

***PLEASE NOTE: Since the Glendale City Council does not take formal action at the Workshops, Workshop minutes are not approved by the City Council.**

**MINUTES
CITY OF GLENDALE
CITY COUNCIL BUDGET WORKSHOP
April 4, 2006
8:30 a.m.**

PRESENT: Mayor Elaine M. Scruggs, Vice Mayor Thomas R. Eggleston, and Councilmembers Joyce V. Clark, Steven E. Frate, David M. Goulet, H. Phillip Lieberman, and Manuel D. Martinez

ALSO PRESENT: Ed Beasley, City Manager; Pam Kavanaugh, Assistant City Manager; Craig Tindall, City Attorney; and Pamela Hanna, City Clerk

1. FISCAL YEAR 2006-07 BUDGET: 4TH WORKSHOP

Staff presenting this item: Ms. Sherry Schurhammer, Management and Budget Director, and Mr. Art Lynch, Deputy City Manager

This is a request for the City Council to review the recommended Fiscal Year (FY) 2006-07 supplemental requests for the following departments, work groups, and programs:

- Administrative Services - Ms. Sherry Schurhammer, Management and Budget Director, and Mr. Art Lynch, Deputy City Manager
- Management and Budget - Ms. Sherry Schurhammer, Management and Budget Director
- Economic Development – Mr. Art Lynch, Deputy City Manager and Ms. Karen Thoreseon, Economic Development Director
- Rebates and Incentives - Mr. Art Lynch, Deputy City Manager and Ms. Karen Thoreseon, Economic Development Director
- Finance – Mr. Ray Shuey, Chief Financial Officer
- Lease Payments – Mr. Art Lynch, Deputy City Manager
- Information Technology - Mr. Art Lynch, Deputy City Manager and Mr. Ken Reedy, Deputy City Manager
- City Auditor's Office – Ms. Sherry Schurhammer, Management and Budget Director
- City Manager's Office – Ms. Sherry Schurhammer, Management and Budget Director and Ms. Cathy Gorham, City Manager Relations Director
- Civic Center Office – Ms. Sherry Schurhammer, Management and Budget Director
- Community Action Program Office – Ms. Sherry Schurhammer, Management and Budget Director

The first budget workshop occurred on March 14, 2006. The issues addressed at that workshop were the FY 2005-06 second quarter report on General Fund (GF) revenues and expenditures and the FY 2006-07 GF revenue projection, as well as the Police Department staffing study.

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

All budget workshops are open to the public and are posted publicly per state requirements.

Today's workshop is for information only. Decisions on the proposed budget will not be requested until the final balancing workshop, scheduled for April 11, 2006.

Administrative Services Group

Administrative Services

Mr. Lynch reported a base budget of \$189,722, with no carryover or supplemental requests.

Councilmember Martinez referred to Page 448, asking what happened to the two Administrative Services positions. Mr. Lynch explained as part of their reorganization the Homeland Security function was moved to the City Manager's Office.

Management & Budget

Mr. Lynch reported a base budget of \$918,889, with no carryover or supplemental requests.

Economic Development

Mr. Lynch stated the base budget for Economic Development totals \$1,071,907 and the supplemental request for \$92,089 relates to the Greater Phoenix Economic Council annual contract. He explained GPEC assists in bringing business leads to Glendale.

Councilmember Martinez asked about the 12 percent increase. Mr. Lynch said the increase reflects some slight adjustments, pointing out there was a slight over-cost on GPEC in the past. He expressed staff's opinion the increase is warranted.

Mayor Scruggs asked if the staff will increase by one. Mr. Lynch responded yes. Mayor Scruggs said she supports the increase because the Economic Development Department has lacked stability for several years.

Councilmember Lieberman asked about the \$2,489,000 Professional and Contractual carryover request, specifically with regard to consultants. Mr. Lynch stated professional services for economic development projects are paid from monies set aside for professional services in association with the attorney's office. He said special ongoing professional and contractual services are placed in the Economic Development budget. Ms. Thorson explained the account is for land acquisitions and the carryover represents the balance of the amount authorized last year to acquire land in and around the downtown area to help bring underperforming properties to a higher level.

Mayor Scruggs stated the Council initially set aside \$3 million out of the General Fund and the carryover represents the remainder of those funds.

Rebates and Incentives

Mayor Scruggs asked Mr. Lynch to review Page 453.1. Mr. Lynch said when looking at the Rebates and Incentives, the \$3,343,400 is the amount of rebate contracts or obligations the city has for the upcoming budget year. He stated they are setting aside the monies for that obligation so that they can make payments to those entities that locate within Glendale's jurisdiction. Ms. Schurhammer explained the information at the top of the page represents the budget by program, while the information below represents the budget by category. She said the visual improvement program had one-time money in this fiscal year's budget with no supplemental requests for next fiscal year since they plan to carry some of the money over to next fiscal year. She stated they will return to Council and request additional funding if it is determined additional projects are needed as part of the visual improvement program. Mayor Scruggs asked if the \$3,343,400 represented in the top section of the page is the same \$3,343,400 represented in the bottom section. Ms. Schurhammer responded yes, explaining the money budgeted in the current fiscal year budget for the Visual Improvement Program and Redevelopment Land Acquisition was one time money and shows up as a carryover request for next fiscal year. Mayor Scruggs asked staff to identify which economic development projects are included in the \$3,343,400. Ms. Thorson stated the Rebate Incentive Program covers about two dozen different projects approved by the Council over the years. She said virtually all of the \$3,343,400 is budgeted to go out to companies with whom the Council has made a business deal. Mayor Scruggs stated the point of her question is to make it clear that the city is not paying \$3 million to a single entity. She asked how far back do the projects go. Ms. Thorson said as far as 1992. Mr. Lynch pointed out a portion of the infrastructure the city put in for Westcor Mall was rebated to the city. Mayor Scruggs said her point is that the Rebate and Incentives Program encompasses a lot of economic development opportunities that have been producing revenue for the city for a number of years and will continue to produce into the future. Mr. Lynch said the revenues from those projects total tens of millions of dollars, allowing the city to provide additional services to the citizens.

Councilmember Martinez noted a 55 percent decrease in Supplies and Contracts. Ms. Schurhammer explained one-time money in the current fiscal year budget drops off.

Finance

Mr. Lynch reported a base budget of \$6.3 million, with no carryover requests and \$183,517 in supplemental requests. He said the carryover requests relate to a Grant Accountant to assist in the area of federal required accounting and governmental accounting standards, tracking and providing updated reports, increased postage costs, and operation and maintenance of the mail insertion equipment used. He stated the other position requested is a Senior Account Specialist who will work in the Utilities' customer service area.

Mayor Scruggs referred to Page 466, stating they are going to spend \$13,590 to keep their 13 year-old mail insertion equipment running. She said in the CIP book, however, they defer a request for a relatively small amount to replace the mail insertion equipment until the unfunded part of the CIP. She asked about the logic in purchasing a maintenance contract on a machine that is too dilapidated to do the job. Mr. Lynch clarified the machine runs approximately one million pieces of mail per year. He said the \$13,500 contract represents their annual contract opportunity and the contract will allow them to keep the machine running. Mayor Scruggs said she wants to put the purchase of new equipment on this year's list. Mr. Shuey said their preference would be to purchase a new machine, explaining the maintenance contract was included to ensure the city can continue to provide the important services of mailing out bills and payroll checks.

Councilmember Lieberman asked about the salaries for the city's advisors. Mr. Lynch stated it is referenced on Page 100 under the City Attorney's budget for Special Project Fees and Costs. Councilmember Lieberman noted the item is listed at \$0 for this year. Ms. Schurhammer explained the money is one-time money in this fiscal year's budget. She said the \$575,000 supplemental request on the following page represents additional one-time money for next fiscal year. Councilmember Lieberman requested a breakdown of the \$575,000. Mr. Tindall offered to provide a breakdown of how the money was expended last year. He explained their projection for that fund is based on what they spent the previous year and what they anticipate spending on projects this year. He pointed out the budget held in the City Attorney's office for consultants and outside counsel is for special projects, while the budget held in the Finance Department is related to traditional municipal bond counsel. Councilmember Lieberman clarified his question was related to the cost of the city's traditional municipal bond counsel. Mr. Tindall explained the bond counsel will occasionally assist the City Attorney on special projects for which the counsel is paid out of the City Attorney's office. He said work the consultant does in terms of traditional municipal bonds will be paid out of the Finance Department. Mr. Lynch assured Councilmember Lieberman they will provide him with the figures.

Councilmember Martinez referred to page 458, stating it shows no expenses for the tracking of expenses related to the fees charged for acceptance of credit cards to pay for city services. Mr. Lynch explained the fees are paid out of the investment revenue earned. He said the budget item simply provides them with the appropriation authority needed to pay for the credit card services. Ms. Schurhammer explained, in the past they have paid the fees as an expenditure reimbursement. She said, as the result of a change in accounting procedure, they are now requesting appropriation authority that will allow them to show the expenditure side.

Lease Payments

Mr. Lynch reported a base budget of almost \$5.2 million, with no carryover and a \$7 million supplemental request. He explained the supplemental request is related to the pay-down of the Northern Crossing lease agreement, stating the pay-down will create \$1,985,000 in additional ongoing capacity in the General Fund.

Councilmember Lieberman asked if the Northern Crossing's payment represents the final amount owed. Mr. Lynch stated another \$7 million will be paid at a future time. He explained staff recommended the \$7 million pay down because they felt it would have the best impact on the General Fund and operating budget. Councilmember Lieberman suggested they refer to the payment as a pay down rather than a payoff. Mr. Lynch clarified staff is recommending they pay off the current year's upcoming payment.

Information Technology

Mr. Lynch said Information Technology has a base budget of \$7.7 million, with a carryover request of \$289,713 and supplemental requests of \$746,722.

Councilmember Martinez referred to Page 470, asking about the 18 percent reduction. Ms. Schurhammer explained one-time money in the current fiscal year budget is not reflected in next year's budget.

Mr. Reedy explained staff put together a task force to evaluate geographic information systems on a citywide basis and to identify the benefits and costs associated with bringing the city's platform up to a level that would allow for citywide service. He said they found that the city's foundation needs to be improved, with ongoing aerial photography and maps. He stated their goal is to provide access to geographic information technology to a variety of departments. He said, in doing so, departments will have access to appropriate information about land use, parcel occupancy, assets, economic development, recreation and infrastructure. He said it will also engage community residents and organizations by improving data quality, strengthening relations and streamlining information analysis. He explained GIS allows them to visualize and work with geographic information interactively, show relationships between data and identifies patterns. He stated the \$344,972 ongoing and \$112,535 one-time supplemental requests include funding for web-based aerial contractual funding and GIS Analyst and Coordinator positions.

Councilmember Clark said she is delighted to see the implementation of GIS on a citywide basis, expressing her opinion it is long overdue. She asked if there is any plan to implement GIS in terms of Council districts, for example identifying the location of churches, schools, subdivisions, parks and so forth. Mr. Reedy said all of those things can be easily identified once the base mapping has been completed, noting users will be able to access information at whatever level they prefer. Councilmember Clark asked if the information will be accessible by the end of the year. Mr. Reedy said he believes they will be able to process the information fairly quickly.

Councilmember Martinez asked if the mapping application that will be added to police cars will be similar to the application used by the Fire Department. Mr. Reedy said the applications will be similar.

Mayor Scruggs asked how much of the information will be made available to the public. She commented people have often expressed concern to her about the amount of personal information that is accessible on the web. She said, while they cannot control the information published by other governmental agencies, she is not comfortable with the city adding to the problem. Mr. Reedy stated the city would be able to use personal information for specific projects if they want to, but there are no plans to publish personal information on the web. He assured the Council their intention is to add to the public benefit.

Councilmember Lieberman agreed with Mayor Scruggs, pointing out some websites include photos of people's homes and yards as well as information about the size and value of the homes. He stated Glendale is one of the top places in the nation for identity theft, but he is not sure if there is anything they can do to stop websites from publishing such personal information.

Internal Services Group

City Auditor

Ms. Schurhammer reported a base budget of \$401,651, with no carryover and a small \$5,000 supplemental request.

City Manager

Ms. Schurhammer said the City Manager's base budget is \$1,340,664, with a carryover request of \$10,292 and supplemental requests totaling \$90,863. She explained the supplemental requests relate to a contractual position for a Management Intern and an increase in the Outside Agency budget.

Councilmember Clark noted the budget shows an increase in the number of FTEs from eight to 10, yet the supplemental only requests one paid Intern position. Ms. Schurhammer explained some temporary assignments that were moved into the Management Office will be moved back by the end of the fiscal year. She explained

Page 486, to which Councilmember Clark referred, represents a snapshot of what is in the position.

Councilmember Clark referred to Page 491, asking how much do they typically request for Outside Agencies. Ms. Gorham explained they have been rotating people in and out of the City Manager's Office to assist with a variety of functions, but departments can no longer loan their staff out to the City Manager's Department and the last two positions are now back in the Economic Development and Marketing Departments. With regard to the Outside Agency funding, she explained last year they requested one-time funding of \$17,350 to build the pool to \$80,000. She said the pool goes back down to \$62,500 and, based on discussions with the City Manager and based on the types of requests they are receiving, staff recommends increasing that amount by \$50,000 for a total of \$112,000 for next year.

Community Action Program

Ms. Schurhammer reported no carryover or supplemental requests.

Human Resources

Ms. Schurhammer stated 86 percent of the overall budget is related to the various trust funds for which the department is responsible.

Alma Carmicle explained the first supplemental request is to increase funding for the Risk Management Trust Fund by \$200,000 to a total of \$2,756,000. She stated many public and private organizations have experienced increased insurance previous since September 2001, noting Glendale's premiums have steadily increased since that time. She said the supplemental request is based on anticipated increases given the special events that will come to the city. Ms. Carmicle stated the second supplement is related to the addition of a Human Resources Technician in the Recruitment area. She stated last year the Police Department filled 64 positions and as part of that process the Human Resources Department processed over 9,000 applications. She stated now that they have started accepting applications online, the number of applications submitted has doubled. She said they anticipate the number of applications submitted will increase further with the new police officers slated to come online. She noted the city will also begin enrolling their benefits online, which means the person who currently handles applications will now have to assist employees who call with questions or who use come in to use the lobby computers to enroll in benefits. She stated, furthermore, the city's two professional recruiters attended all day job fairs twice a month last year and they need someone in the office during their absence. She said Saturday testing date were also added to accommodate the addition of new police officers, noting those dates must be staffed by two human resources professionals.

Intergovernmental Programs

Ms. Schurhammer reported no change in the base budget and no carryover or supplemental requests.

Marketing and Communication

Ms. Schurhammer stated the Marketing Department's base budget is about \$3.3 million, with no carryover requests and supplemental requests totaling about \$397,000.

Councilmember Clark said a lot of money seems to be put into the Tourism Souvenir Program line item; although they do not appear to spend much money. She asked if the 25 percent decrease in the 4th of July line item equates to fewer fireworks. She also asked about the disparity of numbers between Glitter and Glow and Glitter's Light. Ms. Frisoni stated they are redoing their budget this year to more accurately reflect the cost of each event. She explained in prior years they had one budgeted amount for event production, stating they are now breaking out each event to identify the cost of production and revenue brought in by each event. She said, while the bottom line number is correct, the breakdown per event is not.

Mayor Scruggs suggested they also break out the Enchanted Evenings events.

Ms. Schurhammer explained the intent of breaking the costs down by event is to get a better sense of what it costs to do each special event. She said the budget for the first year is an estimate, but they will have a better idea next year after tracking the actual expenditures.

Civic Center

Ms. Schurhammer stated the Civic Center has one supplemental request related to the addition of a Marketing and Event Coordinator position. She explained the position is needed to generate more business for the Civic Center.

Councilmember Lieberman asked how close they are to breaking even at the Civic Center. Ms. Frisoni stated they are at about 72 percent revenue recovery, noting business is up about 33 percent and revenue is up about 13.3 percent over last year. Councilmember Lieberman asked how much the city supplements the Civic Center. Ms. Frisoni said Civic Center revenue is about \$483,000, which means the city is supplementing another 25 percent. She assured the Council the Civic Center is doing very well, noting each Event Coordinator handles about 150 events per year. Councilmember Lieberman asked if it is accurate to say the city will supplement the income by \$321,569. Ms. Frisoni was unable to say, stating her information is not broken out in that way. She stated the operating budget is approximately \$700,000. Ms. Schurhammer stated they anticipate a General Fund transfer of about \$200,000. Councilmember Lieberman pointed out the budget is listed as being \$805,369. Ms.

Frisoni noted the annex will open in May, stating it will provide more revenue than has been seen in the past.

Mayor Scruggs thanked those who have worked so hard to increase the use of the Civic Center. She said 72 percent cost recovery is better than they ever anticipated achieving. She commented on the impact the civic center has had on the city, stating it is the only gathering place where the city can hold public events.

Councilmember Martinez pointed out the city would also never have the opportunity to host the Governor and other dignitaries if they did not have a place in which to host them. Mayor Scruggs agreed, stating the benefit of the center goes far beyond the revenue it generates.

Vice Mayor Eggleston said he supports the additional Marketing and Events Coordinator position, stating he does not know how the current staff has been able to coordinate all of the events so far. He commented the downtown area as a whole prospers when an event is held at the Civic Center.

The meeting recessed for a short break.

Capital Improvement Program

Preliminary CIP

Ms. Schurhammer clarified the CIP for the future was not based on the huge increase in assessed valuation that residents just received. She said, in fact, staff assumed a four to five percent increase in assessed valuation, which is actually about half what the city has seen over the last several years.

Mayor Scruggs stated nasty rumors are already circulating that the City Council is riding the waves of the increases in assessed valuations and that they are spending everyone's tax dollars based on huge amounts of property taxes. She said it is absolutely not true, reiterating the CIP is based on the city's previous assessed valuations with only a four to five percent increase. She said they will not collect property taxes, spend or sell bonds based on the new assessed valuations and she believes it would be appropriate for the Council to begin a policy discussion in the fall regarding what will be done with the city's property tax rate in light of the windfall increases. She pointed out the majority of the property tax goes to the school districts in which a resident resides. Ms. Schurhammer agreed, stating there are also property tax assessments by the County Health District and the Maricopa County College District. Mayor Scruggs asked if Glendale's current property tax rate is \$1.72 per \$100. Ms. Schurhammer answered yes, stating it has remained unchanged at \$1.72 since FY 2000/2001. Mayor Scruggs stated the city may need to look at a downward adjustment to account for the huge increases in assessed valuations.

Councilmember Lieberman pointed out the city's tax rate has dropped from \$1.98 per \$100 to \$1.72 per \$100. He said, while residents' assessed property values have more than doubled in the past four or five years, the city has lowered its property tax rate. He said residents who live in a non-unified school district may have as many as 11 items on their tax bills, of which one is the City of Glendale property tax.

Mayor Scruggs explained residents are concerned because their assessed valuations have gone up; therefore, the amount they pay will increase. She stated it would be unfair for the city to reap an unintended benefit because of speculators who come into the Maricopa County housing market driving up the cost of housing. She said the Council will have to have a policy discussion about whether or not to leave the city's property tax rate at the same level.

Vice Mayor Eggleston said several people have expressed the same concern to him, explaining people do not necessarily have more money available to them simply because the value of their homes increased.

Councilmember Martinez pointed out Glendale decreased its property tax rate seven years in a row.

Mayor Scruggs added that the city increased the facilities and services it provides during that seven-year timeframe.

Councilmember Clark said she compared last year's CIP with this year's proposed CIP. She stated, last year's CIP had an Airport Capital Fund 34 "T" 146 Runway Land Purchase project slated in this fiscal year for just over \$4 million; however, this year's book does not show that project. She said someone thought the project was important enough to put it into the CIP and associate funding with the project. With regard to page 88 of this year's program, she said under Fund 74, DIF Police Facilities, they have a new "T" project with \$500,000 in funding for the upcoming fiscal year. She stated that project has been bumped up to the head of the line. She said it was her understanding that the CIP was relatively fixed, with the exception of contingencies. Ms. Schurhammer offered to respond to the specific projects mentioned at a later date, stating the general answer to Councilmember Clark's questions will be covered during her presentation.

Ms. Schurhammer stated the preliminary CIP program includes the PAYGO projects, which are projects funded with General Fund Operating dollars. She said the supplemental requests they will see reflect Council's strategic goals and objectives with the planned implementation and operation of the Emergency Operations Center, the Public Safety Training Facility and the Foothills Recreation and Aquatics Center. She said her presentation will also cover all budget requests for the Utilities Department and a discussion of the GO Transportation Program. She explained when staff develops the preliminary Capital program, they start with the Capital program published in the current fiscal year's budget. She said, based on direction from Council, projects sometimes move forward or back. In response to Councilmember Clark's earlier question, Ms.

Schurhammer stated; for instance, the Police Needs Assessment is tied to the issue of building the court facility in the downtown area and came about after discussions with the Police and Fire Departments, Engineering, and Budget and Finance determined the need for a study that identifies where the Police and Fire Department administration facilities will end up.

Councilmember Clark clarified her concerns are not about the specific projects, stating they were simply brought up as examples of "T" projects that are dropped or moved up in the CIP. Ms. Schurhammer explained a project slated for the current fiscal year will not show up in the proposed CIP. She said, if for some reason the funds are not spent in the current fiscal year, the funds will show up as carryover. She clarified the CIP presented does not include carryover requests for projects in the current fiscal year's budget. Councilmember Clark clarified in last year's book T-146 was slated for FY 2006/07 at \$4,050,000, but this year's CIP does not list the project as a carryover, supplemental or in any other way. She noted other similar examples can be found throughout the preliminary CIP. Ms. Schurhammer said they would have to look at each specific example to determine why it has fallen off.

Mayor Scruggs said there could be many reasons projects fall out of the CIP, including timing conflicts and changes in the Council's priorities.

Councilmember Clark asked for an explanation of the CIP process, stating it was her understanding projects were put into the CIP and worked their way through the process. She said this year, in particular, there appear to be an abundance of projects that just dropped out of the plan while new projects were added. She asked how does staff determine priority relationships.

Mayor Scruggs pointed out another issue is the city's ability to afford the operating expense, stating, for instance, that is why the Recreation and Aquatic Center was bumped for several years. She said projects may not be ready to move forward or other higher priority projects may have come along. Ms. Schurhammer agreed those are the primary reasons a project is removed from the CIP.

Councilmember Clark commented in those cases the projects were bumped back, not eliminated.

Ms. Schurhammer continued her presentation stating, in developing the preliminary CIP, staff worked with departments to revise cost estimates to reflect current construction and land markets. She assured the Council that the plan is financially balanced and complies with the state constitutional debt limitations, balancing the use of incoming revenues with the use of fund balance. She said the financial projects used to develop the CIP are based on their best prediction of future bond sales, interest rates and other relevant variables. She stated, in accordance with the city's property tax stabilization policy, the city has kept the total property tax rate constant at \$1.72 since 2000/2001, noting that strategy has facilitated the city in moving forward on Council's priority projects. She said the city is also in compliance with all Truth in Taxation

Requirements since they shifted the appreciation of existing properties from the Primary to the Secondary rate as they have done for the past several years. Ms. Schurhammer stated they will continue to see progress on high priority projects that meet the Council's strategic goals. She said, for example, work continues on the Public Safety Training Facility which is scheduled for completion in the spring of 2007 and the Emergency Operations Center which is scheduled to be complete in time for the FY 2007 Fiesta Bowl. She pointed out the timing of the City Court Building and relocation of Fire Station 151 remain unchanged from what is in the current fiscal year budget. She stated, while they do not see if it in the preliminary document, \$1.7 million is included in the current fiscal year budget for the downtown parking garage. She stated that money will cover the design of the parking garage and staff has already prepared an RFQ and plans to return to Council soon after the summer recess to present options for funding the parking garage which might include the Transportation Sales Tax Fund and possible public/private partnerships. She noted construction is scheduled to begin in December 2006.

Mayor Scruggs said she thought the parking garage structure was slated for FY 2007/08. Ms. Schurhammer said there is funding in FY 2007/08 for construction, but staff plans to return after the Council's summer break to discuss accelerating construction of the parking garage using alternative funding sources. She explained the \$1.7 million which will be used to undertake the design of the structure does not show up in the Preliminary CIP because the preliminary document does not include carryover. Mayor Scruggs asked if they have any other alternative funding sources besides the Transportation Tax and possible public/private partnerships. Ms. Schurhammer stated they also have the option of deferring other projects to allow the parking garage project to move forward. Mayor Scruggs pointed out the Civic Center's success is dependent upon there being adequate parking. Mr. Lynch said staff will look at ways not only to utilize the Transportation Sales Tax, but financing structures that will allow the project to be accelerated. Mayor Scruggs said Council discussed expanding the Glitter and Glow events as a special Fiesta Bowl/BCS Game special event during a recent workshop. She stated the city is actively working to bring people to the downtown area, asking if any consideration has been given to where those people will park since the garage will not yet be constructed. Mr. Lynch assured the Council they are working on alternative parking for the events.

Councilmember Lieberman asked about the building at 47th Avenue and Glendale that the city purchased for the Police or possibly Fire Departments. Ms. Schurhammer explained the current year's budget includes money to undertake the needs assessment related to that building. Councilmember Lieberman pointed out the CIP includes nothing in the next five years to actually convert the building. Mayor Scruggs stated the court was supposed to be built in 2008/09. Ms. Schurhammer referred to Page 86, stating \$88 million is scheduled for the last five years of the Capital program. She explained that money has not yet been moved forward because they have not completed the needs assessment. Councilmember Lieberman said the project is scheduled for 2012 to 2016, but it was his understanding the project would be scheduled in 2008/09.

Mayor Scruggs asked if the project will be presented to the Bond Committee since the city does not have \$88 million in existing bonding. Mr. Lynch said the committee will look at existing capital projects in the out years as well as additional needs that they identify for future growth and development. Mayor Scruggs asked if it is fair to say the Council has not discussed a number of projects in the preliminary CIP and that those projects will be presented to the Citizens Bond Committee. Mr. Lynch responded yes. Mayor Scruggs suggested they put a caveat in the book explaining some of the projects are nothing more than ideas that will be brought before the bond committee.

Councilmember Martinez asked if the Preliminary CIP calls for the parking structure to be built in 2009/2010. Ms. Schurhammer answered yes. Councilmember Martinez expressed his opinion it should be accelerated, noting the parking garage was identified as one of the Council's top goals.

Councilmember Clark pointed out last year's CIP book does not list the parking garage project. Ms. Schurhammer explained the project began as Downtown Urban Design and was renamed last fall to the Downtown Parking Garage. She said the item was a carry over from FY 2005/06 and, therefore, does not show up in the Preliminary CIP. Councilmember Clark asked what other categories are in the 6 percent bonding category. Ms. Schurhammer said streets, public safety, libraries, economic development, transit, historical and cultural, and general government facilities. She stated parks as well as flood control and open space and trails are in the 20 percent category. Councilmember Clark asked staff to explain when they bring the issue back to Council how the parking garage will impact the other six percent categories.

Councilmember Lieberman asked when they will conduct the needs assessment on the 47th Avenue and Glendale building, stating he has been told by both Police and Fire that they need more space. He said he was also told that little remodeling would not be necessary if the Fire Department took the building rather than the Police Department. He stated making the switch would allow the Fire Department to gain more space in a very short time frame, explaining the Police Department could then move into the combined Public Safety Building. He said it makes no sense to leave the building vacant for eight years. Ms. Schurhammer stated there is money in the current fiscal year's budget to do the needs assessment for both police and fire. Councilmember Lieberman stated he told constituents a year ago that they would be in that building by 2009. Mr. Lynch said when they purchased the property they looked at Fire, Police, Courts, and potentially attorneys and other offices. He stated they have to ascertain the best use so they do not end up with something that does not meet their needs. He said, while every department may assess their own needs, the needs of all departments combined may impact the overall outcome of the costs. He explained alternatives with the court building might save some money, but it would be a mistake to move forward without looking at the entire package. He said staff will bring the complete package to Council in the fall for a policy decision.

PAYGO (One-Time Cash Financing)

Ms. Schurhammer stated the total for next fiscal year is almost \$2.1 million, explaining the projects include Emergency Operating Center equipment, roofing upgrades, fire protection upgrades, and a front lobby/elevator remodel.

Councilmember Martinez asked about the Civic Center expansion in 2012 to 2016. Ms. Frisoni said the project has been in the CIP for some time and the intent is to develop the garden courtyard as a wedding facility. Councilmember Martinez stated the expansion seems to cost a lot of money considering they only paid \$8.1 million for the Civic Center.

Councilmember Lieberman noted there were plans to complete both courtyards five or six years ago. Ms. Frisoni stated construction on the west courtyard will begin as soon as the wedding season concludes. She said the east courtyard has been done, but those improvements were always supposed to be relatively minor. Councilmember Lieberman asked staff to provide him with copies of the drawings.

Councilmember Goulet asked if \$100,000 is adequate for the maintenance reserve for the Civic Center. He also asked how they share the cost of the new facility and the courtyard between the Civic Center and the Bead Museum. Ms. Frisoni said the intention is to build up the maintenance reserve for use on the replacement of large scale items. She stated they have a full listing of every item that needs to be replaced and they are coming to the point where they need to look at replacing the carpeting. She expressed her opinion that \$100,000 is adequate for this year. Councilmember Goulet asked if the overall maintenance reserve will increase proportionately to the increased size of the facility. Ms. Frisoni responded yes.

Mayor Scruggs stated Council had a large discussion concerning repairs and renovations and, personally, she continues to be troubled by the relatively small amount of money set aside for such activities. She said when she visits civic centers in other cities she always makes note of the wear on chairs and the condition of the podiums. She stated she is not comfortable with the way the civic center is being maintained, pointing out they have to compete with a lot of other facilities. She asked Ms. Frisoni to provide a list to Council of the repairs and replacements they believe they can accomplish with the \$100,000. Ms. Frisoni said each year the Civic Center has come forward to request money and has received an inconsistent amount based on the status of that year's budget.

Councilmember Clark asked why the maintenance reserves are in PAYGO rather than as annual line items within the budget for the buildings. She pointed out an additional street maintenance crew and equipment and right-of-way maintenance are all listed in PAYGO, yet they represent ongoing costs. Ms. Schurhammer explained the three street projects are related to the purchase of equipment, stating the actual ongoing costs related to the FTEs are built into the operating budget. She said moving

maintenance reserves into line items in the annual budget is an option for Council's consideration.

Mayor Scruggs agreed with Councilmember Clark.

CIP O&M Supplemental

Ms. Schurhammer reported the O&M supplemental requests total about \$2.8 million in ongoing and \$376,155 in one-time funding. She stated the requests relate to the Emergency Operating Center, the Public Safety Training Facility, the Foothills Recreation and Aquatics Center and the Convention Center/Media Center/Parking Garage.

Councilmember Clark asked if most of the items will convert to regular line items. Ms. Schurhammer indicated they will.

Mayor Scruggs asked if the O&M for the parking structure/convention center/media center represents a half-year. Mr. Lynch said it represents seven months. Mayor Scruggs asked how many months the parks and feature field at the Pendergast site represents. Mr. Lynch said it represents a full year.

Councilmember Martinez referred to Page 414, asking if the traffic signals identified represent the city's highest priority signals and if there is a list of other intersections that are awaiting traffic signals. Councilmember Frate noted he asked the same question during the last meeting. Mr. Lynch stated staff is coming forward with the request based on Councilmember Frate's question. Mr. Mehta said staff will provide a memo which identifies all of the projects that are warranted and funded as well as those projects which do not meet the warrant at this time. Mayor Scruggs asked if the other projects listed as coming online represent their partial or full year costs. Ms. Schurhammer said the amount identified for staffing at the Public Safety Training Facility represents a full year. She said the EOC figure includes six months of operation as well as staffing for a full year. She stated the New Park O&M Central District is for a full year while the Western Area Regional Park is for a partial year.

Ms. Schurhammer explained the supplemental requests related to the Sanitation and Landfill Funds are for an Operator for residential service and an additional Sanitation Inspector.

Utilities

Mayor Scruggs asked if the CIP projects presented are based on the rate increase models previously presented to Council. Mr. Reedy responded yes. Mayor Scruggs asked how the Council can decide if they support the rate increase or not when the CIP process is being put in front of that discussion. Mr. Reedy explained Council needs to discuss and agree to the operating expenses and Capital expenses presented for the rate discussion to proceed. Mayor Scruggs asked if they envision implementing any of

the budget items before they resolve the rate issue. Mr. Reedy stated their goal is to get through the Operating and Capital improvement budget today and discuss the rate increase issue with Council again next week.

Councilmember Frate expressed his opinion the discussions are reversed.

Vice Mayor Eggleston said the bottom line is that they have \$35 million in 2005/06 and \$33 million in the 2006/07 budget.

Ms. Kavanaugh explained staff is laying out the needs of the Water and Sewer Department which drove the study and ultimately the rate proposal brought to Council. She stated there is no expectation that the Council will make a decision about rates.

Mayor Scruggs asked if Council will be forced to approve the rate increases if they approve the projects. Ms. Kavanaugh said staff is trying to set forth what they believe their needs are.

Mr. Bailey said their budget is driven, at least in part, by regulatory requirements set by the state and federal government. He stated the budget will help improve the security of their facilities and the budget is consistent with the needs assessment Council discussed several weeks ago. He said they consistently try to improve their service, noting they expanded their Western Area Water Reclamation Facility last fiscal year and are in the process of expanding the Pyramid Peak Treatment Facility and constructing the new Oasis Water Treatment Plant. He said the Cholla Water Treatment Plant improvement project will be completed by the end of the year and Phase I of the water main replacement program was recently concluded. He stated they embarked on a self assessment process last fiscal year, teaming up with the American Water Works Association to conduct a peer review. He said their review concluded that a very effective strategic plan is in place which is reflected in the comprehensive needs assessment, the 10-year CIP and the fact that they have completed a security master plan. He stated their project addresses some of the recommendations made as a result of the peer review.

Mr. Bailey reported a base budget of approximately \$33.2 million, with a carryover request of \$528,000 and O&M supplemental requests of \$2.4 million and a CIP supplemental request of about \$1.8 million. He explained the bulk of the carryover is related to the purchase of granular activated carbon for the Cholla Water Treatment Plant. He stated the O&M supplemental requests relate to SHROG at the 91st Avenue Wastewater Treatment Facility, security of the facilities, and electrical cost increases. He said they are also asking for additional funding for materials cost increases. He said the final request is for additional staffing to assist in the operation of the facilities. He explained the CIP Supplemental request is for the electrical portion of the Oasis Water Treatment Plant pilot study currently being conducted as well as the annual purchase of water from the CAP settlement. He said an FTE is also part of the CIP supplemental request.

Councilmember Martinez referred to page 347, asking if the \$910,000 for granite filtration utilities for the past year represented a one-time expense. Mr. Mehta responded yes, explaining they had money in the budget to match any potential funding that might have been available from the federal government. He said they basically deleted that item since they did nothing with it last year.

Councilmember Lieberman noted the Arrowhead Water Treatment Plant was outfitted with new filters a number of years ago. He asked if the filters have worn out. Mr. Mehta explained staff tries to operate the Arrowhead Facility as it currently is, but there are concerns about the filtration process. He stated the city is required to maintain an A+ effluent from the plant and new filters are needed because there have been times when bacteria has been detected. Councilmember Lieberman asked if the filters will be replaced with a new type of filter. Mr. Mehta said part of the request includes an assessment for the design, explaining they do not know the type of material that will be used or configuration of the filters at this time.

With regard to purchasing water, Councilmember Lieberman said he thought at one time the city was taking 100 percent of its share. He asked if the city is purchasing someone else's share. Mr. Reedy explained the supplemental request is related to the Indian Water Rights settlement. He said the 3,353 acre feet in additional CAP water supply will now be budgeted in the city's account; therefore the city needs to purchase the water. Councilmember Lieberman asked if they will be purchasing all 3,353 acre feet and, if so, will the city be purchasing 100 percent of its CAP water allocation. Mr. Reedy explained they purchase the right to use the water, but pay for the water separately. Councilmember Lieberman asked if they still get some of Peoria's water rights. Mr. Reedy said they treat Peoria's water at Pyramid Peak, however, Peoria provides its own water resources. He noted they have a similar agreement with Phoenix. Councilmember Lieberman asked if Arizona lost any water rights during the meeting on the 1927 Five State Water Compact two years ago. Mr. Reedy responded no, but it is still up in the air.

Councilmember Martinez asked if Glendale would ever not take all of the water coming to it. Mr. Reedy said it depends on resource issues and the quality of the water in the CAP. He stated, while it has not happened to date, there could be situations where it would be preferable to pump ground water. Councilmember Martinez said it seems to him it would be best for the city to still take the water and recharge it. Mr. Reedy noted in the recent past Glendale has used more than its share of water by borrowing credits from other entities.

Councilmember Lieberman asked why the water coming out of the CAP is so markedly different from that in the Arizona Canal. Mr. Reedy said they could reach the point where they need to have a solids handling facility at Pyramid Peak, but they currently handle it using settling basins. He explained the Cholla Water Treatment Plant is different because it comes from the Salt and Verde Rivers and the amount of settlement varies dramatically on an annual basis. He said CAP is considerably more stable, although last year was an exception because of the Williams River that impacted the

Central Arizona Project water in December, January and February. He explained the Cholla Water Treatment Plant used to discharge its solids to the canal, but that became waters of the United States; therefore, cities were given a certain number of years to remove the solids from the canal. He said solids at the Pyramid Peak plant go into a basin and are manually dug out.

Councilmember Frate asked if the GAC filters and other improvements will allow them to use some of the wells that the city, to date, has not been able to use. Mr. Reedy stated the filters are needed to meet government regulations and have little to do with the wells. He noted a ground water treatment plant is planned and the city is currently doing pilot wellhead treatment projects. He said their goal is to treat either at the wellheads or to create a ground water treatment plant to treat well water to meet the city's drinking water standards.

Vice Mayor Eggleston pointed out this year's budget is very similar to that of last year; increasing from \$27 million to \$34 million. Mr. Reedy explained the base budget does not reflect the \$4 million in supplementals they are requesting. Vice Mayor Eggleston asked over how many years they are recommending implementing the proposed increases. Mr. Bailey said the recommended increases take them through 2014. He pointed out the supplemental requests take care of additional operating costs associated with the expansion of the West Area Facility, the additional electrical and FTE's required for the solids handling facility, and the FTEs needed to operate the Cholla Plant. He stated the operating costs for the Oasis Plant will primarily be requested in the following fiscal year since the plant does not come on line until the later part of 2007. He explained the proposed supplementals related to that plant are intended to cover the costs of hiring two operators and conducting pilot studies on the ground water treatment facility. Mr. Reedy clarified the rate analysis is based on meeting today's needs as well as future needs. Vice Mayor Eggleston emphasized the need to educate residents as to why the rates are increasing.

Mayor Scruggs pointed out the \$100 million in capital improvement projects in 2006/07, \$40 million in 2007/08, and \$65 million in 2008/09 are the main drivers behind the rate increases. She asked if they are still not planning to provide water to the areas west of 115th Avenue. Mr. Reedy answered yes. Mayor Scruggs asked about the thought processes used when they first started seeing expansion to the west, stating they see major capital improvement projects every year. Mr. Reedy said they looked at each one of the projects in a phased manor so as not to pay for capabilities that are not needed for another ten years. Mayor Scruggs asked how long the new 10 million gallon per day surface water treatment plant will last. Mr. Bailey said the Oasis facility is currently under construction, but the needs assessment called for a series of facilities scheduled over the next ten years. He said, while that facility will last them for some time, they need additional capacity to meet demand so soon after completion of the first phase of the Oasis Water Treatment facility campus they will begin the design on the ground water treatment facility. Mayor Scruggs asked what the city will have invested in the Oasis facility. Mr. Reedy said about \$70 million. Mayor Scruggs said the city has already determined it will not provide water west of 115th Avenue, asking where the

growth is that justifies the need for the additional capacity. Mr. Reedy stated development will happen during the intervening build out period and each area will require water and sewer service. He noted the Oasis plant will predominantly serve the area between 67th and 115th Avenues. He stated the plant's location in the western area of the city will shorten the distance the water has to travel, thereby resolving some of the issues they had in meeting regulatory requirements.

Mayor Scruggs asked with whom does the city own the New River Agua Fria Storage Project. Mr. Reedy said it is a partnership between Salt River Project, the City of Avondale, the City of Chandler, and the City of Peoria. He noted Glendale owns 20 percent. Mayor Scruggs asked with whom they own the Granular Activated Carbon plant. Mr. Bailey said the facility is totally owned by the city of Glendale; however, they have partnered with the Cities of Phoenix, Scottsdale, Tempe, Mesa and Chandler to conduct a study to determine the feasibility of building a regional regeneration facility. He stated the study costs have already been paid as part of an agreement they entered last year. Mr. Reedy said their hope is that by constructing a regional facility with other partners that Glendale will be able to reduce its annual costs considerably.

Mayor Scruggs asked about the timing of the recharge capacity for the Arrowhead Ranch Water Reclamation Facility project. Mr. Reedy said they hope to find more funding that would allow them to phase in pieces of the project. He explained they need to be able to recharge enough water to allow them to divert all of the flow from the Arrowhead Water Reclamation Facility so they can dry the pipe and conduct an inspection and perform maintenance on the pipe.

With regard to the Cashier's Security Remodel project, Mayor Scruggs asked why, when they are talking about tens of millions of dollars, do they not move \$105,000 into the current year to better protect employees. Mr. Shuey explained the project is part of the city's long-term plan to improve security in the cashier area. He stated, currently, a security officer is located outside the cashier area and a complex camera system tracks people in the cashier area.

Councilmember Clark pointed out the line item for Fund 63 totaled \$30,309,603 last year, but this year's proposed line item is \$68,545,905, representing an increase of \$38,236,302. She said last year's proposed CIP budget had Fund 84 Sewer at \$8,677,258 while this year's proposed CIP is \$27,462,414, an increase of \$18,785,156. She stated the total increase of those two line items alone is \$57,021,458. She said the majority of the \$57 million is for new projects, but rehabbing older parts of the system is also a major component. She stated, while she does not like the idea of raising rates and the Council is trying to figure out a way to lessen the proposed increases, she does not see any way to avoid the proposed increases. She spoke about a time when the city experienced tremendous growth up north and needed the Arrowhead Water Treatment Plant, the Pyramid Peak Plant and related infrastructure, asking if they engendered rate increases at that time as well. Mr. Reedy stated the city's Capital Improvement Program has always driven rates. He pointed out a good share of the costs of infrastructure for growth related projects is paid for by impact fees. He said,

however, the burden of the operating costs will be borne by the rate payers. He commented on the expense involved in retrofitting older facilities to meet the new stricter standards, noting more and more of the city's system is aging in place. He explained the approach brought to Council a few years ago called for the city to increase the budget for replacing water and sewer lines in older neighborhoods.

Councilmember Clark asked if they can develop a reserve maintenance account. Mr. Reedy explained they cash finance some of the things they do to help level out the rate adjustments. Councilmember Clark pointed out the city is seeing a dramatic rate increase, partly due to the need to rehab older infrastructure. She asked if a state statute mandates that the city cannot establish a permanent maintenance fund since the problem is only going to get worse as the city ages. Mr. Reedy agreed the maintenance fund needs to be increased; explaining, however, the rate adjustments are intended to provide a revenue stream that will allow them to make the necessary expenditures in the years to come. He noted on the water side they have a Water Line Repair line item and in the Capital Improvement Program they have a Capital Replacements line item. Councilmember Clark asked why the rate increases are necessary if those line items are already in the budget. Mr. Reedy stated the rate increases are necessary due to dramatic cost increases.

Councilmember Clark asked if there is any way the rate increases can be meliorated. Mr. Reedy responded no, stating they have looked at the issue from every perspective and feel the proposed rate increases represent the best solution.

Councilmember Lieberman asked when the Oasis plant will come online. Mr. Reedy said they hope November 2007.

Transportation Sales Tax

Mr. Mehta said, while the majority of the Transportation CIP is funded using the Half-Cent Sales Tax dedicated to transportation and some ongoing Development Impact Fee Funds, a majority of the 45 projects listed on pages 18 and 19 will incur some expenditures in the following fiscal year. He said the GO Transportation Program is over four years old and they are now at the point where a significant number of projects will be implemented. He stated they have completed or have under construction 22 projects and the Council approved a contract last week that adds 19 projects slated for construction within the next year-and-a-half. He said, besides the construction activities, they have implemented several new initiatives as part of the original Half Cent Sales Tax, noting the Smart Signal Project is growing and the Neighborhood Traffic Mitigation Program is very popular. He stated they have implemented a traffic education and safety program targeting two age groups and working closely with school districts and senior centers. He said transit ridership has increased dramatically due, in part, to the higher frequency of bus operations. Mr. Mehta stated most of the projects under the GO Transportation Program are not new to the CIP budget.

Councilmember Clark said, while most of them are not new to the CIP budget, the Parallel Taxiway and Connector was not in last year's CIP. She said T-111, L101 Fiber Back Bone, is brand new, and yet jumps to the front of the line this year. She stated T-112, Union Hills Skunk Creek Path, and T-114, Glendale Transportation Plan, are also new and will be funded this coming year.

Mayor Scruggs asked if all "T" projects are new. Mr. Mehta responded yes. Mayor Scruggs pointed out the Old Roma Alley Pedestrian Project and Glendale Sports Facilities project are also new. Councilmember Clark clarified the projects with the double asterisks are new this year, stating the projects identified by Mayor Scruggs were new last year. Mr. Skeete confirmed new projects are identified with asterisks.

Councilmember Lieberman asked for an explanation of the \$8 million for Grand Avenue Access Enhancements. Mr. Mehta said the project is a joint project with ADOT with construction slated in the 2009/2010 period. He explained the project is associated with the Grand Avenue MIS study and covers all parts of Grand Avenue within the City of Glendale. He stated improvements could include the closing of certain median openings, right-of-way acquisitions, landscaping, the consolidation of driveways, and the relocation of driveways. Councilmember Lieberman asked if the project includes improvements on the overpasses. Mr. Mehta responded yes. He said grade separation and the closure of medians represent the most significant costs. Councilmember Lieberman asked if they will also make improvements to the Bethany Home Road and 51st Avenue intersection. Mr. Mehta offered to get back with Councilmember Lieberman on the specific improvements to be made.

Councilmember Lieberman asked if the city will actively start purchasing right-of-way along the Northern Avenue Parkway. Mr. Mehta responded yes.

Mayor Scruggs referenced a letter she received from an outside entity which indicated two properties are presently going under development. She asked why the city is not buying the right-of-way now. She said there are numerous examples of situations where the city lost the opportunity to secure right-of-way and she fears if they fail to purchase right-of-way now the city will lose its only opportunity to have an east west connection. Mr. Mehta stated there are several ongoing development opportunities and staff has been in contact with the developers to determine what portion of the properties will be rendered necessary for the Northern Parkway. Mayor Scruggs asked if \$1 million will be sufficient. She said every day they read about problems with the South Mountain connection and she fears Glendale is getting itself into the same situation. She stressed her opinion the city should purchase right-of-way now. Mr. Mehta said the amount identified in the budget is part of their systematic plan; however, they have flexibility within the 25 year program to quickly respond to opportunities to purchase right-of-way. He noted one opportunity offered by the GO Transportation Fund is that should the need for right-of-way acquisition escalate they can consult with the Finance Department and use revenue bonds to make quick decisions. Mayor Scruggs said if she interprets the letter she received correctly, one of the opportunities to purchase right-of-way went by last November and the developer now has an approved plan and

the city has no right-of-way. Mr. Mehta was not familiar with the situation Mayor Scruggs spoke of, but offered to discuss the matter with her at a later time. He stated the city has made an offer to one developer and has a development agreement with another company. Mayor Scruggs said she will discuss the matter with Mr. Beasley when they meet tomorrow, but she would like the amount of money set aside for right-of-way purchases added to the list.

Councilmember Lieberman said if they are serious about proceeding with the \$500,000 for a Rail Study, Right-Of-Way Acquisition and Construction of Light Rail then the Council should meet to discuss what they want to do about light rail. Mr. Tindall explained a two to three year study is currently being conducted by Valley Metro Rail to look at the various options. Mayor Scruggs pointed out the lines have to generate a certain level of ridership in order to qualify for federal matching funds.

Councilmember Lieberman commented on the importance of the \$2.5 million for the Northern Parkway from L303 to Dysart, stating the city should be bargaining for the parcel of land at the intersection of Northern and the Loop 303. He noted 11 months ago he saw plans for an auto mall, shopping mall and large residential development. He said if the city fails to purchase that land they will never have the Northern Parkway.

Councilmember Martinez asked if there have been any new developments in terms of bringing light rail west of I-17. Mr. Tindall said that issue is a major part of the study.

Vice Mayor Eggleston agreed on the importance of purchasing right-of-way for the Northern Parkway. He asked if there are plans for bus pullouts besides those on intersections. Mr. Mehta explained the city has identified specific locations for bus pullouts so funds in the Bus Pullouts category are now part of each respective intersection project.

Vice Mayor Eggleston commented on the considerable amount of money identified for 59th Avenue improvements, expressing his opinion Northern Crossing right-of-way should take a higher priority.

Vice Mayor Eggleston asked about the \$800,000 for the Multi-Use Pathway Grand Canal. Mr. Mehta said the project represents the continuation of the multi-use pathway they already have on Bethany Home. Vice Mayor Eggleston asked if the project is being done in partnership with the county. Mr. Mehta stated federal funds are associated with the New River Multi-Use Pathway. Vice Mayor Eggleston asked if federal funds are also associated with the pedestrian bridge over the Loop 101. Mr. Mehta responded yes.

Vice Mayor Eggleston asked about the Sports Facility Signage project. Mr. Mehta said it relates to permanently mounted variable message signs located on arterial streets in the area of the Glendale sports facilities.

Councilmember Martinez pointed out the pedestrian bridge over the Loop 101 was delayed while staff sought federal funds. He asked if the Bus Stops and Shelters project includes a bus shelter at the Recreation and Aquatic Center. Mr. Mehta explained the Bus Stops and Shelters category is a catch-all category for unidentified future stops and shelters, stating those associated with a particular intersection will be funded out of the capital improvement project for that intersection. He offered to find out if a bus stop is scheduled for the aquatic center.

Councilmember Frate said he has noticed that bus stops throughout the city are in need of painting. He asked if the city has an established program for painting bus stops and shelters. Mr. Mehta stated the operating budget includes a provision for cleaning and maintenance of the bus shelters and stops. He said they prefer the shelters that can be easily removed and replaced with a new shelter while the original is cleaned and painted for use at another location. He was unable to say if the program was new.

Vice Mayor Eggleston asked if URS is the city's General Engineering Consultant. Mr. Mehta answered yes, stating they provide the city with design concept reports, administrative support and right-of-way acquisition details. He pointed out the money identified for the consultant includes the design concept for the Northern Parkway as well. Vice Mayor Eggleston agreed the city should begin purchasing right-of-way property along the Northern Parkway. Mr. Skeete noted about four weeks ago he asked URS to begin to identify all of the right-of-way between the Loop 303 and Grand Avenue. He assured the Council that staff shares their concern that right-of-way may be disappearing.

Mayor Scruggs commented they do not necessarily need to wait for URS to identify the properties, explaining some of the properties identify themselves when they come to the city with development plans.

Mayor Scruggs asked about the \$4 million Downtown Pedestrian Circulation project. Mr. Mehta said the project involves pedestrian enhancements primarily in the core area but extending along Glendale between 51st and 67th Avenues. He said it includes beautification to things within the public right-of-way, brick paving where appropriate, removal of dead landscaping, and entryway monuments.

Mayor Scruggs asked what the update to the Glendale Transportation Plan will accomplish. Mr. Mehta stated it has been over five years since they identified priorities for the city's transportation system. He said, while new projects have been identified, they have been introduced in an incremental fashion. He stated the update offers an opportunity to engage citizens, update the bike element, and examine the true cost of constructing and maintaining new infrastructure. He stated the update will also look at changes in the Land Use Master Plan and identify new transportation projects needed to support the land use changes. Mayor Scruggs asked if the result of the update will go before the voters. Mr. Mehta said it will depend on what comes out of the citizen input process, noting Council has the authority to make adjustments to the long range

vision. Mayor Scruggs agreed; stating, however, they had that opportunity a couple years ago and were told the Citizens Commission did not agree.

Councilmember Martinez asked if Project 9486 includes intersection improvements at 75th Avenue and Deer Valley. Mr. Mehta said Project 9486 represents the southwest area projects, explaining the improvements associated with the handling of traffic following the QuikTrip case are not included. He stated they have opportunities to use other Intersection Safety Funds for those improvements.

Councilmember Clark commented four new funds are now part of the CIP; Funds 1520, 81-1480, 53-1420, and 95-1270, asking why they were created and how are they funded. Ms. Schurhammer explained the first three funds are development impact fee funds and they now show up in the CIP because projects have now been identified for those funds. Councilmember Clark asked if the establishment of the general DIF funds means less money will go to Zones 1, 2, and 3. Ms. Schurhammer said, based on the recently completed Development Impact Fee Study, there are specific fees related to recreational facilities, open space and trails and parks.

Councilmember Clark asked about the new Fire Protection Facilities and General Fund Revenue Obligations. Ms. Schurhammer explained the General Fund Revenue Obligations are new projects resulting from recent development agreements which are funded with General Fund Revenue Obligations such as the Municipal Property Corporation Bonds. She stated the city has a specific development impact fee related to police and a separate fee related specifically to fire.

Vice Mayor Eggleston pointed out the half-cent sales tax generated a lot of revenue over the past four years. Mr. Mehta stated the latest indication is that the tax will generate \$23 million this year. Vice Mayor Eggleston said he and many others would like to start seeing some activity. Mr. Mehta said they will see an increase in activity in Glendale this year.

With regard to the Internal Services supplemental, Mayor Scruggs said they approved the \$5,182,797 supplemental for salary increases. Ms. Schurhammer stated that will come back to Council as part of next week's presentation. Mayor Scruggs said her concern was that she did not see any provision for employee insurance. Ms. Schurhammer clarified there is no increase in insurance.

ADJOURNMENT

The meeting was adjourned at 1:00 p.m.