

City of Glendale Council Workshop Agenda

December 17, 2013 – 1:30 p.m.

Welcome!

We are glad you have chosen to attend this meeting. We welcome your interest and encourage you to attend again.

Form of Government

The City of Glendale has a Council-Manager form of government. Policy is set by the elected Council and administered by the Council-appointed City Manager. The 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 six electoral districts and are elected by the voters of their respective districts (see map on back).

Voting Meetings and Workshop Sessions

Voting meetings are held for Council to take official action. These meetings are held on the second and fourth Tuesday of each month at 6:00 p.m. in the Council Chambers of the Glendale Municipal Office Complex, 5850 West Glendale Avenue. **Workshop sessions** provide Council with an opportunity to hear presentations by staff on topics that may come before Council for official action. These meetings are generally held on the first and third Tuesday of each month at 1:30 p.m. in Room B3 of the Glendale Municipal Office complex.

Special voting meetings and workshop sessions are called for and held as needed.

Executive Sessions

Council may convene to an executive session to receive legal advice, discuss land acquisitions, personnel issues, and appointments to boards and commissions. Executive sessions will be held in Room B3 of the Council Chambers. As provided by state statute, executive sessions are closed to the public.

Regular City Council meetings are telecast live. Repeat broadcasts are telecast the second and fourth week of the month – Wednesday at 2:30 p.m., Thursday at 8:00 a.m., Friday at 8:00 a.m., Saturday at 2:00 p.m., Sunday at 9:00 a.m. and Monday at 1:30 p.m. on Glendale Channel 11.

If you have any questions about the agenda, 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 the City Council Office at (623)930-2249



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

Cactus District – Ian Hugh
Cholla District – Manuel D. Martinez
Ocotillo District – Norma S. Alvarez
Sahuaro District – Gary D. Sherwood
Yucca District – Samuel U. Chavira



MAYOR JERRY P. WEIERS

Vice Mayor Yvonne J. Knaack – Barrel District

Appointed City Staff

Brenda S. Fischer – City Manager
Michael D. Bailey – City Attorney
Pamela Hanna – City Clerk
Elizabeth Finn – City Judge

Meeting Agendas

Generally, paper copies of Council agendas may be obtained after 4:00 p.m. on the Friday before a Council meeting from the City Clerk Department inside Glendale City Hall. Additionally, the agenda and all supporting documents are posted to the city's website, www.glendaleaz.com

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. It is inappropriate to utilize the public hearing or other agenda item for purposes of making political speeches, including threats of political action. Engaging in such conduct, and failing to cease such conduct upon request of the presiding officer will be grounds for ending a speaker's time at the podium or for removal of any disruptive person from the meeting room, at the direction of the presiding officer.

How to Participate

Voting Meeting - The Glendale City Council values citizen comments and input. If you wish to speak on a matter concerning Glendale city government that is not on the printed agenda, please fill out a blue Citizen Comments Card. Public hearings are also held on certain agenda items. If you wish to speak on a particular item listed on the agenda, please fill out a gold Public Hearing Speakers Card. Your name will be called when the Public Hearing on the item has been opened or Citizen Comments portion of the agenda is reached. **Workshop Sessions** - There is no Citizen Comments portion on the workshop agenda.

When speaking at the Podium, please state your name and the city in which you reside. If you reside in the City of Glendale, please state the Council District you live in and present your comments in five minutes or less.

Regular Workshop meetings are telecast live. 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.



Council District Boundaries





GLENDALE CITY COUNCIL WORKSHOP SESSION
Council Chambers – Room B3
5850 West Glendale Avenue
December 17, 2013
1:30 p.m.

One or more members of the City Council may be unable to attend the Workshop or Executive Session Meeting in person and may participate telephonically, pursuant to A.R.S. § 38-431(4).

CALL TO ORDER

WORKSHOP SESSION

1. PAVEMENT MANAGEMENT PROGRAM UPDATE
PRESENTED BY: Stuart Kent, Executive Director, Public Works
Christina Betz, Deputy Director, Public Works
2. COMMUNITY DEVELOPMENT FEE WAIVER/REBATE DISCUSSION
PRESENTED BY: Brian Friedman, Executive Director, Community and Economic Development
3. GENERAL PLAN UPDATE AND PROPOSED STEERING COMMITTEE
PRESENTED BY: Jon M. Froke, AICP, Planning Director
4. REVIEW OF ORDINANCE AMENDING GLENDALE CITY CODE, CHAPTER 2, ARTICLE III, DIVISION 2, SECTION 2-68 (CLASSIFIED AND UNCLASSIFIED SERVICE), AND REVISING HUMAN RESOURCES POLICIES 201, 513, AND 514
PRESENTED BY: Jim Brown, Executive Director, Human Resources and Risk Management
5. COUNCIL ITEM OF SPECIAL INTEREST: MONTHLY ARENA REPORTS
PRESENTED BY: Tom Duensing, Executive Director, Financial Services
6. FY12-13 YEAR-END FINANCIAL RESULTS
PRESENTED BY: Tom Duensing, Executive Director, Financial Services
7. GENERAL FUND FIVE-YEAR FINANCIAL FORECAST, COUNCIL ITEM OF SPECIAL INTEREST: DISCUSS CURRENT REVENUE PROJECTIONS
PRESENTED BY: Tom Duensing, Executive Director, Financial Services

CITY MANAGER'S REPORT

This report allows the City Manager to update the City Council. 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 ITEMS OF SPECIAL INTEREST

Councilmembers may indicate topic(s) they would like to have discussed by the Council at a future Workshop and the reason for their interest. The Council does not discuss the new topics at the Workshop where they are introduced.

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

Arizona statute precludes any person receiving executive session information from disclosing that information except as allowed by law. A.R.S. § 38-431.03(F). Each violation of this statute is subject to a civil penalty not to exceed \$500, plus court costs and attorneys' fees. This penalty is assessed against the person who violates this statute or who knowingly aids, agrees to aid or attempts to aid another person in violating this article. The city is precluded from expending any public monies to employ or retain legal counsel to provide legal services or representation to the public body or any of its officers in any legal action commenced for violation of the statute unless the City Council takes a legal action at a properly noticed open meeting to approve of such expenditure prior to incurring any such obligation or indebtedness. A.R.S. § 38-431.07(A)(B).

Items Respectfully Submitted,



Brenda S. Fischer, ICMA-CM
City Manager



WORKSHOP COUNCIL REPORT

Meeting Date: **12/17/2013**
Meeting Type: **Workshop**
Title: **PAVEMENT MANAGEMENT PROGRAM UPDATE**
Staff Contact: **Stuart Kent, Executive Director, Public Works**
Christina Betz, Deputy Director, Public Works

Purpose and Policy Guidance

This is a request for City Council to receive an update on the Pavement Management Program for the City of Glendale. Staff is presenting to Council a five-year plan on the Pavement Management Program which was developed by IMS Infrastructure Management Services, L.L.C. (IMS). The update will include a summary of overall conditions of the city's road network, as well as a plan to maintain the road network for the next several fiscal years. Staff is seeking Council guidance and approval with regard to funding and implementation of the Pavement Management Program.

Background

The city has over 103 miles of arterial and 615 miles of residential and collector roadways. This seven hundred plus miles of paved roads represents over \$1 billion of replacement cost in today's economy. With the exception of minor street and concrete repairs (potholes, curb and sidewalk), the city contracts for all other preventative maintenance and reconstructive roadway work.

IMS collected pavement data on the roadway network and developed a Pavement Management Program for the city. A Pavement Management Program identifies objectives to establish design and maintenance standards, prioritize maintenance treatments, model long term maintenance activities to obtain maximum pavement life, and ultimately protect the investment made in the roadway system.

The arterial and residential pavement conditions were evaluated and assigned a value from 1 to 100 based on surface distress, roughness, and structural assessment. This value is known as the Pavement Condition Index (PCI).

The scale for the PCI is as follows:

85-100	Very Good
75-85	Good
60-75	Fair
50-60	Acceptable
40-50	Poor
0-40	Very Poor



WORKSHOP COUNCIL REPORT

The PCI provides a valuable assessment tool for understanding the pavement quality for each street in the city. Streets repaired when having a PCI in the fair or good condition range will cost less over their lifetime than streets allowed to deteriorate to a poor condition and then in need of reconstruction. Therefore, prioritizing streets for annual maintenance and selecting the type of maintenance treatment is based strategically on investing the largest dollar resources into preserving the streets already in fair to good condition. The remaining funding is applied to improving the poor or very poor streets at a more costly expense.

In October 2011, staff provided Council with a copy of the Pavement Management Report and communicated intended roadway maintenance activities based on the available funding of \$2 million dollars per year for fiscal years (FY) 2012 and 2013. This available funding for pavement management improvements comes from the half-cent transportation sales tax of the Glendale Onboard (GO) Program and is scheduled to run through FY 2031. The \$2 million in GO funding is programmed annually into the Pavement Management capital improvement plan (CIP).

Based on the condition of the roadway network, staff recommended to Council that the \$2 million in annual Pavement Management CIP funding (GO Program) be used for surface treatments on residential streets in FY 2012 and FY 2013. The streets were identified by taking the lowest rated streets that could be rehabilitated with a slurry seal, in rank order based on the PCI.

The chart below displays roadway work completed since FY 2009.

Fiscal Year	Expended	Source	Miles	Roadway	Work
2009	\$5,972,935	GO	8.6	Arterial	Asphalt Overlay
	\$925,049		3.6	Residential	Asphalt Overlay
2010	\$7,772,360	GO	10.4	Arterial	Asphalt Overlay
	\$454,435		ARRA	2.5	Arterial
2011	\$99,819	GO	1.9		
	\$1,170,000	ARRA			
	\$275,887	GO			
2012	\$209,561	CDBG	.25	Residential	Reconstruction
	\$2,282,316	GO	43.65	Residential	Slurry Seal
	\$1,098,801	ARRA	1.3	Arterial	Heavy Asphalt Overlay
\$168,494	GO				
2013	\$1,326,823	GO	19.77	Residential	Slurry Seal
	\$200,000	CDBG	.36	Residential	Reconstruction
\$63,280	GO				

In summary, between FY 2009 and FY 2013 approximately 92 miles of streets have been maintained using various surface treatments and overlays (slurry seal, microsurface, and light to



WORKSHOP COUNCIL REPORT

full depth asphalt), and a little over a half mile of streets have been reconstructed. Not included in this list of roadway work is the roughly 11.25 miles of arterial streets that have been reconstructed and resurfaced as part of several storm drain projects in the city (Camelback Road, 67th Avenue, and Northern Avenue Storm Drain Projects). These projects were funded out of the Flood Control Construction Fund, under the General Obligation Bonds.

In 2009, when IMS field surveyed and rated the city's roadway network, the overall average PCI was 73 (all arterials, collectors and residential streets averaged). The arterial network had an average PCI of 72 and the residential network had an average PCI of 73.

In 2013, IMS updated the city's database to include all the street maintenance work done since the original 2009 field surveys were completed. IMS used this data to reassess the roadway network PCI ratings and provided the city with a revised Pavement Management Report. Based on the recent analysis, the current overall network average PCI is 72. The arterial network has an average PCI of 71 and the residential network has an average PCI of 73. The overall network average has lowered since the last field analysis due to limited funding and the fact that the applied maintenance treatments have not kept pace with the aging of the street network.

Analysis

Current Year Plan (FY 2014)

For FY 2014, there is \$5.25 million budgeted for roadway maintenance in Glendale, which includes \$2 million in Pavement Management CIP funding (GO Program), a Council approved one-time supplemental of \$3 million in HURF funds, and \$250,000 in CDBG funds. The \$5.25 million will fund all costs associated with completing roughly 13 miles of surface and overlay treatments and a little over one mile of reconstruction work on residential/collector streets in the city, and allow for a reassessment and new field surveys of the roadway network in Glendale.

Five-Year Plan (FY 2015 through FY 2019)

In FY 2015, staff is recommending the sale of Highway User Revenue Fund (HURF) bonds for the city's road network in order to maintain a sustainable street network. This additional funding would be possible due to the retirement of current debt service in FY 2015, and would allow for approximately \$28 million in HURF bonds to be sold for roadway maintenance.

For FY 2015 and FY 2016, the recommended plan is to use the \$2 million in annual Pavement Management CIP funding (GO Program), plus the proposed \$28 million in HURF bond funding for arterial and residential/collector streets in Glendale. The \$32 million investment would allow for roughly 94 miles surface and overlay treatments and 2.4 miles of reconstruction work.

For FY 2017 through FY 2019, \$2 million annually of GO Program funding is programmed in the CIP for the Pavement Management Program for surface treatments to residential streets in the city. Roughly 14 miles of residential streets can be maintained for this investment.



WORKSHOP COUNCIL REPORT

On-Going Funding Recommendation

Starting in FY 2017, \$13 million annually will need to be programmed in the CIP to maintain the roadway network at an overall average PCI rating of 72.

Public Works will continue to evaluate HURF revenues to determine if additional funding is available for the Pavement Management Program. Should additional revenue become available, Public Works will present to Council a request to supplement the programmed funding to allow for additional pavement improvements to be completed.

Previous Related Council Action

On October 28, 2011, staff provided Council the updated Pavement Management Report by memo and communicated intended activities for the 2011/2012 and 2012/2013 Slurry Seal Programs.

On March 25, 2008, Council approved a professional services agreement with IMS in an amount not to exceed \$487,775 to collect pavement data, analyze and develop a Pavement Management Program for the city.

Community Benefit/Public Involvement

Well maintained infrastructure is an important element of strong neighborhoods and business corridors, and is critical for the attraction of quality economic development.

Addressing the streets identified for repair and maintenance in the city's Pavement Management Program allows for a prioritized approach to maintaining and extending the serviceable life of the roadway network in Glendale.

Budget and Financial Impacts

In FY 2014, there is \$5.25 million in funding available for the Pavement Management Program.

In FY 2015 and FY 2016, there is \$2 million annually programmed in the CIP for the Pavement Management Program through the GO Program. Staff is recommending that \$28 million in HURF bond funding should be secured for the Pavement Management Program.

For FY 2017 to FY 2031, there is \$2 million annually programmed in the CIP for the Pavement Management Program through the GO program. Staff is recommending that \$13 million annually should be programmed in the CIP for the Pavement Management Program, that would need to be funded through supplemental sources such as HURF bonds or other available funding.



WORKSHOP COUNCIL REPORT

Attachments

Pavement Management Program - Executive Summary Report

Appendix A - Summary Map of Rehabilitation Plans for FY 2014, FY 2015, and FY 2016 - FY 2019

City of Glendale, Arizona Pavement Management Program

**Current Year Plan (FY 2014)
and
Five-Year Plan (FY 2015-2019)**



EXECUTIVE SUMMARY REPORT

December 2013

TABLE OF CONTENTS

TABLE OF CONTENTS	1
BACKGROUND	1
GENERAL PRINCIPLES OF PAVEMENT MANAGEMENT	1
Pavement Treatment Descriptions	2
Pavement Condition Ratings & Treatments	4
ROADWAY NETWORK CONDITION AND FINDINGS	5
ANNUAL FUNDING AND BUDGET ANALYSIS	6
Annual Funding Levels For Fiscal Years 2014 Through 2019	6
Budget Analysis Models	7
PROPOSED REHABILITATION PLANS	9
Current Year Plan (FY 2014)	9
Five-Year Plan (FY 2015 Through FY 2019)	10
SUMMARY AND RECOMMENDATIONS FOR COUNCIL GUIDANCE	11

APPENDIX A: Summary Map of Rehabilitation Plans for FY 2014, FY 2015, and FY 2016 - FY 2019

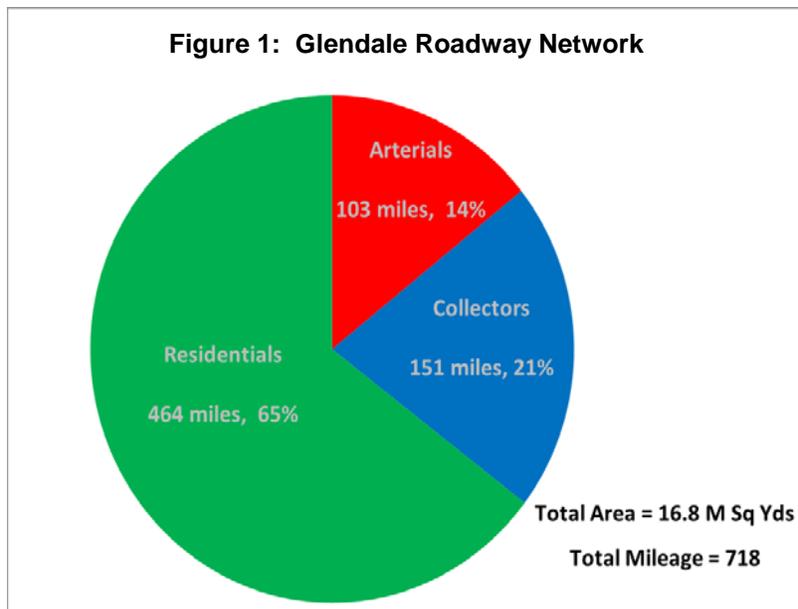
EXECUTIVE SUMMARY REPORT

BACKGROUND

The City of Glendale has 103 miles of arterial roadways (urban and rural arterials) plus an additional 615 miles of residential roadways (residential, minor collectors, and major collectors) encompassing over 16.8 million square yards of asphalt surfacing (Figure 1).

At a replacement cost fast approaching \$1 million per mile, plus the cost of right of way improvements, the city has roughly \$1 billion invested in the paved roadway network.

A pavement management program identifies objectives to establish design and maintenance standards, prioritizes maintenance treatments, models long-term maintenance activities to obtain maximum pavement life, and ultimately protects the investment already made in the roadway system.



Preservation of existing road and street systems has become a major activity for municipal, state and federal governments. A shortage of funds to maintain street systems exists at all the levels of government. Funds that have been designated for pavement preservation must therefore be used as effectively as possible. The key to a successful pavement management program is to develop a reasonably accurate performance model of the roadway, and then identify the optimal timing and strategies for cost effective rehabilitation of the street network.

A comprehensive pavement management study was conducted by Infrastructure Management Services, LLC (IMS) with the goal to assess the condition of the roadway system and to determine pavement treatment activities for immediate and long-term needs. The study collected information on roadway surface conditions, roughness evaluations, distress assessments and traffic classification surveys to determine traffic impacts on all arterial and residential streets. In addition, structural analysis testing was conducted on arterial roads.

GENERAL PRINCIPLES OF PAVEMENT MANAGEMENT

Pavement management is the process of planning, budgeting, funding, designing, constructing, monitoring, evaluating, maintaining, and rehabilitating the pavement network to provide maximum benefits from the available funds. A pavement management system is a set of tools or methods that

assists decision makers in finding optimum strategies for providing and maintaining pavement in a serviceable condition over a given time period.

The condition of a street is affected by a number of factors, including:

- Surface Condition (roughness, cracking, etc.)
- Moisture Intrusion and Drainage (street profile, cross section, storm sewer)
- Sub-grade strength and conditions
- Traffic characteristics and loading
- Pavement Age
- Prior Maintenance (overlays, micro resurfacing, crack filling, seal coating, patching)

Each of the above listed factors contributes to the overall condition and lifecycle of the street system.

As shown in Figure 2, streets that are repaired when they are in good condition will cost less over their lifetime than streets that are allowed to deteriorate to a poor condition and are then in need of reconstruction. A \$1 investment after 40% lifespan is much more effective than deferring maintenance until heavier overlays or reconstruction is required just a few years later.

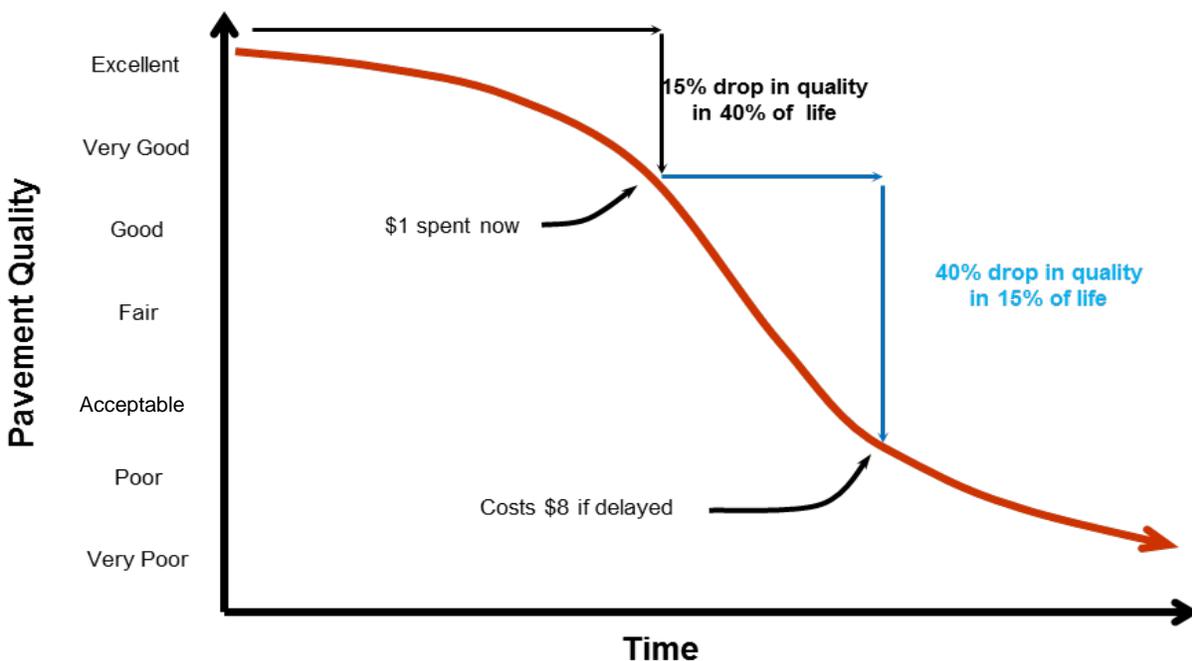


Figure 2: Pavement Deterioration and Life Cycle Costs

Without an adequate routine pavement maintenance program, streets require more frequent reconstruction, thereby costing millions of extra dollars. Over time, pavement quality drops until the pavement condition becomes unacceptable.

PAVEMENT TREATMENT DESCRIPTIONS

A variety of pavement maintenance techniques are used to preserve city streets and the cost for each treatment can vary significantly. The following is a description of each maintenance treatment by the least expensive to most expensive, and the potential benefits of the treatment.

Surface Treatments

Various surface treatments provide for the installation of a thin surface coating, typically an oil emulsion and small aggregate rock to reseal the pavement surface. This allows for an extension of the pavement surface life by minimizing the effects of the sun and weather on the existing asphalt material and re-establishing a wearing surface. Surface treatments are typically either a fog seal or a slurry seal on residential or collector streets, and a microsurface seal on arterial roadways. Microsurface seals are very similar to slurry seal with the exception of the size of the aggregate and resulting thickness of the treatment.



Overlay

An overlay provides for the addition of another layer of asphalt type material or rubberized asphalt pavement on the existing roadway. This can be performed either through the removal and replacement of a 1 to 2-inch thick layer to maintain the current surface elevations or by placing an additional layer of pavement on top of the existing surface. An overlay of this thickness extends the life of the roadway by adding additional material to the surface, reestablishing the cross slope of the road to promote drainage and creating a smooth driving surface.

Surface Reconstruction

Surface reconstruction provides for full depth overlay, typically 3-5 inches, by removing the existing pavement in place and replacing it with new asphalt. The existing pavement is ground up and blended into the aggregate base, and the new pavement is installed to restore the proper cross slope and provide a stronger roadway section. This process is typically less expensive than full reconstruction and is usually only done on arterial roadways where the depth of the asphalt is much thicker than residential roadways.

Full Reconstruction

Full reconstruction provides for the removal of the existing roadway and the rebuilding of the road from the sub-grade through the pavement surface. Sub-grade correction consists of the removal of unsuitable materials, backfill with granular materials, aggregate base, and new asphalt pavement. This method is typically applied in areas where the pavement is showing significant areas of major distress and where it is unlikely that a surface reconstruction will properly repair the street.



PAVEMENT CONDITION RATINGS & TREATMENTS

As part of the Pavement Management study, the arterial and residential pavement conditions were evaluated and assigned a value from 1 to 100 based on surface distress, roughness, and structural assessment. This value is known as the Pavement Condition Index (PCI). The following figure (Figure 3) illustrates the PCI range and corresponding maintenance treatment shown on the pavement condition versus time curve.

Figure 3: PCI Range and Maintenance Treatments

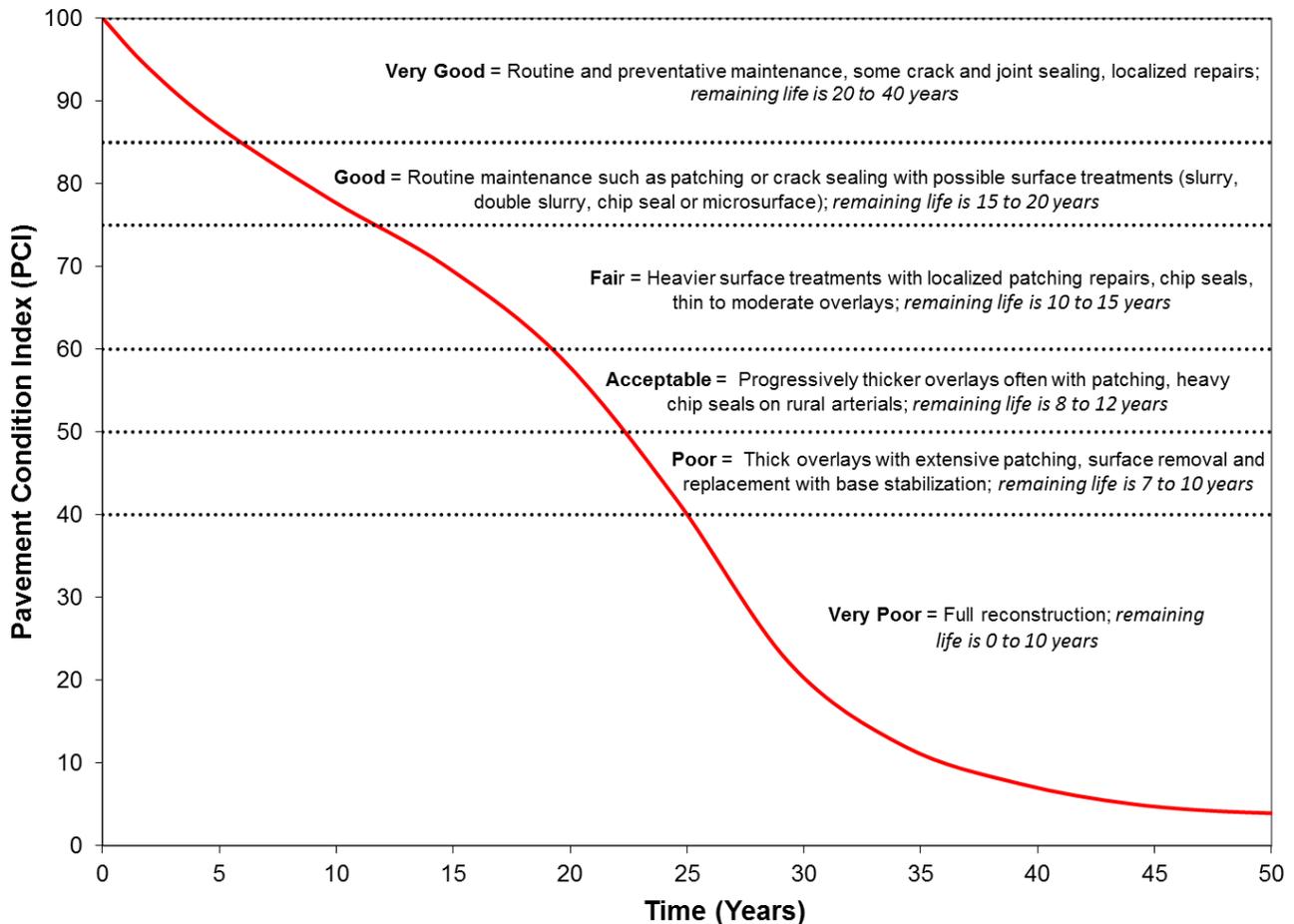


Figure 3 also identifies the remaining life related to each pavement condition category (i.e., very good, good, fair, acceptable, poor, and very poor). Streets in very good condition will last up to 40 years depending on the timeframe, quality of construction, and routine maintenance activities. Whereas, very poor streets only have up to 10 years of service life, which requires timely planned reconstruction before complete failure of the pavement occurs. Lastly, maintenance costs increase significantly depending on the current pavement condition and selected treatment technique. A maintenance cost comparison between pavement condition categories identifies costs ranging from \$50,000 to \$70,000 per mile for good condition streets, from \$250,000 to \$650,000 per mile for acceptable condition streets, and from \$1 million to \$2 million per mile for streets having very poor pavement condition. This shows that very poor streets have approximately a four-fold greater maintenance cost as compared to acceptable streets.

ROADWAY NETWORK CONDITION AND FINDINGS

At the time of the last field survey in 2009, the network overall average PCI was 73 (i.e., the average of all arterials, collectors and residential streets). Furthermore, the arterial network had an average PCI of 72 and the residential network had an average PCI of 73. Nationwide the average PCI score for similar cities to Glendale, Arizona is 65 to 70.

Glendale's current 2013 network overall average PCI is 72. The arterial network has an average PCI of 71 and the residential network has an average PCI of 73. Although the 2013 network average is higher than the national average for similar cities, this PCI rating places the overall street network into the **"fair"** category for describing the overall pavement condition.

As shown in Figure 4 below, 13 percent (or 93 miles), of the total street network can be considered in very good condition with a PCI score greater than 85. These streets are in like new condition and only require routine maintenance. Nationwide, the amount of roadways falling into this category is about 15 percent, so this value is below the national average. Roughly 32 percent (or 230 miles) of the street network falls into the good category; these are roads that benefit the most from preventative maintenance techniques such as a microsurface treatment, slurry seals, and localized repairs. If left untreated these roadways will drop in quality to become heavy surface treatment or overlay candidates.

Figure 4: Current 2013 Network Pavement Condition

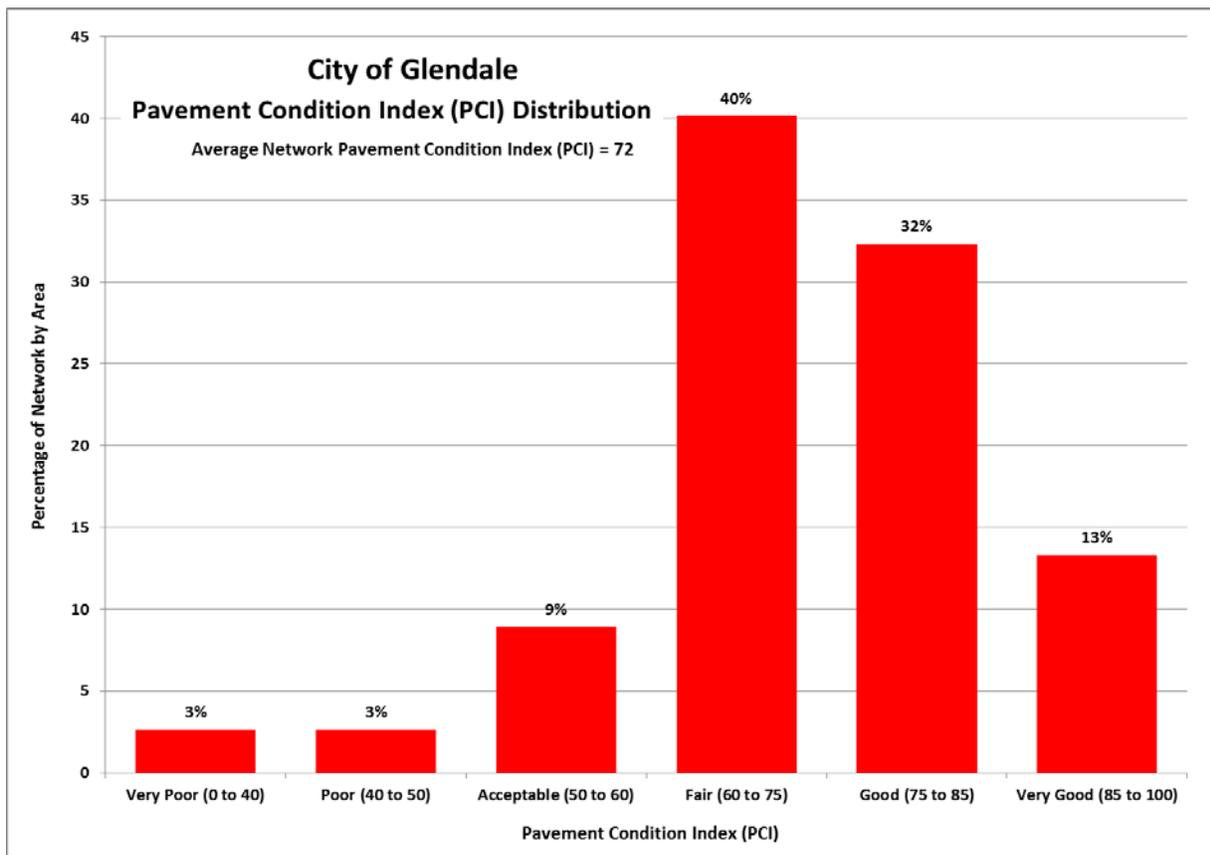


Figure 4 also shows that 40 percent (or 287 miles) of the streets are rated as fair and are candidates for heavy surface treatment rehabilitation and thin overlays. Nine percent (or 65 miles) of the street network can be considered as acceptable, representing candidates for progressively thicker overlay rehabilitation

or concrete panel replacements. If left untreated, they will decline rapidly into reconstruction candidates. The remaining 6 percent (or 43 miles) of the network is rated as poor or very poor condition, meaning these roadways have failed or are past the point for an overlay or surface based rehabilitation to be an effective treatment. Streets in poor or very poor condition will require progressively heavier or thicker forms of rehabilitation (i.e., surface reconstruction, deep patch and paving) or total reconstruction.

Because of the declining and/or limited allocation of funds to Glendale's pavement management program over the past several years (since 2009), the applied maintenance treatments have not kept pace with the aging of the street network. As streets in Glendale continue to receive only routine preventative maintenance treatments, as well as experience deferred maintenance or rehabilitation due to lack of funding, the percentage of poor and very poor conditions streets will increase as these streets fast approach or reach the end of their service life.

ANNUAL FUNDING AND BUDGET ANALYSIS

ANNUAL FUNDING LEVELS FOR FISCAL YEARS 2014 THROUGH 2019

The pavement management analysis provided in this report for fiscal years (FY) 2014 through 2019 is based on the current funding levels as well as proposed additional bond funding. Available funding of \$2 million dollars per year for pavement management improvements comes from the half-cent transportation sales tax of the Glendale Onboard (GO) Program and this funding is scheduled to run through FY 2031. The \$2 million in GO funding is programmed annually into Glendale's Pavement Management capital improvement plan (CIP).

For FY 2014, \$5.25 million is budgeted for roadway maintenance in Glendale, which includes \$2 million in Pavement Management CIP funding (GO Program), a Glendale City Council approved one-time supplemental of \$3 million in Highway User Revenue Fund (HURF), and \$250,000 in Community Development Block Grant (CDBG) funds. The funding in FY 2014 currently is programmed to pay for street network improvements on residential roadways (residential, minor collectors, and major collectors) only. Furthermore, the sale of HURF bonds is proposed, which would be made possible due to the retirement of current debt service in FY 2015 and would allow for approximately \$28 million in HURF funding to be available for pavement management. For FY 2015 and FY 2016, the proposed plan is to use the \$2 million in annual Pavement Management CIP funding (GO Program, plus the \$28 million in HURF bond funding for arterial and residential/collector streets in Glendale. For FY 2017 through FY 2019, the \$2 million annually of GO Program funding is programmed in the Pavement Management CIP for surface treatments to residential streets in the city. The current annual funding levels are outlined in the following table:

Year	Base (\$M)	Additional (\$M)	CDBG (\$M)	Bond (\$)	Less Additional Work (\$M)	Annual Budget (\$M/yr)
2014	2.00	3.00	0.25	0.00	1.35	3.90
2015	2.00	0.00	0.00	14.00	3.60	12.40
2016	2.00	0.00	0.00	14.00	3.60	12.40
2017	2.00	0.00	0.00	0.00	0.50	1.50
2018	2.00	0.00	0.00	0.00	0.50	1.50
2019	2.00	0.00	0.00	0.00	0.50	1.50
Totals	12.00	3.00	0.25	28.00	10.05	33.20

The Annual Budget column (in the table above) provides the construction costs related directly to the placement of pavement on the streets. Whereas, the Less Additional Work column represents the indirect administrative costs such as engineering design and construction administration services, construction inspection and testing services, and internal costs for finance and engineering contract administration services, as well as the Arts Fund contribution (1% of construction cost). These two columns combined (Less Additional Work plus Annual Budget) provide the total amount of funding available for each fiscal year from FY 2014 through FY 2019.

BUDGET ANALYSIS MODELS

The following section of this report presents the analysis results on four budget models for the pavement management program. These models are illustrated in Figure 5 below. The X axis highlights the annual budget, while the Y axis plots the five-year network post-rehabilitation PCI value (i.e., the network average PCI assuming all rehabilitations have been completed according to plan). The diagonal blue line is the analysis results. The models can be described as the following:

1. **Do Nothing Model** – this model identifies the effect of spending no capital for 5 years. It is depicted on Figure 5 where the diagonal blue line intersects the Y axis. After 5 years, the Do Nothing option results in a PCI drop from 72 to a 63.
2. **Current Budget Model** – this model identifies the resultant network PCI at a \$2.0M annual budget or funding level. After 5 years, the \$2.0 million option results in a PCI drop from 72 to 64.5.
3. **Five-Year Plan Model** – this model identifies the resultant network PCI with the \$28M in bond funding distributed over 2 years starting in 2015. This model also assumes a base of \$2 million per year from 2015 through 2019 that is currently received in CIP funding (GO Program) for annual street maintenance. After 5 years, the Proposed Bond option results in a PCI rating of 68.

4. **Steady State Model** – this model identifies the required annual budget to maintain Glendale’s current network average PCI at 72. The steady state option requires that:

The annual budget needed to maintain the current 2013 PCI at 72 = \$13 Million

As part of the budget analysis, an upper limit of spending (or a “Fix All” budget) was calculated in order to calibrate the four budget models. The Fix All budget expends \$208 million. Assuming this funding is initially spent in the first year the PCI would increase to 89 and would taper off to a PCI rating of 84 in five years.

Figure 5: Budget Models and Network PCI Ratings

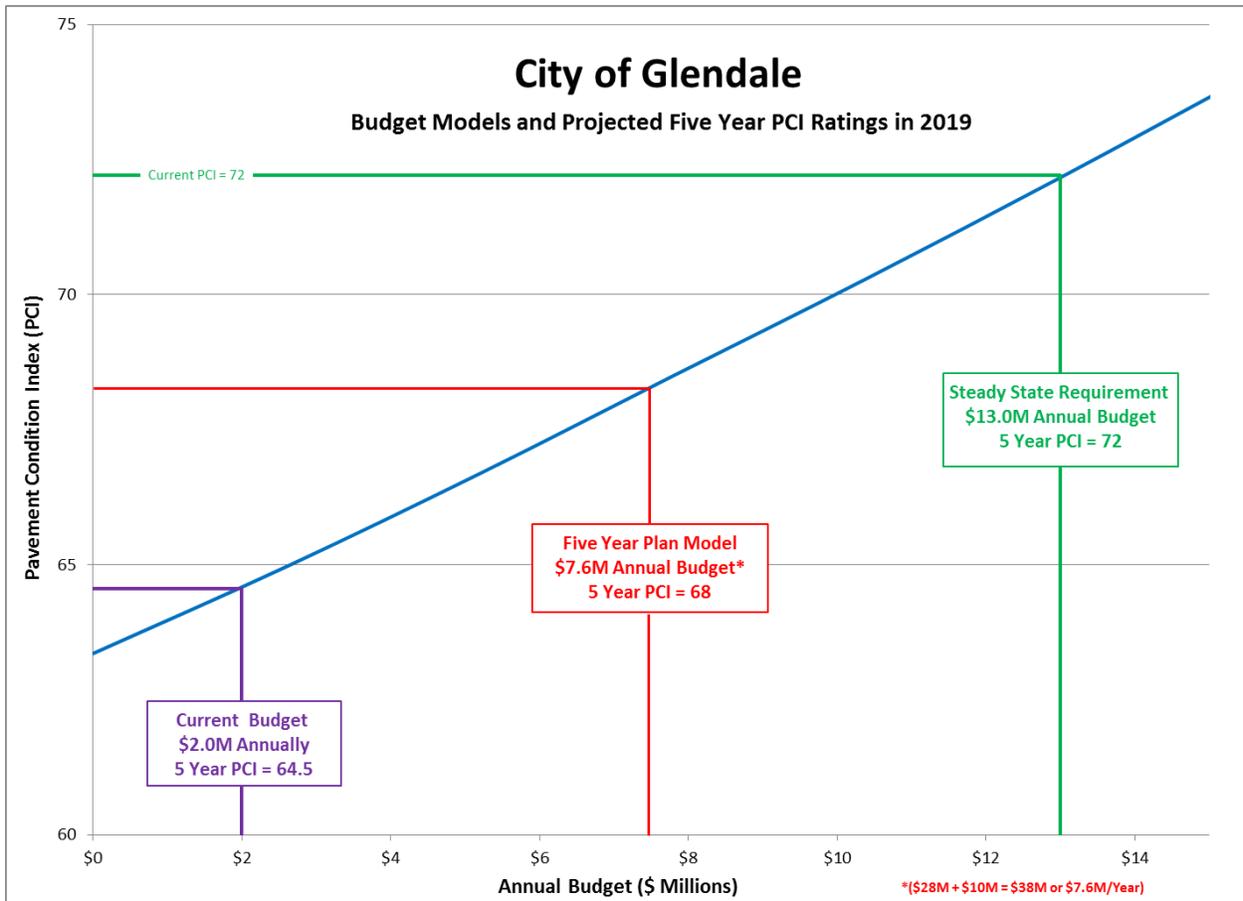


Figure 5 may also be used to identify the impact to the street network of other budget levels; based on the chart you can also select any particular dollar amount (\$6.0 M, \$10.0M, or \$12.0M, for example) to identify the resulting network PCI at each funding level. Alternatively, Figure 5 may also be used to identify the required budget to achieve a specific target PCI within five years. For example, selecting a network average target PCI of 70 would require an annual budget of \$10 million.

By 2019, even with the investment of the \$28 million bond funds applied to roadway rehabilitation, the amount of streets rated below a PCI rating of 50 (or classified in “poor” or “very poor” condition) is expected to double to 13 percent (or 93 miles). The biggest increase will be seen in the major roadway network (103 total miles) where close to one quarter (or 26 miles) of the arterial roadways will be classified as poor or very poor. This causes a greater funding concern due to the much higher rehabilitation cost for arterials streets as compared to residential streets. For instance, the cost to rehabilitate a collector/residential street is approximately half the cost to rehabilitate an arterial street in all categories as a residential street is typically one half to one third the width of an arterial roadway.

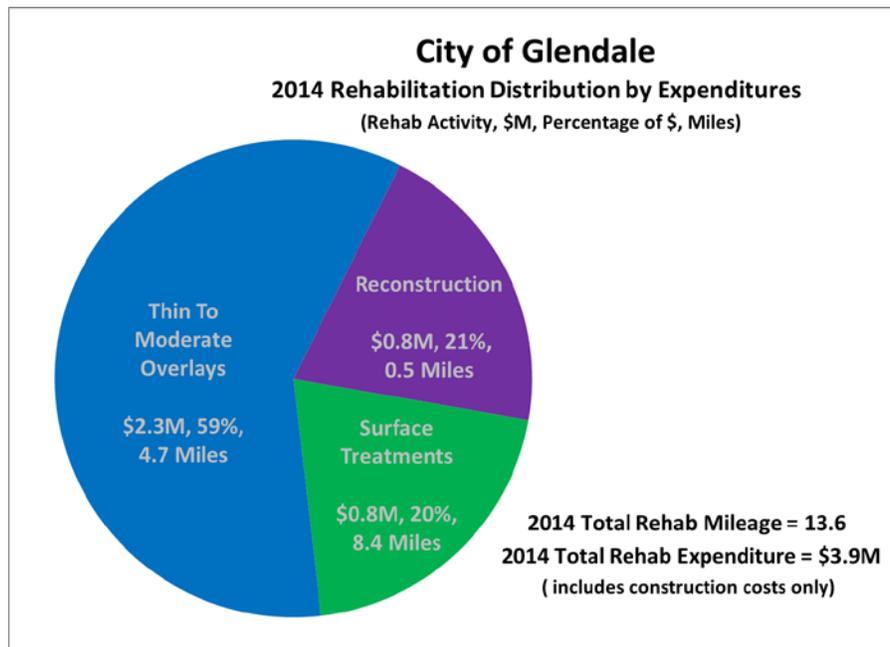
PROPOSED REHABILITATION PLANS

The general methodology for developing the proposed rehabilitation plans for Glendale's street network is based on current PCI ratings, functional classification and strength, and the funding available for roadway maintenance. A slightly different approach was used for the Current Year Plan (FY 2014) in comparison to the Five-year Plan (FY 2015 through 2019). The methodologies are described below in more detail. The selection of roadways and the proposed pavement maintenance work to be performed in each year is located in Appendix A of this executive summary report.

CURRENT YEAR PLAN (FY 2014)

The approach for developing the current year rehabilitation plan was to select residential roadways (residential, minor collectors, and major collectors) only for pavement improvements during FY 2014. This plan was developed with previous City Council feedback and input related to community priorities and needs. The methodology to identify streets involved selecting the lowest rated streets that could be rehabilitated, ranking in order based on the PCI from lowest to highest, selecting the type of pavement treatment required, and determining how much could be completed based on available funding within the current fiscal year. Figure 6 displays the costs, percentages, and miles associated with each type of rehabilitation activity proposed for the current year plan. Figure 6 further identifies a significant trend in costs versus miles for the rehabilitation activities. For instance, reconstruction work consumes a similar percentage of the available funding for only 0.5 miles rehabilitated as compared to 8.4 miles of streets that will receive surface treatments.

Figure 6: Current Year (FY 2014) Plan Rehabilitation Summary



Based on this approach, a grand total investment of \$5.25 million, which includes both construction (\$3.9 million) and administrative overhead costs (\$1.35 million), will allow for roughly 13 miles of surface and overlay treatments and one-half mile of residential/collector reconstruction work. Additionally, in FY 2014 the city will reconstruct a little over a half-mile of roadway at the Bethany Home Frontage Road, from 61st Avenue to 66th Avenue, and the 67th Avenue Frontage Road, from Keim Drive to Rose Lane using the

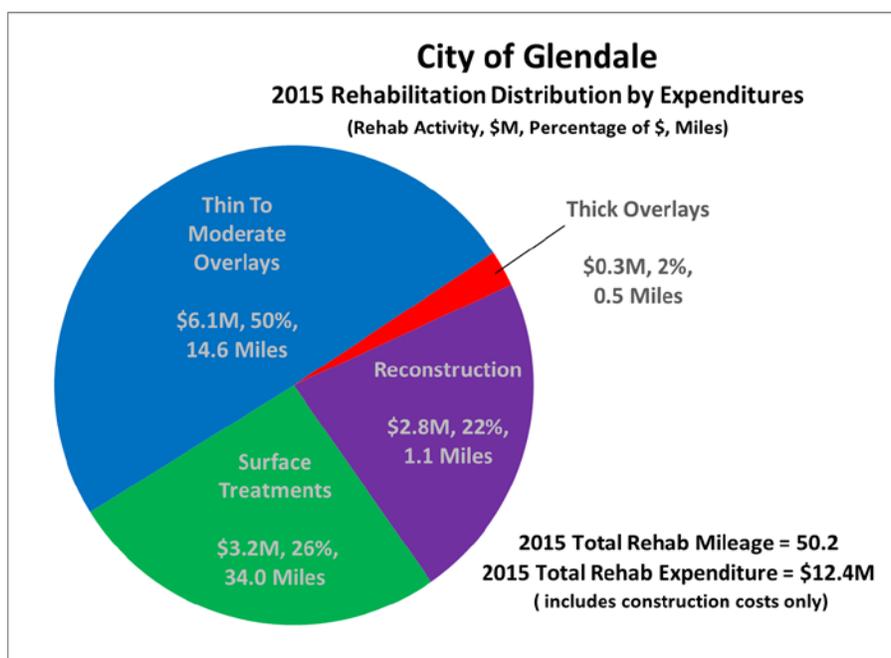
\$250,000 in CDBG funds and \$200,000 from the GO Program. The GO Program funded portion of this project is included in the total annual budget funding for FY 2014.

FIVE-YEAR PLAN (FY 2015 THROUGH FY 2019)

The approach for developing the five-year rehabilitation plan involved prioritizing and selecting both arterial and residential streets for pavement improvements. The methodology used included assigning the appropriate rehabilitation activity (or pavement treatment) to all street segments in the roadway network first, and then the critical streets having the highest cost of deferral were selected followed by less critical streets having a lower incremental cost of deferral. For example, the cost of an arterial thick overlay is \$18.50/yd² increasing to \$40.00/yd² if deferred resulting in an incremental cost of \$21.50/yd², while the cost to defer a thin overlay to a moderate overlay is only \$3.00/yd². Thus a critical thick overlay is assigned a higher priority (lower sequence) than a thin overlay. Under this approach, the streets were ranked from lowest to highest PCI after selecting the type of required pavement treatment or rehabilitation activity.

The effect of utilizing this methodology for the five-year plan is to develop the most cost effective rehabilitation strategy that maximizes pavement life. Figures 7 and 8 displays the costs, percentages, and miles associated with each type of pavement treatment proposed for the five-year (FY 2015 through FY 2019) plan.

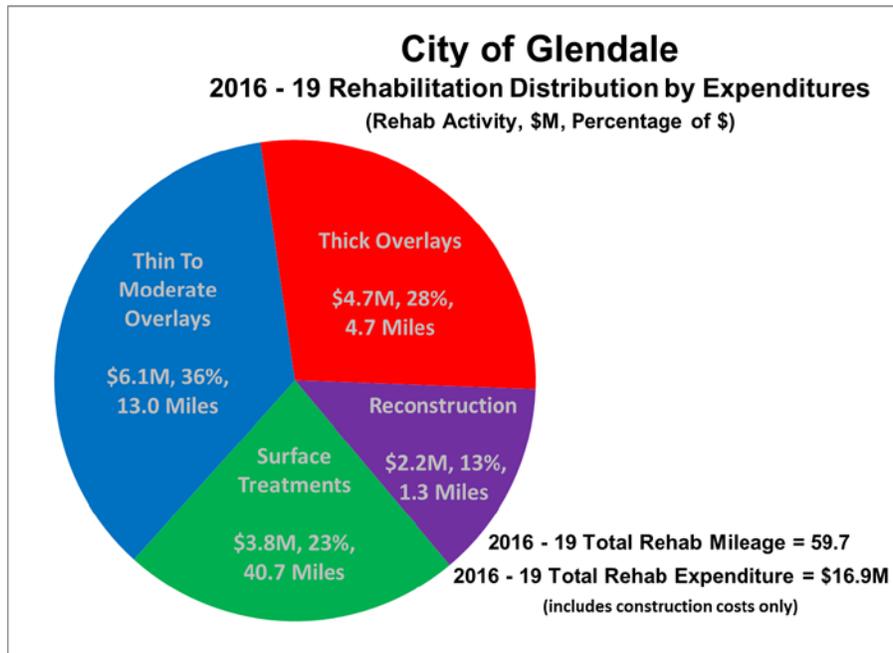
Figure 7: FY 2015 Plan Rehabilitation Summary



Based on this approach, part of the recommended plan is to spread the HURF bond funding equally over years 2015 and 2016 (\$14 million each). The other funding available for street rehabilitation during each of the five years, 2015 through 2019, includes the \$2 million in annual Pavement Management CIP funding. The \$32 million investment in 2015 and 2016 (funded mostly through the \$28 million HURF bond), will allow for roughly 94 miles of surface and overlay treatments and 2.4 miles of reconstruction work. For the remaining \$6 million to be spent from 2017 through 2019, slightly less than 14 miles of residential streets could be maintained for this investment. Therefore, the grand total investment for the five-year plan includes approximately \$29 million in construction costs and \$9 million in administrative

overhead costs for a total amount of \$38 million to be expended on roughly 110 miles (50.2 miles in 2015 and 59.7 miles in 2016 through 2019) of Glendale’s street network.

Figure 8: FY 2016 - 2019 Plan Rehabilitation Summary



Figures 7 and 8 further identify the trend already shown in Figure 6 (above) and related to the greater costs versus smaller number of miles for the more intensive rehabilitation activities (thick overlays and reconstruction) as compared to the less intensive pavement treatments (surface or thin to moderate overlays). Overall, this shows the importance of developing detailed rehabilitation plans in order to effectively prioritize pavement treatment activities and to avoid millions of extra or unnecessary street rehabilitation costs.

SUMMARY AND RECOMMENDATIONS FOR COUNCIL GUIDANCE

As outlined in this pavement management analysis, it is planned to spend \$5.25 million to complete the Current Year Plan (FY 2014), which focuses on residential street rehabilitation and improvement activities. This current year plan was developed with previous City Council feedback and input related to community priorities and needs.

The Five-Year Plan (FY 2015 through 2019) provides a proposed program to complete street network improvements across all roadway types (residential, arterials, collectors, etc.); funding sources for these improvements includes HURF bond funding in the amount of \$28 million spread equally (\$14 million each) during years 2015 and 2016 as well as an additional \$2 million in HURF funding during each of the five years. Although a larger amount of spending is proposed during FY 2015 and 2016 than what traditionally has been spent during previous fiscal years, additional funding will eventually be needed to have an effective program for on-going maintenance to properly repair the city’s roadways and to extend the useful life of this city asset.

Lastly, the Pavement Management Report provided by IMS to the City of Glendale identifies a number of recommendations to be considered by the City Council. The recommendations for which policy guidance is sought are the following:

1. Move forward with the \$28.0 million bond option; it is also recommended to spend this funding over a two-year period in FY 2015 and FY 2016.
2. Adopt a policy statement identifying the desired overall pavement condition rating and establishing a maximum percentage for streets allowed to have a PCI rating lower than 50 (or classified in "poor" or "very poor" condition); recommended targets include maintaining the current network profile at or above a PCI rating of 72 for 5 years and establishing a maximum percentage of 12 percent (12%) for streets with PCI rating lower than 50.

An annual budget of at least \$13 Million is required to achieve this goal.

3. Review annually the comprehensive plan of proposed rehabilitation strategies and unit rates, which can have considerable effects on the finalized construction program placed out for bid; all costs are in constant 2013 dollars, so no allowances have been made for annual inflation or fluctuations in rehabilitation costs.
4. Complete an updated field survey assessment and analysis of pavement conditions for Glendale's entire street network in FY 2014, which will provide current field data to assist with future short and/or long-range planning efforts related to the pavement management program.
5. Incorporate budget allowances for network growth into annual pavement management program. As the city expands or increases the amount of paved roads, increased budgets will be required. No allowance has been made for routine maintenance activities such as crack sealing, sweeping, striping or patching. These costs are assumed to be outside the pavement management costs and will affect the network performance if not completed.
6. Increase annual funding for compliance with the Americans with Disabilities Act (ADA), which is required on all roadway rehabilitation projects. An increased level of funding will be necessary should the city elect to become fully ADA compliant.

Appendix A

Summary Map of Rehabilitation Plans for FY 2014, FY 2015, and FY 2016 - FY 2019

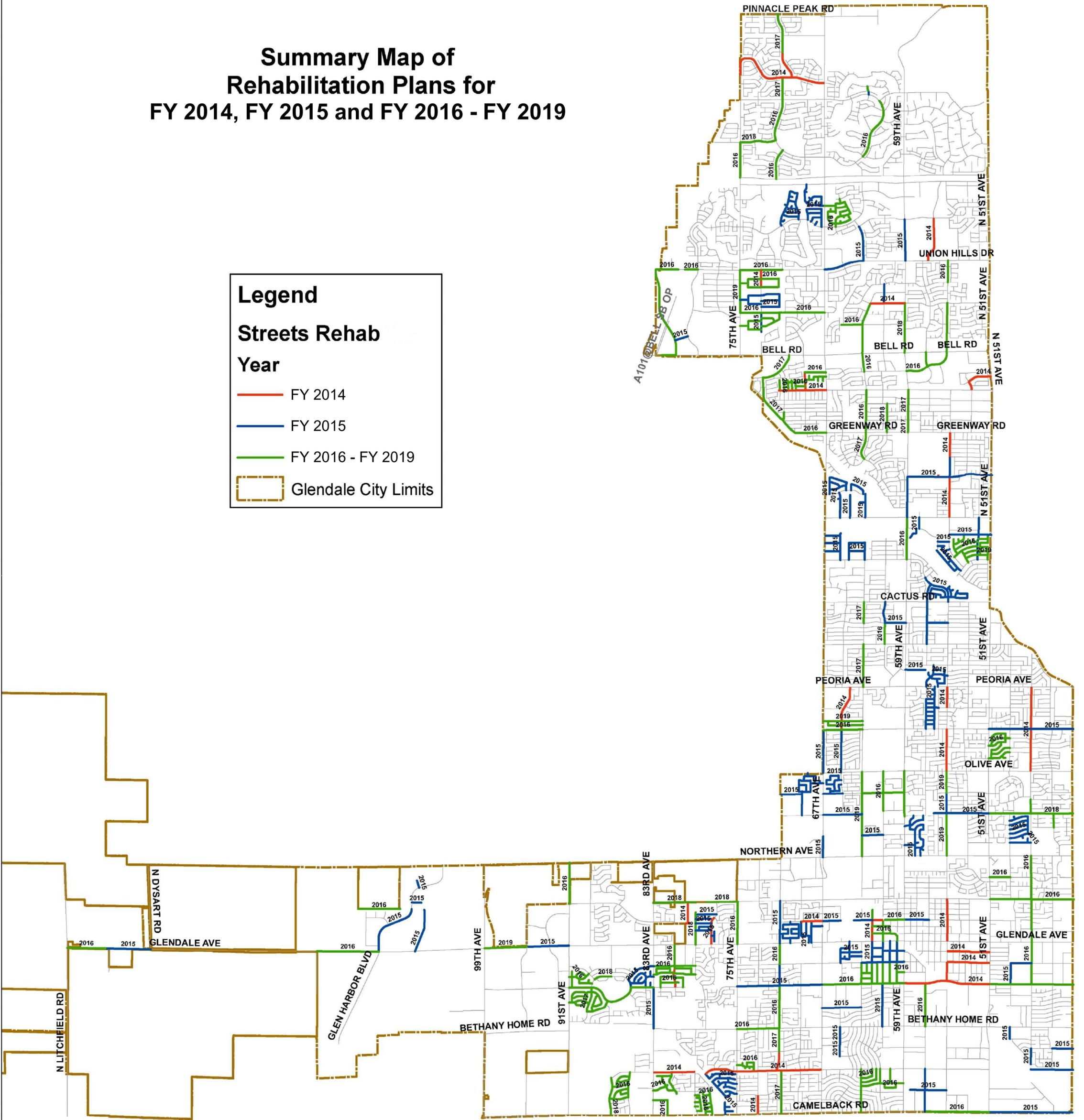
Summary Map of Rehabilitation Plans for FY 2014, FY 2015 and FY 2016 - FY 2019

Legend

Streets Rehab

Year

- FY 2014
- FY 2015
- FY 2016 - FY 2019
- Glendale City Limits





WORKSHOP COUNCIL REPORT

Meeting Date: **12/17/2013**
Meeting Type: **Workshop**
Title: **COMMUNITY DEVELOPMENT FEE WAIVER/REBATE AUTHORIZATION**
Staff Contact: **Brian Friedman, Community & Economic Development Executive Director**
Dave McAlindin, Economic Development Official

Purpose and Policy Guidance

Staff is seeking guidance from Council to bring forward to a future voting meeting a proposed amendment to Glendale City Code Chapter 2, Article I, Section 2-3 that provides authorization for the City Council to waive or rebate Community Development fees upon a finding that the waiver or rebate is in the best interest of the City of Glendale; and, delegates its authority to the City Manager to administratively waive or rebate up to \$50,000 of community development fees. Staff recommends that City Council adopt an amendment to the existing ordinance to be utilized as an economic development tool.

Background

Since 2010, a total of \$337,000 in community development fee waivers have been authorized. The total fees waived resulted in the creation or retention of 2,563 jobs and created ongoing revenue streams for the city. An independent third party review confirmed a 20:1 return on investment, with estimated annual revenue of \$6.8 million and a 10-year economic impact of \$67.5 million for the city. See the attached review letter from Applied Economics for details.

Analysis

Due to the highly competitive nature of economic development, a community's ability to respond quickly during the recruitment or retention process is often the difference between success and failure of attraction/retention efforts. Community Development fee waiver/rebate options are commonly used as an economic development incentive by municipalities; and, staff research of valley cities indicates that several employ some form of program that allows for the waiver of Community Development fees.

The recommended change to the City Code would allow Glendale to quickly respond during the negotiation process and remain competitive in the market. The number of jobs being created or retained, salaries and benefits paid, and amount of new or retained revenue generation are all evaluated during the due diligence process. In addition, an independent third party review will be utilized prior to making a recommendation to the City Manager to ensure that substantial evidence exists to validate and support a fee waiver/rebate.



WORKSHOP COUNCIL REPORT

Incentives in an amount greater than \$50,000 will continue to require City Council approval. The fee waiver/rebate proposal being recommended does not include any development impact fees.

Community Benefit/Public Involvement

Formalizing a change to the City Code will allow the City Council and City Manager to be responsive in a competitive market for the purpose of promoting quality economic development in our community which serves as a means to increase or retain tax revenue and, in turn, supports citizen services and quality of life initiatives.

Budget and Financial Impacts

There is no direct expense to the city as the economic incentive is in the form of a waiver or rebate of fees.

Attachments

Applied Economics Independent Third Party Review Letter

Draft Ordinance Revision Glendale City Code Chapter 2, Article I, Section 2-3



December 10, 2013

Mr. Dave McAlindin
Economic Development Official
City of Glendale
5850 W. Glendale Avenue
Glendale, AZ 85301

Dear Dave,

This letter presents the results of our independent third party review of the revenue impacts of the 10 projects that have received fee waivers from the City of Glendale since 2010. The revenue impacts were prepared by city staff using an impact model developed for Glendale by Applied Economics. We understand that it is important for the City to quantify the new revenues created by these companies and justify the return on investment for the fee waivers.

The companies in this analysis will create an estimated 1,417 new jobs and help to retain an additional 1,146 jobs in Glendale that would have otherwise left the city. They will also bring additional capital investment and taxable sales to the city that in turn creates on-going local revenues.

We have reviewed the analyses performed by the city and verified the assumptions that were used to estimate the impacts. Additionally, Applied Economics recreated all fiscal calculations in our version of the impact model. We made minor updates from the original version of the model used by the city to reflect the 2014 property tax rate, the 2.9 percent city sales tax rate implemented in 2012 and the statutory reduction in the commercial property assessment ratio.

We estimate that these companies, and their employees in Glendale, will generate annual revenues to the City of Glendale of \$6.8 million, totaling \$67.5 million over the next ten years based on the information they provided to the City at the time that the fee waivers were granted. Of this total, \$36.7 million represents the property and sales taxes paid by the companies directly, while the remainder represents property and sales taxes, state shared revenues and other revenues generated by company employees living in Glendale. The analysis assumes that 34 percent of employees would work and live in the city based on regional commuting data. Note that these results are slightly different than the original results prepared by city staff based on subsequent changes to the operating pro-formas for Dignity Health and American Furniture Warehouse.

Although a variety of both direct and indirect revenues are presented in the economic and fiscal impact analysis, the city revenues that are most relevant include the direct revenues generated by the company. We believe this represents the most conservative and prudent approach. Based



Mr. Dave McAlindin

Page 2 of 2

on the results of this analysis, the new revenues generated by the companies directly over a 10 year period exceed the combined \$462,000 in permit fee waivers by a margin of \$36.3 million. American Furniture Warehouse, which will generate significant taxable sales, accounts for over half of the total 10 year revenues. However, in reviewing the amount of waivers versus the annual expected revenue impacts for the other projects, the payback periods range from one to two years. The companies and their employees will continue to generate additional revenues to the City on an on-going basis, creating an even greater overall return on investment from the fee waivers.

Based on our review, we believe the economic benefits presented by the Economic Development Department to be reasonable, with the changes above as noted above. Should you have any questions or concerns, please do not hesitate to contact me.

Sincerely,

A handwritten signature in cursive script that reads 'Sarah E. Murley'.

Sarah E. Murley
Partner

ORDINANCE NO. _____ NEW SERIES

AN ORDINANCE OF THE COUNCIL OF THE CITY OF GLENDALE, MARICOPA COUNTY, ARIZONA, AMENDING GLENDALE CITY CODE CHAPTER 2 (ADMINISTRATION), ARTICLE I (IN GENERAL), SECTION 2-3 RELATING TO COMMUNITY DEVELOPMENT FEES.

BE IT ORDAINED BY THE COUNCIL OF THE CITY OF GLENDALE as follows:

SECTION 1. That Glendale City Code Chapter 2 (Administration), Article I (In General), Section 2-3 is hereby amended to read as follows:

Sec. 2-3. Community development fees; annual review and adjustment; payment; **WAIVER.**

(a) The community development fees of the City of Glendale shall be set forth in Appendix B of the city code.

(b) The community development fees of the City of Glendale shall be reviewed on an annual basis and shall automatically adjust in accordance with the CPIU (Consumer Price Index Urban Users) inflationary index. The adjusted fees shall be published one time in the city's official newspaper not less than thirty (30) days prior to the effective date.

(c) Community development fees shall be paid in lawful money of the United States or by collectible draft or check. Should such draft or check be uncollectible within a reasonable time, the subject permit shall be null and void.

(D) ANY OF THE COMMUNITY DEVELOPMENT FEES MAY BE WAIVED OR REBATED BY THE CITY COUNCIL AS AN ECONOMIC DEVELOPMENT INCENTIVE UPON A FINDING THAT THE WAIVER OR REBATE IS IN THE BEST INTERESTS OF THE CITY OF GLENDALE. THE CITY COUNCIL DELEGATES ITS AUTHORITY TO THE CITY MANAGER TO WAIVE OR REBATE, IN WRITING, COMMUNITY DEVELOPMENT FEES UP TO \$50,000. ANY FEE WAIVER OR REBATE SHALL BE CONDITIONED UPON TIMELY COMPLETION OF THE DEVELOPMENT OR ADDITIONAL IMPROVEMENTS WHICH COMPRISE THE PROJECT.

PASSED, ADOPTED AND APPROVED by the Mayor and Council of the City of Glendale, Maricopa County, Arizona, this ____ day of _____, 2014.

M A Y O R

ATTEST:

City Clerk (SEAL)

APPROVED AS TO FORM:

City Attorney

REVIEWED BY:

City Manager

c_2_3_cd_fees



WORKSHOP COUNCIL REPORT

Meeting Date: **12/17/2013**
Meeting Type: **Workshop**
Title: **GENERAL PLAN UPDATE AND PROPOSED STEERING COMMITTEE**
Staff Contact: **Jon M. Froke, AICP, Planning Director**

Purpose and Policy Guidance

Staff will introduce the General Plan Update and request guidance from Council to create a Steering Committee for the General Plan. The city's General Plan is required by state law to be periodically updated and the Planning Division is beginning this process. As part of the General Plan Update, the Planning Division desires to be assisted by a Steering Committee of interested citizens and stakeholders in the community.

Staff is seeking guidance from Council to continue with the formation of a Steering Committee for the update of the General Plan.

Background

The General Plan is required by state law and serves as the official policy statement of the city to guide the public and private development of the community through new development and redevelopment initiatives. Both content and character of the plan are largely proscribed by state statutes. Elements of the General Plan, both those required by state law as well as elements specific to Glendale make up the plan, along with goals, objectives, and policies for each element.

The City of Glendale last updated its General Plan in 2001-02. This General Plan, "Glendale 2025 The Next Step", was adopted by the City Council on May 28, 2002 and ratified by Glendale voters with 86% approval on the November 5, 2002 General Election. Council adoption and voter ratification is required for the 2014 update as well.

Preliminary work on the General Plan Update has begun and will continue through the rest of this year and 2014. Staff has developed the framework and a working title for the 10 year update to be known as "Glendale 2035". A Steering Committee will play an important role in the formation and development of this planning endeavor.

Staff intends to update the text and mapping of the current plan to reflect current conditions such as the development of the Sports and Entertainment District and construction of the Loop 303 and Northern Parkway. In addition, new elements and sections now required by State Statutes which were not required at the time of earlier General Plans such as the 1980, 1989 and 1992 General Plan will be included.



WORKSHOP COUNCIL REPORT

As part of the budget process for FY13-14 the Community and Economic Development Department secured funding to hire a planning consulting firm that will be hired to assist with the citizen participation efforts and preparation of the plan update. The planning consultant will verify staff work associated with revised text and mapping and would lead the efforts associated with the required citizen participation efforts and outreach.

Planning Commission recommendation and City Council adoption is anticipated in 2014, with the new plan proposed to be referred to the voters for voter ratification during the regularly scheduled General Election of November 4, 2014.

Analysis

The Glendale General Plan process constitutes an update of the 2002 General Plan, including the addition of components and strategies to address build-out of the City and a shifting emphasis from growth to preservation, enhancement, and redevelopment.

The writing of the General Plan will be an intensive effort during 2014, including extensive citizen participation and featuring neighborhood meetings to discuss the General Plan in each of the 6 City Council districts.

During the 2001-2002 update of the General Plan a Steering Committee of interested citizens, identified then as the General Plan Public Focus Group, was formed was set up to assist staff and the consultant in the writing of the General Plan. While these citizens were brought together to work with the city in 2001 and 2002, direction has been given that a formal process for setting up the Steering Committee is required with a process similar to what Water Services went through a public process in 2012 for the formation of their committee. Planning will follow this process for the General Plan.

Previous Related Council Action

A presentation was made to the Government Services Committee on November 7, 2013 on the process for moving forward with the formation of the Steering Committee.

As a part of the development of Glendale 2025 The Next Step General Plan, a steering committee identified then as the General Plan Public Focus Group was formed. Council suggested potential citizen members of this General Plan Public Focus Group as an informal group in 2001 to work with the planning consultant and planning staff to update the General Plan.



WORKSHOP COUNCIL REPORT

Once the Focus Group completed its work in 2002, the City Council adopted the General Plan on May 28, 2002 and the voters ratified the plan with 86% approval on the November 5, 2002 General Election.

Community Benefit/Public Involvement

State law requires each municipality in Arizona to adopt written procedures to provide effective, early, and continuous public participation in the development of its General Plan, from all geographic, ethnic, and economic areas of the city. The Steering Committee will represent those various stakeholder interests and will meet regularly with the plan consultants to provide process oversight.

The Steering Committee, among other public participation efforts, will provide citizens an opportunity to assist with the writing of the General Plan. Increasing citizen involvement will assist the public in understanding, supporting, and implementing the General Plan.



WORKSHOP COUNCIL REPORT

Meeting Date: **12/17/2013**
Meeting Type: **Workshop**
Title: **REVIEW OF ORDINANCE AMENDING GLENDALE CITY CODE, CHAPTER 2, ARTICLE III, DIVISION 2, SECTION 2-68 (CLASSIFIED AND UNCLASSIFIED SERVICE), AND REVISING HUMAN RESOURCES POLICIES 201, 513, AND 514**
Staff Contact: **Jim Brown, Executive Director of Human Resources and Risk Management**

Purpose and Policy Guidance

Staff is requesting council consideration for recommended changes to Glendale City Code, Chapter 2, Article III, Division 2, Section 2-68 (Unclassified and classified service) as well as changes to Human Resources Policies 201 – Employment; 513 – Discipline; and 514 – Grievances in order to align these policies with the revised code.

Background

The changes being requested expand unclassified service positions beyond the appointed officials to include assistant and deputy city manager level positions, department director and assistant department director level positions, all positions in the City Attorney’s office, all positions in the City Manager’s office, all positions in the City Clerk’s office, and any classified employee in their introductory or probationary period of employment. These changes will be prospective and will only impact employees who are not in their introductory or probationary period of employment and who come into the classified positions after the City Ordinance and Human Resources Policies are adopted.

Expanding the unclassified service positions removes appeal rights and grievance rights for those employees who will be residing in them and places them into an “at will” status. Human Resources Policies 201, 513 and 514 address employment and disciplinary processes as well as appeal and grievance rights and must be revised to reflect the changes to this section of the City Ordinance.

Analysis

Several of Glendale’s benchmark cities have similar definitions for “unclassified employees” including Phoenix, Gilbert, Surprise, Mesa, Chandler, Scottsdale and Tempe. An unclassified position is one that requires strict accountability due to the importance of the position in the overall management of the city. Employees residing in unclassified positions are protected by state and federal employment anti-discrimination laws.



WORKSHOP COUNCIL REPORT

The changes in the ordinance would expand employment authority from the City Manager to other appointed officials with regard to employees in their departments who reside in unclassified positions.

After review of the changes to Glendale City Code, Chapter 2, Article III, Division 2, Section 2-68, the following changes to Human Resources Policies are recommended:

HR Policy 201 – Employment

- Statement added from the City Charter specifying the authority of the City Manager over the employment process.
- Definition added regarding unclassified service and reference made to City Ordinance
- Statement added that for the good of the service, an appointed official may remove from service an employee in an unclassified position. Appeal rights to the Personnel Board would not be available in these cases.

HR Policy 513 – Discipline

- Statement made under “Covered Employees” that only regular status classified employees as defined by City Ordinance who are not in their initial review period are covered under this policy.
- Statement added under “Appeal Rights” that employees designated by City Ordinance as unclassified are ineligible for appeal rights.

HR Policy 514 – Grievance

- Statement added under “Scope” that indicates employees designated by City Ordinance as unclassified are ineligible to participate in the grievance process.

Changes to the Glendale City Code and Human Resources Policies 201, 513, and 514 were taken to the Personnel Board on November 7, 2013 for their review and feedback. The Personnel Board recommendation was to proceed with the changes to the Ordinance and Policies; however, they believed that the unclassified positions in the appointed officials’ offices should be limited to exempt positions only.

Staff’s recommendation is to expand the unclassified positions to include assistant and deputy city manager level positions, department director and assistant department director level positions, all positions in the City Attorney’s office, all positions in the City Manager’s office, all positions in the City Clerk’s office, and any classified employee in their introductory or probationary period of employment.

The changes are supported by the City Attorney.



WORKSHOP COUNCIL REPORT

Previous Related Council Action

On November 26, 2013 this item was brought before the Council for a vote. Council directed staff to bring this item back in a workshop for further discussion.

Budget and Financial Impacts

This item does not have any financial impact.

Attachments

Draft Ordinance

Human Resources Summary of Policy Changes

Human Resources Policies 201, 513 and 514

Sec. 2-68. - Unclassified and classified service.

(a) *The unclassified service.* The unclassified service consists of the city council appointed officers and those appointed at the pleasure of City Manager as the Appointing Authority, including ~~the~~:

- (1) City manager;
- (2) City clerk;
- (3) City attorney;
- (4) City judge;
- (5) Assistant city judges.;

(6) Assistant and deputy city manager level positions;

(7) All department director/assistant department director level positions;

(8) All employees, exempt and non-exempt, assigned to positions in the office of the City Manager;

(9) All employees, exempt and non-exempt, assigned to positions in the legal department, including the City Attorney's office and the City Prosecutor's Office;

(10) All employees, exempt and non-exempt, assigned to positions in the office of the City Clerk;

(11) All employees, exempt and non-exempt, assigned to positions in the Mayor's Office and -City Council Office.

(12) All Classified employees in their introductory or probationary period of employment

Unclassified service employees are entitled to all regular benefits and leaves unless otherwise provided in the human resources policies and procedures.

(b) The classified service. The objective of this service is to provide public and management services covered by a fair and nonpolitical system of personnel management for the City of Glendale. The classified service consists of all full and part-time positions authorized by the city council that are not placed in the unclassified service by this division.

Legislative note: The expansion of the unclassified service to include employees in the positions described above in (a.) (6) through (12) inclusive, shall apply to employees hired and or promoted on or after ~~January 2~~February 3, 2014.

(Ord. No. 1557, § 1, 7-26-88; Ord. No. 2138, § 1, 5-30-00)

Formatted: Font: 12 pt

Formatted: Font: Arial

Formatted: Font: 12 pt

Formatted: Indent: Left: 0.5", Don't adjust space between Latin and Asian text

Formatted: Indent: Left: 1", Don't adjust space between Latin and Asian text

Summary of HR Policy Revisions

11/4/13

Policy 201 – Employment

Authority

From: No information regarding ability of City Manager to make appointments.

To: Added statement from the City Charter indicating that the City Manager has the ability to directly appoint.

Unclassified Service

From: No section outlining unclassified service.

To: Created section to allow for unclassified service as outlined in the City Ordinance. Employees within the unclassified service do not have appeal rights to the Personnel Board.

Employment Separations - Terminations

From: No information on terminations of unclassified employees as defined by City Ordinance.

To: Included section stating the Appointing Authority when deemed necessary for the good of the service may remove unclassified employees. Any unclassified employee removed from city service shall not have appeal rights to the Personnel Board.

Policy 513 – Discipline

Process - Covered Employees

From: All regular status employees.

To: Only regular status classified employees as defined by City Ordinance.

Process - Punitive Disciplinary Actions - Appeal Rights

From: No information on appeal rights for unclassified employees as determined by City Ordinance.

To: Employees designated as unclassified per the City Ordinance are prohibited from appealing disciplinary actions to the Personnel Board.

Policy 514 – Grievance Process

Scope

From: Applicable to all employees.

To: Applicable only to classified employees who are not within their initial review period.



CITY OF GLENDALE

Human Resources Policy No. 201

Title: **Employment**

Effective Date: **7/1/2000**

Revised: **03/12/2012**

Contact: Human Resources Department – (623) 930-2270

I. PURPOSE

The City of Glendale's employment strategy is to attract and retain a diverse, highly skilled workforce. Consideration is given to the City's diversity goals and objectives, federal and state EEO laws and the overall staffing needs of each department. This is accomplished through the use of various recruitment and selection techniques. In addition, the City is committed to the principles of affirmative action, which encourages the recruitment and equal opportunities for all qualified, diverse applicants throughout all levels of the organization.

II. PROCESS AUTHORITY

Authority In accordance with Article III, Section 3 (3) of the City Charter, the City Manager may "appoint", and when deemed necessary for the good of the service, lay-off, suspend, transfer, demote or remove all department heads, officers and employees of the City, subject to such merit system regulations as the Council may adopt."

Formatted: Normal, Space After: 0 pt, No bullets or numbering, Don't adjust space between Latin and Asian text

The City Manager delegates the Human Resources & Risk Management Executive Director as the decision making authority with regard to the entire recruitment and selection process.

Formatted: Normal, Space After: 0 pt, No bullets or numbering

III. UNCLASSIFIED SERVICE

The unclassified service is made up of employees in positions where administrative necessity dictates that the position be more responsive and accountable to city policy. The employees in these positions serve at the pleasure of the appointed hiring authority and are not entitled to appeal rights. The unclassified service includes all positions identified as such by City Ordinance.

Formatted: Normal, Indent: Left: 0", First line: 0"

IV. PROCESSES

Formatted: No underline

A.

1. Recruitment and Selection Process

The Human Resources Executive Director has the final decision making authority with regard to the entire recruitment and selection process.

Formatted: Font: (Default) Arial, 11 pt, No underline

Formatted: Normal, Space After: 0 pt, No bullets or numbering

2.1. Vacancies and Needs Assessment

- a. When a vacancy occurs, the department shall notify the Human Resources Executive Director by submitting a Request for Personnel (RFP) form.
- b. The Human Resources Executive Director will meet with department representative(s) to outline the steps in the recruitment and selection process. The position will be analyzed to make sure the job description is current and reflective of the current requirements of the position. All components of the selection process will be determined prior to the posting of the recruitment.
- c. The majority of vacancies will be filled through an “Open-Competitive” recruitment process. These recruitments are open to the public. “Closed Competitive” recruitments are open only to regular status employees and temporary personnel. Closed Competitive recruitments must be approved by the Human Resources Executive Director. If a department head wants to open a closed competitive recruitment, they must submit their request to the Human Resources Executive Director and include an explanation of how it will meet the organizational values of diversity and hiring the highest qualified employee.

3.2. Advertisement

The Human Resources Executive Director will advise departments on advertising and outreach approaches to ensure a diverse applicant pool. Labor market conditions and/or any special requirements of the position will determine recruiting sources to be used and the recruitment time period. All advertising will be placed by Human Resources and charged back to the hiring department.

4.3. Postings

- a. Notices of all city recruitments will be posted on the City’s website and any other sources identified by the hiring authority and the Human Resources Executive Director.
- b. All applications for employment will be made on official forms supplied by the Human Resources Department. Resumes will be accepted only as a supplement to the application. Applications will be accepted only during the posted recruitment period. A separate application must be completed for each position.
- c. The Human Resources Executive Director reserves the right to extend the recruiting period if the pool of qualified candidates is limited (for example: small number of applicants) and/or not sufficient diversity that is representative of the Glendale population.

5.4. Applicant Screening

- a. Screening Applications
 - i. Applications will be screened for the minimum qualifications (MQs). Each application is reviewed for the education and experience that meets the stated MQs on the job announcement.

Any equivalent combination of education and experience will also be considered. Applicants who do not meet the MQs for a position shall not be eligible for employment.

- ii. Applicants that meet MQs will be placed on an eligibility list and their applications will be forwarded to the hiring department.

b. Notifications

- i. The Human Resources Executive Director will notify all applicants that their application has been received by the Human Resources Department and that they will be contacted by the hiring department only if selected to continue in the selection process.
- ii. The hiring authority must develop selection criteria in order to further narrow the candidate pool. Human Resources will assist the hiring authority in developing selection criteria that is job related and specific to the position that is being filled.

6. Interview Process and Assessments

- i. All recruitment processes must include an in-person panel interview. The process may also contain additional assessments, including written assessments, skill assessments, and physical ability assessments as they relate to the positions. Departments must submit the names of applicants to be interviewed, assessment materials if applicable, and panel composition to the Human Resources Executive Director prior to beginning the interview process. The Human Resources Executive Director will review and approve all materials and the composition of the interview panels to ensure diversity.
- ii. Candidates who are selected to continue with the interview process will be notified by the hiring authority in advance regarding the next steps of the interview process. If candidates request a reasonable accommodation, the hiring authority must coordinate this request through Human Resources.
- iii. Panel Composition
Human Resources will assist the hiring authority in selection of diverse interview panel members. Panel members should be knowledgeable of the position and the department where the vacancy exists.
- iv. Interview Questions
The Human Resources Executive Director will assist the hiring authority with the development of interview questions that will assist in judging candidate's qualifications, level of skills, and overall competence.

b. Reasonable Accommodations

- i. The Americans with Disabilities Act (ADA) requires employers to reasonably accommodate qualified individuals with disabilities. It is the policy of the City of Glendale to comply with all Federal and state laws concerning the employment of persons with disabilities. The City's policy prohibits discrimination against qualified individuals with disabilities in regard to application procedures, hiring, advancement, discharge, compensation, training, or other terms, conditions, and privileges of employment.

6.5. Selection

- a. Reference Checks
 - i. Reference checks will be conducted on all applicants that are being considered for hire prior to an offer being extended.
 - ii. Education and professional certifications shall also be confirmed.
- b. Conditional Offer
 - i. Prior to making a job offer, the hiring authority will consult with the Human Resources Executive Director to discuss the selection, start date, salary offers, etc. All recruitment materials must be reviewed and confirmed by the Human Resources Executive Director prior to an offer being extended.
 - ii. The hiring authority will consult with their management to discuss the selection. Appointed positions and City Manager staff will discuss selections with the Assistant City Manager.
 - iii. Once the candidate has been selected and a salary offer is confirmed, Human Resources will extend a verbal offer on behalf of the hiring authority (contingent upon successful completion of the background check). A post-offer medical examination may also be required depending on the position.
- c. Medical and Psychological Examination
 - i. A post-offer medical examination is required for certain positions designated by the city and all positions requiring a Commercial Driver's License (CDL). A post-offer drug and alcohol screen is also required within twenty-four (24) hours of the job offer if the position is designated as safety sensitive. An authorization form and job description must be given to the City's authorized medical facility when the employee reports for the physical examination. The Human Resources Executive Director will notify the hiring department of the results.
 - ii. The Police Department requires a post-offer drug and alcohol screen for all of their employees and a post-offer psychological examination for sworn employees. Police Department personnel will manage all details related to the scheduling and administration of post-offer drug and alcohol screens and psychological examinations.

- iii. The Fire Department requires a post-offer drug and alcohol screen and fire fighter physical for sworn non-promotional new hires. Fire Department personnel will manage all details related to the scheduling and administration of post-offer drug and alcohol screens and physicals for its employees.
- iv. The Human Resources Executive Director is available to assist in making determinations of fitness for employment based on results of post-offer examinations.
- d. Fingerprinting
 - i. All regular status employees, temporary personnel and volunteers must be fingerprinted at the start of employment.
 - ii. A criminal conviction does not constitute an automatic bar to employment. Each case is considered individually and is based on job duties and requirements. Fingerprint results will be forwarded to the Human Resources Executive Director. The Human Resources Executive Director will assist with any necessary follow-up if there are criminal convictions.
 - iii. Applicants who fail to disclose any and all convictions on their application may be discharged from city service and will not be considered for employment for a minimum of six months.
- e. Recordkeeping
 - i. The Human Resources Department will be responsible for the maintenance of all records pertaining to open positions. In the event a claim is filed against the City, these records will be used to provide evidence of the valid criteria used by the City in making hiring decisions.
 - ii. All recruitment and assessment materials, including interview questions and notes, must be returned to the Human Resources Executive Director immediately after the position has been filled.
- f. Substance Abuse Training
 - i. Prior to any employee being assigned to safety-sensitive duties, the employee shall receive sixty (60) minutes of substance abuse training and the supervisor shall receive one hundred and twenty (120) minutes of substance abuse training, in accordance with state and federal regulations.
- g. Orientation
 - i. All newly hired full-time and part-time regular status employees must be scheduled to attend New Employee Orientation, as soon as possible, following their date of hire.

7.6. Initial Review Period

- a. Purpose
 - i. The initial review period is an integral and final part of a position's selection and screening process. This period is intended to allow an employee to demonstrate satisfactory competence in the new position. It also allows a supervisor a period of time in which to observe the employee's performance, train and assist the employee to adjust to the position, or to terminate an employee who does not meet the required performance standards.
 - ii. An employee who does not meet the required standards may be dismissed prior to the end of the initial review period without recourse to grievance or appeal procedures.
- b. Duration
 - i. All original employment and promotional appointments are tentative and subject to an initial review period of six (6) months.
 - ii. The initial review period for Police Communication Specialists and all sworn employees in the Police Department and Fire Department is twelve (12) months.
 - iii. Initial review periods shall not be shortened to less than six (6) months, unless the employee's initial review period is ending for failure to meet performance standards or for violation of rules and/or policy. Department heads and above have authority to end initial review periods for these reasons.
 - iv. The Human Resources Executive Director may extend an initial review period to allow additional time for the employee to demonstrate satisfactory competence and suitability for regular status appointment to the classification. The Department head must provide information to the Human Resources Executive Director explaining why it was not possible to evaluate the employee's performance in the position during the preceding six months. In no event shall the total time of the extension exceed six (6) months.

8.7. Residency Requirement

- a. All department heads shall, within eighteen (18) months of employment, live within the City limits in order that they become and remain sensitive to the needs of the City. All sworn public safety personnel must be Arizona residents at the time of hire. Other positions may require employees to live within specified parameters to meet service delivery requirements. The City Manager may grant exceptions, in consideration of relocation, financial or personal hardships.

9.8. Transfers

- a. Employees may apply for a position equal in grade and qualifications to their current position when a position is open for recruitment or they may also request, in writing, through the Human Resources Executive Director

that their names be placed on the eligibility list of a position equal in grade and qualifications to their current position when a recruitment is not currently open. If the employee requesting to be placed on an eligibility list meets the minimum qualifications, they will be notified in writing and the employee's name will be placed on the eligibility list for that position until the list expires. The employee will be required to compete with other applicants on the eligibility list in the selection process. If the employee does not meet the minimum qualifications, they will be notified that they have been denied and their name will not be placed on the eligibility list.

- b. The City reserves the right to transfer any employee in order to meet the needs of the organization, to a similar or lower level classification, and the base rate of pay shall remain the same.
- c. No employee shall be transferred to a position for which he or she does not possess the minimum qualifications.

10.9. Voluntary Demotion

- a. Employees may apply for a position they are qualified for that is lower in grade than their current position when a position is open for recruitment or they may also request, in writing, through the Human Resources Executive Director a voluntary demotion to a classification for which they are qualified when recruitment is not currently open. If the employee requesting to be placed on an eligibility list meets the minimum qualifications, they will be notified in writing and the employees name will be placed on the eligibility list for the position until the list expires. The employee will be required to compete with other applicants on the eligibility list in the selection process. If the employee does not meet the minimum qualifications, they will be notified that they have been denied and their name will not be placed on the eligibility list. For information on salary adjustments, see HR Policy #301 - CLASSIFICATION PROGRAM.

11.10. Re-Employment

- a. Employees who leave City service in good standing may request to be placed on an open-competitive eligibility list for the classification held at the time of separation. The request must be made in writing to the Human Resources Executive Director within one year of separation. If a list does not exist, the request will be considered for any open-competitive list created for that class, within one (1) year from the date received. The person requesting re-employment will be required to compete with other applicants on the eligibility list in the selection process
- b. If re-employed, the individual shall begin as a new employee, subject to an initial review period, and will not recover benefits and credits from prior City service.

B. Employment Separations

1. Retirement

- a. See HR Policy #401 - BENEFITS PROGRAM.

2. Resignation

- a. Employees shall give the supervisor two (2) weeks (thirty (30) days for managerial employees) advance notice in writing stating their last day of work, forwarding address, and reason for leaving. Failure to comply with this section may impose a hardship on the City and will therefore be taken into consideration, should that individual again seek employment with the City.

3. Terminations

- a. ~~See HR Policy #513 - DISCIPLINARY SYSTEM.~~ The City Manager Appointing Authority, when deemed necessary for the good of the service may remove employees that are in positions deemed by City Ordinance to be "unclassified". Any employee in an "unclassified" position removed from city service shall not have appeal rights to the Personnel Board.

4. Reduction in Force (RIF) or Lay-off

- a. Although infrequent, the City of Glendale may be required to initiate a Reduction-in-Force (RIF) process. This process may become necessary due to a lack of work or funds, a mandated internal reorganization, or whenever it is advisable in the best interest of the economy to reduce the number of regular and/or employees still within their initial review period.
- b. The City of Glendale may take seniority into consideration as a factor in determining which employees to lay-off and the timing of each employee's lay-off. Seniority will also be considered as a factor in re-hiring employees. However, seniority will be just one factor, and other factors such as business necessity, relevant and applicable expertise, and past performance, will also be taken into account in making these decisions.
- c. Employees still within their initial review period in the same classification for which a regular employee is qualified and identified for RIF shall be laid-off first. Temporary personnel performing assignments similar to those of a regular employee who have been identified for RIF shall also be laid-off first.
- d. Determination/Selection
 - i. The City Manager may authorize a reduction in the City's work force (lay-off) whenever he/she determines such a lay-off is deemed in the best interest of the City due to a shortage of funds, reduction in or lack of, work, elimination of positions, change in the duties of positions, and such other reasons as deemed appropriate.
 - ii. Once the City Manager determines the classifications and the number of employees to be affected by a lay-off, the Assistant City Manager and department heads, in consultation with the Human

Resources Executive Director, shall determine which employees within an affected classification are to be laid-off.

- e. Notification
 - i. Employees identified to be laid-off shall be given notice, both verbal and written, by their department head that they have been laid-off, no less than thirty (30) days from receipt of the written notice, due to a RIF.
- f. Bumping/Alternative Placement
 - i. An affected employee who has held a position in another classification with the City may return to (“bump back”) the most recent previous classification and position held by the employee, if:
 - 1. there is a vacant position in that classification, 2. the employee performed satisfactorily in that previous classification/position, 3. the previous classification has not been eliminated, 4. the employee meets the current minimum job requirements for the position/classification, and 5. the employee has more seniority than any other employee also laid-off within the classification. The employee must file a written request to “bump back” with the Human Resources Executive Director within five (5) days after receipt of the written notice of lay-off. Business necessity, relevant and applicable expertise, and past performance will be taken into account in making a decision regarding an affected employee’s bumping rights.
 - ii. If the salary of an affected employee who has “bumped back” is greater than the top of the salary range for the classification into which the affected employee has moved, the employee’s salary shall be adjusted to the maximum of the salary range for that classification.
 - iii. The provisions of this section do not apply to any employees or positions represented under current Memoranda of Understanding in place with the City.
 - iv. An affected employee who is qualified to do the same type of work as temporary or seasonal personnel may apply for that temporary assignment. If the Human Resources Executive Director determines the affected employee to be qualified for that temporary assignment, the affected employee shall be offered the assignment and the temporary or seasonal personnel shall be separated from his/her employment as part of the RIF process. Temporary and seasonal personnel are not entitled to any rights or severance benefits under these procedures.
 - v. The employment status of the affected employee shall be changed from regular status to temporary status and the salary of the affected

employee who has taken a temporary or seasonal assignment will be commensurate with the level of that assignment.

- g. Transfer of Employees within a Classification
 - i. An employee within a classification is subject to transfer to another group or department as deemed necessary to meet the City's business needs as determined by the City Manager. No employee within a specific classification has the right to occupy a specific position in a specific group, department or office. The City retains the right to transfer employees within the City for the best interest of the City.
- h. Appeal
 - i. An employee notified of his/her lay-off may appeal his/her selection for lay-off to the Human Resources Executive Director. The Human Resources Executive Director must receive written notice of an appeal within five (5) calendar days from employee's receipt of written notice of lay-off. The scope of appeal shall be limited to whether the employee's seniority was properly calculated and whether other employees within the classification with less seniority than the appealing employee were not laid-off. Business necessity, expertise and performance will be factors for consideration.
 - ii. Lay-offs due to a lack of work or funds may not be appealed to the Personnel Board or Grievance Committee.
 - iii. The decision of the Human Resources Executive Director shall be made in writing to the employee within ten (10) calendar days from the date the appeal is received and is subject to final review and approval by the City Manager.
- i. Severance Benefits
 - i. The granting of severance benefits will be determined by the City Manager. Severance benefits are not automatic or a vested right of an affected employee. Severance benefits, if applicable, will be determined by the City Manager, at the time he/she adopts a formal written reduction in force plan.
 - ii. The City will ensure that severance benefits provisions, if applicable, are reasonable, not arbitrary and capricious, treat all employees fairly and are executed in good faith.
 - iii. Only affected employees actually laid-off shall be eligible to receive severance benefits. An affected employee who "bumps back" into a previously held classification or accepts other regular employment, not including seasonal or temporary work with the City, is not qualified to receive severance benefits.
- j. Re-hire by the City

- i. The names of affected employees who have been laid-off pursuant to this procedure shall be kept on a “Re-hire List” for a period of one (1) year from their separation date and shall be removed from the list if the employee is re-hired by the City in a regular position.
- ii. No open recruitment for a vacancy within the City shall be conducted until the Human Resources Executive Director determines no person on the “Re-hire List” is qualified for the vacant position. If he/she determines persons on the “Re-hire List” may be qualified for the vacant position, he/she shall forward the names of these persons to the department head in whose department the vacancy exists.
- iii. The department head shall interview the persons identified by the Human Resources Executive Director as potentially being qualified for the position. If the department head, after consultation with appropriate executive management, determines no person is qualified for the vacant position, the department head shall notify the Human Resources Executive Director who will then open the recruitment for the vacant position.
- iv. An affected employee laid-off pursuant to this policy and subsequently re-hired by the City within one (1) calendar year from the date of separation shall have his/her seniority with the City calculated by adding both service with the City before the separation and service after the date of re-hire.

5. Voluntary Reduction in Force (RIF) Separation Program

- a. The City of Glendale may at its discretion initiate a Voluntary Reduction in Force Separation Program, in which employees in selected job areas are allowed to volunteer for lay-off. The selected job areas will generally align with reduction of workload requirements.
- b. The intent of this policy is to allow for voluntary separations for City of Glendale employees. This voluntary RIF separation facilitates an employee’s transition to retirement or early separation at will and allows the City to minimize the impact of downsizing by allowing employees to volunteer to be separated in lieu of other employees who are slated to be separated by a RIF process.
 - i. Determination/Selection
 - (a) A voluntary RIF separation is a separation determined by the City Manager on the grounds that it avoids involuntary lay-offs and reduces the total number of employees affected. Approval of voluntary RIF separation requests will be at the sole discretion of the City.
 - (b) All employees both exempt and nonexempt are given consideration for participation. Employees occupying critical or hard-to-fill positions, or with critical knowledge or skills,

will not be allowed to participate except with the approval of the City Manager. Employee participation in the voluntary RIF is not an entitlement and is subject to the discretion of the City.

- (c) To be eligible for a voluntary RIF separation an employee must, prior to leaving employment, have been offered an opportunity to participate or made a special request for a voluntary RIF separation.
- (d) A voluntary separation can be effected only during a formal RIF, that is, only in circumstances where official RIF notices will be issued.

c. **Benefits**

- i. Severance benefits, if applicable, are in addition to any retirement benefits the employee is eligible to receive. Employees approved for a voluntary RIF also qualify for unemployment compensation, which is usually not the case when an employee voluntarily leaves employment.
- ii. When a voluntary RIF plan is declared, Human Resources will determine the best match for placement by considering qualifications for placement in the vacated position and the ability of the RIF affected employee to do the work.
- iii. When there are more volunteers than needed, the City will consider the needs of the business and seniority.
- iv. A RIF separation is strictly a voluntary action on the part of any employee to whom this option is offered. An employee shall not be forced or coerced in any way to volunteer for RIF separation.

6. Exit Interviews

a. **Purpose**

- i. The purpose of the exit interview program is to provide an opportunity for departing employees to express their views about their work experience with the city and to provide a means for channeling those views to management. Its intent is to provide for the uniform treatment of departing employees, obtain and compile data on separations as a basis for analyzing employee turnover, advise employees of their separation benefits, provide a tool to identify and enhance the work environment, and process the required documentation.

b. **Responsibility**

- i. The Human Resources Executive Director is responsible for the coordination of the Exit Interview Program.

c. **Procedure**

- i. The Human Resources Executive Director shall contact the departing employee regarding an exit interview and provide the employee with benefits information.
 - ii. The Human Resources Executive Director will provide the department head with exit interview information on an as-needed basis and through quarterly reports.
 - iii. Prior to separation, the employee's department head or designee will request the return of any keys, uniforms, equipment, credit cards, or any other property that belongs to the City. The department head or designee will also ensure there are no outstanding travel advances and the employee's security authorization to computer databases is removed.
- d. Separation Process
- i. An employee's final paycheck will be ready for the employee to pick up from their department on normal paydays. When an employee is involuntarily terminated, they will receive their check within three (3) working days of the termination effective date.
 - ii. Separating employees will be compensated in their final check for all unused annual vacation leave that does not exceed the vacation accrual limit.
 - iii. Any regular employee who retires or resigns (not including those terminated for cause from City service) after five (5) or more years of service, shall be compensated for accrued sick leave credits. The employee will be paid one-third of their hourly wage (average of the preceding 36 months) for each hour of accrued sick leave.
 - iv. All insurance coverage will remain in effect through the last day of the month of employment. Separating employees may elect to maintain continuation coverage through COBRA.
 - v. If the employee elects to continue coverage through COBRA, he/she must pay the full cost of that coverage including both the employee share and the share the City of Glendale pays.

C. Temporary Employment

1. Vacancy

- a. When the need for temporary personnel arises, the department shall notify the Human Resources Executive Director by sending a Request for Personnel (RFP) form. The Human Resources Executive Director will contact the hiring department to discuss recruitment options to be considered.

2. Length of Temporary Employment

- a. In order to work within legal constraints and to preserve the “temporary” status of temporary employment, the maximum length of continuous service that temporary personnel can be employed will be one (1) year.
- b. An exception to the one year time limit may be made for temporary personnel being hired for a specific temporary project in which a specific project completion date can be given, or for temporary personnel who are hired to work 19 hours or less per week. Requests for exceptions to the one-year limit under this provision shall be submitted in writing to the Human Resources Executive Director for approval.
- c. Temporary personnel who are categorized as “seasonal or on-call” are not subject to the one-year service limit. Seasonal and on-call personnel are kept on the records as active year round. “Seasonal” temporary personnel are defined as: performing duties for only one season or project per year, working no more than four consecutive months during a twelve (12) month period, and/or having at least a six (6) month break in service before re-hired for the next season or project. On-call temporary personnel are defined as: performing duties sporadically during the year. This provision applies to all departments throughout the City.

3. Salary

- a. Temporary personnel hired through a temporary agency can be paid a salary the department and agency agree upon. Temporary personnel hired by the City of Glendale and placed on payroll must be paid a rate commensurate with their experience and the responsibility of the assignment.

4. Nepotism

- a. The City’s Nepotism policy applies to all temporary personnel, including those hired through a temporary agency. It is the hiring department’s responsibility to ensure compliance with this policy. See HR Policy 202 NEPOTISM.

5. Temporary Employment Contract

- a. A Temporary Employment Contract must be completed for all temporary personnel. The contract must be completed and reviewed by Human Resources prior to the temporary personnel beginning work with the City. The contract specifies that the employment is temporary in nature and that the temporary personnel may be separated from employment at any time by either the City or the temporary personnel.
- b. The Temporary Employment Contract will specify the beginning and anticipated ending date of the temporary assignment.
- c. Under most circumstances the terms and conditions of a temporary employment contract should not be changed during the period of time specified on the contract. However, if a change in the contract is warranted due to a significant change in job assignments, then the existing

Temporary Employment Contract should be terminated and a new contract should be completed. The Human Resources Executive Director must be consulted prior to changing any existing contract.

6. Benefits for Temporary Personnel

- a. Temporary personnel are generally not eligible for any type of paid leave, medical insurance or any other type of benefits. The Human Resources Executive Director must be consulted to determine if benefits may be offered.

7. Retirement Contributions

- a. Temporary personnel paid by the City are subject to Arizona State Retirement System contributions if they work 20 or more hours per week for 20 or more weeks per year. Temporary personnel may also be subject to retirement contributions if they are already contributing to the retirement system through another employer. It is the hiring department's responsibility to determine eligibility.

8. Orientation, Physicals, Fingerprinting, ID Badges and Parking Permits

- a. All new temporary personnel should be oriented by the department to any departmental policies and procedures that apply to their temporary assignment.
- b. Temporary personnel may need to complete a post-offer medical exam prior to beginning employment depending on their assignment. Temporary personnel being assigned to safety-sensitive duties are required to have a drug and alcohol test within twenty-four (24) hours of the temporary employment offer.
- c. All temporary personnel are required to be fingerprinted through the police department upon hire.
- d. All temporary personnel will be issued a photo ID badge immediately upon hire.
- e. Temporary personnel will be issued a temporary/volunteer parking permit to park in the City Hall parking facility.

9. Salary Increases

- a. Temporary personnel are not eligible for annual merit increases or pay plan adjustment increases. Department's may consider giving temporary personnel an increase based on their budget availability.

10. Temporary Personnel Hired Into Regular Status Positions

- a. When temporary personnel are selected from an open or closed competitive recruitment and hired into a regular status position, the temporary employment is terminated and they are treated as a "new hire" into the regular status position. All new hire paperwork and processes

must be completed for the “new hire”. The employee’s service date begins with the date hired into the regular status position.

D. Employment of Foreign Nationals

1. Purpose

- a. This policy establishes a guideline for consistent decisions and practices to ensure compliance with federal regulations governing the employment of foreign nationals. It serves to protect the City and individual employees from substantial penalties that may be incurred in the employment of unauthorized aliens.
- b. This policy applies to the employment of foreign nationals regardless of their employment status at the City of Glendale.

2. Definitions

- a. "Foreign National" means an individual who is not a U.S. citizen, permanent resident or resident alien of the United States.
- b. "Permanent Resident or Resident Alien" means an individual who has been lawfully admitted to the United States to live, an immigrant, or holder of a green card.
- c. "Nonimmigrant" means a citizen of another country who has been admitted to the United States for a temporary period and for a specific purpose.
- d. "H-1B Visa" means a temporary, nonimmigrant visa issued to a foreign national who has specialized education credentials and who has been offered a position requiring the application of a theoretical and specialized body of knowledge acquired in his/her degree program.

3. Policy

- a. It is the policy of the City of Glendale that the City may employ, or make employment offers to, foreign nationals only when U.S. citizens or permanent residents of equal training, experience, and competence for the position are unavailable. Such a determination can only be made following a documented search and evaluation process. Employment of foreign nationals will be authorized only under the provisions of this policy and only when conditions and visa requirements established by federal law are assured and documented. Under no circumstances may any employee of the City of Glendale knowingly employ, or contract employment with, an unauthorized alien.
- b. Each individual hiring authority is responsible for ensuring that employment offers to foreign national candidates are contingent upon receipt of necessary work authorization documents as directed through the Human Resources Department.
- c. Any offer of employment to a foreign national under a nonimmigrant program is considered temporary and is subject to the terms and conditions of the specific program's work authorization.

- d. All employment offers to foreign nationals are contingent upon completion of a standard City of Glendale background check including, but not limited to, a criminal history check, education and employment verification, and reference checks. Some positions may require a more extensive background process including, but not limited to a polygraph examination, and psychological examination. All new employees will be fingerprinted upon hire.
- e. Petitions from the City of Glendale supporting H-1B visa classification will be reserved for individuals who have been offered positions. Holders of H-1B visas may only be appointed for the time period permitted under the individual's visa.
- f. Petitions from the City of Glendale supporting permanent resident or resident alien status will be reserved for individuals who have worked for the City for at least two (2) years, and only when U.S. citizens or permanent residents of equal training, experience, and competence for the position are unavailable. In addition, the employee must agree to work at least one (1) additional year upon being granted permanent resident or resident alien status. The employee is responsible for all costs incurred in the application process.
- g. The Human Resources Executive Director may authorize a private attorney to represent the City of Glendale in any nonimmigrant or immigrant petition or application proceedings. A foreign national may choose to retain an attorney to represent his/her interests; however, the City will not pay for this private representation.
- h. Nothing in this policy will be used as the basis for discrimination against any individual or group because of race, sex, age, color, religion, national origin, disability, or veteran status; nor will it be construed to be a basis for circumventing equal employment opportunity laws, policies, and standard employment procedures.

E. Outside Employment

1. Policy

- a. The City regards its employment as primary, however, employees may engage in employment other than their job with the city as long as it does not interfere with city duties and responsibilities, working hours, assignments, emergency assignments or constitute a conflict of interest, or the appearance of a conflict of interest with city duties and responsibilities.

2. Procedures

- a. The approvals of initial requests for outside employment and for the continuation of outside employment are the responsibilities of the employee's immediate supervisor and department head, or designee. Approval for outside employment may be revoked by the employee's department head, or designee, if the outside employment creates a conflict

of interest with the employee's city duties or negatively impacts the employee in the performance of their city position.

- b. Employees who wish to engage in outside employment are required to notify their supervisors of the outside employment work hours, nature of the work, and the name of the employer prior to accepting outside employment with the exception of new employees, who will provide the information upon hire.
- c. Employees are responsible for reporting any changes to their approved outside employment, including nature of work and work hours.
- d. Employees who transfer from one department to another must report their approved outside employment to their new supervisors to ensure no conflict of interest exists.



CITY OF GLENDALE

Human Resources Policy No. 513

Title: **Disciplinary Policy**

Effective Date: **7/1/2000**

Revised: **10/1/2009**

Contact: Human Resources Department – (623) 930 2270

I. PURPOSE

The City will establish a disciplinary process to assure a fair and consistent procedure for the prevention, correction, and discipline of employee performance and behavioral deficiencies. This system emphasizes the prevention, identification, correction, and resolution of employee performance deficiencies.

II. PROCESS

A. Covered Employees

All ~~full-time and part-time~~ regular status classified employees ~~and all grant-funded employees as defined by City Ordinance who are not within their initial review period per HR Policy #201 - EMPLOYMENT.~~

B. Employee Standards of Performance

Every employee shall maintain high standards of performance, including cooperation, efficiency, and economy in his or her work for the City. Every employee is responsible for correcting any deficiencies in his or her performance.

C. Responsibilities

Supervisors are responsible for maintaining and applying knowledge of City policies, as well as identifying, evaluating, and instituting measures to correct performance deficiencies. Supervisors are expected to utilize the following prevention strategies:

1. Communicate and explain the City's expected performance and behavioral standards.
2. Provide employees training, recognition, and feedback on performance standards.
3. Conduct periodic performance reviews and appraisals.
4. Communicate and explain the City's Disciplinary System.
5. Apply disciplinary measures.

D. Grounds for Discipline

Discipline shall be based on “just cause”. Just cause for disciplinary action shall be defined as performance deficiencies which include, but are not limited to, neglect of or failure to perform assigned job duties, interference with other employees’ efforts to perform their assigned job duties, violation of federal, state or local laws, and violation of City and departmental policies, procedures, regulations and directives.

In identifying and analyzing a performance deficiency, the supervisor will determine the severity of the deficiency in order to administer the appropriate disciplinary action. When determining the appropriate disciplinary action, the supervisor should consider the individual circumstances of the situation including, but not limited to, the following factors:

1. Seriousness and consequences of the performance deficiency
2. Consistent organizational practices
3. Employee’s previous work performance
4. Employee’s previous disciplinary action for performance deficiencies
5. The disciplinary action that would be most effective in correcting the employee’s performance deficiency.

E. Disciplinary Performance Deficiencies

Disciplinary performance deficiencies fall into two categories, serious deficiencies and major deficiencies. The following categories describe the most common types of deficiencies and are not intended to be an all-inclusive list. The disciplinary action taken should be appropriate to the severity of the performance deficiency, its frequency, and its consequences. A punitive disciplinary action need not necessarily be preceded by corrective action.

1. Serious deficiencies

These are acts not involving any question of trust or honesty. They do not pose a threat to the orderly City operations and they do not endanger the health, welfare, or safety of employees or other individuals. These deficiencies should normally be handled through corrective disciplinary actions. Examples include, but are not limited to:

- Minor Insubordination
 - Disrespect toward supervisory or other authority
 - Disorderly conduct causing disruption of work unit or task
 - Disregard, omission or neglect of duties
- Instances of tardiness or unexcused absenteeism or failure to report to work
- Abuse of meal or rest periods
- Out of required uniform
- Improper dress or untidiness in person, clothing or work habits
- Minor job performance deficiencies

2. Major Deficiencies

These acts involve questions of trust or honesty, constitute a threat to the orderly City operations or pose a threat to the health, welfare or safety of employees or other individuals. Major deficiencies should normally be handled through punitive disciplinary actions. Examples include, but are not limited to:

- Continued performance deficiencies after previous disciplinary action
- Major Insubordination
 - Disobedience or refusal to obey a reasonable order or direction
 - Neglect or carelessness resulting in injury or damage
 - Promoting work unit insubordination
 - Continued incidents of minor insubordination
- Conduct unbecoming of a City employee
 - Abusive attitude, language or conduct, toward employees or the public
 - Abuse of authority over employees or the public
 - On or off duty conduct which may bring discredit to employees of the City
- Violation of safety laws, regulations, or guidelines
- Negligence or careless job performance
- Negligence with, or loss of, City property or equipment
- Misuse or inappropriate use of electronic communication system or networks, i.e., internet, saving or forwarding inappropriate materials on the network, or other similar activities
- Violation of equal employment opportunity laws, policy, procedures, regulations and directives
- Participation in City political activities, other than expressing a private opinion, signing a petition or voting
- Retaliation against another employee for bringing illegal activities to light (“whistle blowing”)
- Conduct involving dishonesty or untruthfulness
- Willful and unauthorized removal and control of property belonging to, or in possession of, the City, an employee, or the public
- Misappropriation, theft or conversion of property belonging to, or in the possession of, the City, an employee, or the public

- Unauthorized possession, use, consumption, abuse, manufacture, distribution, or dispensing of alcohol, illegal drugs, or other substances while on duty, during the scheduled work day or on City property
- Being under the influence of alcohol, or illegal drugs, or other substances while on duty, or during the scheduled work day
- Unauthorized physical restraint or contact, or verbal or physical attack upon another employee or any other person or the attempt to do so, while on duty, or during the scheduled work day
- Willful, knowing, or reckless falsification or omission of records, reports, forms, information, or any other document submitted by an employee
- Conduct which is a violation of public policy or trust, or is corrupt
- Criminal activity which jeopardizes effective or efficient business practices or poses a threat to the safety or security of persons or property
- Disclosure of confidential information that is either defined by laws as confidential or is designated confidential by the City
- Improper use of position, character or confidential information for personal benefit (the benefit may be financial or any other benefit) or for the benefit of others
- Conduct, which is a conflict of interest or a conflict in the performance of duties
- Preferential treatment of individuals or firms
- Unauthorized display or discharge of firearms, deadly weapons, dangerous instruments, or harmful weapons while on duty or while on the work site, at any time
- Abandonment of one's position for three (3) or more consecutive workdays

F. Administration of Discipline

The seriousness and consequences of the performance deficiency determine the type of disciplinary action taken.

1. Corrective Actions

a. Purpose

These actions are intended to correct, prevent, and document serious deficiencies.

2. Types of Action

a. Counseling and/or Memo of Expectation

A discussion to explain an actual performance deficiency and emphasizing expected standards followed by a written documentation of the verbal counseling and Memo of Expectation.

b. Memo of Correction

A written notice requiring the need for immediate and sustained improvement in performance to expected standards.

c. Written Reprimand

A written notice to an employee stating that a performance deficiency exists or that a violation of work rules has taken place. The contents of the notice must be explained to the employee in an interview. A written reprimand is appropriate when a number of related or unrelated performance deficiencies have occurred or when previous corrective actions have not been effective or when a violation of rules, policies, and/or directives has occurred.

d. Employee Decision Making Leave With Pay

The employee shall be instructed to make a decision during this “decision-making” leave on whether he or she will correct each performance deficiency and meet the City’s expected standards, as described in the employee’s Performance Management Core Competency and Goal Review Plan. The employee shall be instructed that upon return, he or she must tell the supervisor whether the employee will meet the expected standards or leave the City’s employment. This leave shall not exceed one (1) working day.

3. Memo of Correction, Written Reprimand, and Decision Making Leave With Pay shall include:

- a. Reason for the corrective action reflecting each performance deficiency and its impact upon the City, its employees or the public
- b. Reference to any prior corrective or disciplinary actions
- c. The expected performance standard and a time frame for achieving the standard
- d. A general indication of the consequences if there is not immediate and sustained improvement

4. Authority

The immediate supervisor or department head may implement counseling, a memo of expectation or memo of correction. They do not require the department head’s signature. The written reprimand and decision-making leave with pay shall be approved and signed by the department head or designee.

Action	Approval Signatures
Memo of Expectation or Memo of Correction	Supervisor or Department Head
Written Reprimand	Department Head or Designee

5. Recordkeeping

- a. The written documentation of the verbal counseling and Memo of Expectations shall be placed in the employee's department file and a copy shall be given to the employee
- b. The memo of correction, written reprimand, and the decision making leave with pay shall be placed in the employee's department file. Additional copies shall be given to the employee and the Human Resources Director or designee for the employee's official personnel file
- c. Records of these actions may be removed from the employee's official personnel file if sustained performance/behavior improvement has been observed for one (1) year after the action. The purging of a corrective document is not automatic and requires the department head's approval. It is the employee's responsibility to request, in writing to the department head, removal after one year. This will be done after consultation between the department head and Director of Human Resources, or designee.

6. Appeal Rights

Corrective actions do not require a notice of intent, are not appealable to the Personnel Board, and are not grievable under the City's grievance procedure. Upon receipt of the corrective action, employees have ten (10) calendar days to respond in writing. The response will then become part of the action.

G. Punitive Disciplinary Actions

1. Purpose

These actions are intended to record, discipline and/or correct major performance deficiencies.

2. Types of Action

a. Suspension Without Pay

This action may be taken for major deficiencies to permit the employee and the City to evaluate the future course of the employment relationship. Exempt and non-exempt employees may be suspended without pay for a minimum of eight (8) hours. No suspension without pay shall exceed forty (40) working days or three hundred twenty (320) working hours.

b. Involuntary Demotions

- 1 Involuntary demotion is the placement of an employee, as a result of a disciplinary action or performance deficiency, in a classification assigned a lower pay range. This action may be taken for an employee who is unwilling or unable to perform his or her assigned duties at expected performance standards or is able to perform the

assigned duties of a lower classified job at expected performance standards.

- 2 The employee shall be placed in the new classification range and their salary shall be reduced by 5%. Their salary shall not exceed the maximum rate nor be lower than the minimum rate for the new lower pay range. In the event a 5 % reduction results in the new salary exceeding the range maximum, the employee's salary will be further reduced to the range maximum of the new lower pay range.

c. Disciplinary Probation

- 1 This measure will return the employee from regular to probationary status. It may be assessed against an employee for serious or major performance deficiencies that have not been corrected after other disciplinary measures have been implemented. It may also be assessed against an employee for major performance deficiencies regardless of prior discipline.
- 2 The disciplinary probation period shall be for six (6) months. The employee's department head, in consultation with the Human Resources Director, may adjust this period as may be reasonably warranted. There is no requirement that this measure be used in any specific situation or that it be implemented prior to any disciplinary measures, including termination, when other measures are deemed more appropriate.
- 3 During the probation period, the employee's performance or behavior shall be closely monitored in an effort to effect improvement or change and to assure that the performance or behavior leading to the discipline is not repeated. As with all probationary employees, an employee on disciplinary probation is an at-will employee and may be terminated for any reason, regardless of the cause and without any recourse to grievance or appeal procedures. Therefore, if any new problems or performance deficiencies arise during a disciplinary probation period, regardless of their relationship to the circumstances that gave rise to the assessment of disciplinary probation, termination or other discipline may be assessed without any recourse to grievance or appeal procedures.

d. Termination

Termination is the permanent involuntary separation of an employee from employment as a disciplinary measure.

3. Authority

A department head, designee, or higher authority shall take these actions. The Human Resources Director or designee shall review all punitive disciplinary actions, before they are served on the employee.

4. Employee Due Process Rights

a. Notice of Intent

Punitive disciplinary actions, require notice of intent and opportunity for the employee to respond to the charges prior to taking the intended punitive disciplinary action. All intended punitive disciplinary action shall be written and presented to the employee. The notice shall include:

- 1 Notice of intended disciplinary action.
- 2 Reasons for the action, including a statement of the particular facts, which evidence each performance deficiency, and identification of each performance deficiency.
- 3 A list of exhibits and witnesses supporting the statement of facts.
- 4 A notice to the employee of his or her option to respond to the department head, verbally or in writing, challenging the intended action, within seven (7) calendar days of the date of the notice of intent.

b. Notice of Disciplinary Action

After consideration of any employee response to a Notice of Intent, and decision to effect the action, a Notice of Disciplinary Action shall be written and presented to the employee. The notice shall include:

- 1 Notice of the effective date of the action.
- 2 Reasons for the action, including a statement of the particular facts, which evidence each performance deficiency, and identification of each performance deficiency.
- 3 A list of exhibits and witnesses supporting the statement of facts not previously provided in the Intent document.
- 4 A notice to the employee of his or her right to appeal the action to the City's Personnel Board, by submitting a request in writing to the Human Resources Director within fourteen (14) calendar days of receipt of the notice of disciplinary action.

c. Representation

Represented employees who choose to respond to a disciplinary action may have a representative present during their meeting with the department head. The representative shall act only as an observer. Unless agreed to by the department head, in consultation with the Human Resources Director, the representative shall be from the City and shall not be an attorney.

In accordance with A.R.S. § 38-1101, if the City reasonably believes an interview with a Law Enforcement Officer could result in dismissal, demotion or suspension, that Law Enforcement Officer shall be permitted reasonable breaks

of limited duration during the interview to consult by telephone or in person, with others, including an attorney, who are immediately available.

At the conclusion of the interview, the Law Enforcement Officer is entitled to a period of time to consult with their representative, including an attorney, and make a statement not to exceed five (5) minutes addressing specific facts or policies that are related to the interview.

5. Recordkeeping

- a. Recordkeeping for punitive disciplinary actions must comply with all employee due process rights. The department head or designee shall present a copy of all notices of punitive disciplinary action to the employee, and forward the signed original to the Human Resources Director for the employee's official personnel file.

In matters of punitive disciplinary actions involving Law Enforcement Officers, information related to that discipline shall be maintained confidential and shall not be placed in the Officer's official personnel file until the action becomes complete. The action will not be deemed complete until the conclusion of the discipline process, including the appeal process, if applicable.

- b. Records of these actions may be removed from the employee's file if sustained performance/behavior improvement has been observed for five (5) years after the disciplinary action. The purging of a punitive disciplinary document is not automatic and requires the department head's approval. It is the employee's responsibility to request, in writing to the department head, removal after five (5) years. This will be done after consultation between the department head and Director of Human Resources or designee.

6. Appeal Rights

- a. Employees designated by City Ordinance as unclassified are prohibited from appealing disciplinary actions to the Personnel Board. See HR Policy #201 – EMPLOYMENT.

a-b. Suspensions without pay, involuntary demotions, disciplinary probation, and terminations are appealable to the Personnel Board in compliance with the employee's due process rights.

b-c. The employee may file a written notice of appeal with the Human Resources Director within fourteen (14) calendar days of receipt of the disciplinary action. Failure of the disciplined employee to file a written notice of appeal within the designated time will serve as a waiver of all further procedural due process rights, including the right to a hearing relative to the disciplinary action.

7. Appeal Hearing Procedure

- a. Within thirty (30) calendar days of the receipt of notice of appeal, the Human Resources Director or designee shall set the date of the Personnel

Board Hearing. This hearing date shall be within a reasonable time from the receipt of the notice of appeal and will not exceed one hundred twenty (120) calendar days from the notice of appeal unless an extension is granted by the Human Resources Director or designee for good cause. Termination appeal hearings may supersede previously scheduled hearings of a lesser magnitude.

- b. At the hearing, the employee must appear personally and may produce evidence. Legal counsel may represent the employee, provided the employee or legal counsel notifies the Human Resources Director of such representation not less than fourteen (14) calendar days prior to the hearing.
- c. The Personnel Board Hearing will be conducted in accordance with the Personnel Board Process and Procedures.
- d. The case for the disciplinary action shall be presented by the City Attorney's Office if counsel represents the employee. If counsel does not represent the employee, the City Attorney's Office shall serve as advisor to the department head or designee, who shall present the City's justification for taking the disciplinary action.
- e. The hearing shall be informal, intended to be non-adversarial, and is not bound by formal rules of evidence.
- f. The Chair of the Personnel Board or designee may grant continuance of the hearing only for good cause shown and only one continuance will be granted per party. Continuance requests shall be received by the Personnel Board Chair or designee no later than seven (7) calendar days prior to commencement of the hearing.
- g. A record of the disciplinary action shall be included in the minutes of the hearing.
- h. The order of proof in any hearing shall begin with the City presenting evidence supporting the actions, followed by the employee's production of evidence in his or her defense, and shall end with rebuttal by the City.
- i. The employee or the employee's attorney may request the Personnel Board to require other employees to attend and testify at the hearing. Any such request must be submitted in writing to the Human Resources Director no later than fourteen (14) calendar days prior to the commencement of the hearing. The request must identify the employees requested to attend and a statement as to the substance and relevancy of the information or testimony to be solicited from each individual employee. The Chair of the Personnel Board shall be provided with all such requests and shall have the authority to order any employee who may have relevant information to attend the hearing and testify.
- j. The employee or the employee's attorney may request the City to produce documents other than those provided to the employee in the notice of intent to take disciplinary action or the notice of the disciplinary action.

Any such request must be submitted in writing to the Human Resources Director no later than twenty-one (21) calendar days prior to the commencement of the hearing. The request must identify with specificity the documents requested and contain a statement as to the substance and relevancy of each such document requested.

- k. The City may object to the production of any document requested by filing a written objection with the Human Resources Director not more than fourteen (14) calendar days after the receipt of the request from the employee or the employee's attorney. The Chair of the Personnel Board shall be provided with all such requests and objections to such requests, and shall have the authority to order the production of relevant documents requested by the employee or the employee's attorney.
- l. In any hearing conducted, the Personnel Board may require any employee of the city to attend and produce evidence. Refusal of an employee to attend and produce evidence upon an order of the appointing authority, the Personnel Board, or the Human Resources Director, shall subject the employee to disciplinary action. During any investigation or hearing, testimony shall be presented under oath or affirmation, and will be held confidential by all parties.

8. Disposition of Appeal

Following the hearing, the Personnel Board's recommendation shall be reported to the City Manager. In cases wherein the Board does not sustain the disciplinary action, the Board's finding and recommendations shall be advisory in nature, and the City Manager may affirm the original action, modify it, or modify it pursuant to the Board's recommendations. The employee's official personnel file shall reflect only the final action.



CITY OF GLENDALE

Human Resources Policy No. 514

Title: **Grievance System**

Effective Date: **7/1/2000**

Revised: **10/17/2008**

Contact: Human Resources Department – (623) 930 2270

I. PURPOSE

The grievance system provides a just, effective, and equitable method for the prompt resolution of problems without discrimination, coercion, restraint, or reprisal against any employee who may submit or be involved in a grievance.

The grievance system provides for an orderly, informed and confidential process for employees to have their problems and/or concerns considered in a fair and expedient manner without fear of reprisal. Every effort should be made to find an acceptable solution at the lowest possible level of supervision.

II. SCOPE

The City's grievance process is applicable to classified city employees who are not within their initial review period per HR Policy #201 – EMPLOYMENT. Those employees in positions defined by City Ordinance as unclassified are not eligible to participate in this process.

Formatted: Normal, Space After: 0 pt, No bullets or numbering

III. PROCESS

A. Grievance

1. A grievance is any claim by an employee that such claimant's rights, benefits, privileges, interests, or due process, provided for in the City's policies and procedures, have been violated, misapplied or misinterpreted in any particular case. The grievance process is only for individual employee problems or concerns. If a number of employees file separate grievances on the same matter seeking the same remedy, the grievance may be allowed to be handled as a single grievance.
2. A grievance shall not include, and the grievance policy and procedure shall not apply to, any of the following:
 - a. Any matter on which the City is without authority to act
 - b. Any proceedings for any disciplinary action of an employee
 - c. The evaluation of any employee's performance

Formatted: No underline

- d. The content or structure of the classification system. Content and structure of the pay plan. The base rate of pay set by the City for incumbents of all job classifications.
- e. Certain actions that are totally within the managerial discretion of a department head, such as employment selections and promotions.

B. Statement of Grievance

A statement of grievance must:

1. Set forth a clear indication the act or omission which, the employee believes unjustly denied his/her rights, benefits, privileges, or interests.
2. Arise out of an act or omission of management related directly to the grievance.
3. Concern a matter within the authority and control of the City.
4. State the relief sought, which must be within the authority of the City to grant in whole or in part.

C. Grievance Process

1. An employee must discuss his/her complaint with his/her immediate supervisor before initiating a written grievance. The supervisor shall work with the employee to discuss the complaint during a mutually satisfactory time. If the problem is not resolved verbally, the employee may take steps to put the grievance in writing.
2. When a problem is identified, an employee has ten (10) business days from the date of the problem to verbally present the issue to the supervisor. In an attempt to resolve the problem, certain steps shall be followed. The steps are set forth in a manner that assumes the previous step did not resolve the issue. All time limits indicated are City business days and are to be used as guidelines to expeditiously move through the grievance process. Every effort should be made to find an acceptable solution at the lowest possible level of supervision.
3. It is understood that there may be situations beyond the control of the grievance participants where a time extension may be necessary and would benefit the grievance participants in preparing and gathering all the necessary information needed to present their case. Any extension of time limits needs to be communicated and approved by the Human Resources Director.
4. If an employee fails to submit the grievance within the established time limits, or to timely appeal a grievance to the next step, the grievance shall not be subject to further appeal or reconsideration, and the grievance rights are forfeited. A grievance may be terminated at any time upon receipt of a signed statement from the employee requesting such a termination. Failure to communicate the supervisor's or manager's decision in writing within the specified time limits permits the grievant to proceed to the next step.
5. After the initial one-on-one meeting with the employee and the immediate supervisor, the employee, at their own expense, may bring a representative to any future meetings with the department head, Deputy City Manager, or the Grievance Committee. The representative may provide advice, assistance in presenting the facts, and moral support throughout the meeting. The purpose of allowing outside representation is to assure that employees are given the opportunity to have their grievance communicated effectively.

6. In order that all parties involved understand the grievance process, it is recommended that the Human Resources Director be contacted for assistance at the first step of the grievance process. The Human Resources Director will inform the grievant, supervisor, department head, and Deputy City Manager what to expect during the grievance process. The Human Resources Director may be called upon any time for assistance by the grievance participants to ensure the grievance process proceeds effectively and that everyone involved knows the steps that need to be followed.

STEP	WHO	ACTION	TIME LIMIT (BUSINESS DAYS)
1.	Employee	Verbally present problem to supervisor (or next level of supervision).	10 days from date of problem
2.	Employee	Present problem in writing to supervisor (or next level of supervision).	2 days from employee's verbal notice of problem
3.	Supervisor	Respond to employee in writing.	5 days from receipt of employee's written notice.
4.	Employee	If grievance is not resolved, notify supervisor in writing	5 days from receipt of supervisor's reply
5.	Supervisor	When notified in writing that problem is still unresolved, send all paperwork to the department head / designee with a copy to the Deputy City Manager / designee and the Human Resources Director.	Within 2 days from receipt of employee's notice
6.	Department Head or Designee	Hold a meeting with supervisor and the employee.	Within 10 days from receipt of employee's notice
7.	Department Head or Designee	If problem is not resolved at joint meeting, department head/designee will notify, in writing, Deputy City Manager / designee and supervisor.	Within 2 days of the joint meeting

STEP	WHO	ACTION	TIME LIMIT (BUSINESS DAYS)
8.	Deputy City Manager or Designee	Hold a meeting with the department head, supervisor and employee.	Within 10 days of receipt of the written notice from the department head or designee
9.	Deputy City Manager or Designee	Notify, in writing, the Human Resources Director of failure to resolve the problem.	Within 2 days of joint meeting
10.	Human Resources Director	Set and hold a meeting of the Grievance Committee. Human Resources Director will inform grievant, supervisor, department head, and Deputy City Manager, of the grievance process.	Within 10 days from the receipt of the notice from the Deputy City Manager or designee
11.	Grievance Committee	Review facts and testimonies, and all evidence. State its findings and recommend action to the Deputy City Manager / designee.	Within 5 days from the Grievance Committee Meeting
12.	Deputy City Manager or Designee	Notify employee in writing of Grievance Committee findings and recommendations and of the action to be taken.	Within 2 days of receipt of Grievance Committee findings and recommendations
13.	Employee	If employee feels that full and impartial consideration has not been given to the grievance, the employee may appeal to City Manager in writing specifying why.	Within 5 days from receipt of notice of action to be taken
14.	City Manager or Designee	Review the case, make a binding decision and notify the employee, supervisor, department head, Deputy City Manager, and Human Resources Director, in writing, of the decision.	Within 15 days from receipt of the employee's written notice of appeal

D. Composition of Grievance Committee

1. It is the intent of the City to have the Grievance Committee represented by a cross section of job categories. The Grievance Committee shall be composed of five (5) members:
 - a. Deputy City Manager shall appoint one member and one alternate from the ranks of first-line clerical employees.
 - b. Deputy City Manager shall appoint one member and one alternate from the ranks of first-line field employees.
 - c. City Manager shall appoint one member and one alternate from mid-manager level employees.
 - d. City Manager shall appoint one member and one alternate from supervisory level employees.
 - e. City Manager shall appoint one member and one alternate.
2. **Term**

All appointments shall be for a term of three years. Should any committee member terminate employment with the City during the term of office, the appointing authority will elect or appoint another member for the remainder of the term. The City Manager may terminate a member's term if it is found that the member is not performing the duties in accordance with the Human Resources policies and procedures.
3. **Disqualification**
 - a. A member or alternate member of the Grievance Committee shall voluntarily disqualify themselves for service in a given case for any of the following reasons: family relationship, personal involvement, close personal association, personal prejudice, or is from the same division or department as the grievant.
 - b. The Human Resources Director and the grievant will be provided the opportunity to disqualify a member of the Grievance Committee if it can be shown that the committee member, because of personal or work relationship, would be influenced one way or another upon the outcome of the grievance. The alternate would be asked to replace the disqualified member. This request shall be directed to the Human Resources Director.
4. **Advisory Resources Staff**
 - a. The Human Resources Department staff will be exempt from participating in the Grievance Committee, except to act as an ad hoc member for coordination purposes. Staff from other departments may be called to provide technical advice to the Grievance Committee, as needed.



WORKSHOP COUNCIL REPORT

Meeting Date: **12/17/2013**
Meeting Type: **Workshop**
Title: **COUNCIL ITEM OF SPECIAL INTEREST: MONTHLY ARENA REPORTS**
Staff Contact: **TOM DUENSING, EXECUTIVE DIRECTOR, FINANCIAL SERVICES**

Purpose and Policy Guidance

The purpose of this item is to provide Council with a detailed review of the Monthly Arena Revenues and Expenditures reports. This item was requested at the October 1 and November 5, 2013, City Council Workshops.

Background

On July 2, 2013, an ordinance was approved for a Professional Management Services and Arena Lease Agreement with IceArizona Manager Co., LLC and IceArizona Hockey Co., LLC (Management Agreement) for the use of the City-owned Jobing.com Arena by the Phoenix Coyotes. As part of this agreement, payments from the Arena Manager are due to the City. Additionally, the agreement requires payments due to the Arena Manager from the City for arena management fees and capital improvement contributions.

Arena/Westgate

The Management Agreement was approved subsequent to adoption of the FY 13-14 budget for financial activities within the Arena/Westgate area. Included in the FY 13-14 adopted budget are the Arena Events Operations (Fund 1282) which tracks the operating revenue and expenditures associated with not only arena management and capital replacement expenses, but also arena security, right-of-way maintenance, and transportation expenses. Also included in the FY 13-14 adopted budget is the Arena Special Revenue (Fund 1780) which tracks the revenue generated from Jobing.com and surrounding Westgate City Center.

The Management Agreement relates to the activity at Jobing.com, which lies within the Arena/Westgate area. Therefore, the financial activity related to the Management Agreement as reported in the Monthly Arena Reports is part of the budget for the entire Arena/Westgate area.

Analysis

A monthly arena report has been prepared to report the status of payments due from the Arena Manager (revenues) and payments due to the Arena Manager (expenditures). This Monthly Arena Revenue and Expenditures report (Arena Report) details arena activities as it relates to the Management Agreement only. Activities outside the Management Agreement, such as sales tax revenue for Westgate and Tanger, debt service on the arena, etc., are not included in the report.



WORKSHOP COUNCIL REPORT

The monthly arena report is separated by **Agreement Revenues** and **Agreement Expenditures**. **Revenues** are reported as payments are received. It is important to understand that certain payments are not due immediately. For example, parking revenue for both hockey and non-hockey events are due 15 days after the end of each quarter. **Expenditures** are reported when the amounts due under the agreement are actually paid. For example, the annual payment for the Arena Capital Improvements of \$450,685, representing the entire amount for the fiscal year, were due, paid, and reported in August 2013.

The monthly Arena Report includes footnotes summarizing payment due dates for the revenues and expenditures. Specific sections of the Management Contract and Safety and Security and Security Agreement (referenced in the Management Contract) are included in Appendix A for each of the revenue and expenditure line items.

Each month, staff will post a Monthly Arena Report for the prior months' activities to the Financial Services web page (<http://www.glendaleaz.com/finance/>). For example, the December 31, 2013, Monthly Arena Report will be posted by January 31, 2014.

Previous Related Council Action

On July 2, 2013, Council approved the Professional Management Services and Arena Lease Agreement with IceArizona Manager Co., LLC and IceArizona Hockey Co., LLC.

Community Benefit/Public Involvement

Staff will post a Monthly Arena Report for the prior months' activities to the Financial Services (<http://www.glendaleaz.com/finance/>).

Budget and Financial Impacts

There are no budget and financial impacts related to this item.

Attachments

Arena Reports for the Months Ending August 31 through November 30, 2013

Appendix A - Revenue & Expenditures Items Included in the Agreement

City of Glendale
Monthly Arena Revenues & Expenditures
Arena Lease and Safety & Security Agreements
For the Month Ending August 31, 2013

	Month Ending August 31, 2013	Year-To-Date (From August 5, 2013)
Agreement Revenues		
Sales Tax Collections (For Prior Month Sales Inside Arena)	-	-
¹ Base Rent (\$500,000/year)	76,712	76,712
² Ticket Surcharge-Hockey (\$3/qualified ticket)	-	-
² Ticket Surcharge-Non-Hockey (\$5/qualified ticket)	-	-
³ Supplemental Surcharge (\$1.50/qualified ticket)	-	-
⁴ Parking Revenue-Hockey (\$10/car)	-	-
⁴ Parking Revenue-Non-Hockey (\$15/car)	-	-
⁵ Naming Rights (20%)	-	-
⁵ Naming Rights-Indoor Stage (100%)	-	-
⁶ City Sponsored Events (Excess of revenues over expenditures)	-	-
⁷ Safety & Security Fee (\$174,122/year)	156,948	156,948
⁸ Hourly Security Costs-Police	-	-
⁸ Hourly Security Costs-Fire	-	-
Interest Income-Escrow Account	-	-
Total Agreement Revenues	233,660	233,660
Agreement Expenditures		
^{9, 11} Arena Capital Improvements (\$500,000/year)	450,685	450,685
^{10, 11} Quarterly Management Fee (\$15 million/year)	-	-
Total Agreement Expenditures	450,685	450,685
Excess (deficiency) of revenues over expenditures	(217,025)	(217,025)
Number of Events		
Hockey	-	-
Non-Hockey	-	-
Total Number of Events	-	-

¹ Payment is due to the City quarterly. Current year amounts are prorated based on an August 5, 2013 effective date. Next payment is due 11/5/13.

² Payment is due to the City 2 days after each event

³ Payment is due to the City 60 days after each fiscal year

⁴ Payment is due to the City 15 days after the end of each quarter for events occurring within the quarter. City receives revenue in excess of \$20,000 per regular season hockey event.

⁵ Payment is due to the City 15 days after Arena Manager receives payment

⁶ Payment is due to the City 60 days after each quarter for events occurring in the quarter

⁷ Payment is due to the City annually. Current year amounts are prorated based on an August 5, 2013 effective date.

⁸ Payment is due to the City 30 days after receipt of the invoice

⁹ Payment is due to the Arena Manager annually at the beginning of each fiscal year

¹⁰ Payment is due to the Arena Manager quarterly on the first day of the subsequent quarter (October 1, January 1, April 1 and July 1 for each fiscal year)

¹¹ Current year amounts are prorated based on an August 5, 2013 effective date.

City of Glendale
Monthly Arena Revenues & Expenditures
Arena Lease and Safety & Security Agreements
For the Month Ending September 30, 2013

	Month Ending September 30, 2013	Year-To-Date (From August 5, 2013)
Agreement Revenues		
Sales Tax Collections (For Prior Month Sales Inside Arena)	83,653	83,653
¹ Base Rent (\$500,000/year)	-	76,712
² Ticket Surcharge-Hockey (\$3/qualified ticket)	16,413	16,413
² Ticket Surcharge-Non-Hockey (\$5/qualified ticket)	-	-
³ Supplemental Surcharge (\$1.50/qualified ticket)	-	-
⁴ Parking Revenue-Hockey (\$10/car)	-	-
⁴ Parking Revenue-Non-Hockey (\$15/car)	-	-
⁵ Naming Rights (20%)	-	-
⁵ Naming Rights-Indoor Stage (100%)	-	-
⁶ City Sponsored Events (Excess of revenues over expenditures)	-	-
⁷ Safety & Security Fee (\$174,122/year)	-	156,948
⁸ Hourly Security Costs-Police	-	-
⁸ Hourly Security Costs-Fire	1,266	1,266
Interest Income-Escrow Account	4,620	4,620
Total Agreement Revenues	105,952	339,612
Agreement Expenditures		
^{9, 11} Arena Capital Improvements (\$500,000/year)	-	450,685
^{10, 11} Quarterly Management Fee (\$15 million/year)	-	-
Total Agreement Expenditures	-	450,685
Excess (deficiency) of revenues over expenditures	105,952	(111,073)
Number of Events		
Hockey	1	1
Non-Hockey	-	-
Total Number of Events	1	1

- ¹ Payment is due to the City quarterly. Current year amounts are prorated based on an August 5, 2013 effective date. Next payment is due 11/5/13.
- ² Payment is due to the City 2 days after each event
- ³ Payment is due to the City 60 days after each fiscal year
- ⁴ Payment is due to the City 15 days after the end of each quarter for events occurring within the quarter. City receives revenue in excess of \$20,000 per regular season hockey event.
- ⁵ Payment is due to the City 15 days after Arena Manager receives payment
- ⁶ Payment is due to the City 60 days after each quarter for events occurring in the quarter
- ⁷ Payment is due to the City annually. Current year amounts are prorated based on an August 5, 2013 effective date.
- ⁸ Payment is due to the City 30 days after receipt of the invoice
- ⁹ Payment is due to the Arena Manager annually at the beginning of each fiscal year
- ¹⁰ Payment is due to the Arena Manager quarterly on the first day of the subsequent quarter (October 1, January 1, April 1 and July 1 for each fiscal year)
- ¹¹ Current year amounts are prorated based on an August 5, 2013 effective date.

City of Glendale
Monthly Arena Revenues & Expenditures
Arena Lease and Safety & Security Agreements
For the Month Ending October 31, 2013

	Month Ending October 31, 2013	Year-To-Date (From August 5, 2013)
Agreement Revenues		
Sales Tax Collections (For Prior Month Sales Inside Arena)	85,136	168,789
¹ Base Rent (\$500,000/year)	-	76,712
² Ticket Surcharge-Hockey (\$3/qualified ticket)	203,289	219,702
² Ticket Surcharge-Non-Hockey (\$5/qualified ticket)	-	-
³ Supplemental Surcharge (\$1.50/qualified ticket)	-	-
⁴ Parking Revenue-Hockey (\$10/car)	-	-
⁴ Parking Revenue-Non-Hockey (\$15/car)	-	-
⁵ Naming Rights (20%)	-	-
⁵ Naming Rights-Indoor Stage (100%)	-	-
⁶ City Sponsored Events (Excess of revenues over expenditures)	-	-
⁷ Safety & Security Fee (\$174,122/year)	-	156,948
⁸ Hourly Security Costs-Police	4,130	4,130
⁸ Hourly Security Costs-Fire	-	1,266
Interest Income-Escrow Account	-	4,620
Total Agreement Revenues	292,555	632,166
Agreement Expenditures		
^{9, 11} Arena Capital Improvements (\$500,000/year)	-	450,685
^{10, 11} Quarterly Management Fee (\$15 million/year)	2,301,370	2,301,370
Total Agreement Expenditures	2,301,370	2,752,055
Excess (deficiency) of revenues over expenditures	(2,008,815)	(2,119,888)
Number of Events		
Hockey	7	8
Non-Hockey	-	-
Total Number of Events	7	8

¹ Payment is due to the City quarterly. Current year amounts are prorated based on an August 5, 2013 effective date. Next payment is due 11/5/13.

² Payment is due to the City 2 days after each event

³ Payment is due to the City 60 days after each fiscal year

⁴ Payment is due to the City 15 days after the end of each quarter for events occurring within the quarter. City receives revenue in excess of \$20,000 per regular season hockey event.

⁵ Payment is due to the City 15 days after Arena Manager receives payment

⁶ Payment is due to the City 60 days after each quarter for events occurring in the quarter

⁷ Payment is due to the City annually. Current year amounts are prorated based on an August 5, 2013 effective date.

⁸ Payment is due to the City 30 days after receipt of the invoice

⁹ Payment is due to the Arena Manager annually at the beginning of each fiscal year

¹⁰ Payment is due to the Arena Manager quarterly on the first day of the subsequent quarter (October 1, January 1, April 1 and July 1 for each fiscal year)

¹¹ Current year amounts are prorated based on an August 5, 2013 effective date.

City of Glendale
Monthly Arena Revenues & Expenditures
Arena Lease and Safety & Security Agreements
For the Month Ending November 30, 2013

	Month Ending November 30, 2013	Year-To-Date (From August 5, 2013)
Agreement Revenues		
Sales Tax Collections (For Prior Month Sales Inside Arena)	140,817	309,606
¹ Base Rent (\$500,000/year)	125,000	201,712
² Ticket Surcharge-Hockey (\$3/qualified ticket)	193,517	413,219
² Ticket Surcharge-Non-Hockey (\$5/qualified ticket)	69,004	69,004
³ Supplemental Surcharge (\$1.50/qualified ticket)	-	-
⁴ Parking Revenue-Hockey (\$10/car)	-	-
⁴ Parking Revenue-Non-Hockey (\$15/car)	-	-
⁵ Naming Rights (20%)	-	-
⁵ Naming Rights-Indoor Stage (100%)	-	-
⁶ City Sponsored Events (Excess of revenues over expenditures)	-	-
⁷ Safety & Security Fee (\$174,122/year)	-	156,948
⁸ Hourly Security Costs-Police	8,376	12,506
⁸ Hourly Security Costs-Fire	-	1,266
Interest Income-Escrow Account	-	4,620
Total Agreement Revenues	536,714	1,168,880
Agreement Expenditures		
^{9, 11} Arena Capital Improvements (\$500,000/year)	-	450,685
^{10, 11} Quarterly Management Fee (\$15 million/year)	-	2,301,370
Total Agreement Expenditures	-	2,752,055
Excess (deficiency) of revenues over expenditures	536,714	(1,583,174)
Number of Events		
Hockey	5	13
Non-Hockey	2	2
Total Number of Events	7	15

¹ Payment is due to the City quarterly. Current year amounts are prorated based on an August 5, 2013 effective date. Next payment is due 11/5/13.

² Payment is due to the City 2 days after each event

³ Payment is due to the City 60 days after each fiscal year

⁴ Payment is due to the City 15 days after the end of each quarter for events occurring within the quarter. City receives revenue in excess of \$20,000 per regular season hockey event.

⁵ Payment is due to the City 15 days after Arena Manager receives payment

⁶ Payment is due to the City 60 days after each quarter for events occurring in the quarter

⁷ Payment is due to the City annually. Current year amounts are prorated based on an August 5, 2013 effective date.

⁸ Payment is due to the City 30 days after receipt of the invoice

⁹ Payment is due to the Arena Manager annually at the beginning of each fiscal year

¹⁰ Payment is due to the Arena Manager quarterly on the first day of the subsequent quarter (October 1, January 1, April 1 and July 1 for each fiscal year)

¹¹ Current year amounts are prorated based on an August 5, 2013 effective date.

Appendix A Revenue & Expenditures Items Included in the Agreement

Below are selected sections from the a) Professional Management Services and Arena Lease Agreement with IceArizona Manager Co., LLC and IceArizona Hockey Co., LLC and b) the Safety and Security Agreement between the City of Glendale and IceArizona Manager Co., LLC. relative to the revenue and expenditures line items.

Agreement Revenues

Sales Tax Collections

10.2 Taxation of Transactions and Activities at Arena. The Parties acknowledge and agree that transactions and activities at the Arena Facility (including without limitation Arena Manager revenues described in Sections 8.2.1(d) and 8.5.2) (i) are, and shall continue during the Term to be, subject to taxes imposed by the City under Applicable Law, (ii) will be subject to such City-wide taxes as apply to retail and entertainment activities conducted in the City, and (iii) will be subject to future changes in the tax rates that apply under Applicable Law.

Base Rent

6.6 Base Rent. As part of the consideration for the leasehold interests granted to the Arena Manager under this Agreement, during the Term the Arena Manager shall pay to the City rent in the following amounts, which shall be paid in equal quarterly installments, the first installment due and payable on the commencing on the Closing Date and thereafter each installment due and payable on or before each quarterly (on a three calendar month basis) anniversary of the Closing Date during the Term:

6.6.1 For the five years following the Closing Date, \$500,000 per year; provided however, the Base Rent for the first Fiscal Year shall be \$500,000 prorated (based on a 365-day year) if the period from the Closing Date to the end of the Fiscal Year on which the Closing occurs is less than 365 days.

6.6.2 Beginning of the sixth anniversary of the Closing Date and continuing until the day before the thirteenth anniversary of the Closing Date, \$650,000 per year (prorated for partial years as set forth in Section 6.6.1); and

6.6.3 Beginning of the thirteenth anniversary of the Closing Date and continuing until the day before the fifteenth anniversary of the Closing Date, \$800,000 per year.

Ticket Surcharge

9.1.2 Amount of the City Surcharge. The City Surcharges shall be in the following amounts:

(a) For all **Hockey Events** that are Fee Activities during the 2013- 2014 Season, \$3.00 per Qualified Ticket with respect to each Fee Activity (for

which the City has not waived the City Surcharge), subject to increase for subsequent seasons during the Term as follows:

- (i) If per game attendance averages less than 15,000 in any one season, the City Surcharge during the immediately succeeding season will be \$3.00 per Qualified Ticket;
- (ii) If per game attendance averages between 15,000 and 15,999 in any one season, the City Surcharge will be \$3.25 per Qualified Ticket for the immediately succeeding season;
- (iii) If per game attendance averages 16,000 and 17,000 in any one season, the City Surcharge will be \$3.50 per Qualified Ticket for the immediately succeeding season; and
- (iv) If per game attendance averages more than 17,000 in any one season, the City Surcharge will be \$3.75 per Qualified Ticket for the immediately succeeding season.

(b) For ***non-Hockey Events*** during the Term, \$5.00 per Qualified Ticket with respect to each Fee Activity (for which the City has not waived the City Surcharge).

Supplemental Surcharge

9.1.3 ***Supplemental Surcharge***. In addition, throughout the Term, a Supplemental Surcharge of \$1.50 per Qualified Ticket ("**Supplemental Surcharge**") shall be imposed by the Arena Manager for all Hockey and non-Hockey Events. The Supplemental Surcharge shall be deposited by Arena Manager into one or more ~~an~~ escrow accounts in the name of Arena Manager and the City, and shall be the property of each Party to the extent each is entitled to such monies under this Agreement as determined by Arena Manager and the City jointly (the "**Supplemental Surcharge Escrow Account**"): provided that such deposits shall be held in accordance with and subject to audit pursuant to the procedures described on Exhibit "N" attached hereto (the "**Supplemental Surcharge Procedures**"). City shall have the right to draw upon the Supplemental Escrow Account within 60 days following the last day of each Fiscal Year, to the extent City received less than \$9,000,000 in total revenue from operations at the Arena pursuant to this Agreement during the immediately preceding Fiscal Year (the "**Deficit Amount**"), as further described in the Supplemental Surcharge Procedures and in an amount not to exceed the total funds available in the Supplemental Surcharge Escrow Account at the end of such Fiscal Year. The funds remaining in the Supplemental Surcharge Escrow Account following payment of the Deficit Amount, if any, to City shall belong to Arena Manager free and clear of all claims of City and shall be disbursed to Arena Manager such that said escrow account is reset to a zero balance following the reconciliation pursuant to the Supplemental Surcharge Procedures at the beginning of each Fiscal Year. The Supplemental Surcharge amounts imposed by the Arena Manager which are the property of Arena Manager pursuant to this Section 9.1.3 are pledged to the City, as more fully described in the Supplemental Surcharge Procedures, to the extent of the City's interest, with the City claiming no interest in

the balance of such account. The Supplemental Surcharge Escrow Account shall be held in one or more (FDIC insured) accounts of the Arena Manager and the City jointly, at one or more Third Party financial institutions agreed to by the City and the Arena Manager. To the extent of any inconsistency between this Section 9.1.3 and the terms of the Supplemental Surcharge Procedures, the terms of this Section 9.1.3 shall control

Parking Revenue

8.2.1 Parking Rights.

(e) Arena Manager shall charge for the use of all spaces within the Arena Parking Area for all Hockey Events and Non-Hockey Events (but not City Events where the charges, if any, shall be property of the City and determined by the City except for Supplemental Surcharges, which shall not be charged with respect to City Sponsored Events, unless the City advises Arena Manager of its desire to impose such charges on one or more such events at least ten (10) days in advance of any such City Sponsored Event.) Commencing with the 2013/2014 NHL hockey season, minimum parking rates shall be \$10.00 per vehicle for *Hockey Events* and \$15.00 per vehicle for *Non-Hockey Events*, with the rates for all Events to be established by Arena Manager in its reasonable discretion. Within fifteen (15) days following each quarter during the Term, Arena Manager shall remit to City and Team Owner their respective shares of the “**Arena Parking Area Revenue**” as provided in this Section 8.2.1(e). Team Owner shall be paid the first \$20,000.00 of Parking Profits generated from each NHL Regular Season Home Hockey Game and City shall be paid the balance of Parking Profits generated from each such game. City shall be paid seventy five percent (75%) of the Parking Profits generated from any Pre-season Game, Play-off Game, All-Star Game and Non-Hockey Events. City shall be paid 100% of the Parking revenues associated with any City Sponsored Event. Other than as provided in this Section 8.2.1(e), the Arena Manager shall not be obligated to remit any revenue from the Arena Parking Areas to the City (subject to remittance of all applicable taxes, and further provided that this Section 8.2.1(e) shall not limit the Arena Manager’s obligations to remit amounts to the City pursuant to Sections 7.6.4(b) or 8.9.2(d) or any other provision of this Agreement including those provisions relating to the City Surcharge and Supplemental Surcharges).

Naming Rights

8.6.4 Arena Facility Naming Rights.

(b) Naming Rights shall be sold or licensed only for money, and not be bartered or exchanged for any other form of consideration; provided, however, that payments for Naming Rights may be made in periodic equal installments during the term of any agreement under which Naming Rights are sold or licensed as may be agreed by the Arena Manager in its reasonable

commercial discretion. The Arena Manager shall receive all revenue from the sale and licensing of Naming Rights, including any unpaid amount under the current Naming Rights Agreement and shall, within fifteen (15) days after receipt of any revenue received from the sale or licensing of Naming Rights for the Arena Facility, remit to the City an amount equal to (i) twenty percent (20%) of the revenue from the sale and/or license of Arena Naming Rights (excluding any revenue from the sale of Naming Rights for any other components of the Arena except as described in; (ii) 100% of the revenue from the sale and/or license of Naming Rights that is attributable to **signage for any new theater/stage/venue that is constructed** by Arena Manager within the Arena Facility (“**Arena Theater**”); and (iii) 100% of the revenue from the sale and/or license of Naming Rights that is attributable to **signage for any stage for concert events**.

City Sponsored Events

8.9.2 City Sponsored Events. Subject to the Scheduling Procedures, all Concessions Agreements, all Suite License Agreements, all Premium Seat Agreements, all Advertising Agreements and all Naming Rights Agreements, the City shall have the non-assignable right to use the Arena Facility, except for the Exclusive Team Spaces, for not more than four City Sponsored Events each Fiscal Year.

(a) Prior to the scheduling of a City Sponsored Event that is a Fee Activity, the City shall give the Arena Manager notice of whether the City elects to waive the City Surcharge with respect to such City Sponsored Event, and if such notice is not provided it shall be deemed an election by the City not to waive such fee with respect to that City Sponsored Event.

(b) The City shall take such actions as are required to cause the payment to the Arena Manager of an amount not less than the aggregate amount of City Surcharge and Supplemental Surcharge for each such City Sponsored Event, except to the extent that the City has waived, pursuant to this Agreement, the City Surcharge. Arena Manager, in turn, shall pay the City Surcharge and Supplemental Surcharge to the City as required by this Agreement.

(c) The Arena Manager shall maintain separate records of all revenues and all expenses directly attributable to each City Sponsored Event, and all amounts received for deposit and deposited into the City Surcharge Account with respect to each City Sponsored Event. For clarity, only payments or other considerations to be made or provided that (A) are calculated solely on the basis of sales made or transactions completed during a City Sponsored Event directly relating to such City Sponsored Event or (ii) are payable solely because a given City Sponsored Event is held shall be “directly attributable” to such City Sponsored Event.

(d) The Arena Manager shall, at the time the quarterly financial report for such Fiscal Quarter is submitted to the Parties pursuant to Section 8.15:

(i) If the aggregate of the expenses directly attributable to all City Sponsored Events held during a given Fiscal Quarter exceeds the

aggregate of the revenue directly attributable to City Sponsored Events, set-off against any distributions or payments to be made to the City for such Fiscal Quarter the amount by which the aggregate of such expenses exceeds the aggregate of such revenues and submit an invoice for the shortfall to the City for reimbursement within 30 days (any such set-off and/or reimbursed amounts constituting Operating Revenues), or

(ii) If the aggregate of the revenues directly attributable to City Sponsored Events held during a given Fiscal Quarter exceeds the aggregate of the expenses directly attributable to City Sponsored Events held during a given Fiscal Quarter, remit to the City the amount by which the aggregate of such revenues exceeds the aggregate of such expenses within 30 days after the end of the Fiscal Quarter.

(e) In no event shall any rent or facility use charge for a City Sponsored Event be charged to the City or included as an expense item directly attributable to such events. Use of the Arena for such events is to be without charge to the City and all associated revenues shall be property of the City subject only to charges for event-specific variable operating expenses.

Safety & Security Fee (from the Safety and Security Agreement)

5.1 Annual Fee. In consideration for the services to be provided by the City under this Agreement, the Arena Manager will pay the City, on or before the first day of each Fiscal Year (or, in the case of the first Fiscal Year in which this Agreement is effective, each partial Fiscal Year), an annual fee in an amount intended to reimburse the City for all of the City's administrative and related costs incurred or to be incurred in providing the Services (exclusive of the Hourly Fee, which shall be billed separately in accordance with Section 5.2 of this Agreement), including, but not limited to the City's overhead (the "**Annual Fee**").

(a) For the first Fiscal Year during which this Agreement is effective, Arena Manager and the City agree that the Annual Fee shall be \$174,122.00, which Annual Fee will be prorated for the partial Fiscal Year and subject to reconciliation as described below. For each subsequent Fiscal Year, the Annual Fee will be the total of the amounts set forth in the Reconciliation Statement (as defined below) for the previous year. Prorations shall be on the basis of a 365-day year.

Hourly Security Costs (from the Safety and Security Agreement)

5.2 Hourly Fee. As additional consideration for such services, the Arena Manager will pay the City within 30 days of the receipt of an itemized invoice, the base hourly rates (i.e., regular hourly rates, including overtime rates), plus the City's share of (i) any employment, FICA, or similar taxes related thereto, (ii) pension, profit-sharing or similar retirement plan contributions (including contributions to the Arizona State Retirement System) and (iii) similar payroll-related burdens (collectively, the "**Hourly Fee**") of the Public Safety Personnel for work performed for Events. The Hourly Fee shall not include amounts for

health insurance, medical insurance and similar non-payroll related burdens. Upon reasonable request, the City shall timely provide the Arena Manager current information on the amounts included in and constituting the Hourly Fee.

(a) The Hourly Fee shall be a minimum of three hours for each such Public Safety Personnel working at each Event.

(b) At the request of the Arena Manager, the City shall submit an invoice to the Arena Manager at the time of an Event when the Arena Manager requires such invoice to pass the cost of such services on to a third party.

5.3 The Annual Fee and the Hourly Fee shall be paid by the Arena Manager as Operating Expenses under the Arena Management Agreement.

Agreement Expenditures

Arena Capital Improvement

11.3 Funding of Capital Improvements. In order to fund the Renewal and Replacement Schedule, the City shall provide the following amounts (collectively, the “**Capital Improvement Contributions**”), which shall be paid into and held in the Renewal and Replacement Account on the first day of the applicable Fiscal Year (and for the first year of the Term, on the Closing Date):

11.3.1 \$500,000 during each Fiscal Year of the Term through June 30, 2019, prorated as provided in Section 6.6.1 for Partial Years; and

11.3.2 \$1,000,000 during each Fiscal Year beginning July 1, 2020 and ending June 30, 2027.

11.3.3 Any portion of the Capital Improvement Contribution made in a given Fiscal Year that is not utilized for Capital Improvement Expenditures in such Fiscal Year shall be retained in the Renewal and Replacement Account and may be utilized by the Arena Manager for Capital Improvement Expenditures in subsequent Fiscal Years. Such unused Capital Improvement Contribution shall not be credited towards the Capital Improvement Contribution for any subsequent Fiscal Year.

Arena Quarterly Management Fee

10.1 Management Fee. During the Term, in consideration of the Arena Manager’s agreement to perform the management and other services set forth in this Agreement and to pay all operating and maintained costs associated with the Arena (other than capital costs as provided herein), provided there is no breach by the Team Owner of the obligations under the Non-Relocation Agreement or a material breach by the Arena Manager of its obligations under this Agreement, the City shall pay to the Arena Manager, by wire transfer of immediately available funds to an account specified by the Arena Manager, a Management Fee, paid in quarterly (on a three calendar month basis) installments in arrears on or before each October 1st, January 1st, April 1st and July 1st during the Term the following amounts or a pro-rata portion of such amounts based upon the number of days in such quarter:

10.1.1 On October 1, 2013, for the period beginning on the Closing Date and ending on the last day of the calendar quarter in which the Closing Date occurs, an amount equal to \$15,000,000.00 multiplied by a factor equal to the number of days from the Closing Date to the end of such quarter divided by 365, which for the purposes of clarity shall be calculated as follows:

$$\text{\$15,000,000 X } \frac{\text{(Number of Days from Closing Date to September 30, 2013)}}{365}$$

10.1.2 In no event shall the Management Fee exceed \$15,000,000.00 per year. The City may, during the continuation of any Arena Manager Default, and following the expiration of any applicable notice and cure period, by written notice to Arena Manager, require that any revenues owed to the City, and/or any amount in the City Surcharge Account, be applied to the City's obligation to pay the Management Fee.



WORKSHOP COUNCIL REPORT

Meeting Date: **12/17/2013**
Meeting Type: **Workshop**
Title: **FY12-13 YEAR-END FINANCIAL RESULTS**
Staff Contact: **TOM DUENSING, FINANCIAL SERVICES EXECUTIVE DIRECTOR**

Purpose and Policy Guidance

The purpose of this item is to provide Council with a review of the financial results of Fiscal Year 2012-2013 (FY12-13) and provide staff with feedback on the presentation of the actual Comprehensive Annual Financial Report at a possible future Council Workshop.

Background

Article VI, Section 16 requires the City of Glendale to obtain an independent annual audit of its financial statements. Specifically, Section 16 reads as follows.

Sec. 16. Independent annual audit.

Prior to the end of each fiscal year the council shall designate qualified public accountants who, as of the end of the fiscal year, shall make an independent audit of accounts and other evidences of financial transactions of the city government and shall submit their report to the council and to the city manager. This section shall not preclude the city council from executing a contract with an accounting firm for more than one year subject to annual appropriation and a maximum three-year agreement.

Such accountants shall have no personal interest, direct or indirect, in the fiscal affairs of the city government or of any of its officers. They shall not maintain any accounts or records of the city business, but, within specifications approved by the council, shall post-audit the books and documents kept by the city and any separate or subordinate accounts kept by any other office, department or agency of the city government.

In conjunction with the independent audit, the City prepares a Comprehensive Annual Financial Report each year which is a complete set of financial statements presented in conformity with generally accepted accounting principles, commonly referred to as GAAP. This report is submitted to the Government Finance Officers' Association (GFOA) for consideration of the Certificate of Achievement for Excellence in Financial Reporting award.

Analysis

Staff will provide Council with an overview of the financial results that will be presented in the CAFR. Specifically, staff will focus on the results of the most significant operating funds which include the



WORKSHOP COUNCIL REPORT

General Fund. For the year ended June 30, 2013, the City of Glendale contracted with a new audit firm, CliftonLarsonAllen. Mr. Dennis Osuch, a partner with CliftonLarsonAllen, the City's independent auditor, will be in attendance for questions from Council regarding the audit process.

Council Feedback

As the issuance of the CAFR involves lengthy, technical review by our independent auditor, we do not anticipate distribution of the CAFR at the Workshop. However, the financial information should not change, and it is staff's intention to provide Council accurate information in the timeliest manner possible. Based on Council feedback, Mr. Osuch would be available to present the actual CAFR document at a future Council Workshop.

Community Benefit/Public Involvement

The annual audit and issuance of a Comprehensive Annual Financial Report is an important element to the City's commitment to financial stability and transparency.

Budget and Financial Impacts

There are no budget and financial impacts related to this item.



WORKSHOP COUNCIL REPORT

Meeting Date: **12/17/2013**
Meeting Type: **Workshop**
Title: **GENERAL FUND FIVE-YEAR FINANCIAL FORECAST,
COUNCIL ITEM OF SPECIAL INTEREST: DISCUSS CURRENT
REVENUE PROJECTIONS**
Staff Contact: **TOM DUENSING, EXECUTIVE DIRECTOR, FINANCIAL SERVICES**

Purpose and Policy Guidance

The purpose of this item is to provide Council with an updated General Fund Five-Year Financial Forecast. This item also addresses the council item of special interest and discusses current revenue projections which was requested at the August 20, 2013, workshop.

Background

A necessary part of the annual budget process is the preparation of the Five-Year Financial Forecast. This forecast serves two purposes: 1) provides a long-term view of current year budget decisions affecting the City and 2) provides an estimate of the identified structural deficit facing the City over the forecast period.

Although the City maintains multiple funds, this forecast is for the General Fund only. The General Fund includes all sources of revenue the city receives that are not designated for a specific purpose and are used to support general City services such as police; fire; parks, recreation and library; city court; general administrative services; and contractual obligations such as the Arena and Camelback Ranch agreements.

This forecast presents annual revenue estimates and expenditure forecasts from estimates through FY 18-19. Best forecasting practice calls for realistic, yet conservative revenue estimates coupled with maintaining current services at the current staffing levels.

Based on the forecast, the annual structural deficit (estimated operating expenditures/contingency in excess of operating revenue) in FY 14-15 through FY 16-17 averages \$14 million per year. Upon the elimination of the temporary sales tax (FY 17-18), the annual structural deficit averages \$30 million per year. This is based on an analysis of the Total Surplus/(Deficit) as presented below. It should also be noted that the City, per its financial policies, is required to maintain a minimum unassigned fund balance of 10% of projected annual ongoing revenues estimated to be approximately \$17 million.

To help in analyzing the financial information, it is important to understand the methodology used to prepare the forecast which is detailed in the Analysis section. Inherent in any forecast are normal revenue and expenditure growth assumptions. Additionally, the approach taken by staff



WORKSHOP COUNCIL REPORT

to develop the forecast assumes continuation of current services, contractual obligations, reasonable revenue forecasts, and consistency with financial policies (with the exception of contingency funding which is forecasted at 5% versus 10% of revenues, consistent with FY 13-14).

Council Feedback

Staff anticipates that significant measures must be taken over the next two fiscal years. Measures include either revenue enhancements, expenditure reductions, or a combination of the two. As the forecast indicates, the ending fund balance will fall below \$0 (estimated at a \$0.2 million deficit) at the end of the next fiscal year (FY 14-15), if all contingency funds are spent. Therefore, the total General Fund deficit must be addressed over the next one to two fiscal years.

Overall, staff is seeking Council feedback on timing of the deficit reduction measures.

- Does Council wish to direct staff to pursue long-term options now and present them for the upcoming FY 14-15 budget process?
- Does Council wish to address only the FY 14-15 negative fund balance in the upcoming FY 14-15 budget process, estimated to be \$0.2 million, and delay structural deficit decisions beyond FY 14-15?

Over the past several years, cuts in the General Fund budget have occurred largely without an impact to the service levels; however, with a significant workload increase for remaining staff. Any further significant expenditure reductions of the magnitude outlined in this report would be felt by the public and affect staffing levels.

Based on feedback received, staff will develop a comprehensive strategy, based on the core mission of the City and Council priorities, to address the deficit. It is staff's intention to take a very inclusive approach which would involve the Council, the public, the business community, employee groups, and employees to solve this issue.

Analysis

Approach

Revenue and expenditure assumptions assume continued economic recovery and continued commitment of the City to meet its contractual expenditure obligations such as debt service, capital lease payments, inter-fund loan repayments, and Arena/Camelback Ranch obligations. Specific assumptions are included in the Forecast Methodology section below. Additionally, the forecast assumes the City remains competitive with surrounding cities and attracts, retains, and compensates a quality workforce.

Overview

As stated above, the annual structural deficit in FY 14-15 through FY 16-17 averages \$14 million per year and grows to an average of \$30 million per year beginning in FY 17-18. Additionally, the



WORKSHOP COUNCIL REPORT

ending fund balance at June 30, 2015, is estimated to be a \$0.2 million deficit which emphasizes the immediate need to balance the fund.

	With Contingency - 5% of Revenue				
	Forecasted				
	FY14-15	FY15-16	FY16-17	FY17-18	FY18-19
Beginning Fund Balance	\$17,003,850	(\$241,058)	(\$12,707,661)	(\$27,026,856)	(\$58,769,992)
Operating Revenue	172,453,862	178,838,480	185,769,581	168,163,763	172,766,038
Operating Expenditures	(181,076,077)	(182,363,159)	(190,800,298)	(191,498,710)	(193,806,382)
Contingency - 5% of Revenue	(8,622,693)	(8,941,924)	(9,288,479)	(8,408,188)	(8,638,302)
Total Annual Structural Surplus/(Deficit)	(17,244,908)	(12,466,603)	(14,319,195)	(31,743,135)	(29,678,646)
Ending Fund Balance	(\$241,058)	(\$12,707,661)	(\$27,026,856)	(\$58,769,992)	(\$88,448,638)

Also of special concern is the amount of General Fund support toward debt service, capital lease payments, inter-fund loan repayments, and contractual obligations as there is little to no flexibility in the controlling these costs. These contractual expenditures represent between 27% and 30% of the total expenditure budget (not including forecasted contingency) as detailed below. As an indicator of stability, it is not unusual for bond rating agencies to examine debt service expenditures as a percentage of General Fund expenditures. Reviews of Moody's and Fitch Rating's policies indicate debt service as a percentage of General Fund spending, in an amount greater than 10%-12%, is an indication of a high debt service burden. The FY 14-15 debt service amount of \$31.5 million is estimated at 17% of operating expenditures. If the other contractual amounts are included, the percentage, as indicated below, is 30%.

	With Contingency - 5% of Revenue				
	Forecasted				
	FY14-15	FY15-16	FY16-17	FY17-18	FY18-19
Operating Expenditures	(181,076,077)	(182,363,159)	(190,800,298)	(191,498,710)	(193,806,382)
Contractual Expenditures					
Debt Service	(\$31,488,661)	(\$31,987,862)	(\$31,470,333)	(\$31,234,935)	(\$33,600,456)
Capital Lease Payments	(1,837,463)	(3,357,000)	(3,305,000)	(3,305,000)	0
Interfund Loan	(1,843,202)	(1,844,699)	(2,240,837)	(2,496,100)	(2,492,108)
Other Contractual Amounts	(19,222,075)	(15,500,000)	(20,500,000)	(15,500,000)	(15,500,000)
Total Contractual Expenditures	(\$54,391,401)	(\$52,689,561)	(\$57,516,170)	(\$52,536,035)	(\$51,592,564)
Percentage of Contractual Expenditures to Total Operating Expenditures	30%	29%	30%	27%	27%

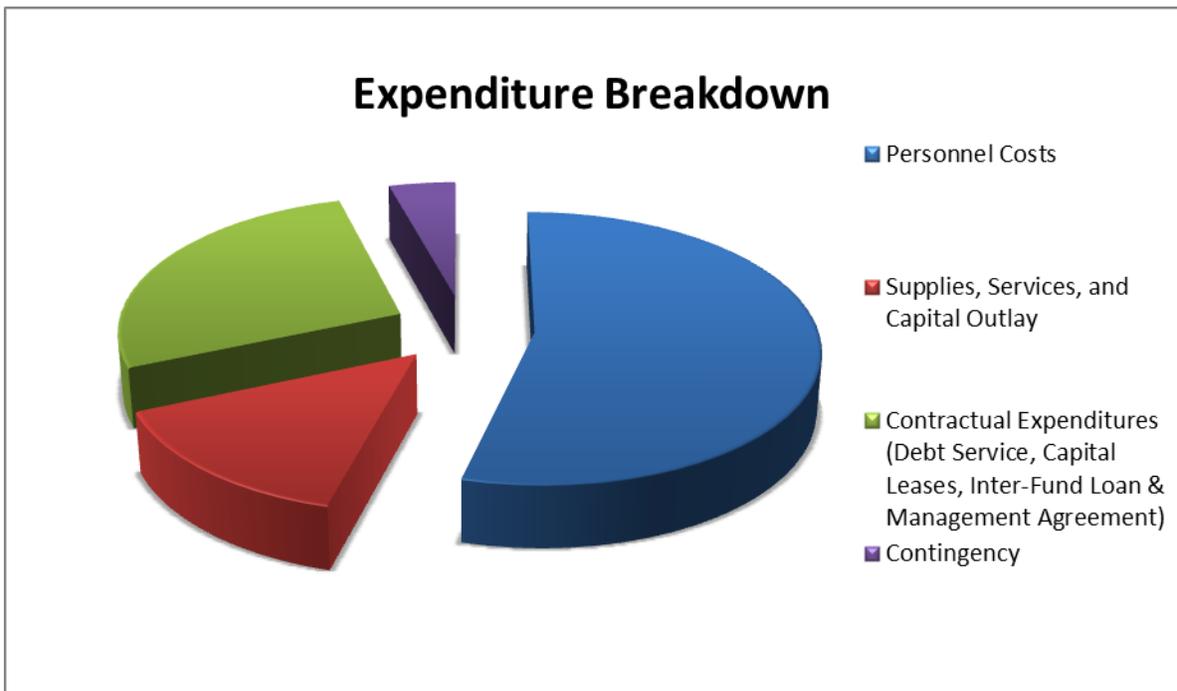
If the structural deficit were to be addressed through reductions in non-contractual expenditures, those which are largely controllable, the percentage of expenditure reduction would be approximately 11% in FY 14-15 through FY 16-17 and grow to 22% beginning in FY 17-18 upon expiration of the temporary sales tax.



WORKSHOP COUNCIL REPORT

	With Contingency - 5% of Revenue				
	Forecasted				
	FY14-15	FY15-16	FY16-17	FY17-18	FY18-19
Operating Expenditures	(\$181,076,077)	(\$182,363,159)	(\$190,800,298)	(\$191,498,710)	(\$193,806,382)
Less: Total Contractual Expenditures	(54,391,401)	(52,689,561)	(57,516,170)	(52,536,035)	(51,592,564)
Non-Contractual Expenditures	(\$126,684,676)	(\$129,673,598)	(\$133,284,128)	(\$138,962,675)	(\$142,213,818)
Structural Deficit	(\$14,000,000)	(\$14,000,000)	(\$14,000,000)	(\$30,000,000)	(\$30,000,000)
Percentage of Structural Deficit to Non-Contractual Expenditures	11%	11%	11%	22%	21%

Personnel costs are more than one-half of the total expenditures. Additionally, contractual expenditures, those expenditures that are largely non-controllable, are approximately one-quarter of total expenditures. The pie chart below shows a relative comparison of the four types of expenditures.



Options

Structural deficits can be addressed through revenue enhancements, expenditure reductions, or a combination of the two. Additionally, the forecast provides a perspective of the short-term and long-term deficit amounts needed to be addressed.



WORKSHOP COUNCIL REPORT

Short-term options available immediately could include the following:

- Reduce or eliminate contingency funding
- Adjust or remove expenditures such as salary increases
- Increase administrative inter-fund charges to enterprise funds
- Immediately reduce or eliminate services or service levels
- Liquidate assets (one-time cash inflows only)

Long-term options could include the following:

- Seek new revenue sources
- Review of current property and sales tax which could include continuation of the sales tax increase at predetermined levels
- Reinvent Glendale City government, through stakeholder input and evaluation of alternative service delivery models including liquidation of additional assets
- Reevaluate/renegotiate current contractual obligations and debt structure

Forecast Methodology

As stated previously, it is important to understand the methodology behind the Five-Year Financial Forecast. Staff has estimated future revenue and expenditures using historical information coupled with anticipated future trends.

Revenue projections are as follows:

- Overall, the City will continue to see General Fund revenue growth due to the continued, moderate economic recovery
- Local sales taxes are forecasted to increase 3.3% to 3.5% , consistent with best practices
- Intergovernmental revenues, also known as state-shared revenues, are forecasted to increase at a greater rate than local taxes, based on regional growth
- Property tax increases assume the City takes advantage of the available 2% levy increase allowed by state law
- Annual administrative inter-fund charges, primarily to the enterprise funds, increases one time by \$0.5 million to \$9.7 million and remains at that level for the duration of the forecast. This represents approximately 5.6% of total General Fund revenue

Expenditure assumptions are as follows:

- Forecasted General Fund expenditures assumes maintenance of service levels
- Anticipated increases to Arizona State Retirement and Public Safety Retirement employer contributions
- Health insurance costs increases at rates outpacing general inflation
- The City continues to meet its debt service, capital lease payment, and inter-fund loan repayment obligations
- Contributions toward the Super Bowl totaling \$1.7 million in FY 14-15 (offset by revenue)



WORKSHOP COUNCIL REPORT

- In addition to the Arena/Westgate debt service obligations, the City will continue to meet its contractual Arena obligations which includes event operational costs, the annual \$15 million management fee, the \$5 million National Hockey League payment in FY 16-17, and the \$500,000/year capital maintenance payment
- In addition to the Camelback Ranch debt service obligations, the City will continue to meet its contractual operational and capital repair obligations and the \$3.7 million capital obligation in FY 14-15
- Workers' Compensation and Risk Management trust funds continue to be funded at appropriate levels with an additional \$1.95 million being contributed in FY 14-15 through FY 16-17 to further stabilize the funds
- Contingency budget, to cover emergency expenses, revenue shortages, or capital project acceleration as approved by Council, is set at 5% of total revenues. This is less than the recommended 10% City policy level.
- Salaries and related payroll expenditures assume increases consistent with the current memoranda of understanding (MOU's) and non-represented employees see 2.5% annual salary increases
- Salaries and related payroll expenditures also assume compression of pay ranges from 60% to 40% for non-represented employees, as presented to Council on November 5, 2013.
- Capital funding of a parking garage facility is not included in the forecast and funding will need to be determined as part of the long-term options

Previous Related Council Action

A five-year financial forecast is part of the annual budget process, and a forecast is prepared each year and presented as part of the Annual Budget book.

Community Benefit/Public Involvement

Over the past several years, cuts in the General Fund budget have occurred largely without an impact to the service levels. However, staff anticipates that further, significant expenditure reductions of the magnitude outlined in this report would be felt by the public.

Based on feedback received, staff will develop a comprehensive strategy, based on the core mission of the City and Council priorities, to address the deficit. It is staff's intention to take a very inclusive approach which would involve the Council, the public, the business community, employee groups, and employees to solve this issue.

Budget and Financial Impacts

Budget and financial impacts would be based on Council feedback.



WORKSHOP COUNCIL REPORT

Capital Expense? Yes No

Budgeted? Yes No

Requesting Budget or Appropriation Transfer? Yes No

If yes, where will the transfer be taken from?

Attachments

Appendix A

Appendix B

Appendix A
General Fund Five-Year Financial Forecast
FY14-15 Through FY18-19 with FY12-13 & FY13-14 Comparative Data

	FY12-13	FY13-14		Forecast				
	Actual	Budget	Revised Estimate	FY14-15	FY15-16	FY16-17	FY17-18	FY18-19
Revenue & Other Financing Sources								
<i>Local Taxes</i>								
City Sales Tax	75,628,027	76,540,646	79,817,728	84,077,062	86,721,240	89,671,518	67,784,429	67,861,467
Primary Property Tax	2,553,678	5,196,766	5,196,766	5,300,929	5,535,222	5,676,630	5,821,714	5,970,570
Total Local Taxes	78,181,705	81,737,412	85,014,494	89,377,991	92,256,462	95,348,148	73,606,143	73,832,037
<i>Intergovernmental</i>								
State Income Tax	23,159,063	25,294,112	25,294,112	26,512,406	28,368,274	30,354,053	32,478,837	34,752,356
State Shared Sales Tax	18,557,531	18,988,867	18,988,867	19,786,399	20,716,360	21,752,178	22,839,787	23,981,776
Motor Vehicle In-Lieu	7,586,229	7,557,299	7,557,299	8,131,610	8,543,883	8,977,058	9,432,195	9,910,408
Total Intergovernmental	49,302,823	51,840,278	51,840,278	54,430,415	57,628,517	61,083,289	64,750,819	68,644,541
<i>Fees, Licenses & Permits</i>								
Franchise Fees	4,256,256	4,269,000	4,269,000	4,306,038	4,343,221	4,380,379	4,420,581	4,461,321
Licenses	1,128,999	1,045,950	1,045,950	1,053,272	1,068,228	1,092,263	1,125,577	1,159,907
Other Permits & Fees	4,501,147	3,173,242	3,173,242	3,195,455	3,240,830	3,313,749	3,414,818	3,518,970
Recreation & Library	1,394,533	1,577,456	1,577,456	1,588,498	1,611,055	1,647,304	1,697,546	1,749,322
Fire Dept Other Fees	2,393,365	2,209,747	2,209,747	2,252,727	2,296,542	2,341,210	2,386,746	2,433,169
Courts Revenue	2,906,839	2,710,380	2,710,380	2,729,353	2,768,109	2,830,392	2,916,719	3,005,679
Total Fees, Licenses & Permits	16,581,139	14,985,775	14,985,775	15,125,342	15,327,985	15,605,297	15,961,988	16,328,367
<i>Other & Miscellaneous</i>								
Other Revenues	2,716,838	3,463,870	3,463,870	3,570,114	3,675,516	3,782,848	3,894,813	4,011,094
Staff Admin. Chargeback Revenue	8,862,000	9,200,000	9,200,000	9,700,000	9,700,000	9,700,000	9,700,000	9,700,000
Interest Income	954,981	250,000	250,000	250,000	250,000	250,000	250,000	250,000
Transfers In	691,214	-	-	-	-	-	-	-
Total Other & Miscellaneous	13,225,033	12,913,870	12,913,870	13,520,114	13,625,516	13,732,848	13,844,813	13,961,093
Operating Revenue	157,290,700	161,477,335	164,754,417	172,453,862	178,838,480	185,769,581	168,163,763	172,766,038
Expenditures & Other Financing Uses								
<i>Expenditures</i>								
<i>Wages and Salaries</i>	(76,588,024)	(77,433,843)	(77,614,469)	(80,156,858)	(82,383,602)	(83,884,435)	(85,351,334)	(86,728,574)
<i>Overtime</i>	(2,819,956)	(1,186,446)	(1,693,279)	(2,374,966)	(2,434,341)	(2,495,201)	(2,557,582)	(2,621,524)
<i>Employee Benefits</i>	(21,658,931)	(23,430,594)	(23,596,291)	(25,827,630)	(27,180,105)	(28,378,393)	(29,597,048)	(30,817,653)
<i>Supplies and Contracts</i>	(13,657,483)	(14,431,053)	(16,060,094)	(17,287,593)	(18,333,674)	(18,691,777)	(18,885,498)	(16,007,172)
<i>Utilities</i>	(4,007,290)	(4,409,159)	(4,409,159)	(4,497,343)	(4,587,288)	(4,679,033)	(4,772,614)	(4,868,066)
<i>Vehicle Maintenance & Fuel</i>	(2,983,268)	(1,795,183)	(2,306,092)	(2,701,741)	(2,764,449)	(2,828,630)	(2,894,318)	(2,961,548)
<i>Vehicles, Technology, Risk Mgt., Workers' Comp.</i>	(5,356,693)	(4,991,944)	(4,991,944)	(3,851,018)	(5,053,334)	(5,645,344)	(4,995,344)	(4,995,344)
<i>Capital Outlay</i>	(17,376)	(690,270)	(690,270)	(500,000)	(500,000)	(500,000)	(500,000)	(500,000)
<i>Transfers Out (See Appendix B)</i>	(18,003,183)	(36,528,244)	(35,514,786)	(43,878,928)	(39,126,366)	(43,697,484)	(41,944,972)	(44,306,501)
Operating Expenditures	(145,092,204)	(164,896,736)	(166,876,384)	(181,076,077)	(182,363,159)	(190,800,298)	(191,498,710)	(193,806,382)
Total Surplus/(Deficit) Before Contingency	12,198,496	(3,419,401)	(2,121,967)	(8,622,215)	(3,524,679)	(5,030,716)	(23,334,947)	(21,040,344)
<i>Contingency - 5% of Revenue</i>	-	(8,045,113)	-	(8,622,693)	(8,941,924)	(9,288,479)	(8,408,188)	(8,638,302)
Total Income (Loss)	12,198,496	(11,464,514)	(2,121,967)	(17,244,908)	(12,466,603)	(14,319,195)	(31,743,135)	(29,678,646)
Beginning Fund Balance - With Contingency	6,927,321	19,125,817	19,125,817	17,003,850	(241,058)	(12,707,661)	(27,026,856)	(58,769,992)
Ending Fund Balance - With Contingency	19,125,817	7,661,303	17,003,850	(241,058)	(12,707,661)	(27,026,856)	(58,769,992)	(88,448,638)

Appendix B
General Fund Five-Year Financial Forecast
Schedule of Transfers Out

	FY13-14		Forecast				
	Budget	Revised Estimate	FY14-15	FY15-16	FY16-17	FY17-18	FY18-19
Arena/Westgate							
Debt Service & Loan Repayment							
Debt Service - Arena	(8,399,152)	(8,399,152)	(8,493,791)	(8,556,831)	(10,977,967)	(10,953,196)	(11,107,224)
Debt Service - Media Center/Conf. Center/Parking	(5,502,431)	(5,502,431)	(6,001,337)	(7,108,488)	(7,101,883)	(7,104,265)	(7,104,890)
Inter-fund Loan Repayment NHL Management Fee	(3,000,000)	(1,841,347)	(1,843,202)	(1,844,699)	(2,240,837)	(2,496,100)	(2,492,108)
Subtotal Debt Service & Loan Repayment	(16,901,583)	(15,742,930)	(16,338,330)	(17,510,018)	(20,320,687)	(20,553,561)	(20,704,222)
Non-Arena Agreement							
City Sales Tax - Non-Arena	4,674,507	5,778,297	6,086,646	6,278,068	6,491,649	4,907,163	4,912,740
Rental Revenue	1,238,313	1,238,313	1,238,313	1,238,313	1,238,313	1,238,313	1,238,313
Miscellaneous	5,000	-	-	-	-	-	-
Arena Events Operations	(1,180,368)	(1,180,368)	(1,180,368)	(1,180,368)	(1,180,368)	(1,180,368)	(1,180,368)
Subtotal Non-Arena Agreement	4,737,452	5,836,242	6,144,591	6,336,013	6,549,594	4,965,108	4,970,685
Arena Agreement							
Revenue - Arena/Westgate	633,470	6,791,540	7,329,561	7,097,011	7,116,076	6,239,425	6,233,848
Arena Events Management Fee	(6,000,000)	(13,551,370)	(15,000,000)	(15,000,000)	(15,000,000)	(15,000,000)	(15,000,000)
NHL Management Fee	-	-	-	-	(5,000,000)	-	-
Arena Events Capital Maintenance	(500,000)	(450,685)	(500,000)	(500,000)	(500,000)	(500,000)	(500,000)
Subtotal Arena Agreement	(5,866,530)	(7,210,515)	(8,170,439)	(8,402,989)	(13,383,924)	(9,260,575)	(9,266,152)
Subtotal Arena/Westgate	(18,030,661)	(17,117,203)	(18,364,178)	(19,576,994)	(27,155,017)	(24,849,028)	(24,999,689)
Camelback Ranch							
Revenue - Camelback Ranch	130,852	130,852	130,852	130,852	130,852	130,852	130,852
Other Sources (Fund Balance)	155,530	155,530	-	-	-	-	-
Debt Service	(11,111,968)	(11,111,968)	(12,924,928)	(13,311,128)	(8,863,193)	(8,863,193)	(10,908,193)
Camelback Ranch Operations	(110,082)	(110,082)	(110,082)	(110,082)	(110,082)	(110,082)	(110,082)
Camelback Ranch Capital Repair	(426,300)	(426,300)	(836,752)	(836,752)	(836,752)	(836,752)	(836,752)
Camelback Ranch Capital	-	-	(3,722,075)	-	-	-	-
Subtotal Camelback Ranch	(11,361,968)	(11,361,968)	(17,462,985)	(14,127,110)	(9,679,175)	(9,679,175)	(11,724,175)
Zanjero							
Zanjero Revenue	1,896,230	1,996,230	2,066,098	2,138,411	2,213,256	1,446,770	1,446,770
Zanjero Debt Service	(2,016,443)	(2,016,443)	(1,601,061)	(550,471)	(685,301)	(665,720)	(681,039)
Subtotal Zanjero	(120,213)	(20,213)	465,037	1,587,940	1,527,955	781,050	765,731
Stadium Events							
Stadium Events Revenue	733,203	733,203	733,203	733,203	733,203	733,203	733,203
Stadium Events Transfers	(3,043,593)	(3,043,593)	(3,043,593)	(3,043,593)	(3,043,593)	(3,043,593)	(3,043,593)
Subtotal Stadium Events	(2,310,390)						
Other							
Public Safety Training Facility Debt Service	(2,421,144)	(2,421,144)	(2,422,544)	(2,420,944)	(3,801,989)	(3,608,561)	(3,759,110)
MPC Debt Service - Fees	(45,000)	(45,000)	(45,000)	(40,000)	(40,000)	(40,000)	(40,000)
Other Operating Fund Transfers	(2,238,868)	(2,238,868)	(2,238,868)	(2,238,868)	(2,238,868)	(2,238,868)	(2,238,868)
Estimated Super Bowl Revenue	-	-	200,000	-	-	-	-
Estimated Super Bowl Support	-	-	(1,700,000)	-	-	-	-
Subtotal Other	(4,705,012)	(4,705,012)	(6,206,412)	(4,699,812)	(6,080,857)	(5,887,429)	(6,037,978)
Total Transfers Out	(36,528,244)	(35,514,786)	(43,878,928)	(39,126,366)	(43,697,484)	(41,944,972)	(44,306,501)