

**\*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  
October 2, 2012  
1:30 p.m.**

**PRESENT:** Mayor Elaine M. Scruggs, Vice Mayor Steven E. Frate and Councilmembers Norma S. Alvarez, Joyce V. Clark, Yvonne J. Knaack, H. Phillip Lieberman, and Manuel D. Martinez,

**ALSO PRESENT:** Horatio Skeete, Acting City Manager; Craig Tindall, City Attorney; and Pamela Hanna, City Clerk

Acting City Manager Horatio Skeete introduced the first item.

**1. VIESTE ENERGY PROJECT UPDATE**

Presented by: Stuart Kent, Executive Director, Public Works

Staff is seeking direction from City Council regarding the entering into an agreement with Vieste Energy LLC on the implementation of a mixed waste processing facility at the Glendale landfill.

Stuart Kent, Executive Director, Public Works, provided the introduction. He introduced Mr. Mike Comparato, Chairman and CEO of Vieste Energy to present a brief summary of the project and answer any questions.

Over the past two years, Public Works staff has been working with Vieste Energy LLC on the development of a waste-to-energy facility at the landfill. When Vieste initially approached the city with this opportunity, the focus was on the waste-to-energy facility which requires Vieste to obtain a power purchase agreement (PPA). This step is requiring more time than anticipated, therefore, in an effort to capitalize on opportunities while PPA negotiations are in process, a phased-project approach is being proposed with the first phase being a mixed waste processing facility.

The facility will be financed and constructed by Vieste at no cost to the city. This facility will take solid waste materials currently disposed at the landfill, separate and sort recyclables from the

waste, and return the waste back to the landfill. The recyclable materials then will be sold on the commodity market through Glendale's Materials Recovery Facility (MRF).

Implementing a mixed waste processing facility at the Glendale landfill provides several key opportunities for the city. (1) Vieste estimates that the process will remove a minimum of 26,000 tons of recyclable materials from the landfill annually thereby increasing the lifespan of the landfill. (2) The city is guaranteed an annual Recycling Management Fee of \$476,000 with an annual escalator of .5%. The city will guarantee a commodity price of \$.0666/pound of recyclables sold on the market. Staff conducted an analysis of the past ten years of recycling commodities sales and confirmed that the required tonnage and the rate proposed would on average yield to the positive for the city. (3) The city will also collect lease, disposal, property tax, and sales tax revenues per the current proposed agreement with Vieste as shown in the chart below. The city will incur some operational expenses related to this phase of the project in an amount of approximately \$1.2 million dollars. Staff estimates the net revenue realized from phase one will be approximately \$561,000 annually. The following chart shows the revenues and expenses related to this phase of the project.

Apart from the revenue generating opportunities for both the landfill and General Fund, the implementation of the mixed waste processing facility will positively impact the lifespan of the Glendale landfill by diverting approximately 26,000 tons annually.

Councilmember Lieberman asked for clarification on the figures. He explained the city will incur some operational expenses related to this phase of the project in an amount of approximately \$1.2 million dollars. However, staff estimates the net revenue realized from phase one will be approximately \$561,000 annually.

Councilmember Clark commented she was glad this project was coming forward and believes it's a win-win for the city. She believes this was a good project for the landfill and supports the phased approach to getting this started. She asked what the life of the landfill currently was before they have to open another area. Mr. Kent stated the landfill has a site life of 40 years. They might be moving to the north half of the landfill in about two years. Councilmember Clark asked if this project will help extend that period. Mr. Kent replied yes.

Councilmember Knaack remarked this project also increases their recycling efforts to over 300% and believes that was wonderful.

Vice Mayor Frate stated there was consensus from the Council to move forward with this project.

## 2. LOOP 303 CORRIDOR

Presented by: Jon M. Froke, AICP, Planning Director

Craig Johnson, P.E. Executive Director, Water Services

Dave McAlindin, Assistant Director Economic Development

This is a request for City Council to review the components of the pre-annexation efforts as well as the future provision of services and development potential of the Loop 303 Corridor and

surrounding area within the Municipal Planning Area (MPA). Staff has been working with the Loop 303 Corridor Development Group who represents approximately 3,000 acres of vacant land.

Staff is seeking guidance from Council on two issues; a proposed Pre-Annexation Development Agreement (PADA), and the Agreement for Future Wastewater and Recycled Water Services to allow Global Water to provide sewer and reclaimed water on behalf of the city in the Loop 303 Corridor area.

Mr. Horatio Skeete, Acting City Manager; presented a brief summary.

City Council completed the “strip annexation” in 1978. This established the (MPA) for Glendale. This geographic area is located between Peoria Avenue, Dysart Road, Camelback Road and Perryville Road. Since 1978 Glendale has completed four significant annexations within the MPA: Luke Air Force Base in 1995, Glendale Promenade in 2005, Woolf Crossing in 2006 and Falcon Dunes Golf Course and the Dysart Drain in 2010.

City staff has been working closely with the Loop 303 Corridor Development Group regarding the potential annexation of approximately 3,000 acres of vacant land in the MPA. The following departments have been involved in the review and analysis of this area: Community & Economic Development, Police, Fire, City Attorney’s Office, Public Works, Engineering, Transportation and Water Services.

Per past Council direction, Glendale will not provide water and sewer services west of 115th Avenue. Land located west of 115th Avenue and east of Perryville Road currently obtains its water and sewer services from other sources such as private water companies and private septic systems. On July 15, 2005 Council adopted the current Annexation Policy, which states that viable private companies may provide water and sewer service for any annexed areas located beyond the city’s existing service areas. At the Council Workshop on June 3, 2008 there was a discussion on the entire strip annexation area. Council provided direction that provision of water and sewer services to the geographic area located west of 115th Avenue would be paid for by property owners in this area with no impact on existing Glendale water and sewer customers elsewhere in the city. This position was reaffirmed at the Council Workshop on August 21, 2012. Council also approved a Memorandum of Understanding (MOU) on March 9, 2010 that would permit Global Water Resources, a private sewer company, to provide sewer services to the Loop 303 Corridor area.

Annexation of vacant land in and around the Loop 303 has been discussed by City Council since 2005. Workshops were held in 2005, 2008, 2009 and 2010. This item was reintroduced at the August 21, 2012 Council Workshop to advise Council of recent work completed by staff, to effectively prepare this area for future potential annexation and to reaffirm prior council direction.

Staff recommends that this area be annexed to allow future growth and employment opportunities for Glendale while also protecting Luke Air Force Base operations into the future.

Councilmember Clark inquired if sewer was still an issue. Mr. Skeete replied no. The pre-annexation agreement that staff will bring forward will address this issue and present a solution so they can move forward.

Jon M. Froke, AICP, Planning Director, presented a PowerPoint presentation on the key issues. He showed areas such as Northern Parkway and Loop 303. He said the goal was to position this area for new development and employment opportunities. He introduced the stakeholders who the city has been working with for the last seven years. In this same geographic area, two important transportation corridors are presently under construction. The Loop 303 and Northern Parkway will provide significant infrastructure and transportation options to this rapidly growing area in the West Valley. Railroad track extensions are planned as well to accommodate rail-related land uses and businesses.

Craig Johnson, P.E. Executive Director, Water Services, explained the water agreements.

The purpose of this report is to request the City Manager to review the Pre-Annexation Development Agreement (PADA) and the Agreement for Future Wastewater and Recycled Water Services to allow Global Water Resources to provide sewer and reclaimed water on behalf of the city in the Loop 303 Corridor area. With City Council's approval of the Wastewater Agreement, Global Water Resources will establish a Certificate of Convenience and Necessity (CC&N) with the Arizona Corporation Commission and will initiate a MAG 208 Plan Amendment, with the support of the city, to become the sewer service provider to the Loop 303 Corridor area. Global expects to complete the CC&N process and MAG 208 Amendment within one year following approval of the agreement. This decision will effectively allow for water and sewer services to be provided by a private entity whereby allowing for this area to be developed.

Water services are presently provided by two existing private water companies to the Loop 303 Corridor (see Exhibit C of the PADA); EPCOR (formally Arizona American Water) and Adaman Mutual Water Company. There is a 2.5 square mile area nearest Olive Avenue and Reems Road that is currently not within the certificated area of a private water provider also shown on Exhibit C. The landowner group is working with EPCOR to expand their service territory to provide water service to this area. These two companies are well established and have been providing water services for a number of years.

Staff has reviewed the Agreement for Wastewater and Reclaimed Water services and has worked with Global Water Resources to address all issues related to providing service to participating property owners. Staff believes the three private providers are viable and will provide long term service to the area. The provision of providing water and sewer services in this area by viable private providers benefits the city in that the city's 100 year assured water supply will not be used to serve the area; there will be no city capital expenditures for water and sewer infrastructure; and revenue will be realized from the franchise fee.

The land ownership group will need to obtain an assured water supply from the Arizona Department of Water Resources (ADWR) as part of the preliminary plat application to ensure

that there are adequate water resources. The city will not utilize its water resources to serve the area. Wastewater (sewer) will be provided by Global Water Resources per the MOU that Council approved on March 9, 2010. The PADA and the associated agreement with Global Water Resources have been drafted to allow Global Water Resources to provide sewer service. Once these processes are complete, Global will commence preliminary design of the sewer infrastructure with the intent of having it shovel ready in 30 to 36 months. Concurrently, Global will also present the city with a Franchise Agreement to provide Utility Services in the area.

Councilmember Martinez asked him to expand on the portions on police and fire service options and how they will be covered. Mr. Froke asked Chief Black to explain the options.

Chief Black explained Police and Fire have studied service provision options for this area as described below. Police service options are police officer and support staffing levels are driven by Calls for Service (CFS). She said based on data from the Maricopa County Sheriff's Office (MCSO), which currently has jurisdiction of the area, an estimated 648 Calls for Service will be handled in 2012. At full build out, CFS levels are projected to reach 19,012 in this area. She said for the first year of providing service, the cost would be \$118,000. Three possible options to provide services to the Loop 303 Annexation areas have been explored: the Glendale Police Department, MCSO contract and a service-based contract with a Police Department. She said with contracting with MCSO, the cost would be \$100,000 to the city.

Councilmember Clark noted the only figure she sees was \$2.8 million at full build out. She asked if there was a figure of what a current MCSO contract would be. Chief Black explained that figure would be \$100,528. She assumes they can negotiate the same level of service for the same price as other entities.

Councilmember Clark remarked, since they were already under the sheriff, she prefers they stay and chooses option two.

Mr. Froke explained they do not anticipate the Phase I development will be ready for at least 36 months. They still need to work out a lot details and are asking for Council's direction to continue to move forward.

Councilmember Clark asked if they were asking the Council to choose an option at this time. Mr. Froke noted they were only asking for direction to continue their work.

Councilmember Martinez asked if there was any cost currently to the city. Chief Black replied no.

Councilmember Lieberman asked if there were any extra charges to people's homeowner property associations for the service provided by MCSO. Chief Black replied she did not know but does not believe so. Mr. Froke remarked there were no additional fees with MCSO, however, there may be with Rural Metro.

Dave McAlindin, Assistant Director Economic Development, reviewed the Revenue Impact Analysis. He said Glendale retained an outside, independent consultant to conduct an economic impact analysis of the Loop 303 Corridor. Staff asked the outside consultant, Sarah Murley, partner in Applied Economics, to examine three areas; Woolf Crossing, the balance of the area to be annexed along the Loop 303 and the remainder of the area not being annexed. The city asked the consultant to provide revenue expectations once the areas were built out. There are a number of assumptions included in the analysis, including the land uses expected to occur along the Loop 303, based on the General Plan and the Luke Compatible Land Uses (LCLU) as identified on the Land Use Map.

The time horizon for build out is expected to be between 20 to 30 years. Based upon these assumptions and input and data from a variety of city departments including police, fire, water services, transportation, courts, environmental resources, planning, legal, engineering, public works, and marketing and communications, the following is the estimated net fiscal impact of each of the three areas to the General Fund, Streets, Transportation Sales Tax and Police and Fire Special Revenue Funds:

- Woolf Crossing – Anticipated mix of residential, retail and industrial uses (previously annexed) – (\$324,000) annually.
- Balance of the area in Phase 1 along the Loop 303 Corridor – Anticipated mix of commercial/retail and office - \$20.7 million annually.
- Remainder of property not being annexed – Anticipated uses are mostly Luke compatible uses and generally heavy industrial - \$2.0 million annually.

The net fiscal impact to the city would have a negative effect if the residential component of Woolf Crossing develops first. In the remaining area being annexed there is more than sufficient revenue generated to offset costs, mostly through sales tax.

In summary, the estimated revenue generated from the development of the Loop 303 Corridor will more than sufficiently cover the costs of the annexation and annual on-going expenses given that projected development includes predominately nonresidential land uses and includes a sizable amount of retail/commercial space. Police, fire and street maintenance will be the three largest costs at build-out.

Staff has spent considerable time identifying the various components and is mindful of prior Council direction. Staff has identified all of the services that will be required, reviewed the options for those services and is making recommendations that both minimize the city's risk and cost to the city if the Council chooses to move forward with the pre-annexation and associated MAG 208 Amendment. Staff requests council direction on preferences for both Police and Fire options. Staff recommends that this area be annexed to allow future growth and employment opportunities for Glendale while simultaneously protecting Luke Air Force Base operations. Annexation of the Loop 303 area allows Glendale to control the land uses and development pattern in and around Luke Air Force Base. By doing so, Glendale will no longer rely on

Maricopa County for land use decisions in this area. Job creation, employment opportunities and private sector investment will be realized long term in this area as Loop 303, and the Northern Parkway are developed and as rail served properties are created.

Over time, the anticipated revenues derived from the new developments will offset the expected costs of providing services to this area as described in the Economic Impact Analysis. The Pre-Annexation Development Agreement (PADA) and the proposed MAG 208 sewer amendment to allow Global Water to provide sewer and reclaimed water on behalf of the city will be brought forward for consideration at a future Voting Meeting pending Council direction at the Workshop.

Vice Mayor Frate asked what would happen if residential just takes off. Mr. McAlindin explained this study was based on large amounts of commercial, therefore if residential increases, revenue will decrease.

Mr. Froke stated staff was seeking direction to continue to work with the Loop 303 corridor development groups, as well as work through the details that were contained in the staff report. The next step is to come back to an evening meeting and present the PADA and Utility agreements to Council for consideration and vote on this sometime this fall. He explained the process.

Mayor Scruggs arrived at the meeting.

Mayor Scruggs expressed her appreciation for the work done on this project with the landowners and developers working cooperatively with staff. She thanked them and looks forward to this becoming a reality.

Councilmember Clark also congratulated the principals that have been involved in this project from the very beginning. She was delighted to see this come forward and looks forward to approving the annexation of this property which was long overdue. Vice Mayor Frate agreed with Councilmember Clark and added he was glad that one of their goals was to protect Luke Air Force Base and they kept their promise.

Mayor Scruggs stated that concluded item number two.

### 3. ARENA MANAGEMENT AGREEMENT MODIFICATION PROPOSAL

Presented by: Horatio Skeete, Acting City Manager

Horatio Skeete, Acting City Manager, presented the item. He explained that at this point, they do not have a draft agreement. He will review the concepts that staff has been discussing and would like to get some consensus from the Council and move these concepts into an agreement they can move forward and make public.

Staff is seeking guidance from City Council on proposed modifications to the Arena Management Agreement with Arizona Hockey Arena Partners LLC and Arizona Hockey Partners for the use of the city-owned Jobing.com Arena by the Phoenix Coyotes.

A summary of the main points from the Arena Management Agreement approved on June 8, 2012, is as follows:

- The NHL team stays in Glendale for 20 years, the same amount of time remaining on the original bonds for the arena.
- The city receives 15% of the naming rights revenue for the arena.
- The city does not issue any new debt to support this agreement directly.
- The city pays an average arena management fee of \$15 million per year which was net present valued at \$203.7 million using a 6.5% discount rate.

An analysis conducted by independent outside experts concludes that, in their opinion, the deal:

- Meets the constitutional test against gifting by the city.
- The financial position for the city with the team in place will be better than managing the arena without the team.
- This conclusion was arrived at without the inclusion of any revenue from Westgate development, which is expected to at least double over the life of the team's stay.

In August 2012, Council directed the Acting City Manager to renegotiate the payment terms of the approved agreement with a stated objective of reducing the payments made in the early years of the agreement to better meet the city's cash flow needs.

Mr. Skeete presented the agreed upon restructuring terms and asked the Council for direction. He provided a slide comparison of the agreement approved in June and the conceptual changes they have been discussing.

### **Existing Arena Management Agreement**

- Current agreement is for 20 years
- No defined minimum performance standards

#### Yearly payments

- \$17M year 1
- \$20M years 2 – 4
- \$18M years 5 – 7
- \$16M years 8 – 11
- \$15M years 12 – 14
- 10M years 15 – 20

#### Capital Replacement Fund \$24M

- \$1M each year plus an additional
- \$1M in years 3, 7, 11 & 15

#### Cash Payment

- Total cash payment over life of deal \$324M
- Net present value using 6.5% discount \$203.7M

## New Terms

None

## **Proposed Terms for New Arena Management Agreements**

- Proposed agreement is for 20 years with one five-year renewal
- Minimum 40 hockey nights per year with an additional 30 nights of events
- Management fee reduced by \$30K for each non-hockey event below the 30 event level

### Yearly payments

- \$11M year 1
- \$14M year 2
- \$15M years 3 – 4
- \$16M year 5
- \$18M years 6 – 10
- \$17M year 11
- \$16M years 12 – 15
- \$14M year 16
- \$13M 17- 20

### Capital Replacement Fund \$12M

- \$500K each year plus an additional
- \$500K in years 9 – 12

### Cash Payment

- Total cash payment over life of deal \$320M
- Net present value using 6.5% discount \$188.7M

### New Terms

- Arena Manager receives an additional \$600K per annum for every additional 20 events over the 30 minimum requirement with an average of 7,500 attendees or more
- In the event of lock-out or strike the arena management fee will be reduced by \$60K per game not played

Councilmember Clark asked to have copies of the slides. Mr. Skeete stated he will provide those copies for everyone.

Councilmember Martinez stated this proposed agreement has been greatly improved for the city and he supports moving ahead with it.

Councilmember Clark stated she also supports moving forward with this agreement. She said she had a meeting with the Westgate manager and it appears that if the Coyotes deal is approved, there were several new tenants waiting to locate to Westgate. She believes the Coyotes were essential as an anchor tenant.

Vice Mayor Frate asked Mr. Skeete if he felt comfortable with these numbers and believes this will benefit the city. Mr. Skeete explained that about a month ago he received direction to renegotiate and look for opportunities to enhance the agreement. He recognized the difficulties the original agreement confronted the city with starting with front end payments. As a result, he set out to renegotiate the payment structure and get some relief in the early years in terms of cash flow. He noted there were still some minor issues that needed to be resolved but the majority of the issues have been discussed. Therefore, under the circumstances, this is the best possible scenario he can negotiate for the city at this point.

Vice Mayor Frate remembers Mr. Skeete saying, he would not bring anything forward if he was not comfortable with it and not put the city at risk. Mr. Skeete replied he was correct. He added this agreement does not violate gift statutes.

Vice Mayor Frate asked if this includes the revenues generated at Westgate. Mr. Skeete stated this proposal does not include the ancillary revenues streamed from Westgate or surrounding businesses.

Councilmember Alvarez commented on the two slide comparisons on the new terms. She said her understanding is that the city will be paying more and losing a lot of money. Mr. Skeete explained that the \$600,000 was for 20 events not only one. He reiterated his earlier explanation on the slide.

Councilmember Alvarez asked for Mr. Skeete or Mr. Tindall to explain the election for approval of the franchise and the difference between this contract and a franchise contract.

Mr. Skeete explained the term franchise in hockey, was really the hockey team is a franchise of the NFL not the city. He noted this was simply a management agreement between the city and a management company whose obligation is to bring a franchise hockey to the arena. Therefore, he does not believe that has anything to do with election for franchise agreements.

Mr. Craig Tindall, City Attorney stated that Mr. Skeete was correct. He noted the city was not granting a franchise that is for a utility franchise to go to election. Councilmember Alvarez explained this was an issue being talked about in the community and wanted to make clear that they were not violating the Charter.

Councilmember Lieberman stated his concern was that even with the 48 nights of hockey games, they only had 50% occupancy. He does not know why major businesses such as Wal-Mart have not gone to Westgate. However, he does appreciate the good job done by staff but believes better management can be found without laying out all this money for a hockey team. He believes that hockey will not come close to filling Westgate. He discussed the Tanger Outlet opening soon.

Mayor Scruggs thanked Mr. Skeete for all the work that was done and he was accurate that Council talked about what would make the agreement approved in June better for the city versus better for the hockey team owner. And you did go out and address all of those issues. She would

like to talk about one of them and then she would like to give her perspective when it is the appropriate time to go forward with giving direction.

Mayor Scruggs continued the thing about the performance requirement came out a little bit on the negative side versus on the positive. Basically, what it lays out, that if for whatever reason, if it was more profitable to be in the event production business, Mr. Jamison could basically pay us \$900,000 for a year and produce no events. That's the way it works out, \$30,000 a year for every event that is not produced of the 30 that the city expects from him. So is \$900,000 the total amount of revenue that the city expects to derive?? Is that how we got to that because it seems like a –if somebody did not want to have the expense of putting on events, you pay \$900,000 and you just don't do any events.

Mr. Skeete explained the \$900,000 is not a reflection of the only potential of the 30 events in the arena. He said those would be revenues lost from sales tax, ticket sales, concessions and surcharge that they would have received if there was an event in the arena.

Mayor Scruggs asked if that could be estimated for 30 events.

Mr. Skeete explained the average hockey game brings about 9,000 people to the arena and will raise approximately \$11,000 per game. He said non-hockey events brought about 4,000 to 5,000 people. He said that by using those numbers, he calculated what would be the loss of revenue as a result of those activities. He came up with \$30,000 for non-hockey and \$60,000 for hockey.

Mayor Scruggs clarified so if there were no non-hockey events produced for whatever reason, Mr. Skeete was saying that \$900,000 is what Mr. Jamison would be required to pay and that would be about the equivalent of what the city would have earned in ticket surcharges, and sales taxes inside the arena. That is what 30 events are worth to the city in revenue. Mr. Skeete stated she was correct.

Mayor Scruggs commented that was not nearly as much as she thought.

Mr. Skeete noted this did not include any other activities in the area.

Mayor Scruggs commented for her, she thought the appropriate thing to do is to look at this in terms of the overall budget that Council has been looking at and the Vice Mayor was asking, are you comfortable with it if the city can afford it and so forth. And staff did give Council the slides and she can see why maybe they were reluctant to give them all to Council because the slides include projections. Well she didn't know if it was because they didn't want us to move ahead or whatever. But for her she can't say yes go ahead or don't go ahead with this until she has seen the four slides that show the effect on the whole city budget if the team stays or the team goes, sales tax stays, sales tax goes. And she thought it was really incumbent – well no matter what is said, the public cannot unlock the sales tax increase from the Coyotes' payment. It's just for whatever reason, maybe because they hear too much information that tells them that they are locked together. How the city proceeds forward is going to be very, very, very important in guiding the residents and how they are going to vote on Prop 457. She continued that Mr. Skeete

was doing a great job, and his staff was doing a great job of showing that the sales tax is needed to keep the city that we know, although there is some streamlining, things that can be done to make greater efficiencies. But as soon as the city moves forward with the arena lease, this is going to come back into the picture as being the reason why the tax increase is needed. So she suggested the city look at the four scenarios. If there is a Council direction to move ahead with these draft concepts then that's what it will be. For her, she thought Council should look at how it plays out with the numbers.

Vice Mayor Frate explained the 900,000 attendance seemed low because of the uncertainty they had last year. He believes it can be higher once they come to a conclusion on this matter. He said it can only get better as far as projections.

Mayor Scruggs asked what the reason was for the new projections being a lot lower than what Council had even two weeks ago in scenario one, two and three. What would the reason for that be?

Mr. Skeete stated staff will point out some changes. He explained the fund balances as seen on the slides were way too low as they move forward. They would need to make adjustments to those fund balances once the economy improves. The fund balances are not recommended, they are just there for comparison purposes.

Councilmember Clark stated it was important to recognize that Council gave direction to renegotiate the agreement with Mr. Jamison and staff has accomplished that. She believes Mr. Jamison has shown his willingness to participate in the future of Glendale. Therefore, she thinks it is time to give direction and send a strong signal that the city is ready to sign an agreement with Mr. Jamison and remove any uncertainty as to whether the hockey team stays or goes. Her direction is to move forward as soon as possible and consummate the agreement.

Councilmember Knaack agrees that this needs to be put out there first as the Mayor suggested before she can make a decision.

Councilmember Alvarez stated that Mr. Jamison was not as stable about this deal as Councilmember Clark stated. Therefore, she does not feel comfortable with investing money in the Coyotes and leaving out services that citizens have already paid for. She asked Mr. Skeete if Mr. Jamison had already bought the Coyotes. Mr. Skeete replied no.

Councilmember Martinez thanked Mr. Skeete for being able to put the city in a much better position. He said staff has done what they were told to do and renegotiated the agreement. He explained there were several business owners that have indicated that they were waiting to see if the Coyotes were staying. He supports moving forward with the agreement which will solidify the decision of some business owners. He asked as to the process if the city gives direction to move forward with the agreement. Mr. Tindall said the agreement is not effective until Mr. Jamison buys the team.

Mr. Skeete said he would like to reiterate that the consensus and guidance today was for him to turn this over to the city attorney and Mr. Jamison's attorney to pen an agreement. He believes it was important to bring this back in enough time for Council to review. He said the decision was to see if there was consensus for him to have the attorneys review the agreement and bring back to Council.

Councilmember Clark asked how long ago did the city notify Mr. Jamison that they wanted to rework the deal. Mr. Skeete replied it was about a month ago. Councilmember Clark indicated that in the past month, Mr. Skeete and Mr. Jamison have been able to come to an understanding on the major points in the lease management agreement. She said it was time for the attorneys to get to work and hope they don't take six months to work on this deal. She hopes they can resolve this in a timely fashion. She said that the last time the Council met, they talked about the budget that indicated that keeping the Coyotes was critical in terms of restructuring their bond debt because that sent a signal of the level of confidence to the bond market.

Mr. Skeete explained that the reaction in the bond companies was not so much affected if they had an agreement but that they needed to make a decision on the Coyotes. However, many have indicated that to not have the Coyotes may influence the rates in the bond market. Then again, they have not said they won't refinance without the Coyotes either. He said that debt restructuring may save \$32 million to \$35 million over the next three years.

Councilmember Clark asked if the rates will vary depending if the Coyotes stay or leave. Mr. Skeete replied yes. Councilmember Clark asked if these four slides reflect varying rates depending upon the team staying or leaving. Mr. Skeete replied no. Councilmember Clark asked if staff was using one constant rate. Mr. Skeete replied yes.

Councilmember Lieberman stated he does not agree with Councilmember Clark at all regarding the debt service and what some of the institutions are thinking. He explained that some may think the Coyotes were a liability and others that they are an asset. He said that what counts is if they are unable to restructure their debt because they do not have the credit for the debt service. He said that debt service was also based on probable income and probable cause for income. He indicated that they do not make a profit with the Coyotes. He also discussed the tremendous debt they had with the baseball stadium. Therefore, in his mind, they are going into further debt not less debt. He noted the Coyotes did not have anything to do with the problem but the way the city pays its bills.

Councilmember Lieberman stated he had discussed with Mr. Tindall how he wanted to know who Mr. Jamison's partners and investors were. He believes the city deserves to know since they were willing to go into a 20 year agreement and to this point Mr. Jamison has not bought the Coyotes.

Mr. Skeete asked to clarify that the debt service on the ball park was \$200 million not \$400 million as Councilmember Lieberman stated earlier.

Mayor Scruggs stated she wanted to talk about this in its most basic way. Last night she received in her mail and perhaps many of you did also an 8x11 mailer, and you open it up and it has a very simple and clear message. And that is that City of Glendale will have the highest tax rate in the United States or something like that. It said that the citizens have an opportunity to rid themselves of this very high tax rate and it's a very simple clear message. And the whole thing is to vote yes on Prop 457. She voted against the sales tax increase and she voted against the budget in June because she felt both of them were not truthful. Since then, there has been a lot of scrubbing done on that budget and she does feel that what has been presented to Council in the last couple of weeks does actually reflect what it costs to deliver not only core services but quality of life services to our citizens, our businesses and our visitors in this city. There has been some efficiency that Mr. Skeete and his staff have found and he is going to go into those later. And those are going to be recommended to happen regardless and that is all in this material. And that is good and there has been a lot identified through all this. But she thought the important thing that the city has identified is that the City of Glendale will not have the same quality of public safety service, nor any other of the amenities that people want when they live here, or move here if that tax increase goes away. There has been a fairly diligent effort to straighten out all things which were not able to be substantiated in the June budget or outright lies. And so she was feeling a lot more comfortable.

Mayor Scruggs continued that taking this a step further is the Prop 457 that is out there and in some ways and she thought in a lot of ways and we hear about it; read about it, some people maybe don't ever hear anybody say it. But there is a general feeling that the city entered into things, we the City Council entered into things carelessly without a lot of thought, without a lot of discussion. And that was the mode of operation for the past few years; Council may have disused it in Executive Session but not fully out in the open. And it is her belief and she has heard this from people who she talks to that there is distrust, and the city has lost a lot of its credibility. So when she asked that the City Council look at these four charts before giving direction to go ahead and sign on to the Coyotes, she did it with the thought that it might help the effort to do what is the most important thing to Council and that is to retain the revenue that is needed to run the city at the level and the quality that people have grown to expect and want. Because to just go ahead and say yes, this is what Council wants done but not look at it in a full view of how it impacts the city and the budget going forward over the years she thought lends credence to the belief that a lot of people already have. That Council just charges into things and really doesn't look at the consequences fully. So this was her suggestion. It was not intended to be either a support for or opposition to Mr. Jamison but rather a call for the city to work differently than the past several years, and hopefully rebuild some of the credibility that has been lost and reassure those residents who sit here and stand by the city and speak for us and reassure them so that they can talk to their friends with more comfort. So she wanted to explain why she was pushing you to those slides. She thought that for Council just to go charging forward in this one topic without looking at everything as it plays out in the numbers, will play into some peoples' belief that Council just doesn't look at things as well as they should.

Mr. Skeete stated it was important to note that the 7/10<sup>th</sup> of a sales tax has a five year sunset. He showed Council a five year picture if the sales tax increase is removed. The budget scenario slide shows more revenue because the tax has a five year sunset. However, they will have time

to wean off that revenue and make adjustments including a 3 ½% growth possibility. There is really no scenario that results in zero reduction because in five years some portion of that \$25 million is not going to be covered. Another assumption is that they would have collected \$8 million from their revenue before the sales tax went away. However, \$8 million taken out in following years has been corrected. In addition, if they were willing to demonstrate the ability and desire to balance the budget by making hard cuts if the sales tax is removed, he felt comfortable finance entities would let the city refinance their debt. Therefore, he believes they can be successful to some degree but can't forecast the degree. He said that for consistency, he used the same number for the four scenarios. The fourth scenario shows if the city was successful in keeping sales tax, and was able to restructure the debt but the team goes away along with the fee.

Mr. Skeete explained the following four slides.

**Five-Year Forecast Summary (Scenario 1 of 4)**  
**Sales Tax increase Stays, Debt is Restructured & Team Stays**  
(\$'s in Millions)

	Adopted		Amended			
	FY13	FY13	FY14	FY15	FY16	FY17
Beginning Fund Balance	2.0	2.0	7.9	9.5	10.1	10.9
Revenues	168.0	168.0	173.9	180.0	186.3	192.8
<b>Total Rev &amp; Fund Balance</b>	<b>\$170.0</b>	<b>\$170.0</b>	<b>\$181.8</b>	<b>\$189.4</b>	<b>\$196.4</b>	<b>\$203.7</b>
<b>Expenditures</b>						
General Fund Expenses	131.0	131.0	133.0	130.8	137.8	142.0
Expenditure Reduction	-	(3.0)	(6.0)	-	-	-
New MOU Expenses	2.0	2.0	-	3.0	-	3.0
3% Inflationary Factor	-	-	3.8	4.0	4.1	4.3
Transfers	14.0	14.0	18.0	16.0	16.0	20.5
<b>Arena Management Fee</b>	<b>17.0</b>	<b>11.0</b>	<b>14.0</b>	<b>15.0</b>	<b>15.0</b>	<b>16.0</b>
<b>Arena Capital Cost</b>	<b>-</b>	<b>0.5</b>	<b>0.5</b>	<b>0.5</b>	<b>0.5</b>	<b>0.5</b>
Spring Training Facility	-	6.6	9.0	10.0	12.0	13.0
Total Expenditures	\$164.0	\$162.1	\$172.3	\$179.3	\$185.5	\$199.3
<b>Ending Fund Balance</b>	<b>\$6.0</b>	<b>\$7.9</b>	<b>\$9.5</b>	<b>\$10.1</b>	<b>\$10.9</b>	<b>\$4.4</b>
Targeted Fund Balance	\$16.8	\$16.8	\$17.4	\$18.0	\$18.6	\$19.3

**Five-Year Forecast Summary (Scenario 2 of 4)**  
**Sale Tax Increase Stays, Debt is Restructured & No Team**  
(\$'s in Millions)

	Adopted		Amended			
	FY13	FY13	FY14	FY15	FY16	FY17
Beginning Fund Balance	2.0	2.0	9.9	10.7	11.3	11.8
Revenues*	168.0	168.0	171.3	177.3	183.5	189.9
<b>Total Rev &amp; Fund Balance</b>	<b>\$170.0</b>	<b>\$170.0</b>	<b>\$181.2</b>	<b>\$188.0</b>	<b>\$194.8</b>	<b>\$201.7</b>
<b>Expenditures</b>						
General Fund Expenses	131.0	131.0	133.0	137.0	144.2	148.5
Expenditure Reduction	-	-	-	-	-	-
New MOU Expenses	2.0	2.0	-	3.0	-	3.0
3% Inflationary Factor	-	-	4.0	4.2	4.3	4.5
Transfers	14.0	14.0	18.0	16.0	16.0	20.5
<b>Arena Management Fee</b>	<b>17.0</b>	<b>6.0</b>	<b>6.0</b>	<b>6.0</b>	<b>6.0</b>	<b>6.0</b>
<b>Arena Capital Cost</b>	<b>-</b>	<b>0.5</b>	<b>0.5</b>	<b>0.5</b>	<b>0.5</b>	<b>0.5</b>
Spring Training Facility	-	6.6	9.0	10.0	12.0	13.0
Total Expenditures	\$164.0	\$160.1	\$170.5	\$176.7	\$183.0	\$196.1
<b>Ending Fund Balance</b>	<b>\$6.0</b>	<b>\$9.9</b>	<b>\$10.7</b>	<b>\$11.3</b>	<b>\$11.8</b>	<b>\$5.6</b>
Targeted Fund Balance	\$16.8	\$16.8	\$17.1	\$17.7	\$18.3	\$19.0

\* Loss in team revenues of \$2.5 million, does not include any estimate for impact on Westgate

**Five-Year Forecast Summary (Scenario 3 of 4)**  
**No Sales Tax Increase, Debt is Restructured & Team Stays**  
(\$'s in Millions)

	Adopted		Amended			
	FY13	FY13	FY14	FY15	FY16	FY17
Beginning Fund Balance	2.0	2.0	4.9	7.4	8.9	10.4
Revenues*	168.0	154.0	151.1	156.4	161.9	167.5
<b>Total Rev &amp; Fund Balance</b>	<b>\$170.0</b>	<b>\$156.0</b>	<b>\$156.0</b>	<b>\$163.8</b>	<b>\$170.7</b>	<b>\$178.0</b>
<b>Expenditures</b>						
General Fund Expenses	131.0	131.0	133.0	107.1	113.4	116.8
Expenditure Reduction	-	(14.0)	(29.0)	-	-	-
New MOU Expenses	2.0	2.0	-	3.0	-	3.0
3% Inflationary Factor	-	-	3.1	3.3	3.4	3.6
Transfers	14.0	14.0	18.0	16.0	16.0	20.5
<b>Arena Management Fee</b>	<b>17.0</b>	<b>11.0</b>	<b>14.0</b>	<b>15.0</b>	<b>15.0</b>	<b>16.0</b>
<b>Arena Capital Cost</b>	<b>-</b>	<b>0.5</b>	<b>0.5</b>	<b>0.5</b>	<b>0.5</b>	<b>0.5</b>
Spring Training Facility	-	6.6	9.0	10.0	12.0	13.0
Total Expenditures	\$164.0	\$151.1	\$148.6	\$154.9	\$160.3	\$173.4
<b>Ending Fund Balance</b>	<b>\$6.0</b>	<b>\$4.9</b>	<b>\$7.4</b>	<b>\$8.9</b>	<b>\$10.4</b>	<b>\$4.5</b>
Targeted Fund Balance	\$16.8	\$15.4	\$15.1	\$15.6	\$16.2	\$16.8

\* \$8 million collected in the first year before tax repeal (FY13 Amended)

**Five-Year Forecast Summary (Scenario 4 of 4)**  
**No Sales Tax Increase, Debt is Restructured & No Team**  
(\$'s in Millions)

	Adopted		Amended			
	FY13	FY13	FY14	FY15	FY16	FY17
Beginning Fund Balance	2.0	2.0	7.9	9.6	11.1	12.3
Revenues*	168.0	154.0	148.5	153.7	159.1	164.7
<b>Total Rev &amp; Fund Balance</b>	<b>\$170.0</b>	<b>\$156.0</b>	<b>\$156.4</b>	<b>\$163.3</b>	<b>\$170.2</b>	<b>\$176.9</b>
<b>Expenditures</b>						
General Fund Expenses	131.0	131.0	133.0	113.3	119.8	123.4
Expenditure Reduction	-	(12.0)	(23.0)	-	-	-
New MOU Expenses	2.0	2.0	-	3.0	-	3.0
3% Inflationary Factor	-	-	3.3	3.5	3.6	3.8
Transfers	14.0	14.0	18.0	16.0	16.0	20.5
<b>Arena Management Fee</b>	<b>17.0</b>	<b>6.0</b>	<b>6.0</b>	<b>6.0</b>	<b>6.0</b>	<b>6.0</b>
<b>Arena Capital Cost</b>	<b>-</b>	<b>0.5</b>	<b>0.5</b>	<b>0.5</b>	<b>0.5</b>	<b>0.5</b>
Spring Training Facility	-	6.6	9.0	10.0	12.0	13.0
Total Expenditures	\$164.0	\$148.1	\$146.8	\$152.3	\$157.9	\$170.2
<b>Ending Fund Balance</b>	<b>\$6.0</b>	<b>\$7.9</b>	<b>\$9.6</b>	<b>\$11.1</b>	<b>\$12.3</b>	<b>\$6.8</b>
Targeted Fund Balance	\$16.8	\$15.4	\$14.9	\$15.4	\$15.9	\$16.5

\* \$8 million collected in the first year before tax repeal (FY13 Amended); and  
Loss in team revenues of \$2.5 million, does not include any estimate for impact on Westgate

Mayor Scruggs commented in FY 13 the city was going to reduce expenditures by \$3 million but then you look at the general fund expenses in FY14, it goes up from \$13 million to \$133 million is that to reflect increases in inflation or other types of things. She was wondering why the \$131 million didn't go down to \$128 million in FY14?

Mr. Skeete stated he did reduce the \$131 by the \$3 million but also included the \$2 million for the MOU.

Mayor Scruggs asked what made the GF expenses of \$133 million in FY14 drop to \$130.8 million in FY15 because you have new MOU expenses coming in.

Mr. Skeete explained the \$3 million in FY15 was reflected in the FY16 bases budget. The numbers reflect the reduction in the budget plus the increases for the MOU and 4% for inflation adjustments.

Councilmember Clark stated she finds the slides confusing since they are based on variable assumptions that cannot be predicted. She said she does not feel comfortable with any of these slides. However, she thanked him for his work and for trying to communicate the figures.

Councilmember Alvarez stated she was sitting there looking at slides and what they were getting into. She said they all need to look at the numbers and the consequences to the community and businesses. Some of these decisions are to eliminate GRASP, Rose Lane and O'Neil and close them down. There are cuts to community centers and libraries which affect their community. She indicated the reason there is so much negativity towards the sales tax is because of the errors that have been made by the city in the past. She cannot understand why they would build a ball park and rent it for \$1 a year. Additionally, she can't understand why they keep talking about removing services and still vote to keep the Coyotes. She knows the Council is going to go ahead and try and keep the Coyotes. She explained that if cuts occur in police and fire, they are going to have problems since crime has gone up. She still cannot believe the Council is talking about the \$17 million like it was \$17.00. She said people are panicking because of the situation. She does not care that they are not listening but does care what is happening where she lives and they should all care. She stated some of them are leaving the Council but some were staying and are going to have to face up to this. She asked them to look at what they were doing with cuts and the consequences of their actions.

Mayor Scruggs commented the next chart actually would show what the budget would look like if there was no team and no arena management fees. So is there anybody who wants to look at this besides her. And she knows you don't want an answer Councilmember Alvarez but she will answer for the general public. The reason why the city entered into the agreement for Camelback Ranch and were only charged \$1 a year for the use of it is because the information that was presented to those of us that were on the Council at the time is that the operating and maintenance cost of Camelback Ranch will be \$2 million a year. That is the number she remembers. And in exchange, if the city allowed them to program it the way they wanted with whatever events, which Council was told wouldn't be too many because they really didn't want their grass messed up that they would bear all the expenses of operating and maintaining Camelback Ranch, that same \$2 million a year. So it was presented to Council as a very wise decision to not take on an additional \$2 million a year cost when they were going to control how the place was used in the first place. So the city let them program it, let them take revenues and charged them a \$1 a year. So for the general public, she acknowledged it sounds pretty odd but that was the information that was made available to Council and she believes there were comparisons where Council was shown figures of what other cities who have Cactus Teams and what their costs actually were and from that the city could derive that ours would be the same or more because it's a bigger facility, two teams and so forth. So for the general public and for the

employees and for anybody that wants to listen that's the reason why the city went in that direction. And the city owns the land. But the question is why do we only get a \$1 a year and it's because we were trading off \$2 million a year in expenses.

Councilmember Lieberman agreed with Mayor Scruggs' comments. He said they had been misled and were also promised Main Street and the creation of retail development that would help pay the city's debt service. He noted that he was also misinformed and believed in the sales pitch and thought the city had it covered.

Mayor Scruggs commented there was a lot of information back there in terms of that. There was also going to be a 1,000 room hotel that was going to be started within the first three months and it was all secured... It gets down to trusting too much. We trusted and believed the people who were in the position and had the responsibility, accountability and authority to advise us.

Mr. Skeete explained scenario two. He said that in this scenario, sales tax stays, debt is restructured and team goes away but the \$6 million management fee remains. He reminded everyone they have done no studies on the effect this would have on Westgate; however, assumptions have been made in other city presentations. Additionally, this shows zero reduction in revenues because of missing information and assumptions he was not prepared to make. This also does not address the sales tax gone in 5 years.

Councilmember Martinez remarked that even in this scenario, the city would still have a deficit. Mr. Skeete replied that was reasonable to assume based on the lack of information.

Mayor Scruggs asked Mr. Skeete to explain something again, under expenditures back to scenario two, the second line expenditure reduction. This shows nothing but yet he told Council earlier there is no scenario under which there would be no expenditure reduction. How should she be reading that line because nothing runs across? Mr. Skeete explained the zeros shown in that scenario basically reflects the fact that he does not have accurate and reliable information as to what would be a revenue change if they don't have 40 nights and what would happen in Westgate. He was not comfortable in guessing what those numbers are today.

Mr. Skeete explained scenario number three. He said that this scenario has no sales tax, debt restructuring and the team stays.

Mayor Scruggs clarified what Mr. Skeete was saying is by FY14 there would have had to be \$29 million cut out of the GF budget. Mr. Skeete stated she was correct.

Mayor Scruggs commented Council was getting emails she assumed everybody was saying don't cut this, don't cut that, don't cut that other thing, choose something else. And at some point she would like Mr. Skeete to discuss how this all happens and staff are the ones that say what they would have to cut out in order to achieve that loss of revenue. That we are not picking on any particular department that everybody has to help make up kind of a loss, \$29 million. And they tell us how they would do it. Mr. Skeete stated she was correct.

Councilmember Martinez asked if the information provided last time was a 20% straight cut on all departments. Mr. Skeete replied they started the analysis with a 25% reduction across all departments. However, there was a smaller reduction in public safety, but it was still severe.

Mr. Skeete explained scenario four.

Councilmember Clark asked if it was safe to say that in all these scenarios the bottom line is simply that there is not enough revenue generated to sustain the city at the present level of operation. She asked if that was a fair statement. Mr. Skeete replied she was correct.

Councilmember Clark reiterated that they were simply not generating enough revenue to meet the current level of expenses. She agrees that the bond market will look favorably upon the city making cuts and trying to bring their expenses in line. She noted that no one wants to cut anything but they are charged with bringing expenses in line with the revenue streams. She believes the sales tax increases buys them breathing room to moderate cuts over five years. Mr. Skeete agreed.

Councilmember Clark explained that without the sales tax they would not have any time. She reiterated the sales tax buys them precious time that will allow them to make cuts in a more structured and logical approach.

Mayor Scruggs agreed and commented she thought that was what the charts do versus us just trying to say it in words. So when you go to the community budget meetings, will you be taking these? So would they be able to see the difference here with tax or without tax? Mr. Skeete replied yes.

Councilmember Knaack commented that these cuts show that even with a team or not, the city still needs to make huge cuts. She appreciates Mr. Skeete's conservative assumptions since none of them have a crystal ball to know the future. She realizes staff was doing the best they could under the circumstances. She agrees the public needs to be informed about the situation and what the city's options are. She was so tired of hearing about the past and what they did wrong. She stated the past was in the past and they need to move forward with the future. She thanked Mr. Jamison for being willing to listen to their concerns and work with the city as well as Mr. Skeete for getting them to this point.

Councilmember Martinez stated that the public needs to know that the city will be holding several meetings in the community to explain the impact of Prop 457. The first meeting is tomorrow evening at the Foothills Aquatic Center at 6:00 p.m.

Councilmember Clark stated her support with moving forward with the Coyotes management lease agreement.

Councilmember Knaack stated she was still in favor of keeping the Coyotes in Glendale.

Mayor Scruggs commented that Mr. Skeete had direction to go ahead and do the legal work to draw up whatever was going to be drawn up based on the concepts.

Mr. Skeete noted that as they leave these four scenarios, it was important he make some comments. He explained that moving forward there will have to be cuts in any scenario. The four scenarios demonstrate and show that they are going to have to make sacrifices to keep the Coyotes; however, he explained the benefits. He noted that the short term affects of signing the agreement will have some impact over the operations of the city but thinks the city can recover that over the 20 year deal. He believes if they can sustain the cuts in order to make this happen, it will be in the long term best interest. He said the question was if those cuts were insignificant enough to be able to live through those reductions that will happen in the short term.

#### 4. BUDGET PRESENTATION

Presented by: Horatio Skeete, Acting City Manager

The purpose of this presentation is to provide City Council with an opportunity to continue a discussion about budget issues and to provide direction in light of the citizens sales tax initiative that will be on the November 2012 General Election ballot.

The city is currently operating under the FY 2012-13 balanced budget as approved by Council in June 2012. The current budget includes the sales and use tax rate increased to 2.9% across most categories, and a 2.2% tax rate for single item retail and use tax purchases exceeding \$5,000. The sales tax rate increase went into effect August 1, 2012, and will expire in August of 2017.

The annual revenue anticipated to be generated by this increase is approximately \$25 million. Since that time, Proposition 457 (citizens' sales tax initiative) has been placed on the ballot for the November 6, 2012 General Election. The outcome of the election has the potential to have a significant impact on the city's current and ongoing operating budgets and delivery of services. As such, the City Manager has directed all departments to develop budget cuts and service reductions for review by Council.

Today's presentation will focus on follow up items from the September 25, 2012, workshop regarding

- Reduction proposals for early implementation
- Potential modifications to the following operations that currently have a revenue recovery component:
  - Downtown festivals,
  - Glendale adult center,
  - Rose Lane Aquatic Center,
  - Foothills Recreation and Aquatic Center,
  - Fire inspection fee program,
  - HALO (Helicopter Air Medical and Logistics Operation) ,
  - Southwest Ambulance contract,
  - Public safety services for the arena, stadium and baseball facilities and

- Vehicle repair and maintenance services.

Mr. Skeete asked Ms. Schurhammer to provide the presentation. She provided a brief summary on several slides.

#### GF Reductions Required

- 9/25 workshop discussion: \$20.1M, 249.35 FTEs
- Reductions in addition to those over past 5 years \$40M (25%) operating budget cuts  
307.26 FTEs (22%) staffing cuts  
Additional \$1.1M and 5.25 FTEs cut w/ adoption of two-tier sales tax rate  
Public safety cuts limited to 9% (\$7.6M) operating budget and 11% (86.75) FTEs

#### Business Decisions Ready to Implement

- Eliminate GRASP program at O'Neil & Rose Lane Recreation Centers and Glendale Community Center
- Close Rose Lane & O'Neil Recreation Centers
- Restructure Fire Marshal's Office
- Outsource custodial services for all city buildings and exterior areas
- Move initial collection of past due accounts to contracted collection agency
- Eliminate federal lobbying contract
- Departmental consolidations

Mr. Brian Friedman, Executive Director of Community and Economic Development, provided information on the following slide. Staff will return with options for council consideration on the following city assets.

#### City Assets Overview

Staff is working on providing an update for these 10 primary city assets:

- Sine Building
- Media Center
- Bank of America
- Adult Center
- I.T. Building
- Glen Lakes Golf Course
- St. Vincent De Paul
- Desert Mirage Golf Course
- Civic Center
- Lazy J Trailer Park

Any proceeds from potential sales (one-time revenue) will be used to reduce secondary property tax rate increase scheduled for FY14.

Vice Mayor Frate asked if these were all the properties staff was considering. He made reference to the dry cleaner property that should be considered. Mr. Friedman explained they were attempting to get grants for that property as well as its potential for requiring remediation in phase three clean up. At this time, Mr. Friedman stated staff considers these the top 10 assets that will deliver potential return immediately in terms of the next few weeks.

Ms. Schurhammer provided information on recovery options and introduced Ms. Julie Frisoni, Marketing Director to answer any questions. The downtown festivals bring in 400,000 visitors annually. The revenue average is \$400,000 annually over the course of the last five years.

### Revenue Recovery Options

- Downtown festivals
- Glendale Adult Center
- Rose Lane & Foothills Aquatic Centers
- Fire inspection fee program
- HALO
- Southwest Ambulance
- Public Safety services at sports facilities
- Vehicle repair & maintenance services

Councilmember Clark asked what the average cost for the festivals were. Ms. Frisoni stated the average cost for a festival is about \$100,000 per event. She said 25% was GF supported and the remainder is made up by revenue. Therefore, the \$400,000 went back into the events and reduces the cost of the GF. She explained the bullets do not contemplate a scenario that moves the events out of the downtown area.

Councilmember Lieberman asked what the ultimate cost was to put on the festivals and what was the bottom line deficit. Ms. Frisoni stated the amount that the GF gives was \$635,000 a year. The amount is broken up by salary and the remaining half is about \$320,000. She explained half of that amount goes to put on the downtown light display. The remaining \$160,000 is the amount they use to produce the festivals. Therefore, the cost of the festival production for seven or eight festivals was \$24,000 per festival from the GF.

Councilmember Clark asked if the deficit to the GF to put on these festivals was \$235,000. Ms. Frisoni replied no. She explained they received only the \$635,000 from the GF and that was all they were given.

Councilmember Clark asked what the cost to the GF was every year and if that cost was off-set, then by how much. Additionally, she would like to know where the additional \$235,000 was generated from since they are not receiving it from the GF. Ms. Frisoni explained that those figures fluctuate each year depending on the amount of revenue they have in the bank to supplement the cost of the festival. Councilmember Clark stated the bottom line is that it costs the city \$635,000 a year which is ½ million just to put on these festivals.

Councilmember Lieberman asked if they spend all the \$400,000 in revenue. Ms. Frisoni replied no. They have to maintain a bank account to continue to put on the events.

Ms. Schurhammer explained that the marketing department had a special events fund that is set aside. The revenues have gone into that fund and have continued to grow to support the special events in the downtown area.

Councilmember Lieberman noted that somewhere there had to be a grand total of how much an event was costing the city. Ms. Frisoni replied the cost to the city was \$635,000 a year. She added that anything above and beyond that was dependent on the revenues they make at the events.

Councilmember Lieberman noted he was not getting an answer to this question.

Mayor Scruggs clarified that the cost for the events can be higher because there is some extra revenue that has been earned and you want to put on a more elaborate event a couple of years before, or you advertise more or you can cut back and have less expensive entertainment and less promotion. And is that why there is no set amount since it just depends on funding available based on what you have earned from other events. Mr. Frisoni stated that was correct.

Mayor Scruggs asked if you wanted to strip it down as far as possible what would that be. She commented that's not how the city has operated; it has tried to enhance the events every year.

Mayor Scruggs stated half of the \$635,000 goes to salaries and benefits and so forth but she thought some of the special events people do other things other than special events. So in a way it may be some sort of bookkeeping type of thing because she knew of one individual who is also involved in general communications. But it seems like all the salary for these people is in special events even though their entire work product is not special events. Ms. Frisoni replied she was correct.

Mayor Scruggs asked if Ms. Frisoni ever looked at maybe redistributing the salary amounts of those who are now totally charged to special events. Recognizing that when the city went through the budget last spring there were people popping up in all these different places that drove us nuts.

Ms. Frisoni noted the process seemed like a natural fit in special events.

Mayor Scruggs commented even though the folks themselves do work, that is a not special event. Ms. Frisoni replied yes.

Councilmember Lieberman asked if they can come up with a figure of what the total cost of the events are and let the Council know. He said he understood how the process works and what comes out of the GF, however, he would like a bottom line figure. Ms. Frisoni replied that figure was \$819,457 including the GF and other supporting revenues.

Councilmember Martinez asked if she was aware of how much was generated by surrounding businesses with these events. Ms. Frisoni stated the estimated impact of two events was \$3million to the downtown in both direct and indirect benefits. Those two events were Glendale Glitters and the Chocolate Affair.

Councilmember Clark noted that when they talk about Westgate, they did not look at the 40 night's impact on Westgate. Therefore, if they want to maintain these festivals, wouldn't they have to cut \$635,000 from somewhere else and some of those cuts may have to come out of public safety. She asked if that would be a fair assessment. Mr. Skeete replied yes. Councilmember stated she was not willing to go there.

Mayor Scruggs disagreed. She commented people have heard others say the reason the city keeps the Coyotes is because it's going to bring more business to Westgate which is going to generate more revenue for the city and the city has more businesses open up. So she didn't agree to take away what has been established – the first tourism destination is in the City of Glendale downtown because it needed it. Westgate is new and it has vitality, it has a freeway. Our downtown has not. If you take away that tourism destination, first of all you are taking away however much money and hundreds of thousands or millions of visitors a year that would come to Glendale and have a positive impression of it. You would bring back what she saw when she went into office, buildings that were boarded up had graffiti on them and bars on the windows and nobody wanted to be there. You will add expenses to the police department because of the crime that will go on because there is nobody down there. She thought that is an extraordinarily wrong way of looking at it and figuring in that if the revenue is not in a piece of paper, she has heard it in every single comment as to why the city should give \$11M and however much to Mr. Jamison versus \$635,000 to our own special events department.

Councilmember Clark stated the point she was making with regard to Westgate was that Mr. Skeete did not include any benefit from hockey to Westgate; however, the direct and indirect benefits were being discussed regarding the festivals. Therefore, for purposes of this discussion and a level playing field, the 40 nights at Westgate should also be taken into consideration.

Mayor Scruggs made the suggestion to reduce Mr. Jamison's fee by \$635,000 a year because it is better spent right here in downtown in Glendale's downtown. The city has invested close to \$100M in trying to build the city back up from a place that was discarded and thrown aside and nobody wanted to come to and that includes this building, this complex, and everything here. Close to \$100M and the city was going to throw all that away and go back to a dark city, for \$635,000, take it out of Mr. Jamison's fee that's how she feels about it.

Councilmember Martinez remarked those severe cuts would happen as a worst case scenario if Prop 457 passes.

Councilmember Lieberman supports the downtown events. He disagrees with the \$25.00 entry fee and believes it was too high and will drive away people. He agrees that they would have to fence the area. He asked staff to come up with better parking.

Mayor Scruggs commented they are thinking not everything would be behind the fence and some of the festivals will be outside the fence. So isn't that the plan that there will be vendors and booths. Like right now food is in the street that there would be stuff outside the fence but if you want to experience entertainment up close and personal, you go inside. Ms. Frisoni replied there were several options.

Mayor Scruggs called for a 10 minute break.

Mayor Scruggs called the meeting back to order.

Ms. Frisoni continued her presentation with several slides. She discussed the fence perimeter that will leave some merchants inside and outside the fence. The cost for fencing and security was \$52,000 for the full event footprint site. She explained the direct and indirect cost as shown below.

#### Downtown Festivals

- Eliminate: Jazz & Blues - lowest cost recovery
- 100% cost recovery example: Chocolate Affaire  
Move to paid admission model  
Fenced perimeter  
Direct costs = \$187,507 (Marketing costs) Indirect costs = \$106,566 (City Services costs)  
Significantly reduced attendance expected  
\$25.00 ticket/direct costs (2,500 adult tickets / day)  
\$39.50 ticket/total costs (direct & indirect)

Ms. Frisoni asked Council to be aware of the impact to having the festivals as paid events. Staff will continue to find ways to cut production costs and increase direct revenues to help the city offset those costs.

Councilmember Martinez asked if this was the first time the public was hearing about the possibility of a fenced area. Ms. Frisoni explained it was discussed very briefly in the April budget discussion. Councilmember Martinez commented that he believes having a fenced area does not have a good ring to it and does not sound right.

Councilmember Lieberman commented he had concerns regarding the parking in the area with the figure of 95,000 in attendance and not enough parking for that many people. Ms. Frisoni replied that figure was over a three day period and they provide shuttle service for the Chocolate Affaire.

Councilmember Clark said no one was going to like what she was going to say, however she was going to say it anyway. She suggested staff cut the GF fund out of their budget. She proposed they raise their sponsorships to help cover that cost or scale down some festivals. She believes the festivals were not a priority in this budget. She said that festivals are not a necessity or a core service to the citizens. She explained that no one wants to see them go since everybody enjoys

them. However, she cannot support maintaining the festivals when there will be cuts to other departments.

Councilmember Knaack stated that her discussion with downtown business owners say they make about 25% of their annual income from the festivals. She suggested they include the business owners in their discussions and come up with some ideas on what they should do.

Mayor Scruggs commented she supported eliminating Jazz and Blues because she didn't see it as a festival. She sees this as downtown revitalization. People have just complained ad nauseam about Centerline not going further. Well this would stop downtown vitality more than Centerline not being developed. So this is not about festivals, this is about preservation of the core part of the city that was here long before any other parts were. She agreed with what Councilmember Knaack said.

She continued that she had heard from numerous business owners that Jazz and Blues people come for Jazz and Blues. They sit in the grass and maybe that is one you can do a fence off thing and then they will pay for it. But they are not shoppers, the Jazz and Blues are not shoppers and the city will be doing this for business vitality. And then she agreed with Councilmember Knaack to get together the business owners as quickly as possible to determine other models. She truly believes that the City of Glendale will suffer a bigger black eye in terms of the community values by losing the downtown events than by losing the Coyotes. And her suggestion still stands for the first year give Mr. Jamison \$10,365,000, second year \$13,365,000 and so on until the city can keep the downtown festivals which are our heritage, our historic area, the place that the city has invested so much of the taxpayers money. It has to be kept whole.

Councilmember Knaack agreed the Jazz and Blues was the most likely to go. She said that Mr. Jamison was very involved in the community and she will ask him if he would be willing to contribute to the events.

Ms. Frisoni stated they were meeting with the merchants regularly and will find out if they have any other ideas.

Mayor Scruggs asked where we stand. Staff would eliminate Jazz and Blues. How much does that take off the funding?

Ms. Frisoni stated she will come back to Council with those figures.

Councilmember Lieberman asked if they have decided whether Glitter and Glow stays.

Mayor Scruggs commented the lights have already been put up and everything and the majority of the money has been spent for that event.

Mr. Erik Strunk, Executive Director of Parks Recreation & Library, provided information on the following slide. He said for the Glendale Adult Center they included electrical and city overhead cost. He said that was the bottom line when you add all that back into the cost to

operate the entire facility. He indicated that figure comes out to \$656,836. He reviewed the fee structure below. He added they were currently on track for 50% recovery.

### Parks & Recreation 100% Cost Recovery Requirements

#### Glendale Adult Center:

- Annual fee increases from \$40 to \$190 (residents) and from \$60 to \$275 (non-resident)

Mayor Scruggs asked what was the drop in members when the city went to 50% recovery. Mr. Strunk said he will get that information to her at a later time. However, overall, he stated they were about 80% of what it was last year.

Mayor Scruggs asked what a member gets for \$110 a year. Mr. Strunk stated that basically it's an Adult Center so anyone 18 years or over can use it. He explained what was offered at the center: billiards and fitness; access to congregate meals; use of computers and internet access; free classes and assistance on income tax; use of the library, classrooms and membership in special hobby clubs; a place to volunteer and socialize; access to discounted day trips and special holiday events. He said it was open from 8:00 a.m. to 4:00 p.m. and fees can be paid monthly, quarterly or yearly.

Councilmember Knaack stated there was a lot of bang for their buck at the Adult Center. She said she pays \$24 a month for use of a gym.

Vice Mayor Frate stated the fees are very reasonable.

Councilmember Clark stated she supports the 100% cost recovery model for the Adult Center. She said that \$4 a week was very reasonable especially for all the activities that are offered.

Mayor Scruggs stated she also supports 100% recovery.

Councilmember Knaack commented on some people asking for the Adult Center to have extended hours in the evening.

Councilmember Clark agreed with Councilmember Knaack and suggested they look at a model to have hours in the evening for those getting off work. Mr. Strunk said staff will look into it. He added they may also see a decline of people with the elimination of the senior meals program from YMCA.

Mayor Scruggs agreed and commented on the Parks and Recreation staff would need to do some very careful analysis about who the market really is going to be any more and arrange staff in that way.

Councilmember Clark remembered the staff was planning to move the meals to a CDBG grant. Mr. Skeete explained that was the plan, however, it's a competitive process. Mr. Strunk further stated that the congregate meals program is currently funded with CDBG funds to the YWCA and echoed Mr. Skeete's comment that it is a competitive process each year.

Rose Lane Aquatic Center:

- Gate fee to increase by \$5.25 per patron

Mr. Strunk stated that in order for the Rose Lane Aquatics Center to achieve 100% cost recovery revenues, gate fees would have to increase by approximately \$156,029 or 150%. Based on this analysis, the cost would have to increase by \$5.00 per person, per category, to achieve 100% cost recovery.

For FY2013, the total cost for the Rose Lane aquatics facility is estimated to be \$297,276. The amount of revenue generated during the most recent swim season was \$141,246 under the fee schedule adopted July 2012; 657 participants attended group swim lessons, 31 participants received private swim lessons and 29,774 participants used the pool for recreational swim.

Councilmember Lieberman stated that if at all possible, he does not want to close that pool. He said that pool was a recreational necessity in that area.

Councilmember Clark stated she supports the 100% recovery model for this item as well. She added that at least they need to try it if they want to keep it open.

Mayor Scruggs asked if the attendance is low, what kind of attendance would there need to be then in order to recover the cost, Mr. Strunk explained they were using actual numbers; therefore they would look at the average of the last three years and predict how many will fall off the radar. He added that the decline will be significant.

Councilmember Clark suggested they might be open fewer days and for fewer hours. She believes they need to look at a combination of reduced hours and increased fees and to arrive at some kind of model that might work.

Mayor Scruggs asked if the facility was rented out to school swim teams and was it cost effective. Mr. Strunk indicated that it is currently rented to swim teams after summer swim during the warm weather months, however, would have to develop cost estimates to determine how much it would cost to install heaters for the complex.

Mayor Scruggs said that was not what she was thinking. She didn't realize that it was not heated and it's closed for seven months of the year.

Councilmember Martinez agrees that the drop off will be much higher than they anticipate. He agrees with Councilmember Lieberman that they should try and keep it open but under the circumstances he does not see how it can be done.

Mr. Skeete stated what he was hearing from Council is to have staff explore some possibilities on how these facilities can be maintained at reasonable prices and bring those back to Council before any decisions are made on this item so they and the public can be informed on how the analysis was made and why the decision was made.

Mayor Scruggs added that staff should also pursue grants, the Legacy Foundation that uses a match up from the Heart and they are all about kids and health and swimming is part of health and keeping kids safe. And some of those other types of funding opportunities that she didn't think the city had ever gone too. Mr. Strunk agreed.

Councilmember Martinez reminded everyone that this was under a worst case scenario and if Prop 457 is approved.

Foothills Recreation & Aquatic Center:

- Combination of fee adjustments & expense reductions

The Foothills Recreation and Aquatics Center has been operating at approximately a 78% cost recovery for the past several years. In the past 5 months the center has been operating at 100% cost recovery. The FY13 budget for the center is \$1,348,451. The estimated revenue for FY2013 is \$1,101,038. The difference between the budget and the estimated revenues is \$247,413. Management believes that implementing the following changes will ensure 100% cost recovery.

Mayor Scruggs commented that this facility was being used as a funding source for other things in Parks and Recreation. She continued that just like the special interest group class revenue that was going someplace else, it was helping some other program and Mr. Strunk even said himself he didn't want to get to the point where it's unfair. She asked how he would resolve all that with raising the swim rates and doing all this other stuff with other revenue resources and it's already at 100%.

Mr. Strunk noted they did not want to gouge anyone. He explained the way they were setting up Foothills is that it will be 100% self contained. He added they would adjust rates appropriately and make sure they were not generating a profit from the public. Therefore, staff feels very confident they will achieve the 100% recovery mark.

Mayor Scruggs asked if the pool was rented to swim teams when it's not summer time. Mr. Strunk replied yes.

Mr. Strunk provided information on the GRASP program and which sites will have 100% recovery and which were falling short. Staff will continue to look at the numbers.

Chief Burdick provided information on the following slide.

Fire Prevention Fees

- FY12 Expenses: \$854,466 (Fire Marshal's Office)
- FY12 Revenue: \$446,541
- Fire Inspection Fees - \$183,377 (Partial Year)  
\$473,000 (Full Year)
- Fire Permit Fees - Operational \$9,198  
Special Events \$35,523

Construction \$187,088

- Fire Inspections - Care Facilities \$31,355

Councilmember Clark suggested the office live within their means and what it uses for inspections. She noted that if they were generating \$736,000 that this should be the budget for that office.

Vice Mayor Frate commented on the recent implemented increases for inspection in the last few years. He said if Council's direction was to have 100% recovery they will have to raise fees and have some unhappy people.

Councilmember Knaack asked if he had any idea how to make up the difference other than raising fees. Chief Burdick stated he was looking at it through possible attrition; however, traditionally this was a service that they had not looked at from a revenue standpoint.

Councilmember Knaack said she would like to see them try and find other avenues other than raising the fees to the business community again since there will be a lot of push back on that.

Mayor Scruggs commented that Chief Burdick had said that there were 3000 inspections a year with 10 personnel but some of them may retire and the Chief may not replace them so then there wouldn't be 3000 inspections a year she assumed. So that means the revenue that was being brought in now will actually be less. And she agreed with the comments made that it was not a happy thing when those fees were instituted and they are pretty new, aren't they a couple of years or something? She thought increasing those fees would be problematic. So she didn't understand how Fire could do the number of inspections necessary in a year with less people or if there are other expenses in that division. Chief Burdick agreed to try and match revenue with expenditures without impacting the fee structure.

Mayor Scruggs asked if he could use volunteers. Chief Burdick stated this area takes a significant amount of training and once they are trained, they tend to leave. He said this was not the best service for volunteers.

Councilmember Martinez asked if by regulation they have to do at least half of the inspections each year. Chief Burdick stated they were regulated by the fact that the state requires them to do the inspections.

Chief Burdick provided information on the next slide. He stated that both these programs have been very successful and have performed well.

HALO & Southwest Ambulance

- HALO full cost recovery  
Contractually increases 5% annually
- Southwest Ambulance full cost recovery  
Contract being renegotiated

Chief Burdick continued his presentation on the following slide

Police & Fire for Sports Facilities

- Renegotiate contract to full cost recovery
- Stadium  
FY12 Revenue = \$703,222  
FY12 Expenses = \$1,866,297
- Arena  
FY12 Revenue = \$296,662  
FY12 Expenses = \$719,204

Chief Burdick discussed the process of staffs' discussion with the stadium and the arena regarding the city's staffing levels and coverage. He said currently they do provide the appropriate level staffing to cover the call volume. He explained the difficulty they were having with the stadium regarding staffing, service and payment. They will adjust as a business practice and see how this will play out with their adjustments and the implications of backing up the service.

Councilmember Clark said it was really interesting that they don't want to provide adequate service to the general public that is attending events at the stadium. She asked that Chief Burdick inform them that he had notified the Council of this situation. She noted should this turn into a situation where they are having to answer calls, could there be a new charge created that will be billable to the stadium if the city has to go answer 911 calls. Chief Burdick replied it might be possible but would have to see the legal aspects of it. Councilmember Clark asked staff to look into it since this was neither fair nor appropriate.

Mayor Scruggs commented since there is going to be a new arena management fee agreement drawn up and since the city owns that building, can it be written such that the public safety units are in the position of directing how much public safety needs to be at the events based on their expertise and so forth? And that the operator will just pay those expenses. Mr. Tindall agreed.

Mayor Scruggs asked if Chief Burdick was familiar with whatever the agreement is with the Arizona Sports Tourism Authority for the stadium in terms of who gets to make the call on what kind of staffing. Chief Burdick explained that overtime was always an issue.

Vice Mayor Frate stated they need to talk to Mr. Sullivan and tell him they need to look at this realistically and let him know this was discussed in an open forum that was televised and the Council provided direction to come to some understanding on costs and what they were currently paying. Everyone agreed.

Stuart Kent, Executive Director of Public Works, provided the summary.

The Equipment Management Division of the Public Work Department is responsible for buying and maintaining vehicles for all of the city's operations. There are currently 1,270 pieces of

equipment in the city's fleet. The fleet is diverse and includes specialty items such as the fire pumps, sanitation trucks, motorcycles, and more common passenger vehicles.

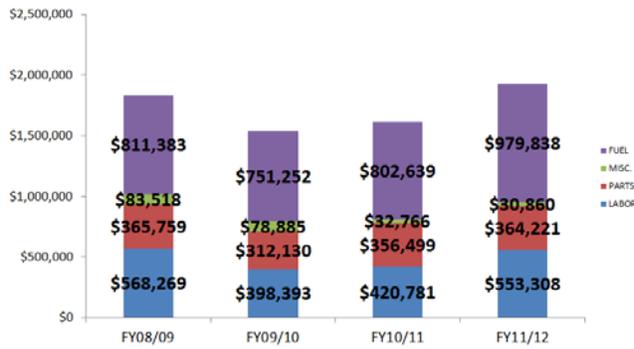
Fleet Management Services & Costs

- Innovations completed
  - Outsourcing parts
  - Motor pool
  - Flat rates for emissions and oil changes
- Public Safety Costs and Services
- Next Steps

Fleet Management Next Steps

- Continued process improvements
- Performance audit of fleet operations

Police Service Fleet Cost



Fire Service Fleet Cost



As mentioned earlier, a standard oil change on a non-emergency response passenger vehicle costs an average of \$37.93. Due to the high performance nature of the patrol vehicles, a different service is provided. At each preventative maintenance interval (typically 5,000 miles or every three months), in addition to an oil change, a thorough safety inspection is completed including removing the tires to inspect the brakes, suspension, battery, lights, tire rotation and other safety related inspections.

The interval of this inspection, as well as the maintenance completed, has been developed in conjunction with the manufacturer's specifications and the Police Department to ensure the safety of their officers. Staff has cooperatively determined that this level of maintenance is appropriate. The average cost for this service is \$145, although there have been some as high as \$317 depending on the number of parts replaced.

The service for \$317 included changing the battery, and the cost of the battery was \$133. The cost for this service, effective October 1, 2012, is being moved to a flat labor rate to better help the Police Department predict their fleet costs. The cost for this service will be approximately \$130, depending on the actual cost of oil and filter, and includes 1.5 hours of labor for the mechanic to complete the work.

Councilmember Clark thanked him for clearing up some myths. She asked what the previous charge for the oil change was. Mr. Kent stated they did not have a flat rate, but they made a slight 10% reduction in their cost.

Vice Mayor Frate talked about the fleet having the best tires available for these vehicles as well as the maintenance in keeping the cars clean.

Ms. Schurhammer stated the last item was the slides for the four community meetings. They are as follows:

Community Budget Meetings 6:00 PM

- October 3 (Wed)  
Foothills Recreation & Aquatic Center  
5600 West Union Hills Drive
  
- October 8 (Mon)  
Desert Mirage Elementary School  
8605 West Maryland Avenue
  
- October 10 (Wed)  
Glendale Adult Center  
5970 West Brown
  
- October 30 (Tue)  
Rose Lane Recreation Center  
5003 West Marlette

Mayor Scruggs asked what kind of format can the public expect.

Ms. Schurhammer explained there will be a brief presentation from each group that presented to Council last week. Each of those groups will also have a station and have the attendees rotate to each station to see what potential service cuts would be if the sales tax goes away. She believes that at the end there is an opportunity to offer feedback.

Vice Mayor Frate stated he liked that format.

Mayor Scruggs asked if Councilmember Martinez had something to add.

Councilmember Martinez stated at the session last week, he mentioned staff should look at the Council budget since there is about \$200,000 allocated to Councilmembers. These funds can be used for anything that will benefit the community. Some of the Councilmembers gave most of it up and his recommendation for next budget cycle is to do away with it. Additionally, they also receive \$18,000 in discretionary funds and that could easily be cut in half. He explained this was a good opportunity to show that the Council was not expecting everyone else to do what they were not willing to do also.

Councilmember Lieberman disagreed with Councilmember Martinez. He explained most of his funds go to good causes in his district and does not want to give it up but has given some back in the past. However, he will not agree to give up his discretionary funds.

Councilmember Knaack agreed with Councilmember Martinez and added this definitely needs to be on the table next budget cycle. She said they have all done wonderful things with that money, however, things are changing and they should look at that next year.

Councilmember Alvarez also does not agree with Councilmember Martinez. She said she does not want to give up the funding for the Ocotillo District. She explained the many areas where this money is needed.

Mayor Scruggs commented maybe once everybody knows who the new Councilmembers will be, and those of you that will be on the Council in January and are going to start talking about how you are going to go about hiring a new City Manager, you can add this to your list and talk with those who are coming on to the Council about this issue, because there still will be some money to give back for half a year. And it sounds like every penny counts, every dollar counts.

Mayor Scruggs commented for the record what they are talking about they don't have in the Mayor's office. So for the entire Mayor's office, everything, postage, printing, running the computers, whatever you want to think of you get \$17,000 a year for the entire office and everybody that works there. And it's down to three people now and they will probably cut the budget again. But you have \$18,000 each plus the Council office budget. But she hoped this would be brought up again.

Mayor Scruggs asked if Mr. Skeete had anything else.

Mr. Skeete stated that in addition to the public meetings, staff is ready to work on refining budget numbers and if they have significant information, they will bring it back to the next workshop to keep them informed as to where they are at this point as well as their progress.

As no further comments were made, Mayor Scruggs adjourned the meeting.

ADJOURNMENT

The meeting was adjourned at 7:24 p.m.