buildings or find a use for them. Mr. Kent said a number of properties were purchased previously for economic development or to enhance downtown.

Councilmember Chavira agreed and said the downtown retail space is important and if the properties are now viable, they need to be sold.

Vice Mayor Knaack said she was under the impression that the dry cleaner property was remediated. Mr. Kent said the property has not been fully remediated. He said a study was done some years ago and the decision was made not to disturb the property at that time. He said they would have to restudy that property as there are known issues. Vice Mayor Knaack said her direction would be to get a professional to look at the buildings. She would also like to see a complete list of the debt owed on any of the property. At that time, Council could make some recommendations. Mr. Kent clarified they wanted this detailed information on all the properties. Mayor Weiers said Council did want that information.

Councilmember Sherwood said he was going to add the same thing where it would be nice to know what is owed on each property. He asked if the city still owed money on the parking garage behind the Bank of America Building. Mr. Kent said money was still owed on the parking garage, but the city owned the Bank of America building outright. Councilmember Sherwood said the parking garage would have to go with the building if sold. Mr. Kent said there are several options for the parking garage, including assigning parking for the Bank of America building, or selling the garage with the building. He said a commercial building without parking would not work. Councilmember Sherwood said regarding the landfill, if the city decided to go with alternative service delivery for

sanitation, there have been information discussions on a windfall to get the city some money to procure assets. He said he wants staff to compile the information on what was still owed on all the properties and make recommendations on what could be done. He said the added information would assist Council with a decision at a future workshop.

Councilmember Hugh said they need all the information they can get on all the properties so a decision can be made.

Councilmember Alvarez asked if the Lazy J trailer park was city property. Mr. Kent said it was. She asked if the city was thinking of selling this property. Mr. Kent said this property was included as it is part of the campus that is attached to it. He said the property was acquired as part of the Water Services budget several years ago. He said there might be alternative uses for that property as residents leave. He also said there are additional demands for storage and other opportunities to use the property. Councilmember Alvarez said the property is an eyesore and the city should look into selling it. She said the city might be seen as a slumlord and as violating immigration law.

Mayor Weiers said Council needs a more detailed and complete list to make any decisions.

Ms. Fischer said staff is recommending taking a strategic approach analyzing where the funds would go if the property was sold, short and long term usage of the property, and whether to sell the property or turn it into some type of ongoing revenue generating property. She said based on Council's feedback, she would like a vendor to do an inventory and look at all the assets and get an assessment of how to handle each property. She asked if Council was comfortable seeking a professional to guide this process or if they wanted additional information before seeking the advice of professional.

There was Council consensus to obtain more detailed information before engaging a professional.

Vice Mayor Knaack asked how long this would take. Mr. Kent said he might not have the information by the June workshops. Ms. Fischer said it was more important that the information be thorough and accurate than fast and asked Mr. Kent to make it a priority.

3. FY 2013-14 THIRD QUARTER FINANCIAL REPORT
PRESENTED BY: Tom Duensing, Executive Director, Financial Services
Vicki L. Rios, CPA, Assistant Finance Director, Financial Services

The purpose of this item is to provide Council with a FY 2013-14 Third Quarter Financial Report for the major operating funds which gives information regarding the actual results of the city's revenue collections and expenditures through March 31, 2014 including forecast to actual comparisons and an assessment of any foreseeable financial issues.

Mr. Duensing said he was here to provide an update on the major operating funds of the city. In his overview, he provided a report on the actual results of the major operating

funds, which included the general fund, special revenue funds and enterprise funds. He reported year to date where the city is at, there is nothing special to report, no concerns or any really good news. He said the city is on track to be where they forecasted they would be.

Ms. Rios said the results being presented were through March 31, 2014 and includes the holiday season. She explained these results were compared to the five year forecasts and items are on target if they are near 75 percent of the forecast. She said they compared actual results of this year to results at the same time last year and have added FY12 results per Council's request. She said the major increase in the numbers is due to the temporary sales tax.

Mayor Weiers said three-fourths of the way through the year and the city is at about 75 percent of the income expected, and said the winter months are usually much better than everything else. He asked what might happen with the slower summer months coming and asked if the city would fall short. Mr. Duensing said in the general fund at 74 percent, they are seeing collections. He said typically in the fourth quarter of a fiscal year, they see a little bit more than 25 percent of the year. He said he is tracking this closely and they are on target to hit the forecast. He said the collections for April, May and June represented the March April and May sales activities.

Ms. Rios said overall there are no financial issues and revenues are expected to meet forecasts. Staff will continue to monitor and provide updates. She said they are looking for Council's feedback on the report. She first reported on the general fund. She said revenues are at about 75 percent in total of the forecast. She said other revenue is a little higher at 76 percent.

Councilmember Sherwood said the expenditures generally are at 70 percent and one category is at 36 percent. He asked if people will rush their expenditures as it gets closer to the end of the year. He said when there is a gap when in one case revenues are 66 percent and expenditures at 36 percent, he understands that to mean there is money to be realized as the budget is completed. He asked if on the expenditure side, they are seeing the same thing as on the revenue side. Mr. Duensing said on the low expenditure side, the city has July 1st debt service payments so they are able to accrue those back to the current fiscal year, so there will be an uptick in the 4th quarter for those reasons. He said there might be a small increase due to expenditures at the end of the year, but it is not a material amount.

Ms. Fischer said not all of the expenditures are distributed evenly throughout the year. She asked if some of these expenditures are due to upcoming balloon payments or vacancy savings due to the high turnover the city is experiencing. Mr. Duensing said there are certain one-time payments and they do anticipate vacancy savings. He said in the five year forecast, they forecasted spending down the savings to about \$2 million. He said this does not assume vacancy savings and it is his hope they beat that forecast.

Ms. Rios said revenues and expenditures are expected to meet year end forecasts. Revenue has increased by over \$10 million and expenditures have increased by almost \$17 million. She said the increased expenditures are to budgeted contractual obligations.

Councilmember Hugh asked for an explanation of the \$16.9 million. Mr. Duensing said in FY13, the presentation given on Camelback Ranch showed that it is the biggest piece of those funds. He said the general fund did not bear the cost of Camelback Ranch in FY13. He said FY14 was the first fiscal year that the general fund absorbed that cost. He said it was anticipated and budgeted. Councilmember Hugh asked how much it was. Mr. Duensing said it was about \$10 to \$12 million per year. Councilmember Hugh asked about the rest of the total. Mr. Duensing said most of it is the way the debt is structured, such as the capital lease and normal cost increases, such as retirement costs and health insurance.

Ms. Rios next updated city sales tax information which was obtained directly from the tax and license information system. She first explained the annual general fund sales tax revenues compared to FY14 third quarter. She discussed the previous four years and the year to date figures. She next explained the general fund sales tax collections third quarter comparison. She said these figures are showing on target at about 74 percent of the annual estimate. She said collections for this year are about 7.7 percent higher than last year over the holiday season.

Councilmember Sherwood said the general tax looks like it went up about \$1.6 million from FY13 to FY14 but they were looking at over 5 1/2 million on just the .7. He asked for explanation on why there is such a big difference on the temporary tax when it is just .7 versus the 2.2 that the city gets on the regular tax. Mr. Duensing said the sales tax was implemented in FY13. He said the figures were 7 months' worth of temporary sales tax collections. In the following year, it shows 9 months' worth of temporary sales tax collections.

Ms. Rios explained further restaurant and bar collections activities and provided some figures for those collections. She went on to discuss HURF funds. She said revenues were at 66 percent and expenditures were at 36 percent. These are expected to meet forecast. Revenues have increased slightly and expenditures are low. The transportation sales tax is at 71 percent of the forecast and expenditures are at 25 percent. She said the fund pays for capital projects that occur unevenly throughout the year.

Vice Mayor Knaack asked if they could provide some idea of what the capital expenditures for the year will be. Mr. Duensing said they might have to do a little research then provide that information to Council.

Ms. Rios next said the public safety – police special revenue fund is also coming in close to forecast with revenues at 72 percent and expenditures at 62 percent. The public safety – fire special revenue fund are on target for the year, but are about 2 percent higher than last year with revenues at 74 percent and expenditures at 74 percent as well. Ms. Rios said water and sewer are on target at 75 percent and expenditures are at 53 percent. Sanitation revenues are at 75 percent and expenditures are at 66 percent. The landfill is also on

target with revenues at 73 percent and expenditures at 28 percent. She summarized by saying all the major funds are expected to meet forecast, there are no material variances in revenue or expenditure levels and staff will continue to monitor performance.

Councilmember Hugh asked at the end of the fiscal year what they thought the fund balance carryover will be. Mr. Duensing said they forecasted the general fund at the end of this fiscal year to be about \$17 million, which is about 10 percent of revenue and he said this assumes the city's deficit at about \$2 million. Councilmember Hugh asked if this carryover fund balance was cash. Mr. Duensing said that was correct and it was equivalent to the general fund savings account balance.

Councilmember Martinez asked if this would help the city with its bond rating. Mr. Duensing said the bond rating is much more encompassing than where they are at the end of the fiscal year. He said the bond raters are looking for financial stability and presenting a plan for sustainability. He said this is one piece in a much larger pie to boost the bond rating.

CITY MANAGER'S REPORT

Ms. Fischer welcomed the new city engineer, David Beard, and said he comes from Midland, Texas.

COUNCIL ITEMS OF SPECIAL INTEREST

Vice Mayor Knaack said she would like staff to research how other City Councils use their discretionary funds. She said with the new Council coming in, the guidelines should be studied, presented and accepted. She said there are too many variables and questions at this time.

Adjournment

The meeting was adjourned at 2:35 p.m.