



City of Glendale

5850 West Glendale Avenue
Glendale, AZ 85301

City Council Workshop Agenda

Mayor Jerry Weiers
Vice Mayor Yvonne J. Knaack
Councilmember Norma Alvarez
Councilmember Sammy Chavira
Councilmember Ian Hugh
Councilmember Manny Martinez
Councilmember Gary Sherwood

Tuesday, October 21, 2014

1:30 PM

Council Chambers

Workshop

One or more members of the City Council may be unable to attend the Workshop or Executive Session Meeting in person and may participate telephonically, pursuant to A.R.S. § 38-431(4).

CALL TO ORDER

WORKSHOP SESSION

- 1. 14-317** FY 13-14 FOURTH QUARTER FINANCIAL REPORT
Staff Contact: Tom Duensing, Director, Finance and Technology
Staff Presenter: Tom Duensing, Director, Finance and Technology
Staff Presenter: Vicki Rios, Assistant Finance Director, Finance and Technology

Attachments: [Attachment 14-317_revised](#)
- 2. 14-372** COUNCIL ITEM OF SPECIAL INTEREST: REQUEST TO VOTE ON RESCINDING A RECENT DENIAL OF A REZONING APPLICATION
Staff Contact: Michael Bailey, City Attorney

CITY MANAGER'S REPORT

This report allows the City Manager to update the City Council. The City Council may only acknowledge the contents to this report and is prohibited by state law from discussing or acting on any of the items presented by the City Manager since they are not itemized on the Council Workshop Agenda.

CITY ATTORNEY'S REPORT

This report allows the City Attorney to update the City Council. The City Council may only acknowledge the contents to this report and is prohibited by state law from discussing or acting on any of the items presented by the City Attorney since they are not itemized on the Council Workshop Agenda.

COUNCIL ITEMS OF SPECIAL INTEREST

Councilmembers may indicate topic(s) they would like to have discussed by the Council at a future Workshop and the reason for their interest. The Council does not discuss the new topics at the Workshop where they are introduced.

MOTION TO GO INTO EXECUTIVE SESSION**EXECUTIVE SESSION****1. LEGAL MATTERS**

A. The City Council will meet with the City Attorney for legal advice, discussion and consultation regarding the city's position in pending or contemplated litigation, including settlement discussions conducted in order to avoid or resolve litigation. (A.R.S. § 38-431.03(A)(3)(4))

B. Council will meet to discuss and consider records exempt by law from public inspection and are specifically required to be maintained as confidential by state or federal law. (A.R.S. § 38-431.03(A)(4))

2. LEGAL MATTERS - PROPERTY & CONTRACTS

A. Discussion and consultation with the City Attorney and City Manager to receive an update, to consider its position and provide instruction and direction to the City Attorney and City Manager regarding Glendale's position in connection with agreements associated with the Arena, which are the subject of negotiations. (A.R.S. § 38-431.03(A)(3)(4)(7))

3. PERSONNEL MATTERS

A. Various terms have expired on boards, commissions and other bodies. The City Council will be discussing appointments involving the following boards, commissions and other bodies. (A.R.S. § 38-431.03(A)(3)(4))

1. Arts Commission
2. Audit Committee
3. Aviation Advisory Commission
4. Board of Adjustment
5. Citizens Bicycle Advisory Committee

6. Citizens Transportation Oversight Commission
7. Commission on Neighborhoods
8. Commission on Persons with Disabilities
9. Community Development Advisory Committee
10. Glendale Municipal Property Corporation
11. Historic Preservation Commission
12. Industrial Development Authority
13. Judicial Selection Advisory Board
14. Library Advisory Board
15. Parks and Recreation Advisory Commission
16. Personnel Board
17. Planning Commission
18. Public Safety Personnel Retirement Board/Fire
19. Public Safety Personnel Retirement Board/Police
20. Risk Management/Workers Compensation Trust Fund Board
21. Water Services Advisory Commission

Upon a public majority vote of a quorum of the City Council, the Council may hold an executive session, which will not be open to the public, regarding any item listed on the agenda but only for the following purposes:

- (i) discussion or consideration of personnel matters (A.R.S. § 38-431.03(A)(1));**
- (ii) discussion or consideration of records exempt by law from public inspection (A.R.S. § 38-431.03(A)(2));**
- (iii) discussion or consultation for legal advice with the city's attorneys (A.R.S. § 38-431.03(A)(3));**
- (iv) discussion or consultation with the city's attorneys regarding the city's position regarding contracts that are the subject of negotiations, in pending or contemplated litigation, or in settlement discussions conducted in order to avoid or resolve litigation (A.R.S. § 38-431.03(A)(4));**
- (v) discussion or consultation with designated representatives of the city in order to consider its position and instruct its representatives regarding negotiations with employee organizations (A.R.S. § 38-431.03(A)(5)); or**
- (vi) discussing or consulting with designated representatives of the city in order to consider its position and instruct its representatives regarding negotiations for the purchase, sale or lease of real property (A.R.S. § 38-431.03(A)(7)).**

Confidentiality

Arizona statute precludes any person receiving executive session information from disclosing that information except as allowed by law. A.R.S. § 38-431.03(F). Each violation of this statute is subject to a civil penalty not to exceed \$500, plus court costs and attorneys' fees. This penalty is assessed against the person who violates this statute or who knowingly aids, agrees to aid or attempts to aid another person in violating this article. The city is precluded from expending any public monies to employ or retain legal counsel to provide legal services or representation to the public body or any of its officers in any legal action commenced for violation of the statute unless the City Council takes a legal action at a properly noticed open meeting to approve of such expenditure prior to incurring any such obligation or indebtedness. A.R.S. § 38-431.07(A)(B).

**This agenda has been reviewed and approved for posting by Brenda S. Fischer, ICMA-CM,
City Manager.**



Legislation Description

File #: 14-317, Version: 1

FY 13-14 FOURTH QUARTER FINANCIAL REPORT

Staff Contact: Tom Duensing, Director, Finance and Technology

Staff Presenter: Tom Duensing, Director, Finance and Technology

Staff Presenter: Vicki Rios, Assistant Finance Director, Finance and Technology

Purpose and Recommended Action

The purpose of this item is to provide Council with a FY 13-14 Fourth Quarter Financial Report for the major operating funds which gives information regarding the actual results of the city's revenue collections and expenditures through June 30, 2014 including forecast to actual comparisons and an assessment of any foreseeable financial issues. These results are preliminary and unaudited. The final audited results for the FY13-14 year end are expected to be available in December 2014.

Background

June 30, 2014 marks the end of the of the city's fiscal year. As part of the annual budget process and the preparation of the Five-Year Forecast, it is important to compare the actual financial results with the budgets and forecasts. Best financial practice calls for periodic analysis of the variances between the budget or forecast and the actual financial results. This variance analysis identifies any significant factors that may influence revenue collections and expenditure levels. The analysis also serves to improve future forecasts and identify any foreseeable financial issues so they can be proactively addressed.

Analysis

The attached report contains detailed results and analysis of the major operating funds. Overall, the results of the analysis for the major funds show positive financial results for the fiscal year and, in particular, growth to the General Fund reserves. Moody's recent revision of the City of Glendale's financial outlook from negative to stable was based in part on similar unaudited information for the year end.

Staff will continue to monitor the actual results and prepare a financial analysis quarterly.

This analysis of revenues and expenditures is based on the General Fund Financial Forecast which was provided to the council on December 17, 2013 and the Five Year Financial Forecast - Other Operating Funds which was provided to the council on February 18, 2014.

Previous Related Council Action

On December 17, 2013 the Five-Year Financial Forecast was presented at the Council Workshop.

On March 4, 2014, a FY13-14 Mid-Year Financial Report was presented at the Council Workshop.

On May 20, 2014, a FY13-14 Third Quarter Financial Report was presented at the Council Workshop.

Community Benefit/Public Involvement

The community benefit of a year-end financial report is to provide solid financial analysis which compares actual results to the forecast. This helps identify any significant factors that may influence revenue and expenditure levels, improves future forecasts, and identifies any foreseeable financial issues so they can be proactively addressed.



City of Glendale – Workshop Council Report October 21, 2014

Tom Duensing, Director, Finance and Technology
Vicki Rios, Assistant Director, Finance and Technology

FY 13-14 FOURTH QUARTER FINANCIAL REPORT (Unaudited)

The first section of this report covers the General Fund which includes all sources of revenue not designated for a special purpose and expenditures to support general City services such as police; fire; parks, recreation, and library; city court; general administrative services; and contractual obligations such as the Arena and Camelback Ranch. The second section covers Special Revenue Funds which includes the Highway User Revenue Fund (HURF), and the Transportation, Police, and Fire Special Revenue Funds. The third section covers Enterprise Funds which consists of the Water and Sewer; Sanitation; and Landfill Enterprise Funds.

For each of the major operating funds, the actual revenues and expenditures recorded in the City's financial system through June 30, 2014 are compared to the budget and the most recent Five-Year Forecast. The General Fund Five-Year Forecast was presented to the Council on December 17, 2013. The Five-Year Forecast for the other major operating funds was presented to the Council at the February 18, 2014 Budget Workshop. As a general guideline at the end of the fourth quarter, revenues and expenditures are considered to be on target if they are close to 100% of the forecasted amount. For simplicity and budgetary comparison purposes, revenues include transfers in from other funds and expenditures include transfers out to other funds. The actual revenues and expenditures are also compared to the information at the same time last year. This analysis identifies upward or downward trends in revenue and expenditures compared to the previous year. At the request of the Council, year-to-date revenues and expenditures for the past two years are also presented (see attachment) to show a three-year comparison. Significant trends and variances are analyzed in more detail to determine what factors may be influencing the results.

General Fund

This General Fund Analysis is for the primary General Fund and does not include the General Fund, Sub-Funds. The City's total general fund revenue is \$168.8 million which is above the target at 102% of the \$164.7 million estimate. Revenues are \$11.5 million or 7.3% higher than revenues at the end of June last year. The two largest components of general fund revenues are City Sales Tax and State Shared Tax Revenues. Together these two revenue sources represent \$134 million or 79% of the general fund revenue at the end of the year. General Fund City Sales Tax collections are \$80.7 million which is an increase of \$5 million or 6.7% over the previous year. Approximately \$1.8 million of the sales tax increase is directly attributable to the .7% temporary sales tax which was implemented in August 2012. General Fund Sales Tax collections are also above target at 101% of the estimate for the year. State Shared revenues are \$53 million which is an increase of \$3.8 million or 7.7% over last year. State Shared Revenues are also above target at 102% of the annual estimate. Other General Fund Revenues

including Development Services Fees, Business License Fees, and Franchise Fees are also above target at \$35 million which is 106% of the forecast.

General Fund expenditures are \$161 million which is below target at 97% of the December 2013 forecast. The actual expenditures increased by \$15.9 million over the last year. This increase is attributable to an increase in budgeted transfers from the general fund to pay contractual obligations. Overall the actual General Fund revenues exceeded the forecast by approximately \$4.1 million. Expenditures and transfers out are almost \$5.8 million lower than anticipated in the first year of the Five-Year Forecast. The forecast anticipated expenditures would exceed revenues by \$2.1 million. Instead, the preliminary results show revenues will outpace expenditures by about \$7.8 million. This will lead to a positive contribution to the City's General Fund reserves.

General Fund

Item Description	FY11-12	FY12-13 YTD	Forecast FY13-14	Actual FY13-14 (unaudited)	% of Forecast
City Sales Tax	52,816,729	75,628,027	79,817,728	80,676,966	101%
State Shared Revenues	44,128,800	49,302,823	51,840,278	53,091,782	102%
Other Revenues	30,374,369	32,359,850	33,096,411	35,052,335	106%
Total Revenues	127,319,898	157,290,700	164,754,417	168,821,083	102%
Total Expenditures	(142,323,819)	(145,092,204)	(166,876,384)	(161,040,796)	97%
Excess (Deficiency)	(15,003,921)	12,198,496	(2,121,967)	7,780,287	
Beginning Fund Balance	21,931,242	6,927,321	19,125,817	19,125,817	
Ending Fund Balance	6,927,321	19,125,817	17,003,850	26,906,104	

Special Revenue Funds

Special revenue funds presented below include the Highway User Revenue Fund (HURF), Transportation Sales Tax Special Revenue Fund, Police Special Revenue Fund, and Fire Special Revenue Fund.

Highway User Revenue Funds (HURF)

Revenues in the Highway User Revenue Fund are \$13.8 million which is a decrease of \$679,000 over the prior year. This difference is due primarily to a decrease in budgeted transfers into the fund. Revenues are on target at 100% of the annual estimate.

Expenditures in the funds are significantly lower than the target at only 76% of the annual estimate. Two factors are causing this low expenditure level through the end of the year. The first item is \$3 million which is planned to be used for pavement management improvements in the current fiscal year that council reviewed on December 17, 2013. This capital project was carried over into FY14-15. In addition, operating expenses in the fund were lower than anticipated at only 81% of the annual estimate.

Highway User Revenue Fund

Item Description	FY11-12	FY12-13 YTD	Forecast FY13-14	Actual FY13-14 (unaudited)	% of Forecast
Highway User Revenues	14,746,239	14,469,550	13,792,455	13,790,076	100%
Total Expenditures	(12,461,194)	(11,257,982)	(16,573,265)	(12,580,468)	76%
Excess (Deficiency)	2,285,045	3,211,568	(2,780,810)	1,209,608	
Beginning Fund Balance	13,437,635	15,722,680	18,934,248	18,934,248	
Ending Fund Balance	15,722,680	18,934,248	16,153,438	20,143,856	

Transportation Sales Tax Special Revenue Fund

Revenues in the Transportation Sales Tax Special Revenue Fund are \$24.1 million and 98% of the estimate. This shortfall is due primarily to a forecasted \$667,000 transfer that can only be made if Local Transportation Assistance funds are received from the state. Expenditures in this fund are below target at only 43% of the estimate because most of the budgeted expenditures in this fund are for capital projects which were not completed by the end of the year. Those projects have been carried over into the next year.

Transportation Sales Tax Fund

Item Description	FY11-12	FY12-13 YTD	Forecast FY13-14	Actual FY13-14 (unaudited)	% of Forecast
Total Revenues	24,695,636	23,772,374	24,714,389	24,140,679	98%
Total Expenditures	(27,152,279)	(25,962,487)	(56,055,391)	(23,975,702)	43%
Excess (Deficiency)	(2,456,643)	(2,190,113)	(31,341,002)	164,977	
Beginning Fund Balance	35,147,902	32,691,259	30,501,146	30,501,146	
Ending Fund Balance	32,691,259	30,501,146	(839,856)	30,666,123	

Police Special Revenue Fund

Revenues in the Police Special Revenue Fund are \$14.2 million which is \$355,000 above the forecast or 103% of the estimate. Expenditures in the Police Special Revenue Fund are \$13.4 million which is below the target at 86% of the revised estimate.

Police Special Revenue Fund

Item Description	FY11-12	FY12-13 YTD	Forecast FY13-14	Actual FY13-14 (unaudited)	% of Forecast
Total Revenues	12,580,752	13,082,485	13,872,917	14,227,879	103%
Total Expenditures	(12,053,772)	(12,232,089)	(15,627,787)	(13,430,093)	86%
Excess (Deficiency)	526,980	850,396	(1,754,870)	797,786	
Beginning Fund Balance	7,237,383	7,764,363	8,614,759	8,614,759	
Ending Fund Balance	7,764,363	8,614,759	6,859,889	9,412,545	

Fire Special Revenue Fund

Revenues in Fire Special Revenue Fund are \$7.0 million which is \$227,000 above the forecast or 103% of the estimate. Fire Special Revenue fund expenditures are \$6.5 million which is below the target at 94% of the annual estimate. Revenues were \$500,000 greater than expenditures.

Fire Special Revenue Fund

Item Description	FY11-12	FY12-13 YTD	Forecast FY13-14	Actual FY13-14 (unaudited)	% of Forecast
Total Revenues	6,290,383	6,554,208	6,793,394	7,020,940	103%
Total Expenditures	(7,503,524)	(5,857,710)	(6,913,425)	(6,517,107)	94%
Excess (Deficiency)	(1,213,141)	696,498	(120,031)	503,833	
Beginning Fund Balance	1,506,802	293,661	990,159	990,159	
Ending Fund Balance	293,661	990,159	870,128	1,493,992	

Enterprise Funds

The funds presented below include the Water and Sewer, Sanitation, and Landfill Enterprise Funds.

Water and Sewer Enterprise Funds

Revenues in the Water and Sewer enterprise fund total \$81.5 million at the end of the year. The water revenue of \$46.7 million is \$897,000 higher than last year which is a variance of 1.9% and 99% of the annual estimate. Sewer revenues are \$32.9 million which is \$390,000 or 1.2% greater than last year and on considered on target when compared to the forecast. Combined revenues in the fund came in at 99% of the annual estimate.

Expenditures in the water and sewer enterprise funds are \$4.1 million higher than the previous year but below target at 77% of the annual estimate. This variance is primarily due to \$15.4 million budgeted in this fund for capital projects which will be carried over into FY14-15.

Water and Sewer Enterprise Funds

Item Description	FY11-12	FY12-13 YTD	Forecast FY13-14	Actual FY13-14 (unaudited)	% of Forecast
Water Revenues	46,906,769	45,772,615	47,040,655	46,669,959	99%
Sewer Revenues	31,351,053	32,545,795	32,981,526	32,935,682	100%
Other Revenues	4,684,581	5,312,918	2,602,633	1,889,719	73%
Total Revenues	82,942,403	83,631,329	82,624,814	81,495,360	99%
Total Expenditures	(86,758,777)	(69,150,931)	(95,055,191)	(73,227,142)	77%
Excess (Deficiency)	(3,816,374)	14,480,398	(12,430,377)	8,268,218	
Beginning Fund Balance	65,818,222	62,001,848	76,482,246	76,482,246	
Ending Fund Balance	62,001,848	76,482,246	64,051,869	84,750,464	

Sanitation Enterprise Fund

Combined revenues in the Sanitation Enterprise Fund are \$15 million which is equivalent to the prior fiscal year and considered on target at 101% of the annual estimate. Expenditures are \$425,000 lower than last year and below target at only 88% of the annual budget. This variance is primarily due to \$1.5 million in forecasted but unspent capital projects which will carry over to FY14-15.

Sanitation Enterprise Fund

Item Description	FY11-12	FY12-13 YTD	Forecast FY13-14	Actual FY13-14 (unaudited)	% of Forecast
Commercial Sanitation Revenue	3,993,908	4,033,060	4,000,000	3,986,736	100%
Residential Sanitation Revenue	10,277,075	10,491,980	10,401,000	10,606,128	102%
Other Sanitation Revenue	473,537	512,615	374,879	362,342	97%
Total Revenues	14,744,519	15,037,655	14,775,879	14,955,206	101%
Total Expenditures	(14,397,069)	(14,422,902)	(15,943,518)	(13,997,772)	88%
Excess (Deficiency)	347,450	614,753	(1,167,639)	957,434	
Beginning Fund Balance	2,148,833	2,496,283	3,111,036	3,111,036	
Ending Fund Balance	2,496,283	3,111,036	1,943,397	4,068,470	

Landfill Enterprise Fund

Revenues in the Landfill Enterprise Fund are substantially the same as last year and on target at 103% of the February 2014 forecast. Expenditures in the fund are below target at only 41% of the annual amount. This variance is primarily due to \$10.5 million in forecasted by unspent capital project funds which will carry over to FY14.15.

Landfill Enterprise Fund

Item Description	FY11-12	FY12-13 YTD	Forecast FY13-14	Actual FY13-14 (unaudited)	% of Forecast
Total Revenues	8,806,383	9,644,004	9,404,424	9,676,071	103%
Total Expenditures	(7,024,258)	(7,356,417)	(17,981,615)	(7,408,261)	41%
Excess (Deficiency)	1,782,125	2,287,586	(8,577,191)	2,267,810	
Beginning Fund Balance	5,765,150	7,547,275	9,834,861	9,834,861	
Ending Fund Balance	7,547,275	9,834,861	1,257,670	12,102,671	

Summary

Overall, revenue analysis for the major operating funds show consistent financial results when compared to the General Fund Five-Year Financial Forecast and the Five-Year Financial Forecasts for the other operating funds presented in December 2013 and February 2014,

respectively. Expenditures either remained on track or were less than forecasted due primarily to unspent capital projects funding. General Fund ending fund balance grew due to positive financial results for both revenue and expenditures. Staff will continue to monitor the actual results and prepare a financial analysis quarterly.



Legislation Description

File #: 14-372, Version: 1

COUNCIL ITEM OF SPECIAL INTEREST: REQUEST TO VOTE ON RESCINDING A RECENT DENIAL OF A REZONING APPLICATION

Staff Contact: Michael Bailey, City Attorney

Purpose and Policy Guidance

At the October 7, 2014 City Council Workshop meeting, Councilmember Sherwood raised a Council Item of Special Interest for a Councilmember who was not in attendance at the workshop. The request was to have City Council consider rescinding the previous denial of a rezoning application related to two Palm Canyon billboards and, if the vote is successful, reconsider the rezoning application at the same City Council Voting meeting. In an October 9, 2014 letter to City Manager, Brenda Fischer, Councilmember Sherwood clarified that he is adopting the request as his own.

Staff scheduled this item for the next regularly scheduled City Council Workshop, October 21, 2014, and will be available to advise the City Council of necessary procedural steps to address the requested rescission and reconsideration actions. At that time, if the City Council desires to move forward on the issue, they may direct staff to place the item on a future City Council Voting Meeting agenda.