

***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 – Workshop Room
5850 West Glendale Avenue
October 16, 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

WORKSHOP SESSION

1. UPDATE ENERGY EFFICIENCY CONSERVATION BLOCK GRANT

PRESENTED BY: Stuart Kent, Executive Director, Public Works
Michelle Woytenko, Deputy Director, Public Works

This presentation will provide City Council with an update on the projects funded by the Energy Efficiency Conservation Block Grant (EECBG) awarded to the City in March 2010.

In March 2010, the City accepted \$2.3 million in EECBG funds for use towards projects approved by the United States Department of Energy through the American Recovery and Reinvestment Act (ARRA). The projects were strategically selected based on their ability to create jobs, reduce greenhouse emissions, reduce long term energy use over the life of the project, improve safety, and reduce city repair and maintenance costs. Below is a list of the projects, the status, and the funding related to each:

Project	Funds Expended	Status & Discussion
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Arrowhead Ranch Water Reclamation U/V disinfection system upgrade Installation variable frequency drive at Well 43	EECBG: \$1,083,500 Utilities CIP: \$4,046,632	<ul style="list-style-type: none"> • Both projects are ongoing with the U/V project having an estimated completion date of April 2013 and the Well 43 project having an estimated completion date of December 2012. • The U/V project is expected to save approximately \$200,000 annually in operating costs and the Well 43 project is projected to save approximately \$20,000 in operating costs
Main Library Lighting Improvements	EECBG: \$319,870	<ul style="list-style-type: none"> • Project completed January 2012 • Involved redesign of entire lighting system including the replacement of over 4,500 fixtures. • Approximate savings of \$18,690/annually
Public Safety/Court Complex Lighting Improvements	EECBG: \$78,729.14	<ul style="list-style-type: none"> • Project completed in February 2012 • Replaced over 4500 bulbs in over 2000 fixtures. • Approximate savings of \$30,000/annually
Municipal Complex Parking Garage Lighting Improvements	EECBG: \$41,892.23	<ul style="list-style-type: none"> • Project completed March 2012 • Replaced 244 fixtures. • Received rebate of \$11,400 and savings of \$5000/annually. • Addressed public safety lighting concerns with facility
Downtown Parking Garage Lighting Improvements	EECBG: \$65,708.15	<ul style="list-style-type: none"> • Project completed March 2012 • Replaced 420 fixtures. • Received rebate of \$31,500 and savings of \$7,460/annually.
Lighting Improvements in Eleven Sport Courts	EECBG: \$69,606.14	<ul style="list-style-type: none"> • Projects completed November 2010 • Replaced 179 fixtures in 11 sport courts selected based on input from multiple departments on park lighting needs. • Approximate savings of \$12,472/annually
Equipment Management Lighting Improvements	EECBG:\$40,251.88	<ul style="list-style-type: none"> • Project completed March 2012 • Replaced 99 fixtures in Equipment Management area. • Approximate savings of \$12,152/annually and significant maintenance time
MRF Lighting Improvements	EECBG:\$11,338.88	<ul style="list-style-type: none"> • Project completed March 2012 • Replaced 51 fixtures in MRF area. • Approximate savings of \$11,299/annually
Solar Lighting Fixture	EECBG:\$260,000	<ul style="list-style-type: none"> • Project commenced September 2012

Project in Eight Neighborhood Parks		<ul style="list-style-type: none"> • Replacing 50 formerly electric fixtures with solar fixtures. • Approximate savings of \$12,000 annually and savings in maintenance expected.
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Community Benefit/Public Involvement

These projects have not only resulted in improvements in service for our citizens but have also resulted in:

- Jobs Created (according to EECBG method of calculation): 9.2
- Reduced greenhouse gases by almost 700 metric tons of carbon dioxide equivalent, equates to taking 130 passenger vehicles off of the road
- Reduced the city’s energy consumption equivalent to 83 homes with average use on an annual basis
- Projected to save approximately \$329,073 annually in electricity costs, operational costs, and reduced maintenance
- Received rebates of over \$75,000

Budget and Financial Impacts

The City has expended \$1.97 million in EECBG funds and \$4,046,632 in other funding sources to-date on these projects as shown in the chart above.

Michelle Woytenko, Deputy Director, Public Works, provided the summary. She provided information on infrastructure and education projects and reviewed educational programs.

Vice Mayor Frate asked her to give some examples of the new energy efficient code and any new regulations they may need to follow. Stuart Kent, Executive Director, Public Works, stated he would defer those questions to Ms. Deborah Mazoyer, Building Safety Director, who will be at the next evening meeting with that information.

Ms. Woytenko continued her presentation on solar programs and other infrastructure improvements as well as grant requirements. Vice Mayor Frate inquired if this included the parks where problems with electrical vandalism were reported. Ms. Woytenko stated this was different from the solar projects that were used for those parks.

Ms. Woytenko stated these projects have not only resulted in improvements in service for citizens but have also provided results in the following areas.

- Jobs Created (according to EECBG method of calculation): 9.2
- Reduced greenhouse gases by almost 700 metric tons of carbon dioxide equivalent, equates to taking 130 passenger vehicles off of the road
- Reduced the energy consumption equivalent of 83 homes average use on an annual basis
- Projected to save approximately \$329,073 annually in electricity costs, operational costs, and reduced maintenance

- Received rebates of over \$75,000

To date, city has expended \$1.97 million in EECBG funds and \$4,046,632 in other funding sources on these projects.

Councilmember Clark asked what funding sources other than the stimulus funds were there, specifically regarding the amount of \$4 million. Ms. Woytenko stated the \$4 million specifically went to the water services projects in Arrowhead. Councilmember Clark asked if that was out of city funding. Ms. Woytenko replied yes. Mr. Kent noted some grant funding was also applied.

Councilmember Clark asked if these projects were necessary or just being done because they might have grant funding. Mr. Kent explained the UV project was already scheduled to be done and the grant funding just lowered the cost.

Councilmember Clark noted the public education projects were great but how much were they costing the city. Mr. Kent stated the building safety portion was less than \$5,000 of the total grant amount. He will get the rest of the break-out in funding to them as soon as possible.

Councilmember Knaack commented she was glad that with these grants they are able to go into schools and teach energy conservation. Mr. Kent noted Ms. Jo Miller was responsible for the education portion and had done a wonderful job.

Councilmember Martinez asked for clarification on thermostats mentioned. Ms. Woytenko commented on the classes and the programs used to be able to hand out programmable thermostats.

Mayor Scruggs commented she gets asked a lot and probably the rest of Council may as well, and it's usually with younger folks like those in high school. And the question is always what the city is doing in environmental efforts and things like that. Is there any information available to people on the website that people can be directed to?

Mr. Kent replied yes. He added the site was under environmental energy programs on the Glendale AZ website.

2. CITY MANAGER UPDATE ON GLEN LAKES MUNICIPAL GOLF COURSE, GLENDALE YOUTH SPORTS COMPLEX, AND BUDGET ITEMS

PRESENTED BY: Horatio Skeete, Acting City Manager

This is an opportunity for the Acting City Manager to provide an update regarding Glen Lakes Municipal Golf Course, Glendale Youth Sports Complex, and budget items.

This is for Council information only. The Acting City Manager and staff are available to answer any questions regarding the information provided.

Glen Lakes Municipal Golf Course – The Glen Lakes Municipal Golf Course is a 44.6 acre, nine-hole, executive length golf course located at 5450 W. Northern Avenue. The facility opened in 1966 and was purchased by the city in 1979 at a cost of \$1,104,000. Since then, the city has operated the facility through a series of qualified golf course management firms.

In March 2008, the city entered in to a 10-year operating and management agreement with Glen Lakes, LLC, after it successfully responded to a Request for Proposal. Although the city incurs no cost to operate the Glen Lakes Municipal Golf Course, the slow economy and decline in revenue has impacted the ability of the current operator to maintain its contractual and financial commitments to the city.

Glendale Youth Sports Complex - The Glendale Youth Sports Complex is a city-owned, 14-acre site that consists of 10 acres of active turf area including five lighted multi-purpose fields suitable for soccer, football, lacrosse, sports camps and other similar activities. Four additional acres include a two-acre stabilized granite parking area with two more acres of amenities including locker room, maintenance building, bleachers, press box, and two food and beverage concession stands. While the primary purpose of the site is designed to fulfill the city’s contractual obligation for turf parking at Arizona Cardinals football games and for “Mega Events” (events hosting over 40,000 persons) at the University of Phoenix Stadium, it also serves as a recreational facility that enhances the quality of life for Glendale’s youth, provides economic development opportunities for the city and additional buffering to the adjacent neighborhood.

Budget Items – City staff has held several public educational meetings about the potential budget reductions. These educational meetings provide an opportunity to engage the public in the budget process, as well as allowing them an additional forum to provide feedback and ask questions.

Additional budget items to be discussed:

- Staff engagement
- Downtown special events

Horatio Skeete, Acting City Manager, presented the summary. He stated Glen Lakes municipal golf course was bought in 1979 and contracted out in 2008 for 10 years. Staff, while working on the contract to review the terms and conditions, found that since July 2011, they have not paid the city. Additionally, they also found a number of violations. He explained that under remediation the city is prepared to rescind the contract if not paid. Since there have been discussions about selling city assets this facility can be considered due to non-payment as per the contract. He said he wanted to discuss possible options and receive Council’s input. He would like Council to determine if they want to proceed and engage outside staff to determine revenue and loss on this property. They can continue to own and lease it out or put it on the market. He added that operations have been a neutral cost to the city and the present contract is the same. He wanted to put this on the table for discussion.

Councilmember Martinez stated he would support putting it on the market.

Councilmember Lieberman asked if they were behind in payments. Mr. Skeete said the contractor had not made their rent payments and they are behind \$84,000. Additionally, the city has not received their audited financial statements. They also lowered their bond requirement without proper authorization. Councilmember Lieberman asked if they were also behind on their water bill. Mayor Scruggs stated they should find out.

Councilmember Clark asked if people adjacent to the golf course still pay premium payments for their lots. Mr. Skeete noted staff can find no specific regulation that requires that premium. Councilmember Clark stated the golf course had been there a very long time and can only agree to sell it with deed restrictions. She could not see doing anything that would hinder or affect the quality of life in the neighborhood.

Mayor Scruggs commented the Desert Mirage situation does not in any way apply to this situation. In this particular situation, because of the market, there is not a lot of interest in premiums lots. The market has pretty much gone away and she thought the city would be hard pressed to find anything like Desert Mirage in this situation. So there is really not a market. This is not like Desert Mirage in that people bought their lots and are just waiting for the golf course. She supports maybe going out to the neighborhoods and getting their opinion and talking to them about it. And in the not too distant future there will be no golf course because nobody can afford to operate because the market is just not there for this type of golf experience. So she thought the property lends itself to residential uses with part of it saved as open space.

Councilmember Martinez stated they should put it on the market and see what happens.

Councilmember Lieberman noted the area was one of the best in the city and there was no reason why it would not sell to a developer.

Councilmember Knaack commented on the complaints she receives about balls hitting the stucco. She believes the idea of a buffer was a great idea. However, nothing is forever and the whole golfing industry has changed and municipal golf courses are not doing very well. Therefore, she would like to receive input from the community and would consider putting it up for residential sale.

Vice Mayor Frate agreed to consider selling it but would like to have feedback from the neighbors. He said that any type of revitalization to an area was a benefit to everyone. He also agreed with the buffer idea. He noted Phoenix was having some of the same problems. Mr. Skeete stated he has been told the land is zoned agricultural.

Councilmember Martinez asked to have more information on how many rounds of golf are played on the course. He realized the course has been there a long item and has become an amenity to many. He asked if it was more affordable than most other golf courses.

Mayor Scruggs commented she was looking at it as this is a time when we are looking at people not knowing if they are going to have a job or not. And weighing this with the golf course with a small number of users against parks and recreation programs that are open to everybody, but we are chopping out of the budget. She thought that everyone has been used to giving whatever it is they want and the city just can't do that anymore. She believed there is an opportunity now to revitalize it, well she didn't really want to say revitalize, but further enhance it to bring new housing and offer adequate protection to the current housing. And bring funds into the city; reduce debt so the city doesn't have to draw so much from the GF which will protect jobs and protect city amenities. So she feels very strongly but let's see which way the majority goes, but she feels very, very strongly that this is the time to maximize an opportunity to reach and benefit a greater number of residents.

Councilmember Clark believes they should first receive input from the community before making a decision and learn what their expectations are. She noted that currently this was revenue neutral and selling it deed restricted will possibly make the city money.

Councilmember Lieberman asked if they found out what the water bill was. Mr. Kent stated the water contract was with SRP. The city has received no information that it has been shut off, however, after two months of non-payment water is usually turned off. Councilmember Lieberman inquired when the city was going to close the golf course for non-payment rather than go further in debt and not have that money for city projects. Mr. Skeete explained this situation was not putting the city in any further debt. The city has initiated discussion with the management company in an attempt to get payments current.

Mayor Scruggs commented the city was pretty much at a standstill here so we all agree to start talking to the neighborhood but she wasn't sure what the city was going to talk to them about. Since half say it should stay deed restricted and half it should be offered for residential. And Councilmember Alvarez does not have an opinion either way.

Mr. Skeete stated staff will talk to the neighborhood and discuss the consideration of a sale or if they are open to alternative residential development. He believes this will help make the decision straightforward, having additional input.

Mayor Scruggs stated she would like to see dates as Councilmember Martinez asked, she would like to see about a five year spread of users for residents and non-residents as well as what times and periods it is used the most.

Councilmember Alvarez noted it was not that she does not have an opinion on this item but rather that they have had other accounts that have gone up to \$90,000 in delinquency and have done nothing about it. She believes that \$84,000 was a lot of money for the city or Council not to know about it. She questioned why it took so long for staff to know about it and communicate it to Council. Mr. Skeete explained staff brought this to his attention two or three months ago. Staff's intention was to try and bring this to Council with a contract amendment, however, now they would like to move on to find another operator and look at other alternatives. Councilmember Alvarez commented on constituents who can only pay part of their bill and here

they have a management company that owes \$84,000 and is still operating. Additionally, she knows of a developer who owes the city \$90,000 and has not paid. She believes the average customer should receive the same consideration. Mr. Skeete explained since that developer had been brought to his attention, the contract was forwarded to a collection contract and any outstanding bills turned over. Since then, the conclusion has been to outsource which will make for better service.

Mayor Scruggs commented she wished to express recognition for efforts being made to not let problems get out of hand as they have done in the past and let contractual accounts just drift. At the same time she would like to support what Councilmember Alvarez is saying to the extent of being surprised to find out that the rent on the arena hadn't been paid for months, years, more than a year, did you know that, no, nobody knew that. If there is direction given from Mr. Skeete, from his office that any of these types of situations are to be reported within 60 days. She thought that may go a long way. She thought perhaps there has been a feeling that was generated through past individuals that just don't bring things up or certain problems or whatever. And she thought that needs to change; the city shouldn't let these things go. She supports the premise that within administration, she feels strongly there should be the word out there that the city just doesn't tolerate these things. It has been the attitude to let things slip but the city should investigate and research these things.

Councilmember Martinez agreed with Mayor Scruggs. He stated he heard from some residents that their water had been turned off when they were only given a delinquency notice. He said last week, water had been turned off where a large family lived with four children. He remarked those residents were not given a second chance. He believes they should look at certain circumstances.

Councilmember Lieberman stated his water had once been shut-off for \$109.00 bill.

Councilmember Clark remarked they all had stories from constituents with delinquent bills. She said some had the money for the bill but not the surcharge. She agrees with everybody that what's good for the goose is good for the gander and large companies should not always get away with what the citizens are not able to.

Mayor Scruggs gave direction to staff that every situation should be evaluated and not let things just drift. Mr. Skeete agreed.

Mr. Skeete said about a year ago staff began preparing for the expiration of the management contract with Global Spectrum for the Glendale Youth Sports Complex. The city took over the operations during the course of the year when the original contract lapsed and went out to bid. We received only one bid which was from Global Spectrum and we have reached agreement. Global Spectrum would be responsible for managing the Youth Sports Complex, if the Council approves the agreement at a future meeting. Mr. Skeete gave an overview of the agreements provisions. Councilmember Clark asked staff to explain why they were unable to sell this property. Mr. Skeete explained the property was bought by the city in conjunction with their obligation for 1,500 parking for the Arizona Cardinals Football games and stadium mega events.

He noted the city purchased 14 acres which equals approximately 1,000 parking spaces; however, the city was given credit for 1,500 spaces. He continued the operations of the youth sports field and the contract with the Cardinals requires that the city provide grass areas for parking. Councilmember Clark asked if there were any performance standards in the contract or penalties for renting the property for a specific number of days. Mr. Skeete said he does not recall anything specific of that nature but realizes they must maintain the up-keep of the area. Councilmember Clark suggested staff take the time to include a performance standard since having that will be revenue generating and give them an incentive to perform to the city's standards

Mayor Scruggs stated she wanted to revisit this youth sports field. She stated the all city needed to do was to provide parking, which the city can do, without lights and without games. But somehow or another when this all started, let's see the Fiesta Bowl was going to build a museum and office. The Prendergast family was being very helpful and somehow or another city would buy the land. And the city was going to have this expense and the Fiesta Bowl was going to put a museum in there and an office and this was a wonderful thing that we were going to do. But before we knew it, this situation that Councilmember Lieberman was talking about happened where somebody sold it to somebody and then the city ended up spending millions of dollars to buy it. She continued and it was developed as a Youth Sports Complex and it was supposed to be absolutely marvelous for the community except that immediately it had certain select teams from certain select organizations that got to use it without any bidding, they just were there to use it. And she remembered she ran into a discussion about this and was pretty much told to mind her own business and stop asking questions. So she would like to revisit how the city got the 14 acres and how it became a Sports Youth Complex and if it could just go back to being parking which is what the contractual obligation was and how much that would cost.

Mr. Skeete stated he was not here when the agreement was made and was not sure of the correct details. He did know the requirement of the AZST agreement at least 1,500 parking spaces and we worked out a lease agreement with the Prendergast family. Mayor Scruggs said the Fiesta Bowl was going to contribute a sizable amount. Mr. Skeete said the Fiesta Bowl contributed an initial payment and carved out property for their facility and if they had built the facility then the city would have collected lease payments for the land. Mayor Scruggs noted they were told this would be a big money maker for the city. Mr. Skeete agreed that was how it had been presented. Mayor Scruggs remarked that not long after the Fiesta Bowl announced that the office and museum was going to be built in Scottsdale.

Mayor Scruggs asked how Prendergast family had the right to sell it when the city had the contract to use it for parking. Mr. Skeete replied he was not involved in that process. -Mr. Skeete say he knew that the city purchased the property from a broker and the city paid approximately \$1 million more than the broker bought it for from the Prendergast Family a short time before.

Mayor Scruggs commented that somebody in the city knew this was going on. That the Prendergast family was going to sell it to the broker and the broker was going to raise the price \$1 million and sell it to the city. . Somebody in the city knew that was going on and that was negotiated.

Mr. Skeete replied he does not know if the city knew about raising the price but the city was in negotiations at the time for the property. Mayor Scruggs commented this sounds terrible, it was presented to Council as this big surprise that Pendergast family went off and sold it to this broker and now the city has to buy it from the broker so that the city can fulfill the parking. Mayor Scruggs said now Mr. Skeete was telling Council the city was negotiating to purchase the property. Councilmember Lieberman commented this was a 12 year lease. He said Art Lynch came to him with the idea to buy the land, however, he did not mention that the broker was going to make \$1 million in five years. He was told that in the five year period they would save, if they bought the land, approximately \$2.2 million in 12 years.

Councilmember Alvarez asked how much rental income this brings in to the city. Mr. Skeete stated the rental collected was \$30,000 to \$40,000 and the operating cost is \$275,000. Councilmember Alvarez asked if the city has been renting the parking space. Mr. Skeete replied yes. Councilmember Alvarez asked what the rental cost was since anyone can use this facility. Mr. Skeete said he does not have that information but can get it to her. Councilmember Alvarez said she would like to have that information. She indicated she was getting tired of hearing that the city was not getting paid and some groups were getting away without paying anything. She wonders what kind of financial people they have that let people get away with this type of thing.

Mayor Scruggs asked if the Council will know all this before they vote on a contract with Global Spectrum. The city doesn't have to use it as a Youth Sports Complex, right? So, will Council see these figures, what will it cost if the city just provides the parking that we are contractually required to provide rather than have this huge sports thing that people have to pay for to use. Because again Council is cutting our own operation programs, she would like to see a comparison. Mr. Skeete agreed to provide that information.

Councilmember Clark asked to see the performance standards as well since they will be required to pay that kind of money. Vice Mayor Frate agreed to support that. Councilmember Knaack agreed to support that as well since she feels they do not have enough information.

Mayor Scruggs commented the city had already gone out to bid, a proposal has been received and it does not include performance standards. So if there is majority consensus from the Council it seems we need a new RFP if that is legal.

Mr. Skeete explained the alternative was to reject the bid and put in performance standards. Councilmember Clark believes they should take this opportunity and collect new bids.

Mayor Scruggs confirmed that Council had the legal right to reject the bid and include new specifications. She thought it was a great idea because no one will bid on it and then the city can turn it back into parking.

Mayor Scruggs summarized Mr. Skeete would reject the current proposal and develop a new RFP. And so what do we do in the meantime? So do we continue it as a sports complex or do we not run any sports.

Mr. Skeete said the parks and recreation will run it until this gets resolved.

Mayor Scruggs verified that Mr. Skeete would provide a listing of what it costs to run the facility and would include the cost for staff for parks and recreation. List all costs including electricity, water, sanitation etc. Council wants to see all costs included in the cost of running it as a sports youth facility. Mr. Skeete agreed to have both costs for just parking or just the facility.

Mayor Scruggs asked if there was still some sort of agreement with Cooper Canyon High School.

Mr. Skeete explained they did have some parking arrangements; however, they have not been used recently.

Mr. Skeete provided information on the Public Education Events regarding the sales tax. He said he would like to provide some feedback on the meetings events. In summary, since 2009, the GF has been reduced by 23% and 210 full time positions. The highest fund balance was in 2006, during the recession it was used as a cushion. The GF is expected to fall further in revenue and a reduction in services if the city sales tax goes away. The main source for GF revenue is the sale tax and the state revenues which are also at its lowest. During the last six weeks staff has presented different scenarios of sales tax situations. Staff has met with city employees to receive feedback on reductions and new ideas. In addition, staff had three public meetings to share this information. Some concerns were the management of arena fee, the existing approved agreement which was considered too high by the majority. Some complimented the proposed agreement but are still not happy. He said the opinion was if services have to be cut, the public wants to renegotiate the arena and Camelback agreement. He added there seemed to be a lack of information regarding the Camelback ranch agreement. He compared Goodyear and Peoria's ways of operating and managing facilities and the type of revenue generated and collected by those cities. The net bottom line was a \$1.6 million loss in Goodyear and a \$1.4 million loss in Peoria.

Vice Mayor Frate commented on the three meetings and asked what the attendance had been at the meetings. Mr. Skeete indicated the attendance has been in the mid 20's and maybe peaked at 30 people. Vice Mayor Frate noted there might have been 100 between all three meetings.

Councilmember Clark remarked she went to the meeting at Desert Mirage and there were about 25 to 30 people. She noted that of those people they had many of the usual suspects questioned staff vigorously. She stated that other than the usual group, the general sentiment was to vote on the sales tax initiative even if they did not like the sales tax hike.

Mayor Scruggs reported she had attended the one at the Adult Center and it did not have any of the - what you call usual suspects, it had our regular citizens which a lot of them she has known for many years. And she didn't know if you study those long sheets of paper that staff wrote out and she thought that will be good to give to everyone to go read. She would say 70% of the comments were relative to the Coyotes and the arena management fee. At the very end there was an excellent account from the moderator and he even made the comment that more people spoke at that meeting than had spoken at all of the other meetings combined. She didn't think there

was a single family that did not have at least have one person speak. And as Councilmember Clark said, they are going to hold their nose and they are going to vote against Prop 457 because they do not want to lose their services but they also lambasted us about the Coyotes situation and do not want to see more money given to Greg Jamison. So yes she was hearing more and more people say they want to keep the services here but at the same time they do not want to pay for the arena.

Councilmember Clark reiterated that with or without the Coyotes they still have to pay the arena management fee and it was just a matter of how much they have to pay. Mr. Skeete agreed. Councilmember Clark said that with the Coyotes the attempt was to keep the arena at Westgate viable and believes the \$11 million to guarantee the events was reasonable. She said it was very easy to say it was all the Coyotes fault; however, they still would have to pay debt on the facility.

Mayor Scruggs respectfully disagreed; commenting it was because it's not about \$11 million, but about looking at these people who are sitting in this audience and not being able to guarantee them they would have a job in a month, six months, and a year. That the city wouldn't be able to pay their salaries but are going to pay a person who owns a hockey team \$320 million. The reason we do not know and the reason that person who says that he doesn't know the answer is because there has not been a will on this Council to find out what that number is and she called openly that this Council go out and find what arena management will cost with an RFP. Council doesn't have that number and doesn't have what that real cost is. For somebody that could go out and program 70, 80, 90, 100 whatever, the city needs to know that number so that it's not constantly, no that is not right because you don't know what that real number is. And it's not \$11 million, its \$11 million this year and goes up the following years. And at a time when the city was saying should we sell the golf course, should we do this, should we do that to bring money in, that bill goes out because it's by contract it will have to be paid. So that is what the people are upset about and until the city addresses this issue we are going to have a major problem in this community and that needs to be addressed.

Mayor Scruggs asked if staff presented all the information about the effects of the cuts to the city. Mr. Skeete replied yes and added the information regarding the arena issue was presented as well.

Mayor Scruggs added that after the meeting when Council gave direction to move forward and these statements were made, we were going to get all these new tenants if the Coyotes stay. There was an article in the Phoenix Business Journal and she forwarded it to Council and management, which said they were not figuring the Coyotes into their plans for Westgate. We are going to keep listing it; we are going to improve it, but are not figuring on the Coyotes staying in their plans. The article stated there will be a change in foot traffic when Tanger opens and will add to Cabela's. Additionally, they will have six new tenants that they are working with for the end of the year.

Vice Mayor Frate said he too read that article and agreed with the new tenants coming, however, the article did say the Coyotes will be a defining factor in it. He added that Tanger Outlets chose the city of Glendale because they wanted to be by Westgate and Sports Entertainment District.

He believes if it wasn't for Westgate and the Sports Entertainment District they would not be here.

Mayor Scruggs commented she was told something entirely different. It was the freeway access, visibility, staff's work process and the price of the land.

Vice Mayor Frate agreed staff was a factor but freeway access and visibility could be acquired elsewhere.

Mayor Scruggs stated that none of the Tanger people she talked to said that having the Coyotes here was their factor in choosing that location. They never said that. Well we will continue to argue but she says the city needs to know what it costs to fund that arena with professional arena management because that's the number that is important to her. If the city doesn't have Coyotes there would be zero cuts the first year versus what we heard.

Ms. Skeete stated there will be zero cuts if the sales tax stays and they refinance Camelback Ranch and they don't have a management agreement that calls for \$71 million in the next five years. They would eventually have to wean off the sales tax in 5 years.

Councilmember Clark agreed with Vice Mayor Frate's comments since she had heard the same information regarding the Coyotes being a defining factor at Westgate. She heard they were looking forward to hearing confirmation of the Coyotes as an anchor tenant and that would be the icing on the cake for them to ensure that new tenants would come in. She remarked that the \$320 million was over a 20 year period and even if they used the figure of \$6 million for a management company that was still \$180 million over 20 years. She explained they can't escape from this number even if the number may change. She asked if the \$6 million was included in the budget in order to have the zero cuts. Mr. Skeete replied he believed so.

Councilmember Alvarez stated they had gone over this many times before. She said the only thing she does not want to see were any lay-offs or people being encouraged to retire. She explained she was not interested in providing money to Mr. Jamison when he can put his own money down. She will not support giving any money for the Coyotes and will not say anything more on the subject since most do support it. She hopes their consciences were not bothered later on by doing this. She indicated that this has not been a good investment and the city should not vote to approve it. She wonders why they were wasting time on this since the majority has already decided to move forward.

Mayor Scruggs commented that Council was not voting on this but it was reasonable to make people aware that there would be no cuts at all if they did not have to pay Jamison that money and that could sway some people's minds. And she didn't think that ever came out clearly when Council had the budget meetings. Zero cuts.

Councilmember Lieberman commented on the profit that could be made using a professional management company, however, they must produce 60 events a year to make a profit.

Councilmember Martinez agreed with Councilmember Alvarez that the Council keeps talking about the Coyotes issue whenever they go over the sales tax. However, he believes it was necessary for everyone to understand everyone's position on the matter. He reiterated that sometimes they have to go through some short term pain to reach a long term goal such as this one. He discussed the difficulties in getting mega events to come to the arena since Phoenix was a second tier market. He still supports keeping the team in Glendale. And if they do end up leaving he would hope to see some of those big acts some are talking about come to the arena.

Mayor Scruggs clarified she never said big acts, forget the big acts. The city needs people, that's all we need in the arena. She didn't care what they are there for. Council talked about the infamous religious event that was turned away because the arena was not going to make enough money but the hotel general manager said they just took about 1,000 room nights away from them that they get every year. And said they took money away from the restaurants in Westgate, because the NHL was not going to make any money. There is a real conflict. She affirmed her desire to go out to bid and find out what it would cost to bring somebody else in. The city already knows what it's going to cost to have the team run it. She understands the long term gain - that in the long term, it's better to have the team there but folks we may not ever make the long term. You are the short term pain that he is talking about. You're the short term pain, your jobs are the short term pain, and the city cannot afford the short term pain in the hope of the long term gain. She doesn't want to shut down the Chocolate Festival because in the long term it might be better to have the arena here. She doesn't want to turn off the lights in Glendale; she doesn't want the city to have disarray in the community because the city can't afford code compliance. But yet you have a solution, zero cuts or whatever you are aiming for \$25 million. So it's not about bringing in stars but about just plain people in that building who will then go and spend money, maybe get on the shuttle and come to downtown Glendale because they are here for a three or four day conference and they want to see something else other parts of our city.

Councilmember Lieberman noted that Paul McCartney was at Jobing.com arena and was considered a big name.

Councilmember Martinez reiterated his last comment that they will find out if the team leaves what it will take to bring any acts to the arena. He still contends it might not be as easy as they are being led to believe.

Councilmember Knaack commented on the major development that was now Westgate and the arena as an anchor tenant. She agrees with Councilmember Martinez that this was looking at the long term. She stated they passed the gift clause requirement which was important to her. Therefore, she still believes that having the Coyotes in Westgate was what the vision was for the whole area. However, she does not have a problem with going out to bid and wished they had done it earlier.

Mayor Scruggs stated the city still can.

Councilmember Knaack agreed but for now she was still backing Mr. Jamison and the Coyotes staying in Glendale. She hopes the public understands why they need to vote no on Prop 457 since the city needs that tax to get them through the next five years.

Mayor Scruggs commented what better time to go out to bid than right now when they are in a strike anyway. The city was wasting precious time; they could have a real number versus one that gets challenged all the time.

Vice Mayor Frate asked if the Monarch Group ever came back a second time in hopes of making a bid.

Mayor Scruggs commented this is a political football that has something to do with Councilmember Clark and Sam Chavira. The Monarch Group is some people who know Councilmember Alvarez who called and asked for an appointment with the Mayor after they had met with Council Lieberman. Not wanting to disrespect Councilmember Alvarez because her staff was told that Councilmember Alvarez specifically wanted them to meet with the Mayor, she met with them. It was two days before the Jamison deal was to be voted on. They wanted to be the provider of the nonprofit events, Mr. Skeete was in the meeting, she asked Mr. Tindall to come into the meeting and Councilmember Lieberman was there. They explained to these people you cannot come in two days before an agreement has been drafted and negotiated and is going for a vote and suddenly interject yourself in this. They were told there is no place for you. If you want to provide the non-hockey events go talk to Mr. Jamison who, of course, has not bought the team to this date. Suddenly, this Monarch Company is held up as the scourge of the earth, the most evil despicable people ever to walk the earth and it turns out its part of her political campaign. Mr. Sam Chavira who is running for a Yucca district seat - was reported on a blog site, reported maybe eight weeks ago, that he had stolen money. And there are these big stories being told and perpetrated and suddenly the Mayor was being drawn into it because she had the courtesy to meet with some people with the city attorney, and with the assistant city manager in the room.

Councilmember Knaack asked about Rodney Castro.

Mayor Scruggs commented she would talk about Rodney Castro too. This whole story just gets better and better all the time. She asked the city manager Mr. Beasley to attend the meeting but he refused so Mr. Skeete sat in. She asked Mr. Tindall to explain to these people, she did not want them to think she was just trying to chase them away. They cannot just interject themselves into a lease that has been drafted and both parties have agreed too, the answer was no unless the other party wanted them too. Suddenly, this whole business of these four men who are the Phoenix Monarch Group develops into something where Sam Chavira, a candidate for the Yucca District council seat, is accused of stealing money from an event that was organized and this Monarch Group who was involved with the National Association of Hispanic Firefighters.

Mayor Scruggs continued and Mr. Chavira supposedly stole money and another person who was involved in this bad action, Glendale's own firefighter Danny Valenzuela who is a Phoenix City Councilman. He was involved too because he was an officer in this association. Now she doesn't

want to have any part, if this happened, it's somebody else's problem, she was not interested. But she was drawn into it because somebody by the name of Rodney Castro wrote to her on National Association of Hispanic Firefighter's Literature saying, she was the one that knows all about this and it's like a two page letter and she didn't know what the man said. He goes on and on and the bottom line is Sam Chavira and Danny Valenzuela had made some bad activities and so forth. She doesn't want to be a part of this so she sent it to all the Councilmembers, this is what she received, you should know. She asked why it was just her that had the privilege of receiving this information and then gets drawn into this mess.

Mayor Scruggs continued the next thing she knew Councilmember Knaack told her that Joe Hester, the President of the Glendale Firefighters Union, provided her with a link to a video showing the man who wrote this letter whose name is Rodney Castro being lead away in handcuffs. Now this has been going on so she was not telling any big secrets or saying something about somebody that's not true. She said fine she didn't care, this was not her business and she didn't have anything to do with this, this is a political thing and has been on the website long before it came to her attention. So the next thing that happens, she gets an email from the President of the National Association of Hispanic Firefighters telling her that Mr. Rodney Castro is a fraud, he stole the letterhead that he used to write this letter to her and sends her the very same link to the video of him being taken away in handcuffs that Councilmember Knaack sent. Then she received a call that the Vice President of the National Association of Hispanic Firefighters, who wanted to meet with her. Her position is the same, this is not her business, you got a problem with the National Association of Hispanic Firefighters, you work it out, you're a firefighter, you work it out, you're a Yucca District resident, you decide for yourself.

Mayor Scruggs continued that she talked to Mr. Sam Chavira and told him to call off his dogs, she had no part in this, she has never had any part in this, she didn't want to have any part in this, go work your problems out yourself, and you know who is starting these problems. Yes he knows who is starting these problems, Councilmember Clark and George Fallar. Then there is injunction against Sam Chavira. This is not her business. But then Council was sitting here and the first thing they say when they talk about going out to bid when there is a whole nation of venue and facility managers, immediately, you say oh well you just want to bring in the Monarch Group. She wants a fair and open bid process. She didn't want to hear anything about the National Association of Hispanic Firefighters, that's their business. If somebody did something illegal, Mr. Chavira says he has been exonerated, go put them in jail if he stole some money. This is not her business and it's not the City of Glendale's business and there are many event promoters and the city can start with Global Spectrum who seems to be able to manage a venue much bigger than ours called the University of Phoenix Stadium. She had one meeting out of courtesy, one meeting out of courtesy with the highest ranking people from the city she could get to sit in and who were watching and listening to every word.

Vice Mayor Frate noted his only comment was if they had ever come back a second time.

Mayor Scruggs replied no because there has been no opportunity because Council had voted that they were going to go to Jamison. They are the only ones that came to us. She believes the city

needs to go out and see who else would answer. As long as they know the city was locked in – the city has been locked in with Jamison
Councilmember Lieberman said they have been locked in for 17 months.

Mayor Scruggs commented the city has not been opened for business. And in fact right here in September of 2011 under Council Items of Special Interest her request from the previous June was brought forward that the city give direction to the city to go out to bid to a non hockey team owner. And the city manager at the time, Ed Beasley, said that would be a bad thing to do and that would kill all chances of getting this team sold. It is horrible and four of you agreed. And that is why there has been nobody coming to us because the city told them not to.

Councilmember Clark asked to respond Mayor Scruggs' comments.

Mayor Scruggs commented for Councilmember Clark to go for it that all of this was part of Councilmember Clark's debate the previous night. Mayor Scruggs continued that she had the letters to prove her comments.

Councilmember Clark said she would like to respond to Mayor Scruggs' comments and would like the same civility shown to her while she speaks. She said it was her turn now since she sat silently by and listened to everything the Mayor said and expects the same courtesy from her. She said she did not bring this up and has never met Mr. Castro. She explained that to her knowledge Mr. Castro contacted George Fallar and Bea Wyatt and shared the theft allegation. She indicated this was not at her instigation. However, she has since come to learn that Mr. Castro was indeed a felon and part of the National Association of Hispanic Firefighters because he worked for them as their Executive Director for two years and they knew of his background and yet they hired him. She would like to make it clear that she did not start this whole situation and it was started by other people. She received an e-mail which was the letter Mayor Scruggs' received which was also sent to Phoenix Mayor Stanton's office. She intended to read the letter stating that reading the letter would not take any longer than the time it took Mayor Scruggs to deny her connection with the famous Monarch Group.

Councilmember Alvarez interjected that Councilmember Clark had sent letters about her that she wanted to take over the Council and only wanted to help Hispanics. Councilmember Clark stated they were not talking about that issue now.

Councilmember Martinez declared a point of order stating that Councilmember Clark had the floor and they should let her continue speaking.

Councilmember Clark read the letter aloud from Mr. Rodney Castro to Mayor Scruggs dated September 27, 2012.

Councilmember Lieberman declared a point of order. He asked Mr. Craig Tindall, City Attorney if there was a law prohibiting reading a letter containing a political statement where the person was not given equal time to respond. Councilmember Clark noted it was not a political statement but a reference to comments that Mayor Scruggs had previously made regarding her involvement

in this situation. Mr. Tindall replied the equal comments for political conversation does not apply here. He added that before things get further out of hand, they should continue with the agenda. Councilmember Clark reiterated she was simply responding to comments made by Mayor Scruggs responding to Vice Mayor Frate's remarks that the Phoenix Monarch Group had presented a plan to manage the arena.

Mayor Scruggs replied that the Council was not considering at all because the city was not going out to bid. If the city was bothering to bid, it would be one thing.

Councilmember Clark continued reading the letter.

Councilmember Clark stated this was not her letter and not her fight. She heard about these allegations, however, she never used them on her website, mailings or campaign materials. She said that others have used them but she has no control over what others have done with this material. It was never her intent to use this but since it was brought up today, she felt the need to rebut what was being said that in some way or another this was at her instigation or her direction. She noted that the problem with Mr. Castro and the NAHF was between them and will have to be worked out civilly or criminally. She has heard that an order of harassment has been taken out by Mr. Castro against Mr. Chavira. She stated that last night while talking about the Coyotes issue, the Monarch Group was mentioned as a possible bidder and she had raised the question of a conflict of interest in the future because of this situation. She explained that was the extent of her involvement in this issue.

Mayor Scruggs stated she still says let's go out for proposals. Councilmember Lieberman said he seconded that idea. Mr. Skeete, please continue with your presentation.

Mr. Skeete stated there were a couple of other comments raised in the community meetings that have been echoed here. However, he believes there has been a better understanding of the services that could be lost; most will support the city in keeping the sales tax. He said that most said they would like to see the city do business differently. They discussed the opportunities of the privatization of city services on both a pro and con level. He believes the people who support the city will probably continue to support them through this situation.

Mr. Skeete provided information on special events. He said the full cost of the special events, was \$1.4 million which includes employee and support services. He said the revenues collected were approximately \$400,000 over the course of a year. This fund is set up to accumulate excess monies collected over and above the GF and made available to special event in the future. The highest fund balance collected has been \$600,000. He said that over the years, GF appropriation have been \$320,000 fund annually.

Councilmember Knaack commented that Mr. Rod Williams who is opposed to the sales tax insisted at her round table meeting that the city makes money on these festivals. She said this will air tonight after the Presidential debt on Channel 11. She said as Mr. Skeete has explained, any excess money goes back into the special event fund.

Mayor Scruggs commented she believed there to be little or no support for doing away with the festivals. There is very little support for giving money to Mr. Jamison or the Coyotes and there is this huge support for the festivals. So let's put this into perspective. Let's say it's a million a year over 20 years, that's \$20 million versus \$320 million to Greg Jamison. How many businesses stay in business because Glendale has the major events? The Glendale Glitters, Glitter and Glow and the Chocolate festival. They have already agreed to take out the Jazz and Blues because it's a fun and exciting thing but it happens in many other cities. And those folks are not shoppers. They are sitters and drinkers but are not shoppers. So if the city's intent for the special events and it has always been to revitalize the core of the city, the downtown, the historic area, that's what it has always been. And because of the very meager beginnings of what turned into Glendale Glitters which is now huge, the city saw an explosion of businesses downtown. They say this is the difference between whether they are in the black or stay in the red during the year. So she thought the city was going to have to find somewhere else to find the money they want to take out of special events. She thought maybe they can find ways to do it less expensively. But if the city does away with special events, people will think the city has taken a huge step backwards and think that Glendale is in really big trouble, other than just the Coyote hockey team going away.

Councilmember Clark stated if they plan to keep the festivals in place, she expects staff to bring back to Council what else would need to be cut in its place. She believes it was a fair question to ask. Mr. Skeete explained the whole exercise of providing the Council with these ideas was to gauge how important things were to the Council and the community. He indicated that at the community meetings they have attended, they were hearing the same things the Council was hearing. Staff will go back with this information and try and do things more efficiently and more cost effective where possible.

Councilmember Clark agreed, however, with any proposed cuts and if something is removed, something else will have to be cut. Therefore, if they decide to keep the festival events, she would like to know what cuts took their place. Mr. Skeete agreed to provide that information.

ADJOURNMENT

The meeting was adjourned at 4:38 p.m.