

# City of Glendale

*5850 West Glendale Avenue  
Glendale, AZ 85301*



## Meeting Minutes - Final

**Tuesday, December 6, 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**

**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

[Councilmember Chavira participated telephonically.]

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

**WORKSHOP SESSION****1. [16-603](#)****UPDATE ON TRANSACTION PRIVILEGE TAX SIMPLIFICATION**

Staff Contact and Presenter: Vicki Rios, Director, Budget and Finance

Staff Presenter: Tom Duensing, Assistant City Manager

Ms. Rios said the tax simplification project had been delayed numerous times due to problems within the Arizona Department of Revenue (DOR) but implementation would now begin January 2017. Ms. Rios said taxpayers were required to be licensed with the DOR, but many didn't follow the annual renewal process because there was no cost associated with the renewal. She said the state did not require residential rentals to be licensed or pay taxes at all because it was not a taxable activity at the state level.

Ms. Rios explained, beginning in 2017, the taxable process would change and businesses would begin applying for a transaction privilege tax (TPT) license through the state. The cost for that license would be \$35 and would be renewed annually. The DOR would collect the licenses and renewals and would report and make payments to the City on a weekly basis.

Ms. Rios said Glendale businesses would also apply annually for a City business license and those would be reviewed by City staff. Staff had been working closely with the DOR to match the licenses issued by the DOR with the licenses issued by the City. She said the City had about 18,000 total TPT licenses and about 11,000 of those had been matched against State records. Of those 11,000, the state had confirmed about 7,000. She said there were approximately 4,000 residential rentals that were not currently in the DOR records, and about 3,000 unmatched licenses. City staff was doing outreach to those unmatched licenses to confirm the numbers were correct.

Ms. Rios said the City sent out monthly tax returns to all taxpayers. The taxpayers filed two tax returns, one to the City and one to the DOR. Glendale returns were scanned and uploaded daily and the checks were deposited daily. She said remittances totaled about \$150 million annually. The new process would begin in January 2017 and taxpayers would begin remitting January tax returns in February 2017. The DOR would only send tax returns to taxpayers with a single location. Taxpayers would file a consolidated City and State return. Taxpayers would be able to file and pay online. The City would receive reports and payments weekly.

Ms. Rios said there were some concerns about the new process, including possible delays in receiving revenue and reports from the DOR. Additionally, Ms. Rios said taxpayers might report to incorrect jurisdictions.

Councilmember Tolmachoff asked if there was any way the DOR would cross-reference the city code or would it rely on what the taxpayer reported on the return.

Ms. Rios said if the taxpayer filed electronically, the system was set up to recognize the Glendale address and would assign the appropriate city code to that return. If the return was filed on paper, there was no verification and the person entering the return would only go by what was written on the return. She said City staff would be cross-checking the reports received from the State to look for errors.

Ms. Rios said the manual process might lead to keystroke errors, taxpayers might pay at an incorrect tax rate and claim incorrect deductions and there might be taxpayer confusion which could lead to non-filing. Staff would be encouraging taxpayers to file online so the correct information would be used and staff would be available to assist taxpayers with any questions or concerns they might have during the transition process.

Ms. Rios said the taxpayer outreach had included messages on tax returns and statements, information on DOR and City websites, an information sheet inserted with tax returns, as well as offering joint DOR and City training. The City had hired a licensing specialist and licensing and tax supervisor. Staff would be closely monitoring reports received from DOR and comparing those to City reports.

Ms. Rios said an item would come forward to Council on December 20, 2016 for approval to use Phoenix's business intelligence system that was built to look at taxpayer data to determine who was and was not remitting. Staff was also encouraging taxpayers to get licensed and begin filing with the DOR now. The new licensing system would assist taxpayers with compliance and completing the online application process.

Mr. Duensing said it was the City's biggest revenue source at \$150 million. The City was moving from a collecting role to a monitoring role. Currently, the City received and deposited cash every day. The receipts would now be collected through the DOR, so there would be a delay in receiving those funds but staff had anticipated it. He said if the State was collecting and reporting correctly, the financial impact on the City should be zero and staff did not anticipate any financial impact with the implementation of the new process.

Mayor Weiers said it was something that was voted in a couple of years ago the state now believed it had worked out all of the bugs.

Councilmember Tolmachoff asked if filing online would also speed up the process.

Ms. Rios said filing online would avoid delays. She said paper filings did slow down the process, especially during busy filing periods.

Councilmember Tolmachoff asked if staff was partnering with the Chamber to get the word out encouraging businesses to file online and asked if there was any incentive for businesses to sign up online.

Ms. Rios was not aware of any incentives for taxpayers to sign up online. She said if businesses implemented early and went through the process online, they were subject to less penalties and fees.

Councilmember Tolmachoff asked if taxpayers would be subject to penalties and fines if they inputted incorrect information, such as an incorrect city code.

Ms. Rios said taxpayers would not be subject to a fee for reporting the wrong city, but would be subject to a fee if they did not report at all. She explained a lack of understanding about the new process was generally not a reason to waive penalties or fees.

Councilmember Tolmachoff asked if Phoenix's system would look for errors and for people who were not filing.

Ms. Rios said the Phoenix system would only be looking at the data from implementation of the DOR collection forward. Staff would have to utilize Glendale's own system to investigate any prior history. She said the City planned to put in its own business intelligence system, but until that was done, staff would use the Phoenix system for new data and manually tie it to the old system.

Mr. Phelps reminded the Council that the City had 18,000 TPT users in the City. The Chamber only represented a small number of those taxpayers. He said the Budget and Finance team would work closely with the Public Affairs and Communications Department for education and public awareness of these changes.

Councilmember Tolmachoff recommended letting businesses know the City preferred they file online. She asked how staff would be monitoring new businesses and making sure they got into the system and reported correctly.

Ms. Rios said a new license report was received from the DOR. Staff reached out to those businesses to verify that those businesses got a license and started remitting to the City. That was one reason why staff would continue cross-checking DOR records with City records. Additionally, businesses that came into the City to get a license would be informed and educated on how to get registered with the DOR.

Councilmember Malnar asked if it was correct that the TPT license fees were being reduced from \$50 to \$35. If so, that was about \$250,000 less revenue to the City each year. He asked how the City was compensating for that loss.

Ms. Rios said that was correct. Businesses would pay \$35 to the DOR and those funds would come back to the City. Those businesses would also pay \$25 to the City, with a few exceptions, so the net total to the City was about the same.

Councilmember Malnar asked if all 18,000 businesses would be charged the \$25 business fee as well.

Ms. Rios said all would be charged the \$35 and the \$25, with the exception of residential rentals which could only be charged \$35. She said there were also some companies that could only be charged the \$25 fee.

Councilmember Malnar asked if there would be reductions in staffing because the City wouldn't be processing the licenses any longer.

Ms. Rios said a couple of positions in Sales Tax had been held open and vacant temporarily in anticipation of the transition. She didn't think things would slow down in Sales Tax over the short term. Businesses would have many questions during the transition and the City wanted to be fully staffed to be able to answer questions and assist customers. Over the long term, they would take a look at repurposing or cutting those positions. It would probably be at least a year before they would see any sort of

reduction.

Councilmember Aldama asked if the DOR would now conduct all the tax audits.

Ms. Rios said the City was still allowed to conduct audits, but it would go through the DOR. The DOR provided permission to conduct the audit. The City conducted the audit and the bill due to the taxpayer would be sent out from the DOR.

Councilmember Aldama asked about the process if the City disputed an error with the DOR.

Ms. Rios said there was a unit at the DOR called the Cities Unit and their purpose was to take care of those types of issues, problems and disputes. She said if there was an error with the City code or something like that, the DOR would reach out to the taxpayer to correct the error or file an amended return.

Mayor Weiers said every city and town in Arizona was facing the same dilemmas and City staff had tried to address all the concerns. He said the state was trying to make it better and easier for businesses in the long run.

2. [16-605](#)

**COUNCIL ITEM OF SPECIAL INTEREST: REQUEST TO STUDY  
DISCOUNTED USER FEES FOR DISABLED PERSONS AND  
VETERANS**

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

Mr. Strunk said staff was seeking Council guidance on whether or not to proceed with research on the Parks and Recreation Department adopting discounted fees for disabled persons and veterans. He explained research would take between 22 and 25 hours and staff had identified four phases to the project.

The first phase included definitions, determining any legal issues that might arise with the ADA, and determining how other cities were handling this issue. The research would take about 10 to 12 hours. He said a fee study was currently being conducted and the research would be included in the fee study.

Mr. Strunk said the issue was being reviewed by the Parks and Recreation Advisory Commission and the review would be concluded January 2017. The item would be brought forward for a vote as part of a fee structure general presentation at a Council meeting in spring of 2017.

Councilmember Malnar said the item came about because constituents and some disabled adults in his district would like to use the facilities but weren't able to due to financial reasons. He would like to see if a discount similar to a senior discount could be provided for disabled adults. He also wanted the discount to include veterans and asked Council for approval to move the item forward.

Councilmember Aldama didn't see a problem with researching the issue but wanted to include research on incomes including poverty level so low income persons were able to utilize the facilities.

Mayor Weiers said there was a consensus to move forward.

Mr. Phelps said the scope had been changed with the comment by Councilmember

Aldama and asked if some clarification could be given to staff.

Councilmember Aldama asked to include incomes defined as poverty level when reviewing discounts.

Councilmember Malnar asked to have those figures broken down so Council could see the figures separately.

Mr. Strunk said staff would have to do an analysis of the figures and it would add a different element and dimension to the research. He said there was currently a youth scholarship fund in place but staff had never done any sort of research such as that before. He explained there might have to be staff training and in depth research in order to obtain the data.

Councilmember Aldama said the request had value and if the research was going to be done, it needed to include poverty level individuals in the research. He understood the research might take longer than projected if the new category was included.

Councilmember Malnar said if it would take a significantly longer time to research with the new information, he would like to see it done, but not included with his request, but completed at some point in the future.

Mr. Strunk didn't think the additional research time would be that significant. He said if the new component was implemented, there might be a need for staff training in income verification and that was where the challenge would be.

Councilmember Tolmachoff understood the original request included disabled people on a fixed income. She said including poverty level individuals probably wouldn't change the scope of the request that much. She said staff should include poverty level and low income persons in the next step.

Mayor Weiers suggested doing an electronic survey asking people for their thoughts about discounts for lower income persons.

Mr. Strunk said staff had been working with the Parks and Recreation Advisory Commission on potentially addressing individuals of a certain income level. There had been discussion on utilizing a range, instead of a single number variable. The Commission had potentially recommended that, but the department was not ready yet to bring it forward. He said it had done surveying, had open houses and worked with a consultant on the issue. He said the question would be asked and the findings would be brought back for Council review.

Mayor Weiers asked if staff could research what other cities of similar size were doing.

Mr. Strunk said that would be done.

Councilmember Turner said a good point had been raised and it aligned with Councilmember Malnar's motivations for his request. He supported including it in the research.

Mayor Weiers said there was consensus.

### 3. [16-607](#)

### COUNCIL ITEM OF SPECIAL INTEREST: NORTHERN PARKWAY UPDATE

Staff Contact: Jack Friedline, Director, Public Works

Staff Presenter: Jack M. Lorbeer, Transportation Planning Manager

Mr. Lorbeer said the Northern Parkway corridor was a 12.5 mile limited access facility connecting Loop 303 and Grand Avenue. There were two components, including one funded portion with the City's partners and one unfunded portion of the project that was 10 years or more out in the future. The regional monies for the project expired in 2025 so the project needed to be completed by that time.

Mr. Lorbeer explained the unfunded portion of the project post-2025, included direct connector ramps to/from Grand Avenue from westbound Grand Avenue to westbound Northern Parkway and from eastbound Northern Parkway to eastbound Grand Avenue, the Parkway bypass of Loop 101, grade separated intersections at 75th, 83rd and 91st Avenues, and additional mainline through lanes between Loop 303 and El Mirage Road from 4 lanes to 6 lanes. Supporting measures for Northern Parkway included Glendale Proposition 402, GO Program ½ cent transportation sales tax in 2001, Regional Proposition 400, countywide ½ cent transportation sales tax in 2004, a Peoria ½ cent transportation sales tax in 2005, and a partnership formed and formalized by an IGA between Glendale, Maricopa County, Peoria and El Mirage in 2008.

Mr. Lorbeer said the intergovernmental agreement (IGA), designated Maricopa County as the lead agency. He said most importantly, the IGA provided for the funding splits for the partner agencies. The first four miles were opened for traffic between Loop 303 and Dysart Road, grade separated interchanges were completed at Litchfield Road and Reems Road, landscaping was completed between Sarival Avenue and Dysart Road, and the Flood Control District contributed for drainage facilities. He said the next components for the Northern Parkway included Dysart Road to 111th Avenue, which was mostly undeveloped land with the right-of-way secured, the County would complete design and advertise for construction in approximately September 2017, and completion of the section would make Northern Parkway a multi-lane facility from Loop 303 to Grand Avenue.

Mr. Lorbeer explained the next section of the Parkway to be completed would include a four-lane mainline between Dysart Road and El Mirage Road, grade separated intersections at Dysart Road and El Mirage Road, a six lane arterial between El Mirage Road and 111th Avenue with the Agua Fria bridge, and frontage roads between Dysart Road and El Mirage Road. Future sections of the project included 99th to 91st Avenues, 111th Avenue to 99th Avenue and 91st Avenue to Grand Avenue. These should be completed from 2017 through 2025.

Mayor Weiers said MAG had continually come in under budget and faster than projected. He asked about the project completion date.

Mr. Lorbeer said the 9 year timeframe was pretty accurate and there was a need to finish within that timeframe to keep the allocated regional funds.

Mayor Weiers said the quicker the project was completed, the more people that would be interested in moving to the area. He said it was a tremendous opportunity for Glendale and the surrounding cities.

Councilmember Tolmachoff said there had been concern that the project had been delayed or abandoned and she was happy to see more construction coming in 2017. She asked if Proposition 500 was tied to completing the unfunded portion of the project.

Mr. Lorbeer said that was correct and a funding package would need to be found and

would need to compete for Proposition 500 funds as soon as they were available.

Councilmember Turner asked where they stood with the partner cities and if they were all meeting their obligations for the project.

Mr. Phelps had had meetings with the partners on the status of the project and nothing in the DCR would prevent the partners from leaving the project. He said that would present great problems for Glendale. The partners had worked through that scenario and had come to a consensus to continue on as originally agreed.

Councilmember Turner asked if fiber optics were in the plan during the construction phase. He said the expensive part was digging the trench and it might be a benefit to consider those options during the construction phase.

Mr. Lorbeer explained at this time, the DCR did not include fiber optics. He anticipated as the designs got more precise, ITS and other systems would be incorporated.

Councilmember Turner asked about the traffic impact east of 67th and Grand Avenue.

Mr. Lorbeer said there was a substantial amount of interaction between Grand and Northern Parkway, as well as traffic that would continue east on Northern Avenue after leaving the Parkway. He said if congestion issues got too high, they would have to look at easing that congestion.

#### **CITY MANAGER'S REPORT**

Mr. Phelps had no items to report.

#### **CITY ATTORNEY'S REPORT**

Mr. Bailey said the Attorney's Office and Clerk's Office had been working on some items and turned it over to the City Clerk for presentation.

Ms. Bower explained a new numbering system for ordinances and resolutions would begin in January 2017. The numbers would be sequential and the year would be included in the new numbering system. She said the words "New Series" would no longer be used in the title.

Mr. Bailey thanked Ms. Bower for her assistance on this item.

#### **COUNCIL ITEMS OF SPECIAL INTEREST**

Councilmember Malnar requested staff to look into the requirement of notifying residents within 500 feet of new development. He would like to see that requirement increased on zoning issues to 1,500 feet or some other idea that staff might bring forward.

Councilmember Aldama added his support to Councilmember Malnar's item.

Councilmember Malnar also wanted a review of the entire code compliance process and how it could be modified to affect overall behavior and action. This included outlining the current code compliance tools available to the City and tools that were currently available to the City but were not being used at this time. He also wanted a review of the procedures of the judicial process regarding code compliance issues and how those procedures could be improved. Councilmember Malnar asked staff to outline new tools that might be available, if created by Council. He also wanted an outline of options that



might be obtained from the state to increase the City's options in dealing with code compliance issues.

Councilmember Tolmachoff wanted staff to present options of disguising cell phone towers.

Mayor Weiers wanted information on how to go about installing a permanent flag on Thunderbird Mountain and possibly working with the Chamber and veterans on the issue.

## **ADJOURNMENT**

The City Council adjourned at 3:11 p.m.