



**GLENDALE CITY COUNCIL WORKSHOP SESSION**  
**Council Chambers – Workshop Room**  
**5850 West Glendale Avenue**  
**June 20, 2006**  
**1:30 p.m.**

**WORKSHOP SESSION**

1. [FY 2005-06 THIRD QUARTER REPORT ON THE GENERAL FUND](#) – 30 MINUTES
2. [GROUNDWATER REPLENISHMENT DISTRICT](#) – 30 MINUTES
3. [COUNCIL ITEMS OF SPECIAL INTEREST](#) – 30 MINUTES

**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.**

**COUNCIL COMMENTS AND SUGGESTIONS**

**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/consultation with the City Attorney and City Manager to receive an update, to consider its position, and to provide instruction/direction to the City Attorney and City Manager regarding Glendale's position in connection with contracts, agreements and/or development agreements of the area in, near and surrounding the Arena and the Multi-Purpose Stadium sites that are the subject of negotiations. (A.R.S. §§ 38-431.03 (A)(3)(4))
- B. Discussion/consultation with the City Attorney and City Manager to receive an update, to consider its position, and to provide instruction/direction to the City Attorney and City Manager regarding Glendale's position in connection with contracts, agreements and/or development agreements related to public and private development of the area in, near, surrounding or related to the Multi-Purpose Stadium site that is the subject of negotiations. (A.R.S. §§38-431.03 (A)(3),(4),(7))

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

06/20/2006

Item No. 1

TO: Honorable Mayor and City Council

FROM: Ed Beasley, City Manager

PRESENTED BY: Sherry M. Schurhammer, Management & Budget Director

SUBJECT: [FY 2005-06 THIRD QUARTER REPORT ON THE GENERAL FUND](#)

### *Purpose*

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- This is a request for City Council to review the FY 2005-06 third quarter report on General Fund (GF) revenues and expenditures.

### *Council Strategic Goals Or Key Objectives Addressed*

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- The FY 2005-06 second quarter report on the GF is consistent with the Council's goal of ensuring the city's financial stability by conducting timely reviews of expenditures and revenues.

### *Background*

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- In response to requests from Council, staff committed to providing quarterly reports on the GF beginning with FY 2003-04.
- The GF's third quarter revenue budget and actuals are as follows (in 000s):

	<u>FY 2005-06 Budget</u>	<u>FY 2005-06 Actuals</u>
City Sales Tax	\$ 41,741	\$ 43,609
State Income Tax	\$ 14,798	\$ 17,182
State Sales Tax	\$ 13,806	\$ 17,110
State Motor Vehicle In-Lieu	\$ 6,649	\$ 7,620
Highway User Revenue Funds	\$ 11,380	\$ 12,335
Primary Property Tax	\$ 2,760	\$ 2,295
All Other	<u>\$ 19,101</u>	<u>\$ 23,870</u>
<b>TOTAL</b>	<b>\$110,235</b>	<b>\$124,021</b>

- As the preceding list shows, FY 2005-06 third quarter GF revenue receipts are almost \$13.8 million, or 12.5% more than budgeted.
- City sales tax receipts account for almost 38% of the city's total GF revenue budget.
- City sales tax collections for the third quarter came in better than expected, with actuals exceeding budget by nearly \$1.9 million, or almost 4.5%.
- FY 2004-05 city sales tax collections for the third quarter were \$39.5 million. Therefore, FY 2005-06 collections of over \$43.6 million are over \$4 million, or 10%, ahead of FY 2004-05 third quarter collections.
- State-shared revenues account for 32% of the city's total GF revenue budget.
- State-shared revenue collections for the third quarter were \$41.9 million, an amount that is \$6.6 million, or almost 19%, more than expected. Each of the three components of state-shared revenues performed very well, as the following detailed information shows:
  - State income tax collections were almost \$2.4 million, or 16%, ahead of budget;
  - State sales tax collections were over \$3.3 million, or almost 24%, ahead of budget; and
  - Motor vehicle in lieu collections were more than \$970,000, or almost 15%, ahead of budget.
- FY 2004-05 state-shared collections for the third quarter were over \$36.2 million. Therefore, FY 2005-06 collections of \$41.9 million are almost \$5.7 million, or almost 16%, ahead of FY 2004-05 third quarter collections.
- Highway User Revenue Funds (HURF) are revenues commonly known as the gas tax although there are several additional transportation related fees that comprise this revenue source. This revenue source exceeded the FY 2005-06 third quarter budget by more than \$954,000, or over 8%.
- There are two notable one-time sources of revenue reflected in the FY 2005-06 third quarter actuals. One is the sale of parcels at the Northern Crossing development that generated approximately \$1.3 million through the third quarter. The second is \$1.2 million in contributions by the Fiesta Bowl and Arizona Sports & Tourism Authority for the construction of the youth sports field located at the northwest corner of 91<sup>st</sup> Avenue and Bethany Home Road.

- The FY 2005-06 third quarter budget and actuals for the GF operating and pay-as-you-go (PAYGO) capital expenditures are as follows (in 000s):

	<u><b>FY 2005-06 Budget</b></u>	<u><b>FY 2005-06 Actuals</b></u>
GF Salaries/Benefits	\$ 75,803	\$ 73,134
GF Non-Personnel	\$ 41,768	\$ 33,958
GF Debt Service (leases)	\$ 3,609	\$ 3,303
PAYGO Capital	<u>\$ 6,130</u>	<u>\$ 2,660</u>
<b>TOTAL</b>	<b>\$127,310</b>	<b>\$113,055</b>

- Salary savings for the third quarter of FY 2005-06 totaled almost \$2.7 million.
- Non-salary savings for the third quarter of FY 2005-06 totaled over \$7.8 million.
- At the end of the third quarter of FY 2005-06, the budget-basis GF fund balance was \$60.2 million.

### *Previous Council/Staff Actions*

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- The second quarter report on the GF was presented to Council on March 14, 2006.
- The first quarter report on the GF was presented to Council on December 20, 2005.

### *Direction/Policy Guidance*

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This is a status report on the General Fund through the end of the third quarter of FY 2005-06. No Council guidance is requested on this report.



CITY OF GLENDALE

# Council Communication

## Workshop Agenda

06/20/2006

Item No. 2

TO: Honorable Mayor and City Council  
FROM: Ed Beasley, City Manager  
PRESENTED BY: Doug Kukino, Environmental Resources Director

SUBJECT: **GROUNDWATER REPLENISHMENT DISTRICT**

### *Purpose*

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- This is a request for City Council to review information on policy issues regarding the Central Arizona Groundwater Replenishment District (Replenishment District).
- The Arizona Municipal Water Users Association, of which Glendale is a member, will be discussing the Replenishment District in future meetings. Mayor Scruggs sits on the Arizona Municipal Water Users Association Board of Directors and is slated to become President of the Board starting in September 2006.
- The positions ultimately developed through the Arizona Municipal Water Users Association will be used to influence future policy decisions with the Central Arizona Project Board and the Arizona Legislature.

### *Council Strategic Goals Or Key Objectives Addressed*

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- Arizona water resources policy issues have a significant impact on growth and development patterns in Arizona, including the Phoenix area.
- The development of sound water resource policies will enable the city to provide and maintain a high quality of water services for citizens.

### *Background*

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- Arizona adopted the nation's most stringent water resources requirement with the adoption of the 1980 Groundwater Water Code and the 1995 Assured Water Supply requirements. Current requirements prohibit the sale or lease of subdivided lands located in central Arizona without an assured water supply.

- While cities such as Glendale were able to adapt and comply with the stringent requirements, other areas with little or no surface water rights had difficulty in meeting the requirements.
- In 1993, the Arizona Legislature created the Replenishment District in order to assist areas that could not otherwise meet all of the Assured Water Supply requirements. The Legislature placed the Replenishment District under the management of the Central Arizona Project Board.
- Cities and subdivisions that join the Replenishment District pay fees that allow the use of groundwater for development. The District is then obligated to recharge the groundwater used by those member entities that exceeds the limits imposed by the Assured Water Supply requirements. This process makes it very convenient for those cities and subdivisions to comply with the Groundwater Code and Assured Water Supply requirements. Therefore, a significant amount of development has occurred on lands with little or no surface water rights.
- The rapid growth of the Replenishment District and its close association with the Central Arizona Project has raised questions and concerns regarding its future direction, growth and impact on the state. The Central Arizona Project Board is currently conducting a strategic planning process, and will address the Replenishment District concerns starting in the Fall of 2006.
- The Arizona Municipal Water Users Association, a non-profit corporation consisting of nine cities and towns in the Phoenix area, including Glendale, has identified six initial Replenishment District issues of concern. These issues will be discussed at future Arizona Municipal Water Users Association Board of Directors meetings.
- The issues include the Replenishment District's: 1) growth and long-term sustainability; 2) governance; 3) competition for Central Arizona Project water; 4) role and function; 5) use of the Central Arizona Project canal system; and 6) use of recharge facilities in locations distant from where groundwater is being withdrawn.

## *Community Benefit*

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- Participation in the policy planning process will give Glendale a voice in the development of regional and state-wide water policy, which directly and indirectly impacts the quality of life of our citizens.
- The city's state legislative principles are to preserve and enhance the city's ability to deliver quality and cost effective services to citizens and visitors; to address quality of life issues for Glendale residents, and to enhance Council's ability to serve the community by retaining local decision-making authority and maintain state legislative and voter commitments for revenue.

## *Direction/Policy Guidance*

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This is a status report on policy issues regarding the Central Arizona Groundwater Replenishment District. No Council guidance is requested at this time.



CITY OF GLENDALE

# Council Communication

## Workshop Agenda

06/20/2006

Item No. 3

TO: Honorable Mayor and City Council

PRESENTED BY: Ed Beasley, City Manager

SUBJECT: **COUNCIL ITEMS OF SPECIAL INTEREST**

### *Purpose*

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- This is a request for City Council to provide staff specific direction regarding further action on the items of special interest that were identified at the April 4, 2006 workshop.
- In addition, this is the quarterly opportunity for City Council to identify topics of interest they would like the City Manager to research and assess for placement on a future workshop agenda.

### *Council Strategic Goals Or Key Objectives Addressed*

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- In the fall of 2002, Council approved a procedural guideline allowing for topics of special interest to be identified by Council on a quarterly basis for follow-up by the City Manager.

### *Direction/Policy Guidance*

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Staff requests Council to provide specific direction for further action on the items identified at the April 4, 2006 workshop. Staff further requests Council to identify items of interest for follow-up by staff during the next quarter.