

***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 OF THE
GLENDALE CITY COUNCIL WORKSHOP SESSION
Council Chambers
5850 West Glendale Avenue
May 7, 2013
1:30 p.m.**

PRESENT: Mayor Jerry P. Weiers, Vice Mayor Yvonne J. Knaack and Councilmembers Norma S. Alvarez, Ian Hugh, Manuel D. Martinez, Gary D. Sherwood, and Samuel U. Chavira

ALSO PRESENT: Richard Bowers, Acting City Manager; Horatio Skeete, Assistant City Manager; Nick DiPiazza, Acting City Attorney; and Pamela Hanna, City Clerk

CALL TO ORDER

PLEDGE OF ALLEGIANCE AND MOMENT OF SILENCE

WORKSHOP SESSION

1. THE SINE BUILDING: CREATION OF GLENDALE SMALL BUSINESS AND ENTREPRENEURSHIP CENTER

PRESENTED BY: Brian Friedman, Executive Director, Community and Economic Development Department; Dave McAlindin, Economic Development Official; Jessi Pederson, Economic Development Specialist

Staff is seeking guidance from Council to move forward with Glendale Community College (GCC) in the creation of a Glendale Small Business and Entrepreneurship Center in the now-vacant, city-owned Sine Building located in Downtown Glendale at 6829 North 58th Drive.

Mr. Brian Friedman, Executive Director, Community and Economic Development Department, said today's discussion is on the creation of a Small Business and Entrepreneurship Center, a one-stop business center in Glendale's downtown. He introduced the representatives of other partnering organizations present as follows: Dr. Irene Kovala – President of GCC, Greg Rogers – VP of Administrative Services and CIO, Janice Washington – Director of Arizona Small Business Development Center, Danny Ayala – Program Manager of Arizona Procurement

Technical Assistance Center and Randy Kimmens – District Director of Maricopa County Community College’s Workforce, who is absent today but offered support in the form of a letter. Mr. Friedman said all of these professionals are here today to support this proposal.

Mr. Dave McAlindin, Economic Development Official, said the creation of the Glendale Business and Entrepreneurship Center is envisioned at the city owned Sine Building. He said staff sought the expertise of two commercial brokerage firms, CBRE and NAI Horizon to determine the present open market value of the Sine Building. CBRE’s opinion letter placed the open market value between \$275,600 and \$413,000. The city’s current investment in the Sine Building including the original investment and improvements is \$2,254,278. Mr. McAlindin said given the minimum office standard for parking which is 4 spaces per 1,000 square feet, it is the CBRE broker’s opinion that the Sine Building does not meet the expectations of the open market. The Sine Building is approximately 13,780 gross square feet with only 6 dedicated parking spaces which does not meet the required 4:1000 parking ratio. He continued based on the standard ratio 56 parking spaces are required.

Mr. McAlindin said staff sought a second opinion from NAI Horizon the firm concluded that, at best, given the property’s limitations, the city’s expectation should be no more than a \$2.00 per square foot lease rate, so the annual revenue would be approximately \$25,000. This rate is directly related to a number of factors that inhibit the properties lease ability. Mr. McAlindin said based on the limitations of the Sine Buildings and with assistance from our partners staff has identified the Sine Building as the ideal location to house the much needed Business Assistance program.

Mr. McAlindin said the Economic Development Department has established Business Attraction, Retention, Expansion and Redevelopment programs. He said for the past three years the city has been working with GCC and other partners to improve small business outreach efforts to Glendale businesses. A Small Business Development Center was temporarily housed at GCC but had to move due to the college’s need for expansion. It is now housed at a law firm. Also, the City, GCC and SBDC (Arizona Small Business Development Centers) partnered to provide a small area for Arizona Procurement Technical Assistance Center (PTAC) at GCC, however, the area does not provide sufficient office space and the parking is very congested. The physical separation of the Small Business Retention and PTAC office has diminished the natural symmetry of the services and doesn’t fulfill an opportunity to provide small business a one stop business assistance center. He continued staff is recommending Sine Building as the location for these services. The Sine Building offers an ideal facility for all our partners to come together and provide business services.

Ms. Jessi Pederson, Economic Development Specialist, spoke about the need that motivated the city and their partners to create a business assistance program. The Economic Development Department already has strong business attraction, redevelopment, and retention programs but not a business assistance program. She continued staff recognized their efforts were not substantial enough and that outreach to small businesses has always been a council and staff objective. Staff recognized the need to provide a dedicated and comprehensive program at one location to assist small businesses.

Ms. Pederson briefly explained the formation of the consortium with Glendale Community College (GCC), Maricopa County Community Colleges, Arizona Small Business Development Centers (SBDC Network), and Arizona Procurement Technical Assistance Centers (PTAC Network) to support the Glendale Small Business and Entrepreneurship Center and provide services. She referred City Council to a list of the services that would be provided, many at no cost. Ms. Pederson highlighted some of the benefits small businesses received last year from PTAC and SBDC. She added Maricopa Corporate College will also be available at the center.

Ms. Pederson listed the community benefits as: 80% of businesses remain in the community where they receive assistance; SBDC surveyed small businesses and there is a strong interest in a business assistance center downtown; entrepreneurs gravitate to cities that demonstrate commitment to business; a business assistance center downtown would foster growth, development, etc. in the downtown, and it provides greatest opportunity of creating a sustainable and vibrant city with the broadest employment base.

Ms. Pederson explained the Economic Development Department staff identified the Sine Building as the premier location to house the Small Business and Entrepreneurship Center. Ms. Pederson said in this proposal the Sine Building, with Council approval, would be provided at no cost to GCC for 5 years. GCC would cover operating and maintenance costs, the city would remain responsible for major repairs. The city's current cost for maintaining the vacant building is \$ 7,000 annually. She gave a comparison of revenue from a new business that hires 12 employees, with \$45,000 annual salaries, in 5,000 square feet of space and its economic impact versus an approximate \$25,000 annual rent.

Ms. Pederson said other valley cities have already located small business assistance centers in their communities. She listed the statistics for Mesa and Chandler's SBDC centers over a three year period. Ms. Pederson said this is just the beginning for Glendale small business. She noted NAU, GCC's Development Office and Veterans Services are also interested in providing services at the Glendale Small Business and Entrepreneurship Center. She commented that progressive cities who demonstrate their willingness to assist existing and new businesses have the greatest chance of creating a sustainable and vibrant city with the broadest employment base.

Councilmember Sherwood said this is a no brainer; it helps Centerline and utilizes a city asset that is underutilized. It doesn't cost the city anything and the city always supports small business. This is really great for the city and he sees no down side. Councilmember Sherwood thanked Economic Development staff for putting this together.

Councilmember Martinez said he agrees with Councilmember Sherwood. It will be a great benefit to the city and small businesses. He asked what is the criteria for someone who walks in the doors, what they need in hand, how do they get into the program.

Ms. Janice Washington, State Director of Arizona Small Business Development Center and the Arizona Procurement Technical Assistance Center, both of the services are available to any small business interested. She said they tried to structure services at all levels including helping people decide whether to start a small business; they have counselors and many other services.

Councilmember Martinez said the parking is limited at the Sine Building. He asked was the parking at City Hall ever considered, it should be looked at, if another business came in or even for this project. Mr. McAlindin said the distance is a problem and the amount of time needed; this seems to be the best solution. The public parking will be sufficient for this use as opposed to a commercial use which requires 56 parking spaces; there are only 6 parking places at the Sine Building. Councilmember Martinez said maybe the city could dedicate some parking at City Hall, he didn't see the distance as a problem.

Vice Mayor Knaack said it was nice to see this come to fruition, she'd heard about the proposal at a business luncheon. She was impressed how education has changed; now asking businesses what is needed and how do you want employees trained. Vice Mayor Knaack said having the center in downtown Glendale to help small businesses is a great way to putting education, government and business together. She thanked the Economic Development staff. She encouraged people to use the center's services.

Councilmember Chavira said it will be an incredible resource to small business, a great asset to the city and the timing couldn't be better. He thanked city staff and the city's partners in the collaboration.

Mayor Weiers said he had toured the Sine Building shortly after coming into office and listened to Economic Development staff talk about the proposal. He continued it is great to have businesses start up but most don't stay open, this changes things; it gives Glendale an advantage that other cities might not have and it demonstrates that Glendale supports businesses and wants to keep businesses here. He was very excited about it. Mayor Weiers said he talked to Councilmember Alvarez a couple of days ago and her concern was how it would help people in her district. He noted it will assist anyone and particularly those starting out with a small business, giving them an opportunity to be informed.

Councilmember Alvarez said in looking at the college readiness center, so many businesses come in from other countries and the people speak limited English, she thought the center would help get these business people prepared.

Mayor Weiers said it was the consensus of City Council to move forward with the proposal.

2. AMENDMENT TO THE MODEL CITY PRIVILEGE (SALES) TAX CODE
PRESENTED BY: Diane Goke, Chief Financial Officer

This report contains information on the 2011 and 2012 Model City Tax Code changes that are needed to the Glendale City Code in order to maintain conformity with state law.

This item will require formal Council adoption at a future voting meeting. This presentation provides an opportunity for staff to provide information and answer questions in a workshop setting.

Ms. Diane Goke, Chief Financial Officer, said every year the State Legislature makes changes to the Model City Sale Tax Code the amendments being discussed occurred in the 2011 & 2012 sessions. She said the city follows any amendments to the Model City Tax Code as soon as effective then formally amends the city code to comply with state law. Ms. Goke said the amendments fall into three categories. At the November 2010 general election, voters approved the sale of medical marijuana, so clarifying language was needed to exclude food or prosthetics, so businesses can't use these as a deduction. The City has issued two licenses for businesses selling medical marijuana and the city receives sales tax revenue from them. She continued that another amendment was needed to remove the exclusion for taxpayers receiving an annual gross income of \$3,000 or less which is currently in the code from paying annual business license fees. Glendale is the only city with this exclusion and in order to have tax uniformity among the cities, as urged by the state, this exclusion will be eliminated. She continued this action will increase the revenue to the General Fund by \$180,000 annually.

Mayor Weiers said why they would be in business if they made less than 3,000 gross annually. Ms. Goke said the city actually had taxpayers who do make less than \$3,000. She explained they would be home businesses or a business such as a contractor, who would do business in the city infrequently. She noted last year there were 3,400 exclusions.

Mayor Weiers asked what was the annual license cost. Ms. Goke responded \$50. Mayor Weiers asked if the approximate \$180,000 in revenue projected was assuming the numbers stayed the same. Ms. Goke responded yes. Mayor Weiers commented the numbers will probably drop maybe to half of the projected revenue after the licensing is required.

It was the consensus of the City Council to bring the amendments back for formal action by Council.

3. COUNCIL ITEM OF SPECIAL INTEREST - CITY ATTORNEY RECRUITMENT
PRESENTED BY: Jim Brown, Interim Executive Director, Human Resources and Risk Management

This is a request for City Council to review and provide guidance to city staff on the selection of a professional executive search firm to recruit a new City Attorney.

Mr. Jim Brown, Interim Executive Director of Human Resources and Risk Management, said the purpose of today's presentation is to facilitate Council discussion on the recruitment of a City Attorney. He said the Scope of Work for the City Attorney position is similar to the City Manager process. He continued the selected professional search firm would work directly with Council to develop a candidate profile and from that a recruitment brochure, and then begin an advertising campaign for the ideal candidate. Once the recruitment begins, the firm will select the top 8 to 10 possible candidates. The candidates' résumés, etc. will be sent to council for review and then the top 2 or 3 candidates will have interviews. The firm would do background checks then conduct the negotiation with the person council selected.

Mr. Brown said the time frame depends on who is selected; it could be 3 to 5 months, so September or October, to fill the position if the recruitment begins in June. He said the Human Resources Department has received estimates from three executive search firms with the appropriate experience in local government appointed official recruitments. He reviewed the three firms' qualifications and approximate total fees are: CPS Consulting - \$25,000; Bob Murray & Associates - \$25,000 with a discount of \$3,000 on the standard fee, and Colin Baenziger & Associates- \$22,000. Mr. Brown explained Bob Murray & Associates offered a discount since it is already conducting the City Manager recruitment. He added candidate travel may be approximately \$5,000.

Councilmember Sherwood said he wasn't convinced that Council needed to use an executive search firm. He had spoken to four attorneys in different municipalities. The attorneys and the Arizona State Bar Association are aware of Glendale's situation and they are just waiting for the recruitment to be out. Council could appoint a subcommittee to review the applications; they would probably be interviewed by the city's current legal staff as well as other staff. He felt the city could save the cost; it would be an easy recruitment with Human Resources assistance. He noted it is a local recruitment and the city can avoid the executive search firm cost.

Councilmember Alvarez said she believed in promotion; she really didn't want to spend any money at all; the city has a good attorney and she was very satisfied with his work. She suggested promoting the person who is doing the job now instead of going through all this. Mayor Weiers said he didn't believe Council could discuss that issue as it is not on the agenda. Mr. Bowers agreed. Councilmember Alvarez asked if Council had all agreed. Mayor Weiers said Council couldn't come to an agreement in the previous situation. Councilmember Alvarez said she thought the city needed to promote from within the organization.

Councilmember Martinez said Council already has Bob Murray and Associations conducting the search for the City Manager and the costs are close. He suggested Council hire Bob Murray and Associates for the search. Vice Mayor Knaack said she was interested in Councilmember Sherwood's suggestion of putting a notice out otherwise she would go with Bob Murray and Associates. She emphasized that it was important that Council have multiple applicants; the city needs a pool of candidates to select from for this important position. Councilmember Chavira said he liked Councilmember Sherwood's idea and if feasible and if not, then go with Bob Murray and Associates. Councilmember Hugh said he preferred to save \$25,000. He would like to look locally or within the City Attorney Department. Mayor Weiers said Council can't hire anyone outside unless they are Arizona State Bar members. He would be reluctant to have City Attorney staff interview candidates for their boss it almost works backward. The city's Human Resources Department is capable of reviewing credentials and giving Council a short list of candidates. He thought it would be dangerous allowing the Attorney's Office staff to hire their boss. He could support Human Resources doing the recruitment.

Mr. Brown said he could help Council develop a candidate profile and send it out, screen résumés and present a list of top candidates to Council. Mayor Weiers asked each councilmember to provide 3 things they would want in an attorney and do it separately. Mr.

Brown agreed. Mayor Weiers said the majority of council wants to go with Human Resources for the recruitment.

Councilmember Martinez said this process might turn out alright but this is setting precedence when the city has a top position and previously it wasn't vetted internally. It will be interesting to see how other positions in this category are handled in the future, it does set precedence

CITY MANAGER'S REPORT

Acting City Manager Richard Bowers advised he did not have a report for Council.

COUNCIL ITEMS OF SPECIAL INTEREST

Councilmember Alvarez said the city is looking for people to operate recreation centers, they are outsourcing the service. She said she wanted a study done on outsourcing the city's special events, marketing, and the civic center. The city is putting money into these services and there is a lack of money. She was very concerned about the police and fire departments' needs. She would really like to get some information on outsourcing.

Mayor Weiers asked Mr. Bowers if he could provide this information.

Mr. Bowers said he could outline what that might look like, it's difficult to take to a conclusion, however, he could frame the question of what might be outsourced. He said staff talked about outsourcing during the budget. He suggested broadening the topic to look at outsourcing in general.

Mayor Weiers asked if it could be done in a month. Mr. Bowers responded yes. Councilmember Sherwood asked Councilmember Alvarez to list the areas she wanted included. Councilmember Alvarez said special events, marketing and civic center. Councilmember Hugh said the manager will look at a broader selection. Mayor Weiers said Mr. Bowers was going to give Council an opportunity to discuss this further.

ADJOURNMENT

Meeting was adjourned at 2:22 p.m.