

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

**MINUTES
CITY OF GLENDALE
CITY COUNCIL WORKSHOP
DECEMBER 19, 2006
1:30 P.M.**

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

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

1. FISCAL YEAR 2006-07 FIRST QUARTER GENERAL FUND STATUS REPORT ON REVENUES AND EXPENDITURES

CITY STAFF PRESENTING THIS ITEM: Mr. Art Lynch, Deputy City Manager, Mr. Ray Shuey, Finance Director, and Ms. Sherry Schurhammer, Budget Director.

This is a request for the City Council to review the Fiscal Year (FY) 2006-07 first quarter report on General Fund (GF) revenue and expenditures.

The FY 2006-07 first quarter report on the GF is consistent with the Council's goal of ensuring the city's financial stability by conducting timely reviews of expenditures and revenues.

In response to the Council requests, staff committed to providing quarterly reports on the GF beginning with FY 2003-04.

First Quarter General Fund

The GF's first quarter revenue budget and actuals, as well as a comparison with the first quarter of last FY, are as follows (in 000s):

	FY 2006-07 Budget	FY 2006-07 Actuals	FY 2005-06 Actuals	% Change FY06 to FY07
City Sales Tax	\$ 15,543	\$ 15,345	\$ 13,939	+ 10%
State Income Tax	\$ 6,240	\$ 6,882	\$ 5,728	+ 20%
State Sales Tax	\$ 5,480	\$ 5,589	\$ 5,546	+ 1%

State Motor Vehicle In-Lieu	\$ 2,552	\$ 2,595	\$ 2,653	(2%)
Highway User Revenue Funds	\$ 3,960	\$ 4,117	\$ 4,014	+ 3%
Primary Property Tax	\$ 946	\$ 116	\$ 181	(36%)
All Other	\$ 7,329	\$ 6,391	\$ 7,675	(17%)
TOTAL	\$ 42,050	\$ 41,035	\$ 39,736	+ 3%

The current FY's first quarter revenues are almost \$1.3 million (3%) more than last FY's first quarter revenues.

The current FY's first quarter GF revenue receipts are \$1 million (2%), less than budgeted.

The fact that first quarter revenues are slightly less than expected is not surprising because revenues tend to come in more slowly at the beginning of the fiscal year, with the pace of collections picking up speed as the year progresses.

For example, the last half of the fiscal year typically comes in more strongly than the first half. As noted in prior quarterly reports on GF revenues, major sources like city sales taxes, state-shared sales taxes, Highway User Revenue Funds (HURF) collections, and property tax revenue receipts, have been stronger during the last half of the fiscal year for the last several fiscal years.

City sales tax collections were \$15.3 million. This amount is approximately \$198,000 (1%), less than budget. The \$15.3 million is \$1.4 million (10%) more than first quarter receipts in FY 2005-06.

State-shared revenue collections were slightly under \$15.1 million. This amount is approximately \$800,000 (5.5%) more than budgeted. Each of the three components of state-shared revenue performed well, as the following information shows:

- o State income tax receipts were \$642,000 (10%) more than expected;
- o State sales tax receipts were \$109,000 (2%) more than expected; and
- o Motor vehicle in-lieu receipts were \$43,000(2%) more than expected.

State-shared revenue receipts of almost \$15.1 million are \$1.1 million (8%) ahead of the \$13.9 million collected in the first quarter of FY 2005-06.

HURF revenues are commonly called the gas tax even though there are several other transportation-related fees that comprise this revenue source. Much of this revenue source is based on the volume of fuel sold rather than the price of fuel. HURF receipts were \$158,000 (4%) ahead of budget.

The FY 2006-07 first quarter budget expenditures and actuals for the GF operating and pay-as-you-go (PAYGO) capital expenditures are as follows (in 000s):

	<u>FY 2006-07 Budget</u>	<u>FY 2006-07 Actuals</u>
GF Salaries/Benefits	\$ 30,361	\$ 28,296
GF Non-Personnel	\$ 16,444	\$ 13,461
GF Debt Service (leases)	\$ 2,629	\$ 7,630
PAYGO Capital	<u>\$ 1,994</u>	<u>\$ 2,145</u>
TOTAL	\$ 51,428	\$ 51,532

Overall, first quarter actuals were very close to the amount budgeted. Salary savings totaled almost \$2.1 million and non-salary savings totaled just under \$3 million, so ongoing expenditures are below budget at the end of the first quarter. These savings in the ongoing budget were offset by the debt service category that reflected a planned, budgeted one-time \$7 million payment for the Northern Crossing lease. The \$7 million payment was discussed with the Council during the April 11, 2006 workshop on the FY 2006-07 budget.

At the end of the first quarter of FY 2006-07, the budget-basis GF fund balance was just under \$49.2 million.

First Quarter Designated Sales Tax Receipts

At the end of the first quarter, the transportation sales tax first quarter revenue budget and actuals, as well as a comparison with the first quarter of last FY, were the following:

	<u>FY 2006-07 Budget</u>	<u>FY 2006-07 Actuals</u>	<u>FY 2005-06 Actuals</u>	<u>% Change FY06 to FY07</u>
Trans Sales Tax	\$5,869	\$6,310	\$5,316	+ 19%

The current FY's first quarter revenues are almost \$1 million (19%) more than last FY's first quarter revenues.

The current FY's first quarter revenues are \$441,000 (7.5%) more than the first quarter budget.

At the end of the first quarter, the public safety sales tax receipts were the following (in 000s):

	FY 2006-07 Budget	FY 2006-07 Actuals	FY 2005-06 Actuals	% Change FY06 to FY07
: Police sales tax	\$ 781	\$ 843	\$696	21%
Fire sales tax	\$ 390	\$ 421	\$348	21%

The current FY's first quarter police sales tax revenues are \$147,000 (21%) more than last FY's first quarter revenues.

The current FY's first quarter fire sales tax revenues are \$73,000 (21%) more than last FY's first quarter revenues.

For the current FY, the police component of the public safety sales tax was \$62,000 (8%) ahead of budget.

For the current FY, the fire component of the public safety sales tax was \$31,000 (8%) ahead of budget.

These receipts are not included in the GF city sales tax figure provided in the prior section of this report.

The FY 2005-06 third quarter report on the GF was presented to the Council on June 20, 2006.

The FY 2005-06 second quarter report on the GF was presented to the Council on March 14, 2006.

The FY 2005-06 first quarter report on the GF was presented to the Council on December 20, 2005.

The Council is not being asked to provide guidance, as this is a status report on the General Fund covering the end of FY 2005-06 and the first quarter of FY 2006-07.

Mr. Lynch started the presentation with an overview of the very positive trends the city has experienced for its General Fund revenue sources. He also noted that today's first quarter report is consistent with the first quarter reports presented in prior fiscal years. Overall, he noted that the city remains in a strong financial position, with ongoing expenditures coming in below budget and ongoing revenues performing as expected for the first quarter.

Ms. Schurhammer talked about the first quarter results for GF revenue. She noted that the FY's receipts are \$1/3 million or 3% ahead of collections for the same period in FY 2005-06. She said the bottom line results for first quarter revenue are not unusual or surprising because the first quarter collections typically lag when compared to the other three quarters of the FY. Ms. Schurhammer said the city's history of GF revenue

collections show that they pick up pace as the city progresses through the FY. She said this is especially true for the city's primary revenue sources – city sales tax, state shared sales tax, HURF, and secondary property tax – that make up more than 60% of the GF revenue budget. She concluded that prior quarterly reports have shown that the third and fourth quarters perform very strongly.

Councilmember Clark asked for further clarification on the city sales tax. Ms. Schurhammer explained that the city's sales tax number is less than \$200,000 below budget at this point, which amounts to only 1% less than budgeted for the first quarter. She stated that sales taxes come in stronger in the last part of the year. She added that the strongest month is December, with March, June, April and May following closely behind.

Mr. Shuey discussed the ending budget-basis fund balance for the council. He stated that they began the year with \$62,370,000, with revenues to date of \$41,035,000. He noted that ongoing expenditures, like personnel-related costs, supplies, etc., came in below budget, with first quarter savings totaling almost \$5.1 million, an amount comparable to the savings experienced for the same period in the prior FY. He said all of this information is very good news. He reiterated that most of the revenues come in stronger at the end of year.

Mayor Scruggs asked if they had included the paydown of Northern Crossing in the budget. Mr. Shuey said yes. Mayor Scruggs asked if staff believed that the \$60 million fund balance mark would be reached by the end of the fiscal year. Mr. Lynch responded yes.

Councilmember Lieberman asked the amount of the paydown for the Northern Crossing. Mr. Shuey stated that it was \$7 million in FY 2006-07.

Councilmember Clark asked about the difference between pay-as-you-go capital budget of \$1.9 million for the first quarter versus the actual amount of \$2.1 million. Ms. Schurhammer said there were two capital projects that expended almost all of its annual budget in the first quarter, and those two projects totaled \$2 million. She said that it stands out because everything happened in the first quarter rather than being spread out over the course of the year.

Mayor Scruggs asked a follow up question on the Northern Crossing payment. Ms. Schurhammer explained that the annual debt service budget is divided by four to come up with the quarterly budget amount, whereas the \$7 million pay down amount occurred all at once in the first quarter. Mayor Scruggs stated that in the future council should remember that all revenue projections are divided by 4 to avoid further confusion.

Councilmember Eggleston stated that the pay down of the Northern Crossing Project was an economic benefit for the city. Mr. Lynch stated that he was correct.

Councilmember Martinez asked why they divide by the 4 quarters rather than just

forecast as needed. Mr. Schurhammer stated that the reason is for simplicity in showing council, otherwise they would have to go through every single category and state how it was calculated.

Councilmember Lieberman asked if the \$15 million received for the Northern Crossing would go into the fund balance. Mr. Lynch stated that the money was collected from the sale of the property and already went into the fund balance.

Councilmember Clark stated that she is still not clear on how the columns reflect information. She said that instead of just having the two columns reflecting figures, they should have an additional column that indicated the total annual amounts. She noted that total annual columns would be very beneficial. She said that it would eliminate a lot of confusion. Mayor Scruggs agreed that it was a good idea.

Mayor Scruggs commented on the Public Safety Transportation Tax. She stated that they had huge increases in public safety and transportation taxes. She stated that the commercial activity has grown and is helping the city prosper.

Councilmember Frate commented on how successful the Northern Crossing project became, and now the city will be making its final payment. The project opened in 2004.

2. BOND ELECTION UPDATE

CITY STAFF PRESENTING THIS ITEM: Ms. Pamela Kavanaugh, Assistant City Manager, Arthur Lynch, Deputy City Manager, Raymond Shuey, Finance Director, and Sherry Schurhammer, Budget Director

This is a request for the City Council to continue its review of categories and authorization amounts for a May 2007 general obligation (G.O.) bond authorization election. The Council is requested to provide guidance regarding the categories and amounts for which the city could seek bond authorization at a May 2007 special election.

At its November 21, 2006 workshop, the Council reviewed the conclusions reached by the Ad-hoc Citizen's Bond Election Committee (Committee) based on the Council-approved ten-year Capital Improvement Program (CIP) and the changes that the Committee recommended. At this meeting, the Council requested staff to come back to the December 19, 2006 workshop with information on the:

- Categories and projects within the Council-approved five-year CIP with an accompanying authorization request not to exceed \$400 million in total for all categories;
- Ability to ensure the Council-approved five-year CIP affordability of projects' operations and maintenance costs;

- Historic accounting of the amount of bond authorization capacity the city utilizes annually.

The Council's goal of a city that is fiscally sound is addressed through review of the practicality and affordability of capital projects and the financing of these projects with bonds.

For the Council to make sound financial decisions, staff continually reviews the CIP projects' cost estimates; financing options for projects; estimated operating budget impacts; and the current financial state of the city to include revenues and expenditures.

Citizen Bond Election Committee

On November 15, 2005 at a workshop meeting, the Council was presented with a request to provide guidance regarding the appointment of a Committee to consider the issue of additional voter authorization for capital projects and also the timing of a bond election.

Staff presented the Council with financial information detailing the remaining authorization from the 1999 bond election categories. In addition, the Council was alerted to the fact that the remaining voter authorization from the 1999 bond election was expected to expire over the next several years based upon the Council-approved FY 2006-15 CIP published in the FY 2005-06 budget book. The projected capital projects detailed in the approved 10-year CIP dictated the need for additional voter authorization.

Staff notified the Council that certain categories of CIP projects would not have sufficient authorization in the fiscal year beginning July 1, 2008 for the Parks category. Beginning July 1, 2009, there will be insufficient voter authorization for the Flood Control and HURF categories.

Consensus was reached by the Council at the November 15, 2005 workshop to have staff move forward on Option Two, which included: pursuing a Special Election in March or May of 2007; appointing a Citizen Committee during the spring of 2006; and for the Committee to use the CIP that Council will have adopted and published in the FY 2006-07 budget book

Per Council action by adopting an ordinance on May 23, 2006, an Ad-hoc Citizen Bond Election Committee was established with specific instructions and charges. These charges, as stated in the ordinance, are to:

- "...serve as a voter bond authorization issues focus group...;
- review and provide feedback on draft staff recommendations in relationship to the city's responsibilities for administering the Council-approved CIP budget...;

- ensure staff has heard and considered ideas, concerns and issues prior to bringing policy matters before the Council related to the call for a bond election...;
- submit a presentation to the City Council...which summarizes their recommendations;
- and serve as a conduit of information back to the neighborhoods regarding the city's CIP and facts surrounding existing and future bond authorization needs.”

At the initial Committee meeting of June 19, 2006, Mayor Elaine Scruggs opened the Committee by welcoming the members and explaining the role of the Committee as advisory in nature whose recommendation would serve as a blueprint for Council decisions on the future. Mayor Scruggs noted that the Council ultimately decides which recommendations and issues will be placed on the ballot, with the voters having the final decision via a bond election.

At the Committee's July 24th 2006 meeting, Chairman Mr. Ron Piceno discussed the inability to complete both visioning and subgroup meetings within the given timeframe of bringing recommendations back to the Council in October of 2006. The decision by Chairman Piceno was for the Committee to hold only subgroup meetings and to reach consensus decisions. The subgroups were responsible for reviewing projects and making recommendations to the whole Committee for Council consideration.

Between June and September of 2006, the Committee held a series of 12 public meetings to review the Council-approved 10-Year CIP. Over the course of these 12 meetings, city staff made presentations, while Committee members were responsible for asking questions designed to gather information to help them develop a recommendation for presentation to the Council.

At the Committee's September 25, 2006 meeting, the subgroups presented their recommendations to the whole Committee for review, discussion, and final recommendation. In two of the categories, Parks & Recreation and Streets and Parking, the Committee subgroups recommended removing some projects that were listed in the 10-year CIP. In the Public Safety, Streets and Parking, and Library categories, the Committee subgroups recommended adding new projects not originally in the 10-Year CIP. In two categories, Public Safety and Flood Control, the Committee subgroups recommended additional authorization to address potential future cost increases.

In closing the final meeting, Chairman Piceno reviewed the role of the Committee as determining what the CIP requests are and why they are needed. The final recommendation of the Committee was for the Council to proceed with requesting voter approval for approximately \$794 million of authorization to complete the Council-approved 10-year CIP.

City Bond Elections

Due to recent changes in the Arizona Revised Statutes, this is the last year that the city could hold a bond election in May of 2007. Subsequent bond elections will be held on the first Tuesday following the first Monday in November of each year.

In the packet of material presented to the Council for this meeting, there is a draft timetable of the Election Calendar for a City of Glendale Special Election to be held on May 15, 2007. In brief, the Council would need to adopt a Call of Special Election on January 23, 2007 and submit ballot language to Maricopa County by January 30, 2007.

Since 1981, Glendale has held three bond elections:

- The first bond election was held in October of 1981. Remaining authorization from the 1981 election is \$6.9 million for an operations center in the north part of the city.
- Six years later the second bond election was held in March of 1987. Remaining authorization from the 1987 election is just under \$1.7 million for the library category and \$6.3 million for water and sewer revenue bonds.
- Twelve years after that, in November of 1999, voters approved bond authorization in the amount of \$411 million in various general obligation bond categories, with an additional \$10 million in the water and sewer revenue bond category.

On November 21, 2006, the Council heard the appointed Committee's recommendation at a workshop.

On June 27, 2006, the Council appointed Ron Piceno and Rose Jacobson as Chair and Vice Chair respectively of the Committee through February 28, 2007.

On May 23, 2006, the Council adopted Ordinance No. 2504 New Series, which established the Committee and appointed its members through February 28, 2007.

On May 2, 2006, staff updated the Government Services Committee on the voter authorization committee to be known as the Ad-hoc Citizen Bond Election Committee.

On November 15, 2005, staff presented, at a workshop, the need to hold a bond election and the concept of engaging the community in the city's CIP bond authorization process was presented to the Council.

The Council chose to appoint seventy citizens representing all districts of the city to the Committee. At the Committee's opening meeting, Mayor Scruggs acknowledged the size and diversity of the Committee and stated her confidence that all areas of the Glendale community would be well-represented by the members of this Committee.

Gaining the input of Glendale residents serving on the Committee ensured that public questions, concerns, and ideas were discussed and addressed in relation to the bond authorization election process. Additionally, Committee members served as knowledgeable representatives for the city and neighborhoods.

Committee members' first-hand knowledge of the impact of CIP projects in their neighborhoods generated fruitful discussion of needs and benefits gained, helping Glendale become a better place and providing guidance on how to improve the quality of life of our citizens.

In 1999, voters authorized the city to sell bonds for up to \$411 million in broad categories (see list below) with set amounts in each category. To date, some of these categories have unused bond authorization for reasons such as the projects listed in 1999 election are no longer viable; the projects are not completed yet; the authorization amounts that are left are not high enough for projects to be completed as approved in the current fiscal year CIP; and projects have not been started yet that are scheduled to use the remaining bond authorization

The remaining 1999 voter-approved bond authorization amounts, by category, are listed here:

<u>Categories</u>	<u>Approved</u>	<u>Remaining Authorization</u>
Cultural/Historic	\$ 18,215,000	\$ 13,721,000
Economic Development	\$ 50,500,000	\$ 34,412,000
Flood Control	\$ 38,860,000	\$ 15,951,000
Governmental Facilities	\$ 40,910,000	\$ 28,855,000
Landfill Development	\$ 17,000,000	\$ 15,540,000
Library	\$ 15,398,000	\$ 15,398,000
Open Spaces	\$ 53,700,000	\$ 50,525,000
Parks and Recreation	\$ 57,187,800	\$ 7,447,000
Public Safety	\$ 64,801,000	\$ 42,310,000
Streets and Parking	\$ 38,050,000	\$ 8,270,000
Transit	\$ 6,935,000	\$ 6,750,000
Water & Sewer (revenue bonds)	\$ 10,000,000	\$ 10,000,000
TOTAL	\$411,556,800	\$249,179,000

Bond Authorization Election Recommendation

This recommendation addresses the needs of the first five years in the CIP; provides Council the flexibility to address Council's goals; and incorporates the intent of the Committee's recommendations to increase authorization in the categories for Public Safety, Economic Development, Streets and Parking (not including pavement management), Flood Control, Parks and Recreation, and HURF.

By adding the \$230,000,000 to the remaining voter-approved authorization of

\$249,179,000 (referenced above), the total available authorization would be \$479,179,000.

Recommendation Authorization Category	Additional Authorization Needed
Public Safety	\$102,637,776
Economic Development	51,587,846
Streets & Parking	22,367,545
Flood Control	20,553,648
Parks & Recreation	16,154,175
HURF (Highway User Revenue)	16,699,010
Total	<u>\$230,000,000</u>

Staff is seeking guidance from the Council on proceeding with a May 2007 Bond Election in the amount of \$230 million.

Mr. Lynch began the presentation by noting that Council provided guidance at the November 21 workshop to come back with information to address questions that Council asked and to present an alternative to the citizen’s committee recommendation of \$794 million.

Mr. Lynch explained that voter authorization is approval to borrow funds for major construction. He also clarified for the listening public that voter authorization is not cash. Rather, the bonds themselves provide the cash to pay for capital projects, with the debt service on those bonds paid from the secondary property tax revenue. He also noted that voter authorization does not equate to a property tax rate increase.

Mr. Shuey provided a brief review of the activities of the citizen’s committee. He also provided answers to Council’s questions about the 1999 bond election. Specifically, \$249 million in authorization remains from the 1999 bond election. On average, the annual amount of authorization used over the past six years is \$27 million. Some of the major capital projects completed with 1999 authorization include the Gateway Public Safety Building, the New Adult Center, Fire Station 159, and the Foothills Recreation and Aquatic Center.

Mr. Lynch then presented the recommendation for a new voter authorization election. The total amount is \$230 million. This recommendation keeps intact the recommendation of the citizen’s committee, is based on a financial approach that addresses the needs of the five-year, Council-approved capital improvement plan, and provides Council with flexibility to address Council’s priorities

Councilmember Lieberman asked about the \$268 million for water and sewer authorization that the committee recommended at the November 21, 2006, workshop. Mr. Lynch stated that water and sewer capital projects did not require voter authorization because of alternative financing that Council approved in prior FYs. In

response to a question by Councilmember Clark relating to rates citizens pay for water and sewer service and how they are affected by the payment of bonds, Mr. Lynch said that it would only make a difference if the market conditions were such that the general obligation bonds could be sold at a lower interest rate than what they are being sold at currently.

Mayor Scruggs asked which bond payment method would benefit the consumer most. Mr. Lynch stated that there would be no difference to the consumer. He added that if the general obligation bonds were sold it decreases the city's bond capacity. Mayor Scruggs said that it makes the water/sewer revenue fund a little more attractive.

Councilmember Clark asked why the pay-as-you-go category was not funded with general obligation bond funds. She asked why some of the authorization fund isn't used. Mr. Lynch said it was in competition for sale of bonds for public safety and a number of other items. He said it was more of a priority to get some of those needs addressed. Mayor Scruggs stated that projects are always competing for funds.

Councilmember Martinez asked Mr. Lynch if the future goals that were previously set, i.e., the 10-year capital improvement plan, would be in competition with the 5-year plan. Mr. Lynch and Ms. Schurhammer stated that they would go through the usual CIP process every year and develop the plan with Council's input.

Councilmember Clark stated that she has different figures for the city court funding. She read from a report from the citizens bond committee that the recommended request was \$15 million not \$30 million as is reported today on the slide. Ms. Schurhammer explained that Councilmember Clark's report was from the sub-committee, and was not approved by the full committee. She said the full bond committee approved an amount based on the 10-year CIP. Councilmember Clark asked if the full committee recommended the \$30 million for approval. Ms. Schurhammer answered.

Mayor Scruggs read from a statement made on April 11, 2006. She read that the bond capacity was sufficient at this time to fund the court and police administration facility. She added that it appeared that they had enough money for the court. Judge Finn stated that there is already \$22,892,000 in existing voter authorization for the court. She said an additional \$7 million in voter authorization is needed to address the increased total cost of the court project. She said that the additional \$7 million is reflected in the \$102,637,776 million figure for the public safety category that is shown on the recommendation slide. Councilmember Clark stated that the totals given by staff do not explain completely. She said that they actually are very confusing. Mayor Scruggs stated that to fully understand they would have to re-calculate it themselves.

Ms. Schurhammer went over some public safety projects with the council. She said the projects seen in the report were within the 5 year plan with some options to add additional projects if needed. She said that this was a sample representation of projects that could be done. Mr. Lynch said that they wanted to give the council some flexibility.

Councilmember Martinez asked if the bond authorization would be broad based instead of specific when it goes to voters. Mr. Lynch said he was correct. He stated that it would be broad categories such as public safety facilities. He said that is the way it has been structured in all bond elections.

Mayor Scruggs stated that the city has existing voter authorization of \$42.3 million for public safety project, and the recommendation presented today represented an additional \$102.6 million request for the voters to consider. She said these amounts

provided a lot of flexibility. She questioned the use of the bond election in this matter without identifying to the citizens specific items. Mr. Lynch stated that identification of the specific projects would be done as part of the capital improvement program process. He said that the authorization is a broad based authorization for public purposes.

Mayor Scruggs said that they must have truth and transparency to the voter. She said that public safety was an important category to everyone. She believes that asking the voter for more than 100% is a huge amount to ask. She asked staff for further information and clarification before they approve anything.

Councilmember Clark stated that she expected to see a clearer understanding of funding needed to complete and start projects on the 5 year CIP plan but instead they are being asked to approve possible projects that might be needed in the future and label it flexibility.

Mr. Beasley stated that they could go back and look at the numbers again. He stressed that flexibility is needed. He stated that they do not know what might be needed in public safety in the next 4 years. He said that the authorization that is requested does not clearly define it because the need is not there yet. He said it creates the flexibility in the next 4 years for unforeseen needs.

Councilmember Frate stated that public safety is number one. He stated that there would be needs that have to be met.

Mayor Scruggs said that they are running out of time for them to go over information in time to call for the bond election. She stated that they would not get all information needed before the call for the election. She stated that it put the council in an awkward position.

Mr. Beasley noted that the Police and Fire needs assessment information and numbers are being finalized by both chiefs. He said they would be brought forward as soon as they were analyzed. He said that he would take direction from council if they want to scale this down to only the 5 years funding. He stated that their thought process was for council to have flexibility in making decisions. Mayor Scruggs stated that she did not want to scale it down to the bare minimum but 125% seem excessive. She said she would not be doing her job if she did not question it.

Mayor Scruggs asked Mr. Lynch to elaborate on some of the projects in the economic development plan. Mr. Lynch talked about the Northern Crossing project, enhancing the downtown area and redevelopment land acquisitions. Mayor Scruggs commented that she had heard there were talks on possibly moving the Glendale city government building westward. She stated that she was very alarmed in hearing that. Mr. Lynch said that it did not come forward as a recommendation in committee talks.

Councilmember Goulet questioned how staff arrived at the figure of \$46 million for downtown redevelopment and \$40 million for business development as shown in the last five years of the current 10-year capital plan. Mr. Lynch stated that they looked at the assessed valuation of properties and how properties are turning over.

Mayor Scruggs asked what happens to money that was collected for a specific project that did not move forward. Mr. Reedy stated that they try not to be specific in the request and instead to use broad language when asking for voter authorization so the authorization can be used where needed. He added for information purposes that the city owns more than 130 buildings citywide.

Mr. Reedy stated that Councilmember Lieberman was correct in stating that the city hall building was designed to add more floors to it. He said that he believes it might not be a good option today. He stated the downtown area would have to deal with the construction aspect. He added he did not think it a feasible idea to stage a major construction project downtown. He said it would disrupt businesses. He added that possibly it might have been a good idea in the 1980s but not today.

Councilmember Martinez asked about the pavement program for all streets. Mr. Reedy said that it was not in the bond authorization recommendation being presented today. He said that they would be looking at the transportation sales tax fund first. He said it was a concern with costs going up.

Councilmember Eggleston stated that the citizens liked nice smooth streets. He said Council should consider the transportation sales tax funds for the pavement management program.

Councilmember Clark and Mr. Reedy had a discussion on scalloped streets and funding issues.

Councilmember Lieberman asked if the parking garage was included in the \$16.7 million in voter authorization being recommended for the HURF category and the \$22.4 million in voter authorization being recommended for the streets and parking category. Mr. Shuey said the voter authorization needed for the parking garage is included in the recommendation for the streets and parking category.

Councilmember Martinez and Councilmember Clark agreed that they should have a contingency plan for the pavement management program if CTOC does not agree with using transportation sales tax revenue for the program. Mayor Scruggs said that she does not support adding this item to the bond authorization. She said it should be a basic responsibility for the city.

Mr. Reedy explained that the plan was to set aside \$7.7 million a year for pavement management program to do arterial street pavement over lays. He said they would look at the highest street priorities. Mayor Scruggs said that the council had to make a commitment to set aside those funds and believed that it might not happen. She would like a better solution. Mr. Reedy said that whatever the solution, they should begin to find a method at this time because of the rising cost.

Councilmember Martinez stated that after listening to Mr. Reedy he believes that this important issue needs immediate attention. Mayor Scruggs added that it needed to be an annual commitment. Councilmember Clark stated that they should approve the \$7.7 million as a cushion for a year until they establish a commitment plan.

Mayor Scruggs asked if the bond ratings would be hurt if they were to have a bond authorization for street pavement and then have the money approved from CTOC. Mr. Lynch said that it would not.

Councilmember Eggleston discussed including pavement management on the ballot for voter authorization. He said at the moment it does not seem unrealistic. He also suggested using the transportation sales tax revenues to pay the bonds. Mr. Lynch stated that it could be used as a source of revenue.

Mayor Scruggs stated that she would support \$40 million if it were toward a 5-year plan

for street management. Mr. Reedy stated that \$40 million would do plenty for renovation of arterial streets. Mayor Scruggs asked if they should position this as a separate category. Mayor Scruggs reiterated her statement that she will support \$40 million only if this will be done every single year so as not to get behind again. She said she would be looking for this item every year in the CIP. Councilmembers Clark and Lieberman stated their approval. Mayor Scruggs acknowledged Councilmember Martinez for his persistence in this issue and council for bringing it to a conclusion.

Councilmember Lieberman went over the Flood Control numbers and stated that the remaining authorization was \$16 million. Mr. Schurhammer verified the fact. She said they were recommending about \$20.5 million. She added that they would have enough for the next 5-year projects.

Mayor Scruggs recapped the numbers on the different categories being discussed:

- Public Safety at \$102.6 million,
- Streets and Parking at \$62.4 million [\$22.4 million from today's recommendation plus \$40 million for pavement management],
- Economic Development at \$51.6 million,
- Flood Control at \$20.6 million,
- Parks and Recreation at \$16.2 million and
- HURF at \$16.7 million.

She asked if there was any dissent; there was none and Council agreed unanimously.

Mayor Scruggs and Councilmember Clark inquired about having an advisory vote from the citizens for CTOC. Staff indicated they would check into it and get back to the council. Council stated that if legally possible they would like to have it on the ballot in the May 2007 election.

3. INTERGOVERNMENTAL PROGRAMS DEPARTMENT 2007 STATE LEGISLATIVE UPDATE

CITY STAFF PRESENTING THIS ITEM: Ms. Dana Tranberg, Intergovernmental Relations Director and Mr. Brent Stoddard, Legislative Coordinator.

This is a request for the City Council to review and provide direction on the 2007 state legislative agenda.

The Council-approved legislative agenda defines the City of Glendale's priorities for the upcoming legislative session and will guide the city's lobbying activities at the Arizona State Legislature. The Intergovernmental Programs staff recommends prioritizing the legislative agenda to key principles to allow the city to have a stronger, more consistent message on the items of greatest priority. The proposed priority principles for consideration are described in the report. that was presented to the Council at the meeting.

The Intergovernmental Programs staff will come before the Council on a regular basis throughout the session to obtain policy direction on bills and amendments that may be introduced.

The city's legislative agenda is a flexible document and may change, based on activities at the Legislature and with Council direction.

The 2006 state legislative agenda includes policy statements intended to protect and enhance the quality of life for Glendale residents by maintaining local decision-making authority.

Throughout the legislative session, policy direction will be sought on bills relating to the financial stability of the city, public safety issues, promoting economic development, managing growth and preserving neighborhoods.

Prior to each legislative session, the Intergovernmental Programs staff seeks Council adoption of the city's state legislative agenda.

The 48th Legislature's First Regular Session is set to begin on Monday, January 8, 2007. Arizona Governor Janet Napolitano will give her State of the State address on this same day.

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

Staff is requesting the Council to provide policy direction on the proposed City of Glendale 2007 state legislative agenda.

Ms. Tranberg and Mr. Stoddard made a brief presentation outlining the priorities and direction for this legislation. The following were the main topics presented: Fiscal Sustainability, Economic Development, Land Use Planning, Military Preservation, Neighborhoods, Public Safety, Transportation and Water/Environmental Resources.

Councilmember Eggleston stated that this agenda covers all the bases that were a concern for the city. He said that he supported this legislative program. Councilmember Frate stated his support as well.

Councilmember Goulet asked if they were open to taking suggestions for possible legislation. Ms. Tranberg said she was.

Councilmember Clark stated that she would like to limit the payday loan establishments. Mayor Scruggs stated that most states had legislation prohibiting loan companies from overcharging. She said that Arizona was in the minority in this issue. She believes this is a legislative issue. Ms. Tranberg stated that this issue has come up in the League discussions, and that they will be participating in those discussions should this issue

come forward.

Mayor Scruggs urged council to present their ideas to Ms. Tranberg so they can be pursued further. Ms. Tranberg stated she would be happy to hear any ideas or suggestions.

Councilmember Martinez asked if the League addressed this issue of the payday loan centers. Ms. Tranberg stated that it was addressed but in a broad statement rather than specifically.

Councilmember Eggleston complimented Ms. Tranberg and her department on their legislative link program. He said the citizens really have learned a lot. He said that there had been a positive editorial written on it. He noted that Mayor Scruggs had presented the idea. He believes that this is important because it gives people an opportunity to learn about their legislature. Mayor Scruggs said that they really do a great job.

Councilmember Martinez thanked Councilmember Eggleston for his work on the council. They all wished him good luck and best wishes.

ADJOURNMENT

The meeting was adjourned at 4:40 p.m.