

Glendale City Council Special Meeting Agenda

February 15, 2011 – 1:00 p.m.

Regularly scheduled City Council meetings are telecast live at 7:00 p.m. on the second and fourth Tuesday of the month. Repeat broadcasts are telecast the second and fourth week of the month – Wednesday at 2:30p.m., Thursday at 8am, Friday at 9:00am, Saturday at 2pm, Sunday at 9a.m. and Monday at 1:30p.m. on Glendale Channel 11.

Welcome!

We are glad you have chosen to attend this City Council meeting. We welcome your interest and encourage you to attend again.

At City Council meetings, the Mayor and Council take official action. They adopt Resolutions, which express the policy of the city or direct an administrative action, and they adopt Ordinances, which become laws or fulfill legal requirements. Administrative matters, such as the awarding of contracts and bids, are approved. Public Hearings, which are held specifically to obtain citizen input, are also conducted at these Council sessions.

How to Participate

The Glendale City Council values citizen comments and input. If you wish to speak on a matter concerning Glendale city government that is not on the printed agenda, please fill out a Citizen Comments Card located at the back of the Council Chambers and give it to the City Clerk before the meeting starts. The Mayor will call your name when the Citizen Comments portion of the agenda is reached. Because these matters are not listed on the posted agenda, the City Council may not act on the information during the meeting but may refer the matter to the City Manager for follow-up.

Public Hearings are also held on certain agenda items such as zoning cases, liquor license applications and use permits. If you wish to speak or provide written comments about a public hearing item on tonight's agenda, please fill out a Public Hearing Speakers Card located at the back of the Council Chambers and give it to the City Clerk before the meeting starts. The Mayor will call your name when the public hearing on your item has been opened.

When speaking at the Podium, please state your name, if you live in the City of Glendale, and if so the Council District you live in and present your comments in five minutes or less.

Council Meeting Schedule

The Mayor and City Council hold Council meetings to take official action two times each month. These meetings are held on the second and fourth Tuesday of the month at 7 p.m. Regular meetings are held in the Council Chambers, Glendale Municipal Office Complex, 5850 W. Glendale Ave.

Agendas may be obtained after 4 p.m. on the Friday before a Council meeting, at the City Clerk's Office in the Municipal Complex. The agenda and supporting documents are generally posted to the city's Internet web site, www.glendaleaz.com.

Questions or Comments

If you have any questions about agenda items, please call the City Manager's Office at (623) 930-2870. If you have a concern you would like to discuss with your District Councilmember, please call (623) 930-2249, Monday - Friday, 8 a.m. - 5 p.m.

Form of Government

The City of Glendale has a Council-Manager form of government. Legislative policy is set by the elected Council and administered by the Council-appointed City Manager.

The City Council consists of a Mayor and six Councilmembers. The Mayor is elected every four years by voters city-wide. Councilmembers hold four-year terms with three seats decided every two years. Each of the six Councilmembers represent one of six electoral districts and are elected by the voters of their respective districts (see map on back).

**** For special accommodations or interpreter assistance, please contact the City Manager's Office at (623) 930-2870 at least one business day prior to this meeting. TDD (623) 930-2197.**

**** Para acomodacion especial o traductor de español, por favor llame a la oficina del administrador del ayuntamiento de Glendale, al 623-930-2870 un día hábil antes de la fecha de la junta.**

Councilmembers

Norma S. Alvarez - Ocotillo District
H. Philip Lieberman - Cactus District
Manuel D. Martinez - Cholla District
Joyce V. Clark - Yucca District
Yvonne J. Knaack – Barrel District



MAYOR ELAINE M. SCRUGGS

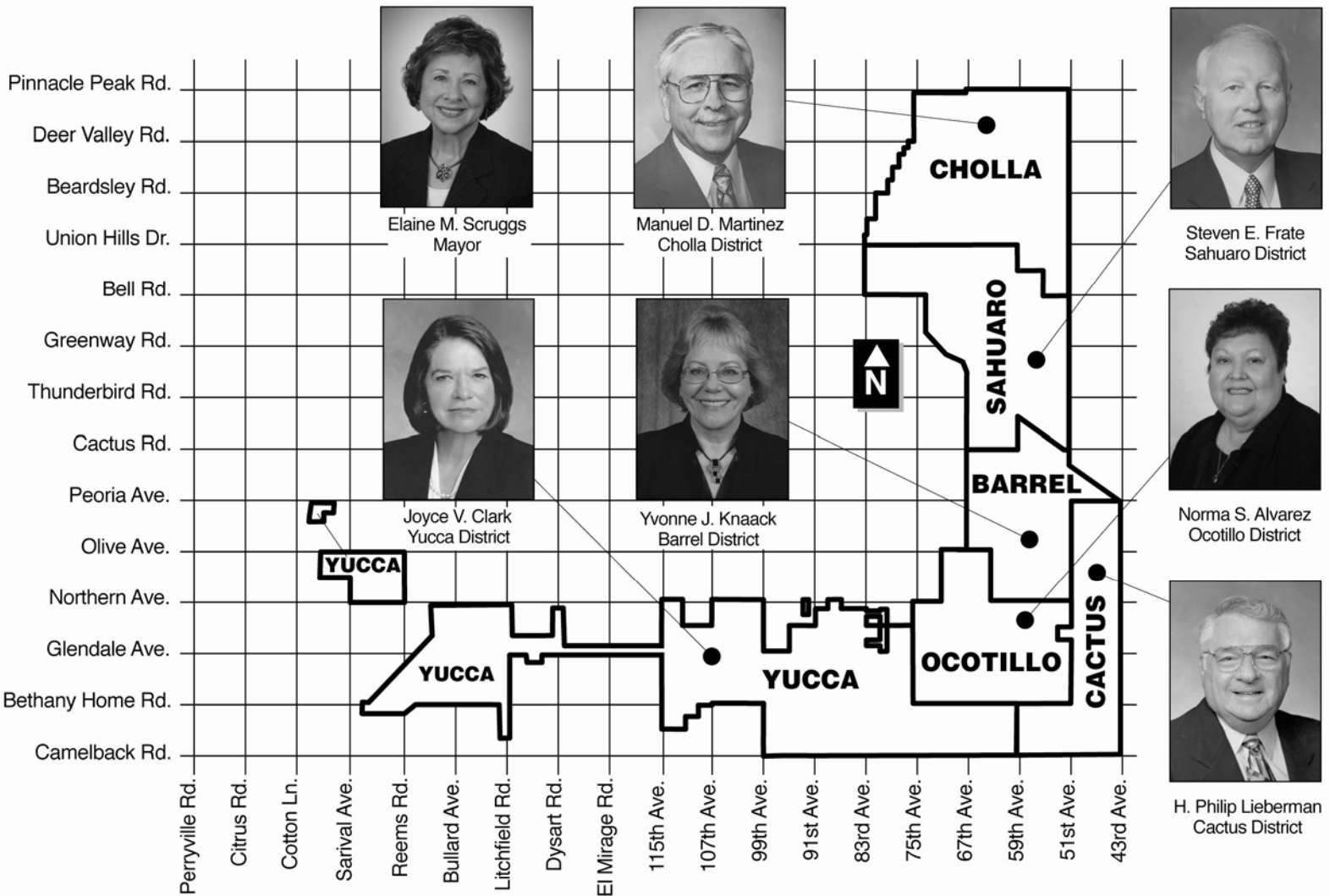
Vice Mayor Steven E. Frate - Sahuaró District

Appointed City Staff

Ed Beasley – City Manager
Craig Tindall – City Attorney
Pamela Hanna – City Clerk
Elizabeth Finn – City Judge

GLENDALE

Council District Boundaries





**GLENDALE CITY COUNCIL SPECIAL MEETING
Council Chambers
5850 West Glendale Avenue
February 15, 2011
1:00 p.m.**

CALL TO ORDER – PLEDGE OF ALLEGIANCE

CONSENT AGENDA

Items on the consent agenda are of a routine nature or have been previously studied by the City Council at a work session. They are intended to be acted upon in one motion. If you would like to comment on an item on the consent agenda, please come to the podium and state your name, address and item you wish to discuss.

1. [ARENA AND COYOTES AGREEMENTS](#)

CITIZEN COMMENTS

If you wish to speak on a matter concerning Glendale city government that is not on the printed agenda, please fill out a Citizen Comments Card located in the back of the Council Chambers and give it to the City Clerk before the meeting starts. The City Council can only act on matters that are on the printed agenda, but may refer the matter to the City Manager for follow up. Once your name is called by the Mayor, proceed to the podium, state your name and address for the record and limit your comments to a period of five minutes or less.

COUNCIL COMMENTS AND SUGGESTIONS

ADJOURNMENT

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)).**



Business-Voting Agenda

02/15/2011

TO: Honorable Mayor and City Council

FROM: Ed Beasley, City Manager

PRESENTED BY: Ed Beasley, City Manager
Horatio Skeete, Assistant City Manager
Craig Tindall, City Attorney

SUBJECT: [ARENA AND COYOTES AGREEMENTS](#)

Purpose

This is a request for City Council to direct the City Manager to continue moving forward with finalizing the Arena Lease and Management Agreement (ALMA), the Use and Non-Relocation Agreement (UNRA), and other ancillary agreements necessary to fully effectuate the transactions reflected in the ALMA and UNRA with Arizona Hockey Arena Holdings LLC and Coyotes Newco, LLC.

Council Strategic Goals or Key Objectives Addressed

This request supports Council's goals of one community that is fiscally sound and one community with quality economic development by keeping the Coyotes as the main tenant in the city-owned Jobing.Com Arena in Glendale for the full length of the lease. The Coyotes were the impetus for the creation and development of Glendale's Sports and Entertainment District, including Westgate City Center, University of Phoenix Stadium, Camelback Ranch-Glendale and other surrounding amenities.

This request protects current public and private investments, encourages additional investments, and continues to enhance the positive image of Glendale to residents and tourists. Thus, this request will protect the city's investment in its Sports and Entertainment District that has been an economic catalyst in bringing major national events to Glendale and attracting new businesses and employers to the area as well as residents, visitors and tourists to nearby hotels, restaurants and shops.

The agreements under consideration maintain the team in Glendale for a lease term of 30 years, protect current arena revenue streams, protect existing revenue streams and obligations and provide opportunities for the city to participate in revenue sharing.

Further, these agreements maintain Jobing.com Arena's position as the primary anchor at Westgate and ensure the viability and growth of Westgate, the surrounding Sports and Entertainment District, and the City of Glendale as a whole. Westgate is a prime location for future growth as the economy continues to show signs of improvement.

During the bankruptcy proceedings, it was determined that the economic impact of the Coyotes to the City of Glendale was approximately \$511 million. The agreement by the Coyotes not to relocate during the term of the ALMA has been independently valued at between \$270,536,000 and \$337,900,000. This amount does not include the substantial amount of revenue derived directly from the Coyotes' occupancy of the Arena and the continued professional management of the facility that will attract many other events to the Arena. Moreover, the Coyotes' presence at the Arena will assure substantial indirect revenues highly beneficial to the citizens of Glendale. These agreements will protect and sustain the long-term viability of the team in Glendale.

Background

In 2001, the Mayor and City Council entered into an Arena Development Agreement, an Arena Management and Use Agreement (AMULA), and a Mixed-Use Development Agreement (MUDA). The purpose of these actions was to create a high-quality major economic center in Glendale, consisting of offices, hotels, entertainment, retail and restaurants. As part of this action, the Council entered into a related agreement to redevelop the former Manistee Town Center into what is now the very successful Northern Crossing Retail Development located at 59th and Northern Avenues.

The city-owned Jobing.com Arena is recognized as one of the top venues for hockey and concerts in the United States. The arena anchors the city's largest mixed-use development, including restaurants, hotels, entertainment facilities and offices at Westgate. As a result of the Council's strategic investment, the city's Sports and Entertainment District has transitioned from a primarily agricultural setting to a premier destination point for residents and tourists. Land values have increased from an initial starting point of approximately \$2 per square foot to a peak, prior to the economic downturn, of \$16.50 per square foot. Current land values are estimated to be up to \$10 per square foot.

Unexpectedly, in May 2009, the former team owner Coyotes Hockey, LLC and its affiliated entity, Arena Management Group, LLC (collectively referred to as the "Coyotes") filed for federal bankruptcy protection. The city's investment was meeting all financial projections and attracting economic development to the area until the Coyotes were thrust into bankruptcy. During the bankruptcy proceedings, the NHL purchased the assets of the Coyotes but did not assume the Arena Management, Use and Lease Agreement.

For the past two years, under the direction of Council, the city has been actively working with potential buyers of the Coyotes to structure a deal that would keep the team in Glendale.

Council established criteria for negotiations with potential buyers of the Phoenix Coyotes including keeping the team in Glendale for the full length of lease, keeping current arena revenues intact and to provide opportunity to share in revenue streams, when feasible.

The NHL has established the value of the team at \$170 million. The current selling price of the team is a result of existing issues beyond the city's control.

According to a study conducted by ESI Corporation in 2008, the annual regional economic impact of the Coyotes and Jobing.com Arena is substantial:

- 750 jobs in Maricopa County and \$20 million in wages
- \$4.5 million generated in indirect business taxes for Glendale, Maricopa County and the state

The loss of the Coyotes as an anchor tenant would result in a loss of at least 43 major events per year at the arena. In addition, it is highly unlikely that the arena would be able to generate the same number and quality of replacement events.

Previous Council/Staff Actions

In the past, Council approved multiple arena-related agreements including a Memorandum of Understanding (MOU) for Development of Hockey Arena Site (April, 2001), Arena Development Agreement (November, 2001), Arena Management and Use Agreement (November, 2001), and Mixed-Use Development Agreement (November, 2001).

Staff brought forward an MOU to the Council for potential buyers of the Phoenix Coyotes on April 13, 2010 and June 8, 2010. Neither potential buyer moved forward with viable plans to purchase the team. Thus, on May 11, 2010, Council authorized an agreement with the NHL to retain the team in Glendale for the 2010-11 season while city staff completed the necessary negotiations with potential new owners.

On December 14, 2010, Council approved the Arena Lease and Management Agreement and a Use and Non-Relocation Agreement with Arizona Hockey Arena Holdings LLC and Coyotes Newco, LLC.

Budget Impacts & Costs

The projected expenses associated with managing the arena are approximately \$17 million per year, which is currently offset by having the Coyotes as the arena's main tenant. Under these agreements, the city would now be responsible for paying expenses associated with managing the city-owned arena. If the team vacated the arena, the expenses would remain; however, a substantial source of funds to pay the expenses would be eliminated.

Under these agreements, the city would acquire parking rights from the team for \$100 million, generating new revenue streams for the city, including parking fees, advertising and naming rights. In addition, these agreements allow the city to sell the arena to the new team owner after the first five years. These agreements also position Glendale to host the 2013 NHL All-Star Game and related events with a potential economic impact of \$10-\$30 million.

This bond issuance was authorized by the Municipal Property Corporation (M.P.C.) board and is supported by excise tax.

Recommendation

Direct the City Manager to continue taking the necessary actions to effectuate the transaction with Arizona Hockey Arena Holdings LLC and Coyotes Newco, LLC.