

City of Glendale Council Workshop & Executive Session Agenda

June 19, 2012 – 1:30 p.m.

Workshop meetings are telecast live at 1:30 p.m. on the first and third Tuesday of the month. Repeat broadcasts are telecast the first and third week of the month – Wednesday at 3:00 p.m., Thursday at 1:00 p.m., Friday at 8:30 a.m., Saturday at 2:00 p.m., Sunday at 9:00 a.m. and Monday at 2:00 p.m. on Glendale Channel 11.

Welcome!

We are glad you have chosen to attend this City Council workshop. We hope you enjoy listening to this informative discussion. At these "study" sessions, the Council has the opportunity to review and discuss important issues, staff projects and future Council meeting agenda items. Staff is present to answer Council questions. Members of the audience may also be asked by the Council to provide input.

Form of Government

Glendale follows a Council-Manager form of government. Legislative policy is set by the elected City Council and administered by the Council-appointed City Manager.

The City Council consists of a Mayor and six Councilmembers. The Mayor is elected every four years by voters city-wide. Councilmembers hold four-year terms with three seats decided every two years. Each of the six Councilmembers represent one of the six electoral districts and are elected by the voters of their respective districts (see map on back).

Workshop Schedule

Council workshops are held on the first and third Tuesday of each month at 1:30 p.m. in the Council Chambers of the Glendale Municipal Office Complex, 5850 W. Glendale Avenue, Room B-3, lower level. The exact dates of workshops are scheduled by the City Council at formal Council meetings. The workshop agenda is posted at least 24 hours in advance.

Agendas may be obtained after 4:00 p.m. on the Friday before a Council meeting, at the City Clerk's Office in the Municipal Complex. The agenda and supporting documents are posted to the city's Internet web site, www.glendaleaz.com.

Executive Session Schedule

Council may convene in "Executive Session" to receive legal advice and discuss land acquisitions, personnel issues, and appointments to boards and commissions. As provided by state statute, this session is closed to the public.

Questions or Comments

If you have any questions or comments about workshop agenda items or your city government, please call the City Manager's Office at (623) 930-2870.

If you have a concern you would like to discuss with your District Councilmember, please call (623) 930-2249, Monday - Friday, 8:00 a.m. – 5:00 p.m.

Public Rules of Conduct

The presiding officer shall keep control of the meeting and require the speakers and audience to refrain from abusive or profane remarks, disruptive outbursts, applause, protests, or other conduct which disrupts or interferes with the orderly conduct of the business of the meeting. Personal attacks on Councilmembers, city staff, or members of the public are not allowed. Engaging in such conduct, and failing to cease such conduct upon request of the presiding officer will be grounds for removal of any disruptive person from the meeting room, at the direction of the presiding officer.

Citizen Participation

The City Council does not take official action during workshop sessions; therefore, audience comments on agenda items are made only at the request of the presiding officer.



**** For special accommodations or interpreter assistance, please contact the City Manager's Office at (623) 930-2870 at least one business day prior to this meeting. TDD (623) 930-2197.**

**** Para acomodacion especial o traductor de español, por favor llame a la oficina del administrador del ayuntamiento de Glendale, al (623) 930-2870 un día hábil antes de la fecha de la junta.**

Councilmembers

Norma S. Alvarez - Ocotillo District
H. Philip Lieberman - Cactus District
Manuel D. Martinez - Cholla District
Joyce V. Clark - Yucca District
Yvonne J. Knaack – Barrel District



MAYOR ELAINE M. SCRUGGS

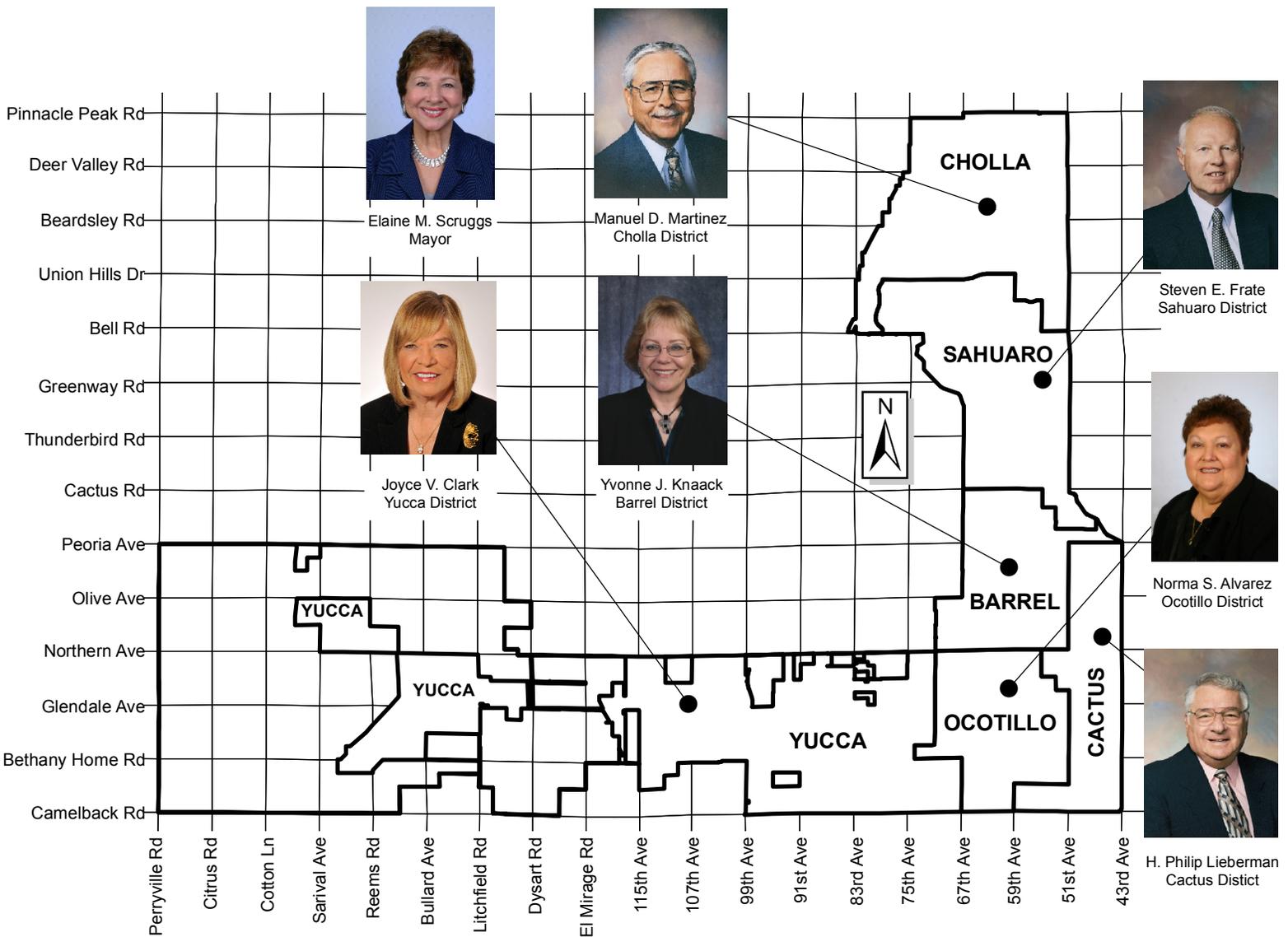
Vice Mayor Steven E. Frate - Sahuaro District

Appointed City Staff

Horatio Skeete – Interim City Manager
Craig Tindall – City Attorney
Pamela Hanna – City Clerk
Elizabeth Finn – City Judge



Council District Boundaries





GLENDALE CITY COUNCIL WORKSHOP SESSION
Council Chambers – Workshop Room
5850 West Glendale Avenue
June 19, 2012
1:30 p.m.

WORKSHOP SESSION

1. [AMEND CITY TAX CODE BY ADOPTING LOCAL OPTION V TO THE MODEL CITY TAX CODE TO IMPLEMENT A TWO-LEVEL TAX STRUCTURE ON ITEMS OVER \\$5,000](#)
2. [HISTORIC PRESERVATION PROGRAM UPDATE](#)
3. [LEASE-LEASEBACK FINANCING](#)

CITY MANAGER'S REPORT

This report allows the City Manager to update the City Council about issues raised by the public during Business from the Floor at previous Council meetings or to provide Council with a response to inquiries raised at previous meetings by Council members. The City Council may only acknowledge the contents to this report and is prohibited by state law from discussing or acting on any of the items presented by the City Manager since they are not itemized on the Council Workshop Agenda.

EXECUTIVE SESSION

1. LEGAL MATTERS
 - A. The City Council will meet with the City Attorney for legal advice, discussion and consultation regarding the city's position in pending and contemplated litigation, including settlement discussions conducted in order to avoid or resolve litigation. (A.R.S. § 38-431.03(A)(3)(4))

2. LEGAL MATTERS – PROPERTY & CONTRACTS

- A. Discussion and consultation with the City Attorney and City Manager to receive an update, consider its position and provide instruction and direction to the City Attorney and City Manager regarding Glendale’s position in connection with agreements associated with the area in, near, surrounding or related to the Stadium, Arena and the Hockey Team, which are the subject of negotiations. (A.R.S. § 38-431.03(A)(3)(4)(7))

3. PERSONNEL MATTERS

- A. The City Council will meet to discuss and consider the annual performance evaluation of the City Attorney. (A.R.S. § 38-431.03(A)(1))
- B. The City Council will meet to discuss and consider the annual performance evaluation of the City Clerk. (A.R.S. § 38-431.03(A)(1))

Upon a public majority vote of a quorum of the City Council, the Council may hold an executive session, which will not be open to the public, regarding any item listed on the agenda but only for the following purposes:

- (i) discussion or consideration of personnel matters (A.R.S. §38-431.03 (A)(1));
- (ii) discussion or consideration of records exempt by law from public inspection (A.R.S. §38-431.03 (A)(2));
- (iii) discussion or consultation for legal advice with the city’s attorneys (A.R.S. §38-431.03 (A)(3));
- (iv) discussion or consultation with the city’s attorneys regarding the city’s position regarding contracts that are the subject of negotiations, in pending or contemplated litigation, or in settlement discussions conducted in order to avoid or resolve litigation (A.R.S. §38-431.03 (A)(4));
- (v) discussion or consultation with designated representatives of the city in order to consider its position and instruct its representatives regarding negotiations with employee organizations (A.R.S. §38-431.03 (A)(5)); or
- (vi) discussing or consulting with designated representatives of the city in order to consider its position and instruct its representatives regarding negotiations for the purchase, sale or lease of real property (A.R.S. §38-431.03 (A)(7)).

Confidentiality Requirements Pursuant to A.R.S. §38-431.03 (C)(D): Any person receiving executive session information pursuant to A.R.S. §38-431.02 shall not disclose that information except to the Attorney General or County Attorney by agreement of the City Council, or as otherwise ordered by a court of competent jurisdiction.



CITY OF GLENDALE

Council Communication

Workshop Agenda

06/19/2012

TO: Honorable Mayor and City Council

FROM: Horatio Skeete, Interim City Manager

PRESENTED BY: Diane Goke, Chief Financial Officer

SUBJECT: [AMEND CITY TAX CODE BY ADOPTING LOCAL OPTION V TO THE MODEL CITY TAX CODE TO IMPLEMENT A TWO-LEVEL TAX STRUCTURE ON ITEMS OVER \\$5,000](#)

Purpose

This is a request for City Council to consider options for an adjustment in the amount of the sales and use tax rate on single retail items over \$5,000 that was adopted as part of the Fiscal Year (FY) 2012-13 budget. These options would require adoption of Local Option V of the Model City Tax Code to tax sales for any single retail item exceeding \$5,000. The effective date to implement this option would be August 1, 2012.

Background

On May 22, 2012, Council adopted a preliminary budget for FY 2012-13 which included an increase to the privilege (sales) and use tax rates to 2.9% for select categories. Increasing these select rates by seven-tenths (.7) of one percent is expected to raise approximately \$23 million for the General Fund in FY 2012-13.

Since presenting the increase of the privilege (sales) and use tax rates to 2.9% for select categories, staff received input from the local business community, including the Glendale Chamber of Commerce, requesting the city explore implementing an alternative tax rate similar to other West Valley cities. Given the close proximity of Glendale's local businesses to competitors in other cities with this alternative tax structure, the concept of an alternative tax rate for single-item purchases was investigated. The Model City Tax Code provides for such an option, Local Option V, and other local cities have used this option to remove or reduce competitive disadvantages to their business community.

Staff concluded Council has four options to consider regarding an alternative tax rate for single retail large ticket item purchases. The options are as follows:

- Apply the proposed increase of seven-tenths (.7) of one percent as originally presented in the June 12, 2012 meeting thereby leaving the rate at 2.9% for single-item purchases;
- Implement a rate of 2.2% for single-item purchases exceeding \$5,000;
- Implement a two-tiered tax structure for single-item purchases with a rate of 2.5% for first \$5,000 and 2.2% applied to the remainder; or
- Implement a two-tiered tax structure for single-item purchases with a rate of 2.9% for first \$5,000 and 2.2% applied to the remainder.

A review of the impact on revenue projections indicates the potential loss of revenue associated with the second, third and fourth bulleted options for single-item purchases, as noted above, could be estimated at \$900,000 to \$1.1 million. Businesses only submit gross sales in total, not individual transactional details, on their sales tax returns. Consequently, the amount of sales at businesses in Glendale that are attributable to single-item purchases of \$5,000 or more is not available.

Staff recommends adopting a local option to the city tax code that effectively adjusts the privilege (sales) and use tax rates by seven-tenths (.7) of one percent from 2.9% to 2.2% for single-item purchases exceeding \$5,000. This action is expected to mitigate the potential for some consumers to change their shopping habits for more expensive single-item purchases especially as compared to the flat 2.9% rate.

In the event Council chooses to move forward with the adoption of Local Option V of the Model City Tax Code, public notice was posted in the Glendale Star on May 31 and June 7, 2012 for a public hearing to occur on June 26, 2012 and would take effect on August 1, 2012.

Previous Council/Staff Actions

On June 12, 2012, Council adopted an ordinance amending Glendale City Code Chapter 21.1 to 2.9%, a seven-tenths (.7) increase for select rates.

On May 22, 2012, Council adopted the preliminary budget for FY 2012 -13.

At the April 23, 2012 Budget Workshop, staff presented the City Manager's Recommended Budget for FY 2012-13 that reflected the input Council provided during the eight budget workshops. The recommended budget called for a seven-tenths (.7) increase to the privilege tax rate.

Community Benefit

Adopting Local Option V of the Model City Tax Code will allow the city to capitalize on the recovering economy, while encouraging large purchases within the city. This lesser sales and use tax rate associated with single-item purchases of more than \$5,000 will further encourage local spending to the benefit of the city.

Policy Guidance

Staff is seeking guidance from Council regarding which option to proceed with as an adjustment in the amount of the sales and use tax on single-item purchases exceeding \$5,000. The effective date to implement any of these options would be August 1, 2012.



CITY OF GLENDALE

Council Communication

Workshop Agenda

06/19/2012

TO: Honorable Mayor and City Council

FROM: Horatio Skeete, Interim City Manager

PRESENTED BY: Jon M. Froke, AICP, Planning Director/Historic Preservation Officer

SUBJECT: **HISTORIC PRESERVATION PROGRAM UPDATE**

Purpose



This is a request to provide an update to City Council on the Historic Preservation Program and activities of the Historic Preservation Commission.

Background



The Historic Preservation Program was created in 1991 when Council adopted the Historic Preservation Plan and Ordinance. In 1995, the City of Glendale was designated as a Certified Local Government by the State Historic Preservation Office, which makes Glendale eligible for federal pass-through grants. Council adopted the current Historic Preservation Plan on November 23, 2003, and adopted the Historic Preservation Element of the General Plan on November 28, 2006.

Glendale's historic districts are located primarily in the City Center which helps encourage visitors to Historic Downtown Glendale through cultural tourism. There are three historic properties located outside of the City Center. These include Manistee Ranch, Sahuaro Ranch Park, and the Thunderbird Tower, located on the campus of Thunderbird School of Global Management.

Previous Council/Staff Actions



During the February 15, 2011 workshop, Council received an update on the Historic Preservation Program.

During the March 17, 2009 workshop, Council received an update on the Historic Preservation Program.

Community Benefit

The City of Glendale embraces its unique heritage and is committed to honoring the past and preserving the future through thoughtful preservation planning. Through this effort the city has enriched the lives of its residents and visitors alike by supporting and encouraging the restoration of historic homes and historic districts.

Public Input

The National Trust for Historic Preservation established the month of May as National Historic Preservation Month in 1973. The purpose of the event is to honor and raise awareness of the importance of our nation's history and cultural heritage. The City of Glendale has participated in this national event since its inception by honoring this occasion with a proclamation signed by the Mayor. Some of the events during the month long celebration include the Annual Historic Preservation Bus Tour which allows the city to showcase historic places, promote heritage tourism, and create a greater awareness of the social and economic benefits of historic preservation.

Another event is the Annual Ruth Byrne Historic Preservation Award, established in 1996. The purpose of the award is to recognize individuals or organizations that have made significant contributions to the preservation of Glendale's historic and cultural resources. This prestigious award is named after Ruth Byrne, a Glendale native, in honor of her dedicated work and ongoing efforts to preserve Glendale's history. Each year the Historic Preservation Commission asks the community for support with this very important historic preservation activity.

Policy Guidance

This is for Council information only. Staff is available to answer any questions regarding the information provided.



CITY OF GLENDALE

Council Communication

Workshop Agenda

06/19/2012

TO: Honorable Mayor and City Council
FROM: Horatio Skeete, Interim City Manager
PRESENTED BY: Diane Goke, Chief Financial Officer

SUBJECT: [LEASE-LEASEBACK FINANCING](#)

Purpose

This is a request for City Council to review the details of the proposed lease-leaseback of city buildings.

Background

As part of the Fiscal Year (FY) 2011-12 and FY 2012-13 financing strategy for the city, and based on input received from Council during the budget workshops, staff is recommending a lease-leaseback of the City Hall and Public Safety buildings as an alternative mechanism to fund the FY 2011-12 Arena Management Fee to the National Hockey League (NHL) and possibly the FY 2012-13 Public Facilities Corporation (PFC) debt service payment. This action is expected to supply approximately \$41 million in proceeds for the city. The lease term will be for 10 years at a rate range of 3 to 5%.

Proposed Use of Lease-Leaseback Funds

FY 2011-12 Arena Management Fee: The city is currently in negotiations with the NHL on the payment terms for the balance of the FY 2011-12 Arena Management Fee that is currently in escrow and has been tentatively considered to be an inter-fund loan from the Water and Sewer fund. However, upon Council approval, the proceeds from the lease-leaseback can be used to fulfill the city's obligation to the NHL. The total amount of the Arena Management Fee for FY 2011-12 is \$25 million; the following structure is proposed for fulfilling this obligation with lease-leaseback proceeds:

- \$15 million will be used in place of the Water Enterprise Fund reserve thus restoring those funds to the Enterprise Fund and repaying the inter-fund loan in full;
- \$5 million to the Vehicle Replacement and Technology Replacement Funds in the General Fund; and

- The remaining \$5 million to the NHL for the balance of the Arena Management Fee

FY 2012-13 PFC Debt Service: The city plans to pursue a restructuring of the PFC debt which will greatly reduce the FY 2012-13 debt service payment. However, if market conditions are not conducive to a restructuring, the city would like the option to use the remaining lease-leaseback proceeds to fund the debt service payment for FY 2012-13. If restructuring goes as planned, the remaining lease-leaseback proceeds will be repaid.

Previous Council/Staff Actions

On May 24, 2011, Council approved the lease refinancing of various city leases.

Community Benefit

Upon Council approval, the lease-leaseback proceeds will be used as an alternative funding mechanism to fulfill the city's legal obligations to the NHL and PFC thus ensuring that other funding sources, namely the General Fund and Water Enterprise Fund, are available for other purposes in the community.

Budget Impacts & Costs

This action is expected to supply approximately \$41 million in proceeds for the city. The lease term will be for 10 years at a rate of 3 to 5%. The average annual lease payment will be approximately \$4.5 million, with repayment beginning in FY 2013-14.

Policy Guidance

Staff is seeking guidance from Council regarding the proposed lease-leaseback of the City Hall and Public Safety buildings as part of the FY 2012-13 financing strategy for the city's operating budget.