

**\*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  
NOVEMBER 21, 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. REVIEW OF CITIZEN BOND ELECTION COMMITTEE RECOMMENDATIONS**

CITY STAFF PRESENTING THIS ITEM: Mr. Raymond Shuey, Chief Financial Officer/ Finance Director, Mr. Ron Piceno, Chair, Citizen Bond Election Committee and Ms. Rose Jacobson, Vice-Chair, Citizen Bond Election Committee.

This is a request for City Council to review the conclusions reached by the Ad-hoc Citizen Bond Election Committee (Committee) convened by Council on May 23, 2006.

The types of projects approved by the Committee include Public Safety, Water/Sewer, Library, Streets, Parking, Cultural/Historical, Economic Development, Government Facilities, Parks, and Flood Control projects. The total of the recommended categories is \$794,157,498. No voter authorization was requested for Landfill or Open Space/Trails.

The Committee is seeking guidance to begin finalizing the categories and amount for the special bond election on May 2007, which must be called in January.

To develop the recommendations, the Committee held nine public meetings. Senior departmental staff briefed the Committee on applicable laws and policies, a proposed pavement management plan, the existing Council-approved CIP budget, and the gap between anticipated project costs and existing voter-authorization of bond funding. All recommendations were approved by consensus in the public meeting.

Projects totaling \$794,157,498 as recommended for the bond election by the Ad-hoc Citizen Bond Election Committee are:

○ Cultural/Historical	\$7,333,752
○ Economic Development	\$51,587,846
○ Flood Control	\$31,973,255
○ Government Facilities	\$13,707,000
○ Streets (highway user revenue bond financed)	\$21,023,000
○ Library	\$13,015,482
○ Parks	\$143,446,453
○ Public Safety	\$152,221,755
○ Streets/Parking	\$91,542,247
○ Water and Sewer	<u>\$268,306,708</u>
○ TOTAL	\$794,157,498

The approval by Glendale voters of the \$794,157,498 recommended by the Committee would not require a tax increase. The total property tax rate, after one-time reduction in the fiscal year 2007-08 budget process to offset extraordinary assessed valuation increases, would remain the same if the projects were staged over at least a 10-year period of time. A combination of bonds and other funding sources, such as cash balances, grants, and Development Impact Fees can also be used to fund some of the projects included in the Committee's recommendation.

Staff is seeking guidance from the Council to determine if staff should prepare and submit a request for a May 2007 bond election for consideration and formal action, and if there are any modifications to the categories, listing of projects, or dollar totals recommended by the Committee.

Mr. Piceno expressed his appreciation to Ms. Rose Jacobson, Vice-Chair and the sub-committee members for their work. He also thanked staff for their assistance on this project. He said the committee took its job very seriously and staff made it easier.

Ms. Jacobson also commended staff and thanked Mr. Piceno for his dedication to the project.

Mayor Scruggs began by asking for clarification about dollar amounts for Voter Authorization Needed and Additional Authorization Recommended. Mr. Shuey explained that Voter Authorization Needed is the amount required to provide funding for the Capital Improvement Plan as currently approved by Council. Mayor Scruggs wanted to make it clear to the citizens what the Capital Improvement Program required. She explained that the city has a Capital Improvement Program for 5 years, which describes what the city is prepared to build. She added there is another program for years 6 thru 10 that describes what the city would like to build but has not, been programmed into a funding cycle. She asked Mr. Shuey if the \$794,157,498 dollar amount was the funding required for the 5 year Capital Improvement Program. Mr. Shuey said the \$794 million was based on the 10-year CIP and that there were additional amounts added by the committee.

Mayor Scruggs called for discussion among the Council.

Councilmember Clark asked Mr. Shuey how much of the \$411 million that was passed by the voters in the 1999 election was left. Mr. Shuey said he did not have that information on hand. She then asked if the \$656,618,312 dollar amount was in addition to the \$411 million dollars passed by the voters. Mr. Shuey answered that it was. She was also uncertain on the \$320,602,668 dollar amount and inquired about its purpose. She said that the recommendations for the projects did not make sense. She singled out information on the Parks recommendations and asked about the funding source. She stated that she and Council did not understand the chart given them.

Ms. Jacobson stated that what might have been confusing on the Parks recommendation was that there was actually a reduction being recommended by the committee, reducing it by \$40,000,000. She stated that it was not reflected in the title of the column.

Councilmember Lieberman stated his understanding of the funds described on the chart. He said that the Parks total for projects is \$207 million. The carry over from the previous authorization is around \$24 million. He stated that the voter authorization needed would bring it up to the \$207 million including what was left over is \$183 million however the recommendation was only \$143 million. He said you would have to do the calculation starting from 1999 to fully understand.

Mr. Shuey stated that Councilmember Lieberman was correct in his calculation. He said that page 20 shows a detailed listing of all the parks and the Capital Improvement Plan recommended for each of those park projects. He said it totaled \$207,224,738. He stated that the voter authorization needed to move forward is \$183,063,482. However, the committee was recommending \$40,000,000 less.

Councilmember Lieberman continued onto page 21 on Flood Control. He stated that it is the same situation having to do the calculation before you understand what all the figures mean. He said that in Flood Control there is roughly \$31 million already approved which means that voter authorization needed would have to be \$16,973,000 to bring the approved total to \$47,284,491. Mr. Shuey said he was correct. He said that the total amount of Council approved projects in the 10-year CIP is \$47,284,491. Once you subtract the amount of voter authorization left from the 1999 election, the amount of authorization needed to complete projects in the 10-year CIP for flood control projects is \$16.97 million. However, the committee recommended an additional amount because of rising construction costs, which totaled \$15 million; therefore, the total request for additional authorization for Flood Control is \$31,973,255.

Councilmember Lieberman said he needed further information from staff regarding the additional construction costs. Councilmember Clark stated that she was still unclear on why the amount was so high.

Mayor Scruggs asked Mr. Shuey to verify how they calculated the cost for additional funds for rising construction costs. She stated that it was a large amount to ask the citizens of Glendale to vote on in a bond election.

Mr. Piceno stated that he was on the landfill subcommittee and could shed some light on the matter. He stated that the engineering department had informed them that the concrete pipe had doubled in price. He said that right now most of the concrete is going to the Gulf Coast, and what is coming in is at a premium price. He noted that the bids received so far affirm that the concrete pipe cost has doubled. He said those figures

were not anticipated when the CIP was approved. He said he added to the plan the additional cost to the different projects so the Council could have a better picture of what the actual cost would end up being. He added that he did not want Council to assume that the additional \$15 million for flood control projects was added as an after thought but was actually an estimate given by Engineering for the cost of the pipe.

Councilmember Clark asked why allowances were made for concrete piping but not in other rising costs such as steel. She asked why there was not a figure for increased costs for every category since everything has gone up in price. Mr. Shuey stated that the subcommittees met independently with different departments. He said that each committee focused on their own projects and decisions were made as such. He said that some projects were identified as having the highest increases. Councilmember Clark stated that it would imply that the other projects without additional cost increases were acceptable to proceed. She said she was concerned with the projected numbers, because some of the figures have not been updated in 5 years. She asked why some projects have been updated but not others.

Mr. Ken Reedy, Deputy City Manager, addressed Councilmember Clark's question. He said that some figures had been updated over time. He said that the water and sewer project was interesting because they do not pay for everything out of the CIP. He said the committee came up with a figure for voter authorization that reflected the need for those particular projects. He noted that in other areas, some numbers have been adjusted in previous years and some have not. He said the projects that had the additional cost were the ones that had not been updated in a while. He said the others were of less concern since they had been updated in the last two years.

Councilmember Clark brought forward other projects that were in question not having additional funding that required concrete. She brought up the Library project needing a lot of concrete but not having additional funding. She said she saw the same figure in 1999 in the CIP in the amount of \$6 million.

Ms. Gloria Santiago, Deputy City Manager, came forward to address questions on the Library project. She stated that the total cost would be \$18 million. She said they have \$17 million still available but with a gap of \$1.8 million. She stated they are asking for an additional \$11 million in voter authorization to cover additional costs to cover the library, automation projects associated with the library and also renovations to the library. Mayor Scruggs stated that she did not understand why they were asking Council to approve \$13 million when it shows that the project is only \$1.8 million short.

Mr. Art Lynch, Deputy City Manager, stated the authorization for the remaining library proposition is \$15,398,000 as of June 30, 2006. He said that it would be available plus the \$1.8 million. He said it should be close to the \$18 million needed for the project. Mayor Scruggs asked then why ask for an additional \$13 million in voter authorization. He said the additional costs were for the new facilities. Mayor Scruggs responded that Mr. Shuey stated that they were only looking at projects already in the CIP and not new projects.

Mr. Shuey said that in the library category, in the first column Voter Authorization Needed, \$1,834,000 is the amount needed for additional voter authorization to complete three projects, which already exist in the 10-year CIP. The \$11, 181,482 in the second column, which is apart from column 1, is additional authorization that the committee recommended for renovations at the Velma Teague, Main and Foothills libraries, which are not in the 10-year CIP. This was the recommendation after reviewing the existing Capitol Improvement Plan with Ms. Santiago, Deputy City Manager, and the Library

Director. He stated that this brings the total to the \$13,015,482 committee recommendation.

Mayor Scruggs stated that this report did not identify any new projects. She asked about the renovation on the Velma Teague Library, when the current 10-year CIP shows \$12,245,237 to relocate it. She said it made no sense.

Ms. Rodeanne Widom, Library Director, came forward to answer questions on the Velma Teague branch. She said that recommendations on the Velma Teague branch were several years old in the CIP. She said that the recommendation was first to relocate the library, but it was decided to renovate instead. She said that the \$12,245,237 was not only for the Velma Teague branch but also for other library renovation projects. Mayor Scruggs said the way they laid it out was all very confusing.

Mayor Scruggs asked about using developmental impact fee funds for the projects. Ms. Widom said the finance and budget staff recommended that those were being used to pay off bonds.

Mr. Shuey stated that Ms. Widom was correct. He said the development impact fees typically are a source of cash to repay the debt on bonds. He said the city did not issue development impact fee bonds. He said the city usually issues general obligation bonds for a capital project, and then development impact fees are used to pay the debt service on those bonds. He noted that the development impact fees are a source of cash but are typically used to repay debt on the bond.

Mayor Scruggs stated that she did not understand why they were not able to take cash from the development impact fees and use it to reduce the library amount being requested. Mr. Shuey stated that it could be done through the Capital Improvement Plan budget process. He said the process looks at available funds and looks at whether it is more appropriate to issue bonds or pay cash. He said that voter authorization was recommended by the committee to allow the Council, if they so desired through the CIP, to issue bonds to build those libraries. He said if cash is available, it could be used instead of bonds.

Mayor Scruggs asked staff to go over the amounts from the previous bond election in 1999. Mr. Shuey stated that there was \$249 million remaining 1999 authorization, which includes Water and Sewer Revenue authorization.

Mayor Scruggs stated that the 1999 bond election was for \$411 million, and there is about \$249 million left from the \$411 million. She stated that in the course of 8 years they have used only \$162 million. She said it did not make sense to ask the voters for an additional \$794,157,498. Mr. Shuey stated that it was the committee's recommendation looking forward over the next decade.

Councilmember Eggleston reiterated Mayor Scruggs' assessment of the charts. He said that while reading from the chart, it was very confusing and included information that lead the observer to come to a wrong conclusion when reading it. He asked Mr. Shuey to clarify on the Public Safety issue the two new fire stations, one for \$9,585,997 and the other for \$10,500,000. He also had another question on the City Court building.

Judge Elizabeth Finn stated that the \$22,892,580 for the City Court Building already has sufficient voter authorization in place from the 1999 election. She said the 10-year CIP for the Public Safety category totals \$128,472,984 and the voter authorization needed is

only \$79,410,900 because there is voter authorization remaining in the public safety category from the 1999 election. She added that if you look at the additional authorization recommendation, which is \$27,810,855, part of that is for the court and other items within Public Safety to offset rising construction costs.

Mr. Steve Conrad, Police Chief, came forward to answer questions about the Police Air Unit project in the 10-year CIP. He stated that this was a project that was already in the existing CIP. He said they were asking for an increase to address the rising costs in construction and the cost of additional equipment. He stated that it would be two helicopters, a fixed wing plane of some sort and hanger space. Mayor Scruggs said she remembered earlier discussions on the helicopter issue and remembered that it was voted down.

Councilmember Goulet stated that the material brought forward today for the Council to approve was incredibly confusing and difficult to understand. He said that it was highly unlikely that Council would approve anything given this format. He said staff had given them amounts for projects but then asked Council to consider amounts already in the budget, as well as items being moved or taken out completely, which would have to be recalculated. He asked staff how Council was supposed to approve something that they did not understand.

Mr. Piceno said he had charged the committee to take the existing CIP, the total of which is more than double the figure before them as the committee's recommendation for voter authorization. He said the committee reviewed the projects individually and determined the merits as to whether they are still needed, needed to be enhanced or they needed to be deleted. He stated they also looked to the department heads to advise on projects missing from the CIP. He said they considered projects and costs and came to a decision and made a recommendation to the Council today. He stated that the CIP 10 year plan that they started with was significantly higher in total cost than the amount of voter authorization amount being recommended to Council today.

Mayor Scruggs stated that when Council reviews the Capital Improvement Plan each year, they focus only on the first 5 years. She said those are the projects that they commit to the citizens to be built. She said that staff is always adding to the plan. She stated that there are things needed in the future but Council does not examine those issues until they became part of the funded CIP, which is in the first 5-year period. She stated that a large portion of the committees' advisements is on projects that Council has not considered. She said that when Mr. Shuey states that some projects were Council approved, they were, but were not committed to because of the 5 year funded portion of the plan. She said that it was part of the problem here today.

Mr. Lynch stated that he could possibly shed some light on the \$411 million 1999 bond election. He said that from the \$411 million, \$126 million was related to economic development and new faculties that are starting to be used now. He said that it was the reason why there is so much left of \$411 million bond election. He explained that the land acquisition expense component has changed. He stated that in 1999 you could purchase land at \$1.00 sq. ft. and now it is up to \$10.00 to \$20.00 per sq. ft.

Councilmember Martinez stated that the 10-year plan represents figures that they do not vote on because of the 5-year funded plan. He said that possibly the \$249 million left over and only the items in the immediate future could be looked at instead of all other items that have been tacked on. He said it would reduce the amount being requested dramatically. Mayor Scruggs agreed with Councilmember Martinez.

Mr. Piceno stated that it could be done, because the figures presented today were for a 10-year plan. Councilmember Martinez made a comment that in 1999 the citizens committee was charged with creating a 10-year plan. He said that it was possibly the basis for the miscommunication.

Mr. Shuey stated that looking back in history a bond election is held typically every 5 years. He said if Glendale would have a bond election today, it would be 8 years since the last one. He noted that for the record the city does not move forward with actually doing projects until they are affordable. Mayor Scruggs agreed and stated that there are many projects on the wish list that are more costly because of the city's growth, and Council has yet to look at those projects.

Councilmember Clark reiterated what Councilmember Martinez said earlier about asking the voters for the \$794 million when there is still \$249 million left from the prior bond election. She said that would bring it to over \$1 billion. She added that it was an astronomical amount given what was used since the 1999 election. She added that realistically we could not use that much. She asked staff what was needed in bond authorization to get through the 5-year CIP. She also asked about the voters having approved moving the Public Safety category in the November 2006 statewide election, increasing the indebtedness capacity from 6% to 20%. She asked if there were any projects still affected in the 6% category.

Mr. Shuey stated that Councilmember Clark was correct that Public Safety and Streets were in the 6% capacity category, but that has changed as a result of the passage of Proposition 104 in the November 2006 election. Councilmember Clark asked about the effect it would have. Mr. Shuey stated that it had to be affordable in terms of secondary property tax revenue, and feasible from an operational standpoint. He said that the committee's charge was to ascertain if these projects should move ahead.

Mayor Scruggs stated for the record that there was competition from the 6% and 20% projects. She said they competed for the property tax levy. She said that if the 20% projects take the entire property tax levy they might have to wait unless they were to raise taxes. Mr. Shuey stated that she was correct.

Councilmember Lieberman asked what the property valuation was now. Mr. Lynch stated it was around \$7.5 billion. Councilmember Lieberman stated that there was 14 times greater value for property tax than what it was 14 years ago.

Mayor Scruggs moved onto the suggested plan to move pavement management out of the General Fund Operating Budget and into the General Obligation Bond Program.

Mr. Reedy stated that the \$77,100,000 the committee recommended for the pavement management program would be an investment in arterial streets. He said that in the past they had paid for the program out of the General Fund operating budget. He said the arterial streets in Glendale would need repair prematurely because of increased truck traffic. He stated that within the 3 and 4-year process they were unable to increase funding because of rising fuel costs. He said that is part of the reason for the additional funds that are requested. The arterial streets have traditionally been overlaid with a one-inch asphalt surface that was funded out of streets division operating accounts. The streets division and engineering staff are now seeing the need for a deeper overlay on arterial streets to meet the changes in traffic usage. More traffic and more trucks are using the city streets today which need a thicker pavement section to provide the life expectancy for the arterial streets. The proposed asphalt overlays for arterials would be over 2" and would extend the life of the overlays to approximately 15

years. Mayor Scruggs asked if they would still have funds coming out of the General Fund. Mr. Reedy said that they would continue to use General Fund money for the residential streets instead of the arterial streets. With the rising cost of asphalt that is related to the world oil market the budget for asphalt repairs and overlays would need to be substantially raised to meet the same level of maintenance as was proposed in past years. Mayor Scruggs voiced concerns on choosing between other needs before repairing streets. She stated that this appears to put the street preservation in competition with other needs at risk.

Mr. Reedy responded that the streets are the city's responsibility and they would need to make sure they are funded in the CIP program. He said that this was a way to do it with bonds instead of cash. Mayor Scruggs stated it was a difficult decision for her to make to put a pavement management plan into the bond program because of competition from other important programs. Councilmember Lieberman rejected the idea that it should come out of the Transportation Fund.

Mayor Scruggs stated that she had asked several City Attorneys about this being a legal use of funds and it was found to be a legal. She said that because it was not a clear issue to some, she had asked for it to be brought back as a special interest proposition on an election. She was told it was not necessary because they had an alternative plan which is this bond election, which she does not support. Councilmember Martinez agreed with Mayor Scruggs' idea that it should have gone back to the voters for approval. Councilmember Lieberman also agreed with another vote by the citizens. Councilmember Clark agreed with the idea for it to go to the voters.

Mr. Tindall stated such a proposition would give advice or guidance from the voters through the election process but not bond authorization. He said it would still be up to Council to decide how transportation funds would be spent.

Mayor Scruggs added that the sales tax was at 8% and of that .5% was for transportation tax. She said the transportation tax is for street and bus transportation as well as someday for light rail.

Councilmember Martinez stated that rather than going through the voters, since the ballot would only be for advisement, Council should decide.

Councilmember Eggleston stated that he remembered asking the CTOC committee for pavement management funds, and they did not like the idea but did allow a small amount to be awarded. Mr. Horatio Skeete, Deputy City Manager, stated that CTOC approved \$750,000 for pavement management per year for several years.

Councilmember Clark stated that she thought that whether it was an advisory election or authorization election it expresses the will of the voters. She said she understands the reluctance from CTOC to expend funds, which they believe, are not within the mandate that the voters approved. Mayor Scruggs said she agrees it should be put on a ballot. She added that there were new people in charge of CTOC and they might view this issue differently.

Mayor Scruggs asked if there was support from City Council for placing pavement management of our arterial street in a bond issue of \$77,100,000. She announced after hearing from the Council, that the majority did not support this issue. Councilmember Clark asked that they still consider the vote from the citizens on this recommendation.

Mayor Scruggs asked for suggestions on having a bond election. Councilmember Clark stated that she is still not comfortable with deciding on a bond election today. She would need further information to make a decision. She would ask for the figures to reflect actual numbers within the 5 year CIP plan.

Councilmember Eggleston stated they needed accurate numbers to have a bond election. He would have to have a better understanding of the numbers at hand.

Councilmember Frate stated he didn't support moving forward with what they had to a May election. He also would have to have a better understanding of the numbers. He did not want to make a rushed decision. He preferred to revisit these figures and have this ready for a possible September election

Councilmember Clark asked if it was possible to have another workshop to revisit some of these numbers so they could move forward with a May election. She asked what would be the time frame for them to have to complete discussions. Mayor Scruggs said that they would not have enough time because it would have to be completed by January.

Councilmember Martinez stated that with all the discussions here today they had already identified much of the problem areas and could move forward quickly. Mr. Shuey stated that it was a possibility to go back and scale down the amount recommended by the committee to reflect specific projects at the 5-year mark.

Mr. Lynch stated that one of the needs to consider now was the 1999 election authorization that remains to address the streets, parking and parks and recreation projects.

Councilmember Goulet stated he did not like to miss the opportunity of the bond election in May. He said that possibly they could call a special workshop session and revisit the issues. He posed that to the Council as a possibility.

Mayor Scruggs suggested maybe moving ahead with the categories that are within reason. She said that for suggestion proposes they would start with \$794 million and take out the \$77.1 million for the pavement management program. She added that in the parks and recreation category there were some very large ticket items that she has no memory of ever discussing. She said if they were to revisit these items, they might get down to the \$400 million mark, which would be reasonable. She added having all these projects on hand, puts the other projects that are important at risk. She also stated that the voters would not see the \$794 million as something that they would approve therefore putting all projects at risk.

Councilmember Clark stated that they could discuss it further at the next workshop meeting on December 19.

Councilmember Frate stated that he was not comfortable with the \$795 million figure and would like to look further at the items that should be cut out of the CIP. He said he does not want to feel rushed so they should have it ready in September rather than in May. He believes the citizens would not support it now and he does not support it as written. He supports having a workshop session to rework the figures again for the 5 year funded plan. Councilmember Martinez supported the idea.

Mayor Scruggs gave direction to staff to place projects that are funded in the CIP for the next 5 years on the December 19 Workshop. She said to bring the operating cost for

those projects as well.

Councilmember Lieberman stated he would also like a list of projects that had been removed before the December workshop. Councilmember Clark also would like to know the historic authorization utilized annually.

Mayor Scruggs mentioned that she found many small ticket items that should not be lumped in with this bond initiative. She noted that they should be done regardless of the bond election and they are put at risk if it were not approved. Mr. Shuey stated that a lot of those items were items with remaining carryover balances. Mayor Scruggs said that they should have separated those out to avoid confusion.

Councilmember Clark suggested having slides for the next meeting on all the material that will be discussed.

Councilmember Eggleston asked questions about two water plants on the reports. Mr. Reedy stated that the ground water treatment plant was in the far future with \$59 million slated for the project. He said the Oasis water campus is under construction right now and is 40% completed. The funds slated for it are \$64 million, which is in the CIP and will be completed in 2007.

Councilmember Martinez thanked Mr. Piceno and Ms. Jacobson as well and the committees for their hard work on this project. Mayor Scruggs also thanked the committees.

## **2. PROPOSED ANNEXATIONS AN-166 AND AN-167: NORTHWEST CORNER OF BELL ROAD AND LOOP 101**

CITY STAFF PRESENTING THIS ITEM: Mr. Jon M. Froke, AICP, Planning Director, and Mr. Thomas Ritz, AICP, Senior Planner.

This is a request for City Council to discuss the annexation of 19 acres located at the northwest corner of Bell Road and Loop 101. AN-166 is the annexation of 18 acres that is currently located in the City of Peoria and AN-167 is the annexation of 1 acre that is currently located in Maricopa County. Peoria has agreed to deannex the site. Deannexation must occur before Glendale can annex the site.

The General Plan designation for the portion of the property within the city is Light Industrial (LI). The General Plan designation by the City of Peoria for the portion in the City of Peoria is Business Park / Industrial. Maricopa County refers to Glendale's General Plan for their General Plan designation. A General Plan Amendment application has been filed by the applicant to change the General Plan designation to Office (OFC) over the entire property.

The portion of the property within the city is zoned Planned Area Development (PAD). The zoning designation for the portion of the property within Maricopa County is Rural-43 (Rural Residential). The zoning designations for the portion of the property within the City of Peoria are Intermediate Commercial (Planned Unit Development) or C-2 (PUD) and Regional Commercial (C-5). A Rezoning application has been filed with the

City of Glendale to rezone the entire property to Planned Area Development (PAD). The rezoning will be considered after the annexation is complete.

The property includes both unincorporated land and property within the City of Peoria; therefore bringing the entire property into Glendale will require two annexation actions. First, annexing the unincorporated portion of the property into Glendale, and once that annexation is completed, annexing the portion of the property currently in the City of Peoria. Second, annexation will require simultaneous deannexation by the City of Peoria, and ratification by the Maricopa County Board of Supervisors.

Staff is seeking guidance from the Council to continue with the two annexation processes in accordance with the procedures proscribed in the state statutes.

Councilmember Goulet asked if they'd had discussions with the City of Peoria. Mr. Froke stated that they had and Peoria was willing to deannex this into the City of Glendale.

Councilmember Eggleston asked if the City of Glendale would be required to service the water and sewer for this facility. Mr. Froke stated that yes if they bring in the acreage to the City of Glendale, then the city would have to provide usual city services.

Councilmember Frate and Councilmember Martinez stated their support. Mayor Scruggs gave her support to move forward.

### **3. FY 2005-06 YEAR END GENERAL FUND STATUS REPORT ON REVENUES AND EXPENDITURES**

CITY STAFF PRESENTING THIS ITEM: Mr. Art Lynch, Deputy City Manager, Mr. Raymond H. Shuey, Chief Financial Officer / Finance Director, and Ms. Sherry M. Schurhammer, Management & Budget Director.

This is a request for City Council to review the FY 2005-06 year-end report on General Fund revenue and expenditures.

The FY 2005-06 fourth quarter (year-end) report on the General Fund is consistent with the Council's goal of ensuring the city's financial stability by conducting timely reviews of expenditures and revenues.

The General Fund's fourth quarter (year-end) revenue budget and actuals are as follows (in 000s):

	<u>FY 2005-06 Budget</u>	<u>FY2005-06 Actuals</u>
City Sales Tax	\$ 55,654	\$ 59,741
State Income Tax	\$ 19,730	\$ 22,909

State Sales Tax	\$ 18,409	\$ 23,298
State Motor Vehicle In-Lieu	\$ 8,866	\$ 10,444
Highway User Revenue Funds	\$ 15,174	\$ 16,888
Primary Property Tax	\$ 3,680	\$ 3,643
All Other	<u>\$ 25,468</u>	<u>\$ 32,568</u>
<b>TOTAL</b>	<b>\$146,981</b>	<b>\$169,491</b>

The FY 2005-06 fourth quarter budget and actuals for the General Fund operating and pay-as-you-go (PAYGO) capital expenditures are as follows (in 000s):

	<u>FY 2005-06 Budget</u>	<u>FY2005-06 Actuals</u>
GF Salaries/Benefits	\$ 97,300	\$ 94,872
GF Non-Personnel	\$ 55,775	\$ 47,432
GF Debt Service (leases)	\$ 4,691	\$ 4,171
PAYGO Capital	<u>\$ 9,604</u>	<u>\$ 6,840</u>
<b>TOTAL</b>	<b>\$167,370</b>	<b>\$153,315</b>

Overall, year-end actuals were \$14 million less than the amount budgeted, with salary savings totaling \$2.4 million and non-salary savings totaling \$8.3 million. The remaining \$3.3 million in savings came from the PAYGO (\$2.8 million) and debt service (\$520K) categories.

At the end of FY 2005-06, the budget-basis General Fund balance was \$61.7 million.

Councilmember Lieberman had a question on the 4<sup>th</sup> quarter revenues. He said he would like to see each quarter separately.

Councilmember Clark asked about the “all other” columns and what was included as sources of revenue. She said that some are explained but others are not. Ms. Schurhammer stated that other sources of revenue include building permits fees as well as business licenses fees and other fees etc. Councilmember Clark would like to see the different types of fees broken out so they can determine how much these areas contribute.

Councilmember Frate asked if the 5-year forecast was still looking profitable. Mr. Lynch said things are looking positive in the forecast. He said he saw new development, which should continue on a positive trend.

Councilmember Clark said she might see a diminishing of revenues in Development Impact Fees (DIF). She stated that a lot of it is in housing starts. She said there were three subdivisions in her district that are not moving forward. Ms. Schurhammer stated that they also collect development impact fees from commercial development, so they are not dependent on only the housing markets.

Councilmember Eggleston mentioned that he saw that revenues were up and expenses down. He complimented staff on good quarter numbers.

Councilmember Martinez remembered a balance of \$88 million and asked where that number came from. Ms. Schurhammer stated that it was a component of fiscal year

2007/2008.

Mayor Scruggs stated she would like to see collected tax numbers on Public Transportation as well as Public Safety at future meetings.

Councilmember Clark requested more information on the transfer funds, since the transfers are constantly moving.

Mayor Scruggs thanked staff for their good work and positive news.

#### ADJOURNMENT

The meeting was adjourned at 5:00 p.m.