

City of Glendale

*5850 West Glendale Avenue
Glendale, AZ 85301*



Meeting Minutes - Final

Tuesday, October 18, 2016

1:30 PM

Workshop

Council Chambers

City Council Workshop

Mayor Jerry Weiers

Vice Mayor Ian Hugh

Councilmember Jamie Aldama

Councilmember Samuel Chavira

Councilmember Ray Malnar

Councilmember Lauren Tolmachoff

Councilmember Bart Turner

CALL TO ORDER**Rollcall**

Present 7 - Mayor Jerry Weiers, Vice Mayor Ian Hugh, Councilmember Jamie Aldama, Councilmember Samuel Chavira, Councilmember Ray Malnar, Councilmember Lauren Tolmachoff, and Councilmember Bart Turner

Also present were Kevin Phelps, City Manager; Michael Bailey, City Attorney; and Julie Bower, City Clerk.

WORKSHOP SESSION

1. [16-520](#) COUNCIL ITEM OF SPECIAL INTEREST - OPTIONS TO INCREASE PATRONAGE AT THE GLENDALE CIVIC CENTER

Staff Contact and Presenter: Erik Strunk, Director, Public Facilities, Recreation and Special Events

Staff Presenter: Diane Williams, Administrator, Civic Center

Mr. Strunk said there had been a recent organizational restructuring and implementation of best practices for the facility. He introduced Diane Williams, Administrator of the Civic Center.

Mr. Strunk explained the initial reason for constructing the Civic Center was to fulfill a need for more public space in downtown Glendale. The building opened in 1999 and was now a destination for the Centerline area. The Civic Center had been ranked number one for the past five years by Arizona Business Magazine. Mr. Strunk explained the Civic Center hosted approximately 195 events annually with 56,000 attendees. Annual revenue was about \$400,000 with a cost recovery percentage of 66%.

Ms. Williams said revenue for the facility came from many types of events, including religious, social, education, association, city, trade show and corporate. She explained the corporate market typically purchased catering services through the Civic Center's caterer and also used a larger number of meeting rooms for events. Ms. Williams explained the social market had changed from weddings to other events such as prom packages. Staff continued to look at different ways to attract new business and regularly attended marketing events to stay abreast of current trends.

Ms. Williams said Glendale residents, City departments and non-profits received a 20% discount on room rentals. Additionally, the discount was increased to 40% if the meal was catered. Staff completed a survey of other facilities' room rental rates within Arizona and determined the Civic Center was in line with average costs for this type of facility.

Ms. Williams said the Civic Center had an exclusive caterer and explained this was a best practice. The liquor license was also provided by the caterer. She said the Civic Center prices were in line with the market average.

Mr. Strunk said business practices had been improved over the last twelve months, including new growth goals of 5% per year, new synergy with the recent department reorganization, new funds allocated for marketing and advertising, new collaboration with the CVB to promote the Civic Center and provide business leads, an enhanced building

maintenance and repair fund, as well as, an annual progress report.

Mr. Strunk said staff was requesting authorization for up to six marquee community events with no rental charge, consideration of rental fee adjustments as part of the FY17-18 budget process, and the flexibility to negotiate rental rates to bring in additional business. He said staff would like to be able to develop packages to meet the needs of the clients.

Vice Mayor Hugh wanted to provide flexibility now to negotiate rental rates instead of waiting until next fiscal year.

Mr. Strunk said staff could accelerate that timeline if Council approved it.

Councilmember Tolmachoff asked how negotiating the prices for marquee community events would work.

Mr. Strunk said there might be annual events the City was interested in sponsoring that staff would like to offer at no charge. He explained these would have to be community events and would not impact the revenue earning potential of the Civic Center. He explained competitors allowed bundling of services, which the Civic Center was currently not allowed to do. Staff was asking for flexibility to bundle events.

Councilmember Tolmachoff said the piecemeal pricing structure made it very complicated for renters to put together an event. She asked if there was a way to make that process easier for guests.

Ms. Williams said it was staff's intent to package those services. She said other venues did bundle some services and equipment under a standard fee. She believed this packaging of services would help close the sale and increase business.

Councilmember Aldama agreed that staff should be allowed more flexibility in negotiating pricing. He asked how staff proposed to meet the 5% growth goal.

Mr. Strunk explained there had not been any funds available for a marketing strategy and with the realignment that was now possible. He said staff would like to survey the groups that came to the Civic Center to see if they would spread the word to other potential renters.

Councilmember Turner said it was a big accomplishment getting the Civic Center ranked number one for the last five years, especially in light of the budget reductions over the last few years. He asked if existing events would be able to take advantage of the six free events proposal or if that only pertained to new events.

Mr. Strunk said right now staff was looking only at six events per year and would have to address that issue as staff moved forward.

Councilmember Turner said there wasn't anything in the presentation that he couldn't support.

Councilmember Malnar asked how staff came up with the \$67 per person revenue generated figure. He would like to see some data regarding that figure.

Ms. Williams said that information came from the Convention and Visitor's Bureau. Only 30 of the 198 events held last year were catered. She said many Civic Center patrons did

go to the downtown restaurants and those businesses were promoted as often as possible. Downtown merchants were also promoted.

Councilmember Malnar asked if other cities' civic centers were profitable. He asked if staff expected the Civic Center to become a profit center at some point.

Ms. Williams said comparative studies had been done and the results varied from city to city.

Mr. Strunk said it was never a Council mandate to make the Civic Center a profit center but that didn't mean it couldn't happen. He said the proposed changes showed a desire to strive for 100% cost recovery.

Ms. Williams explained privatized municipal buildings typically had hotels and that had been a barrier to the Civic Center for increased business.

Councilmember Malnar liked the idea of more flexibility and proposed turning the Civic Center into a profit center. He wanted the Council to get out of the business of running the Civic Center and let the group running the center to be responsible for those decisions. He said the goal was to make the Civic Center self-sustaining. He asked if there was anything in terms of the recent reorganization that included making the Civic Center self-sustaining.

Mr. Phelps said part of the realignment now allowed the CVB to assist in marketing the Civic Center. He said staff was asking for more flexibility in order to get more creative in meeting client needs. They were also trying to integrate the sales model to reduce the steps necessary to close the sale. He said it was about having more tools to increase revenues and look at it from more of a private sector approach to increase business.

Councilmember Malnar said the Council should let go of the facility and let staff take care of it and make it profitable. He would like to see the Council consider other options in the future if the new model did not work.

Councilmember Aldama agreed the facility needed to be operated like a private entity, taking into regard any statutory limitations. He asked if costs for upcoming capital needs had been built into the figures presented.

Mr. Strunk said capital needs would be part of the budget process and if the business model was adopted, those costs would be factored into that model.

Vice Mayor Hugh said it had been a year since he'd ask for a review of the facility. He would like to see a change now to the process so staff could do the best they could marketing the facility.

Councilmember Chavira said the Civic Center was a point of pride for the community and this was a long time coming. He was glad this issue was finally getting the attention it deserved.

Mayor Weiers would like to see the City work with the Chamber of Commerce and make them a partner in marketing the facility. He asked if the City received a percentage of the catering fee.

Ms. Williams said the City received 14% of the gross.

Mayor Weiers asked how staff would bundle services with respect to the monies received from the caterer.

Mr. Strunk said some of the catering functions would be bundled with the room rental pricing and media rentals. The current caterer was very open to negotiating with staff and was coming to the final year of the catering contract.

Mayor Weiers understood the need to have an in-house caterer but thought it might be better for customers to be able to bring in their own caterer for events. It would create more options and flexibility for customers.

Ms. Williams said the stipulation was that services needed to be provided by a licensed, bonded and insured caterer. She said other cities do have multiple caterers. It was a little tricky for customers because they might need to use a second caterer depending on who had the liquor license.

Mayor Weiers said staff should be working with transportation services and Gus the Bus as well as nearby hotels that didn't have the facilities to hold large events.

Ms. Williams said staff did work with the hotels in the area and continued to do so. She said the Gus the Bus idea was something they would look into.

Mayor Weiers asked if it was true that the building was not booked for about a month because of Glendale Glitters.

Ms. Williams said staff booked as much as possible and tried not to turn away any customers. Customers had indicated they didn't want to deal with the congestion of getting to downtown during Glendale Glitters.

Mr. Phelps said with the new alignment, special events was also part of this division and there had been discussions to overcome some of the parking issues. He said it was a good idea to start working with transportation to resolve some of the issues.

Mayor Weiers would like to see more options for food to encourage additional events.

Councilmember Aldama had heard many times that catering at the Civic Center was an issue. He said the Civic Center might attract more business if different caterers were allowed.

Mr. Strunk said this was exactly the type of conversation staff wanted to have and would bring the item back with further information based on the information received today.

Councilmember Malnar felt the 5% growth was inadequate and a higher goal could easily be achieved. He wanted to see staff challenged to reach higher goals. He said an annual report was insufficient. He said the numbers should be reviewed quarterly at a minimum.

Ms. Williams said patronage and revenues were regularly tracked.

Councilmember Turner said the Civic Center was a beautiful facility and he was encouraged by the conversation today. He said it was important to keep up on maintenance and repair.

Mayor Weiers said there was consensus to move forward.

CITY MANAGER'S REPORT

Mr. Phelps had no items to report.

CITY ATTORNEY'S REPORT

Mr. Bailey had no items to report.

COUNCIL ITEMS OF SPECIAL INTEREST

Councilmember Aldama said he would like to investigate the possibility of establishing a veteran's memorial in the downtown area. He said Mr. Madrid has already started the process. Councilmember Aldama would like staff to work with, and assist, Mr. Madrid through the process and asked that the Arts Commission be involved in the process.

MOTION AND CALL TO ENTER INTO EXECUTIVE SESSION

A motion was made by Councilmember Chavira, seconded by Vice Mayor Hugh, to enter into Executive Session. The motion carried by the following vote:

Aye: 7 - Mayor Weiers, Vice Mayor Hugh, Councilmember Aldama, Councilmember Chavira, Councilmember Malnar, Councilmember Tolmachoff, and Councilmember Turner

EXECUTIVE SESSION

The City Council entered into Executive Session at 2:42 p.m.

A motion was made by Councilmember Chavira, seconded by Vice Mayor Hugh, to adjourn the Executive Session. The motion carried by the following vote:

Aye: 7 - Mayor Weiers, Vice Mayor Hugh, Councilmember Aldama, Councilmember Chavira, Councilmember Malnar, Councilmember Tolmachoff, and Councilmember Turner

ADJOURNMENT

The City Council adjourned at 5:20 p.m.