

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

**MINUTES
CITY OF GLENDALE
CITY COUNCIL WORKSHOP
FEBRUARY 7, 2006
1:30 P.M.**

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

Councilmember H. Phillip Lieberman arrived during the 2006 Legislative Update Discussion.

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

2. 2006 STATE LEGISLATIVE UPDATE

CITY STAFF PRESENTING THIS ITEM: Ms. Dana Tranberg, Intergovernmental Programs Director and Ms. Kristin Greene Skabo, Deputy Intergovernmental Programs Director

This is a request for the City Council to provide direction on proposed state legislation, consistent with the approved 2006 state legislative agenda.

The purpose of the 2006 state legislative agenda is to affect state legislation in relation to the interests of the city and its residents.

The 2006 state legislative agenda provides the policy framework by which Intergovernmental Programs staff engages on state legislative issues.

Throughout the 2006 state legislative session, policy direction will be sought on proposed statutory changes which fall under the adopted council policy statements relating to the financial stability of the city, public safety issues, promoting economic development, managing growth and preserving neighborhoods.

The Intergovernmental Programs staff recommends prioritizing the state legislative agenda to a few key issues to allow the city to have a stronger, more consistent message on the items of greatest priority. The proposed key priority issues for consideration are described in the reports that were presented to the Council at the meeting.

The legislative agenda defines the city's priorities for the upcoming session and will guide the city's lobbying activities at the Arizona State Legislature. The Intergovernmental Programs staff will come before the Council on a regular basis throughout the session for direction on bills and amendments that may be introduced. The city's legislative agenda is a flexible document and may change, based on activities at the Legislature and Council direction.

On January 17, 2006, the Council provided policy direction on bills of municipal interest.

On December 20, 2005, the Council approved the 2006 State Legislative Agenda, which included policy statements on municipal legislative priorities and principles.

The priorities and principles of Glendale's 2006 state legislative agenda provide the venue for the city to identify and engage on state legislative issues. The key principles of the state legislative agenda are: to preserve and enhance the city's ability to deliver quality and cost-effective services to citizens and visitors; to address quality of life issues for Glendale residents, and to enhance the City Council's ability to serve the community by retaining local decision making authority and maintain state legislative and voter commitments for revenue sources.

Staff is requesting the Council to provide policy direction on the proposed state legislative issues.

Ms. Tranberg said today is day 30 of the Legislative session, characterizing the first month as very active and contentious. She noted 1,420 bills and 122 memorials have been posted to date. She stated numerous striker amendments are being introduced so they are working closely with departmental staff to keep abreast of all of the issues.

SB 1243

Ms. Tranberg said, based on last year's Council policy direction, staff is working to oppose SB 1243 proposed by Senator Chevront. She explained the bill would prohibit retail sales tax incentives, exempting redevelopment, infrastructure and historical buildings. She noted a city that offers a sales incentive would see an equal reduction in the state shared revenues they receive.

HB 2737

Ms. Tranberg reported HB 2737 is intended to be compromise legislation in anticipation of Senator Chevront introducing his bill. She said retail and automotive dealer representatives and Mayors and elected officials from various cities were asked to participate in discussions, noting Mayor Scruggs did participate. She explained the bill applies statewide, rather than solely in Maricopa and Pinal Counties, and calls for incentives to be limited to half of the first one percent of a city's transaction privilege tax (TPT) for no more than 60 months. The bill also exempts redevelopment, infrastructure and historical buildings. She noted the bill calls for the development agreement to specifically state the maximum dollar figure allowable under the incentive and for the

Auditor General to review the incentive at the conclusion of the agreement to ensure an overpayment has not been made to the entity. She stated several cities are remaining neutral on the bill while others are supporting the measure. She said staff would like to see the implementation of last year's bill language. She asked the Council to direct staff as to how to proceed on HB 2737.

Councilmember Martinez asked how many representatives participated in the meetings with Representative Nelson. Ms. Tranberg said the group-included representatives from retail, the Auto Dealership Association, and the cities of Phoenix, Goodyear, Glendale, Gilbert, and Queen Creek. Councilmember Martinez said he supports staff's recommendation that they implement last year's bill language. Ms. Tranberg said, while in a perfect world staff would like to see last year's language implemented, they need Council direction as to whether or not they should support Representative Nelson's bill.

Councilmember Goulet expressed his opinion SB 1243 is offensive. He asked if the term "redevelopment" has been defined. Ms. Tranberg said the term is defined in statute; however, it may not be specifically set forth in the bill. Councilmember Goulet asked if there is any relationship between the size of the penalty and the size of the incentive in HB 2737. Ms. Tranberg explained the bill specifically states the civil penalty is three times the amount of the excess both for the city and the developer. She noted the monies would go to the State General Fund.

Mayor Scruggs explained the developer penalty was included because a city would gladly absorb a penalty in order to put through an incentive that was outside the law.

Councilmember Clark asked if the bill includes an option for renewing an incentive agreement after the 60-month cap expires. Ms. Tranberg responded no. Councilmember Clark asked if a new development agreement could be entered into at the conclusion of the five years. Ms. Tranberg said potentially. Councilmember Clark asked if the new agreement would have to be in line with the prohibitions. Mr. Tindall expressed his opinion the statute never intended to allow for a second agreement and the structure of the language will probably be clear that a second tax incentive on the same property would be in violation of the agreement. Councilmember Clark pointed out one half of one percent of the TPT will not act as much of an incentive. Ms. Tranberg said, in Glendale, a 50 percent incentive on the TPT would total .6 percent and the bill would limit it at .5 percent.

Mayor Scruggs noted the lowest sales tax in the valley is one percent, making it impossible for other cities to compete.

Councilmember Martinez pointed out several articles in the newspaper has focused on Glendale. He said it is ironic that the state feels they have to incent companies to come to Arizona, but they fail to see that cities are in the same position. He expressed his opinion the city should not support HB 2737.

Councilmember Clark agreed.

Vice Mayor Eggleston asked if there seems to be a lot of support for SB 1243. Ms. Tranberg said Senator Chevront's bill passed out of both committees last week and the Caucus this morning. She stated the bill is now ready for a vote in the Senate and she assumes there will be sufficient votes for the bill to pass. She stated HB 2737 is currently being heard in Committee and will be assigned to the Ways and Means Committee next week. Vice Mayor Eggleston said, while the idea may come out of good intentions, it will not be good for cities. He expressed his opinion Glendale should oppose the bill.

Mayor Scruggs pointed out not supporting a bill is not the same thing as opposing the bill.

The Council agreed the city should oppose the bill.

Councilmember Martinez asked if there is any indication of the Governor's position on the bill. Ms. Tranberg said the Governor has a standard practice of not commenting on specific legislation until it reaches her desk and she has had an opportunity to review it. Mayor Scruggs stated she would not count on the Governor vetoing the bill, noting she has commented in the past that some cities have abused their power. She said Mayor Gordon has claimed the City of Phoenix does not give incentives, despite the fact that they have given money for a hotel, ASU, TGEN, and the Civic Plaza.

SB 1209

Ms. Tranberg stated the bill amends statutes related to open meetings. She explained the law currently states that minutes or recordings of a meeting shall be open to the public three working days after the meeting. She stated the bill would expand the language to say public notices must be posted on a city's website, if one exists, and give additional public notice as is reasonable and practicable to all meetings. She said it also says cities must post the minutes or recordings on the Internet website within three working days. She stated, while staff supports efforts to inform the public about meetings and promptly providing minutes for those meetings, logistical problems require staff to recommend that they not support the bill. She pointed out Glendale already posts meeting notices on its website; explaining, however, it is unclear if a meeting would be able to proceed if there were problems with the website or the website were to go down. She stated it is also unclear whether posting draft minutes would meet the requirement to post minutes within three days. She reported the bill passed out of the Senate Government Reform Committee four to one and was discussed in the Republican and Democratic Caucuses this morning and is ready for floor action later this week. She said staff recommends the city not support the bill.

Vice Mayor Eggleston asked if the bill includes state offices. Ms. Tranberg said the bill specifically states cities and towns.

Councilmember Clark said all cities and towns equally share the burden and, while she

understands the technical reasons for which staff recommends opposing the bill, she is always in favor of more public information.

Mayor Scruggs asked Ms. Tranberg what staff's recommendation is to Council. Ms. Tranberg said staff hopes to continue to have conversations with Senator Johnson about the logistical issues and that she will amend the bill. Mayor Scruggs suggested they either change the term "minutes" to say "summary minutes", pointing out summary minutes are not adopted, or that the time frame for posting the minutes begin once the minutes have been approved. She said having inaccurate minutes on the city's website would be worse than not having the minutes posted at all.

Councilmember Goulet asked if the issue arose from situations where media entities were unable to obtain minutes in a timely manner. Ms. Tranberg expressed her opinion the bill sponsor's intention is solely to provide additional notice to the public.

Councilmember Clark said she recommends they support the bill because it will give Glendale more influence with Representative Johnson to craft further amendments that will help clarify the language.

Ms. Tranberg offered to meet with Senator Johnson and express their concerns to see if the bill could be modified.

Councilmember Goulet asked if any consideration was given to requiring minutes to be posted a certain number of days prior to the body's next meeting. Ms. Tranberg said the concern is that they want the public to know what transpired at a meeting as soon as possible after a meeting occurs.

Mayor Scruggs noted the bill relates to all of the city's Boards and Commissions as well. Ms. Tranberg agreed.

Vice Mayor Eggleston agreed staff should continue their discussions with Senator Johnson.

Councilmember Clark said the technology already exists to post recordings on the website. Mr. Tindall expressed his opinion the general concept is acceptable, but the language of the bill is too vague. He said Mr. Paladini could work with staff to craft recommended language that would help eliminate some of their concerns.

Mayor Scruggs directed Ms. Tranberg to work with Senator Johnson and to oppose the bill if it remains in its present form.

Blue Stake

Ms. Tranberg said a working group has been meeting over the summer with industry representatives to discuss a potential pilot program in Pima County and possibly in the cities of Phoenix and Scottsdale that would identify how to handle existing sewer

laterals that are not marked. She said, despite the working group's ongoing discussions, two bills were introduced that would mandate that cities provide markings for all existing unmarked underground facilities. She stated, not only would that be very time consuming and costly, in many cases documentation that shows the actual location of lines is not available. She said, while they do not believe the bills will go forward in their current form, staff recommends Council oppose legislative mandates on the marking of existing laterals and attempts to shift the liability to cities.

Vice Mayor Eggleston said he supports the staff recommendation and opposes the bills.

Councilmember Clark agreed.

The Council agreed to oppose the bills.

HB 2724

Ms. Skabo explained the bill prohibits people who have been convicted of a dangerous crime against children from locating their residence within 1,500 feet of an elementary or secondary school or childcare facility. She said the bill has been assigned to a committee, but has not yet received a hearing.

Councilmember Clark referenced specific language in the bill, asking if a person who was sentenced to prison could live within 1,500 feet of a school or childcare facility once released. Ms. Skabo agreed the language is confusing, explaining it actually says the law would not apply to anyone in a prison that is located within 1,500 feet of a school or child care facility.

Councilmember Lieberman asked what the bill means when it refers to secondary schools. Ms. Skabo said middle and high schools. Councilmember Lieberman noted currently in Glendale there is a probationary office within 1,500 feet of a high school. He asked if anything could be done to rectify that situation. Mayor Scruggs pointed out the bill relates only to their residences.

Councilmember Martinez asked if the bill would impact those convicted of sexual crimes against children. Mr. Tindall said, while he is not familiar with the specific statute that defines dangerous crimes against children, he would assume sexual crimes would be included.

The Council agreed to support the bill.

Councilmember Martinez asked if there has been any movement with regard to restrictions on the sale of pseudo ephedrine. Ms. Skabo said seven bills have been introduced and, while they do not know which bill will be the final version, they all involve restricting the sale of pseudo ephedrine and limits on who can buy pseudo ephedrine over the counter. Councilmember Martinez asked staff to update the Council

on this matter as part of their next report. Ms. Skabo stated the State Attorney General is expected to introduce his legislation within days.

1. **DEVELOPMENT IMPACT FEES ANALYSIS**

CITY STAFF PRESENTING THIS ITEM: Ms. Sherry Schurhammer, Management and Budget Director and Mr. Ken Reedy, Deputy City Manager

This is a request for the City Council to review the proposed increases in Development Impact Fees (DIF), as presented in reports prepared by TischlerBise and Black & Veatch for the following DIF categories: library; parks, recreation and open space; police; fire/emergency medical services; general government; solid waste; roadway improvements; water; and sewer.

Staff is also requesting direction on conducting DIF updates every two years instead of three years and to conduct a separate DIF study for the proposed annexation areas west of 115th Avenue.

The DIF update is consistent with the Council's goal of maintaining the city's financial stability.

The city's financial policy, as published in the city's annual budget document, states "Revenues from growth or development should be targeted to development, or invested in improvements that will benefit future residents or make future service provision efficient."

On October 12, 2004, the Council approved the selection of Tischler & Associates (subsequently named TischlerBise) to provide this update for the city's development impact fees, with the exception of water and sewer. TischlerBise completed the city's prior DIF updates in 2000 and 2001. TischlerBise also has done impact studies for Avondale, Buckeye, Carefree, Casa Grande, Coolidge, Eloy, El Mirage, Flagstaff, Gilbert, Goodyear, Northwest Fire District, Peoria, Phoenix, Queen Creek, Scottsdale, Surprise, and Tolleson.

Impact fees are one-time charges to developers that are used to offset capital costs resulting from new development. They are necessary to expand and develop new facilities to serve new growth so cities can continue to provide the same level of service to new growth as that provided to existing residents.

In addition, by having growth pay for growth, the city is able to maintain the existing level of service for current residents. Otherwise, existing residents could potentially experience a decline in the level of services they receive.

Developers pay DIFs when they construct new residential and commercial developments. Development fees relate only to capital facility development/expansions

benefiting new development and are not to be utilized for rehabilitation efforts or operating expenses.

TischlerBise prepared an updated report that reflects proposed increases to the city's impact fees, excluding water and sewer.

Black & Veatch prepared an updated report that reflects proposed increases to the city's impact fees for water and sewer.

The two Fiscal Year 2004-05 DIF studies document the city's cost to maintain current levels of service, while accommodating new development.

The two DIF updates are based on planning and zoning information; existing levels of service provided to current residents, and the fiscal year 2005-14 Capital Improvement Plan.

The proposed fees do not include proposed annexation areas west of 115th Avenue. Staff recommends a separate update to include recently annexed areas.

The proposed fees do not include projects funded by the Glendale Onboard Transportation Program because the capital projects in that program have a separate and dedicated funding source.

The following table reflects the proposed changes for a single-family detached residential unit for the categories reviewed:

Single Family Detached Residential Unit			
Categories	Current	Proposed	Variance
Library	\$514	\$606	\$92
Parks, Recreation, Open Space	\$1,091	\$2,072	\$981
Police	\$359	\$395	\$36
Fire/EMS	\$339	\$409	\$70
General Gov't	\$660	\$847	\$187
Solid Waste	\$264	\$301	\$37
Roadway Improvements*	\$613	\$1,160	\$547
Water (3/4-inch meter)	\$4,200	\$6,660	\$2,460
Sewer (3/4-inch meter)	\$1,740	\$2,330	\$590
TOTAL	\$9,780	\$14,780	\$5,000

* Formerly named Transportation

As the preceding table shows, the current impact fees for a single-family detached residential unit total \$9,780. The proposed impact fees total \$14,780.

The comparison of DIF for various cities is not an apples-to-apples comparison because each city offers different levels of service to its residents. The impact fees charged vary by city for each category based on the level of service that each city currently provides for its residents.

In addition, many cities do not charge impact fees for each category. For example, Mesa does not charge a DIF for the Roadway Improvements and Solid Waste categories. Gilbert does not charge a DIF for the Library category. Queen Creek does not charge a DIF for the Fire/EMS category and the Solid Waste category.

Below is a listing of other communities and the total impact fee charged for a single-family detached residential unit:

Peoria - North (effective March 1 st)	\$17,025
Glendale (proposed)	\$14,780
Chandler (effective Feb 1 st)	\$14,238
Peoria -Central (effective March 1 st)	\$13,731
Gilbert	\$13,576
Queen Creek (effective May 16 th)	\$13,503
Goodyear	\$10,963
Phoenix - DVI	\$10,689
Avondale	\$9,999
Glendale (current)	\$9,780
Surprise	\$8,613
Mesa	\$4,789

Once Council has determined if the impact fees need to be adjusted, the city is required to follow an adoption process that complies with Arizona State laws pertaining to fees and rates. That process will include:

- Posting the study for public review;
- Publishing a notice in the newspaper;
- Adopting a resolution of intent to raise fees;
- Conducting a public hearing to allow input on the proposed fees; and
- Adopting an ordinance amendment making the desired changes.

The new fees will become effective 90 days after the adoption of the ordinance.

DIF for parks, water and sewer have existed for several years. Fees for streets, library and public safety were implemented in 1997. Fees were implemented for solid waste (sanitation and landfill), roadways and general government in 2000. The public safety fee was separated into police facilities and fire/emergency medical services in 2001.

In 1997, the Council requested that the fees be revisited and updated every three years.

The last update for library; parks, recreation and open space; police; fire/emergency medical services; general government; solid waste; and roadway improvements was completed in 2001 and adopted by City Council on October 9, 2001, with an effective date of January 10, 2002.

The last update for water and sewer DIF was completed in 2003 and adopted by the City Council on May 25, 2004, with an effective date of August 2, 2004.

On January 4, 2006, staff met with representatives from the Homebuilders Association of Central Arizona (HBACA) and the Arizona Multifamily Housing Association (AMA) to discuss the material provided to both organizations on December 21, 2005 regarding technical aspects of the development fee methodology and supporting data for the proposed development impact fees for all categories, including water and sewer.

On December 21, 2005, HBACA and AMA representatives were provided, by e-mail and written report or letter, a response to the October 3, 2005 questions, as well as the revised DIF reports from TischlerBise and Black & Veatch.

On October 3, 2005, HBACA submitted a series of questions to the city regarding the discussion on the technical aspects of the development fee methodology and supporting data for the proposed development impact fees for all categories, except water and sewer.

On July 18, 2005, staff and Black & Veatch met with representatives from HBACA and AMA to discuss the technical aspects of the development fee methodology and supporting data for water and sewer DIF.

On June 14, 2005, staff and TischlerBise met with representatives from HBACA and AMA to discuss the technical aspects of the development fee methodology and supporting data for the proposed development impact fees for all categories except water and sewer.

The recommendation was to:

- provide staff with direction on proposed DIF increases in the following categories: library; parks, recreation and open space; police; fire/emergency medical services; general government; solid waste; roadway improvements; water; and sewer;
- provide staff with direction regarding the recommendation to conduct DIF updates every two years rather than every three years; and
- provide direction regarding the recommendation to conduct a separate DIF study to include the proposed annexation areas west of 115th Avenue.

Mr. Reedy began the presentation by talking about the City's first comprehensive DIF study that resulted in the implementation of DIF fees in February 1997. At that time, Council directed staff to update the DIF fees every three years to accommodate the changing needs of the city as reflected in the annual capital improvement plan (CIP), as well as any changes in the city's cost to invest in capital equipment and facilities needed to provide services to residents. He also said the city's approach of having

growth pay for its fair share of the city's required capital costs to provide services to growth allows existing services to existing residents remain unchanged by the cost of growth.

Ms Schurhammer explained that development impact fees are used by cities to recover their share of costs to expand or develop capital facilities, including land, improvements to land, and the equipment and materials needed to serve residents. She explained that the factors driving the proposed cost increases include the cost of land and construction and the cost of equipment needed to serve Glendale's business and residential community. For example, parkland has increased from \$50,000 per acre in the 2001 DIF report to \$65,000 per acre in the report being presented to Council today. She said the cost of land for fire stations has increased from \$56,000 per acre to \$283,000 per acre. The cost of playground equipment in neighborhood parks has increased from \$50,000 in the 2001 study to \$65,000 in the current study.

She pointed out the most significant increases are in the parks, recreation and open space and roadway improvements categories. She explained the primary reason for the increase to the parks, recreation and open space category is the increase in the cost of land and park equipment such as playground equipment and ball fields. She said the increase in the roadway improvements category is attributable primarily to the increased cost of construction materials, noting the cost per linear square foot in the 2001 study was \$291 while the same linear foot today costs \$446.

Ms. Schurhammer reviewed the current and proposed fees for commercial development, pointing out water and sewer DIFs are not included because they are based on meter size, which is determined by the intended use of the commercial facility. She said the chart also excludes development impact fees for libraries, parks, recreation and open space, and the solid waste collection component of the solid waste category because commercial development is not assessed these DIFs.

Ms. Schurhammer explained that a comparison of DIF fees for cities in Maricopa County is not an apples-to-apples comparison possible because different cities charge for different categories. She provided a few examples of cities that do not charge DIF fees for some categories for which Glendale assesses a development impact fee.

She said staff met with representatives from the Home Builder's Association and the Multi-Family Housing Association on numerous occasions. She stated that the January 2006 meeting with representatives from these groups addressed the city's written response to questions submitted to the city in October 2005, as well as the revised Development Impact Fee reports.

Ms. Schurhammer explained that the city is required to follow a six-month process outlined in Arizona State Statutes if Council chooses to implement the proposed changes to the city's current DIF fees. She said the city is required to issue a notice of intent to raise fees and then must post the study for public review, publish a notice in the newspaper and allow at least 60 days for public comments. After the 60-day citizen review period, the city can proceed with holding a public hearing, which must be held 14 days prior to adoption of the proposed fees. Once Council adopts the proposed fees at an evening Council meeting, the proposed fees become effective 90 days later.

Ms. Schurhammer recommended a two-year update timeframe rather than the city's current three to four year update timeframe, explaining it will allow the city to capture rapidly changing construction and land costs.

Councilmember Clark pointed out construction costs have increased significantly since the study was completed late last summer. She asked if those cost increases have been taken into account in the proposed fees. Ms. Schurhammer explained the Development Impact Fee report is based on the FY 2004-05 CIP, which included updated cost, increases up to that point. Councilmember Clark asked if the proposed fee structure could be modified to account for the escalated construction costs. Mr. Reedy said, while it is possible, they would have to go through the same process to add an escalator. Councilmember Clark stated she is uncomfortable approving a fee structure that by the time it is implemented will already be a year-and-a-half out of date. Mr. Reedy noted water and sewer cost estimates were updated since the FY 2004-05 CIP to capture significant cost changes that have recently occurred. Councilmember Clark pointed out the fee structure does not reflect the impact that increased oil costs will have on roadway improvement projects. Mr. Reedy agreed but noted that state law requires an almost 6-month period to implement the new fees. Councilmember Clark asked why staff is recommending a two-year update period rather than an annual update. Mr. Reedy said that is an option, but it takes about one year to go through the entire process.

Vice Mayor Eggleston asked how the Home Builder's Association and Multi-Family Housing Association felt about the proposed increases. Mr. Reedy said they had some questions about the procedures and process, but staff addressed those questions. He stated they have not received any additional protests from either organization. Mr. Reedy pointed out that several other cities are following Glendale's lead and are currently conducting DIF studies of their own.

Mayor Scruggs said it was her understanding that the Home Builders registered concern and displeasure and the city went through laborious studies and analysis with the organizations only to find that, while some fees decreased slightly, others actually increased further. She asked for confirmation that all of the organizations' questions have been answered and the fee structure justified. Ms. Schurhammer responded yes, stating they answered the questions in writing and provided a significant amount of detail concerning land and construction costs. Mayor Scruggs asked if it is fair to say, while the organizations will never support fee increases, they found the final figures to be justifiable. Ms. Schurhammer answered yes.

Councilmember Martinez asked if Glendale is comparable with Chandler in terms of the categories included in their Development Impact Fees. Mr. Reedy said Chandler's categories are close, but every city's categories differ at least slightly. Councilmember Martinez pointed out Peoria North's Impact Fee is at \$17,000. He said, while he is not sure he agrees the city should update the impact fee annually, he believes an escalator is appropriate given the significant cost increases that have occurred since the study was completed. Mr. Reedy said the legislation was designed to keep cities behind the curve and it would be almost as difficult to add an escalator, as it would be to do a new study.

Mayor Scruggs noted some believe that construction costs will not stay at their current level much longer. She asked if the city would do a new study if construction costs decreased.

Councilmember Lieberman pointed out Chandler is growing even faster than Glendale, stating their DIF fees do not seem to have a negative impact on development. He said the price of property has probably increased 200% in some areas since the 2001 study was conducted. He said an annual review could lessen the degree of future fee increases, making the increases more acceptable to the homebuilding community. He

asked how much does the city pay for the consultant's services. Mr. Reedy said, while the costs vary, they would be recovered because they have been incorporated into the proposed fee structure. Councilmember Lieberman said he supports the proposed increase and an annual update.

In response to Mayor Scruggs' question, Ms. Schurhammer explained staff will return in late FY 2006-07 or early FY 2007-08 if a two-year update timeframe is approved. This would be done because the study being presented today is based on the FY 2004-05 CIP, whereas the next one would be based on the FY 2006-07 CIP. Mayor Scruggs asked how much staff time is involved in the study. Ms. Schurhammer said the Budget Department coordinates the effort and obtains detailed information from the various departments. Mr. Reedy said other departments, such as Engineering, Utilities and Parks and Recreation, are also involved in the process. He said combining the time spent by all city employees would exceed that of one full time employee.

Mayor Scruggs said she would not mind slowing down residential development, but she is not interested in slowing commercial development with an annual adjustment. She said she is also very concerned about the amount of staff time taken up by the process. Mr. Reedy explained that state law requires the impact fees be applied fairly to both commercial and residential development, so the city cannot adjust fees just for residential and not commercial.

Councilmember Clark clarified her suggestion to review the impact fees on an annual basis were intended only while inflation continues to occur at such a significant rate. She stated the city must recoup the cost of new growth because any costs not recovered are then borne by the citizens.

Vice Mayor Eggleston agreed with staff's recommendation to revisit the issue every two years. He questioned whether the city could even go through the entire process again in one year.

Councilmember Martinez said he supports staff's recommendation for two years as well.

Councilmember Frate stated he supports the proposed increase and agrees with staff's recommendation for a two-year update timeframe. He asked staff to explain why they are recommending a separate development impact fee structure for the area west of 115th Avenue. Mr. Reedy said the area does not have a capital improvement program and has not been fully evaluated to determine the growth related impacts to that area. He said staff would need to conduct a study to identify impact fees that are relevant to the area. Ms. Schurhammer pointed out other cities have different development impact fee structures that reflect the capital needs found in different areas, and a similar approach could be used for the annexation area west of 155th Avenue if the capital costs justify such an approach.

Councilmember Goulet said he understands Councilmember Clark's position, but the city cannot always address aspects of business in a timely manner. He expressed concern that forcing people to face fee increases every year would wear on their patience. He said he supports the proposed two-year timeframe.

Mayor Scruggs asked if a two-year timeframe would require the next study to begin in the summer of 2006. Ms. Schurhammer explained staff will return in late FY 2006-07 or early FY 2007-08 if a two-year update timeframe is approved. This would be done because the study being presented today is based on the FY 2004-05 CIP, whereas the

next one would be based on the FY 2006-07 CIP. Ms. Schurhammer said the update process takes about 8 to 12 months before the issue is brought to Council for consideration. Once a new DIF report is taken to Council, it takes about another six months before the proposed fees become effective.

Councilmember Clark said she is fine with staff's recommendation if the next study will commence in the summer of 2006.

Mayor Scruggs explained the city would not have a CIP for the area west of 115th Avenue until they know better what the annexation area will be. Mayor Scruggs pointed out the timeframe for the area west of 115th Avenue cannot start until after a CIP for that area has been approved. She said, however, she is supportive of the concept of having different DIF zones in the City of Glendale.

Councilmember Clark asked if the upcoming budget discussion would include CIP recommendations for areas west of 115th Avenue. Ms. Schurhammer said nothing in the Preliminary CIP addresses the area west of 115th Avenue. Councilmember Clark suggested they put placeholders into the CIP for land acquisition for public safety facilities, parks, libraries and other city facilities in that area. Mayor Scruggs expressed her opinion that topic is better suited for the Council's budget discussions.

Mayor Scruggs directed staff to proceed with the proposed fee structure. Ms. Schurhammer said they would file a Notice of Intent, publicly post the study and post notices in the newspaper. She stated once the 60 day public comment period is over they will schedule a public hearing and 14 days later they will return to Council for adoption of the fees. Assuming the fees are adopted at that time, the proposed fees will take effect 90 days later. .

Mayor Scruggs said staff's direction is to begin the process to get the fees to the point of adoption. She stated once the new CIP and new budget have been adopted, staff is to begin the laborious process of starting the next DIF study based on the FY 2006-07 CIP that Council adopts. She said Council would revisit the issue of a separate development impact fee study for the annexation area once a capital improvement program for that area is developed.

ADJOURNMENT

The meeting was adjourned at 3:10 p.m.