

***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 BUDGET WORKSHOP
March 28, 2006
9:30 a.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, Deputy City Attorney Jon Paladini; and Pamela Hanna, City Clerk

1. FISCAL YEAR 2006-07 BUDGET: 3RD WORKSHOP

CITY STAFF PRESENTING THIS ITEM: Ms. Sherry Schurhammer, Management and Budget Director, and Mr. Art Lynch, Deputy City Manager.

This is a request for the City Council to review the recommended Fiscal Year 2006-07 supplemental requests for the following departments, work groups, and areas:

- Community Development Administration – Mr. Horatio Skeete, Deputy City Manager
- Building Safety – Ms. Deborah Mazoyer, Building Safety Director
- Code Compliance – Mr. Dan Gunn, Code Compliance Director
- Engineering – Mr. Larry Broyles, City Engineer
- Planning – Mr. Jon Froke, AICP, Planning Director
- Transportation – Mr. Jamsheed Mehta, Transportation Director
- Public Works Administration – Mr. Ken Reedy, Deputy City Attorney
- Environmental Resources – Mr. Doug Kukino, Environmental Resources Director
- Field Operations – Mr. Stuart Kent, Field Operations Director

This item incorporates the Council's strategic goals and key objectives, while ensuring the city's financial stability by presenting realistic analyses about the provision of city services and future revenue expectations.

Future budget workshops are scheduled as follows:

- April 4, 2006 8:30 a.m.
- April 11, 2006 8:30 a.m.

The second budget workshop occurred on March 21, 2006. The issues addressed at that workshop were the budget requests for the following departments or subject areas: Police, Fire, Homeland Security, City Attorney, City Clerk, City Court, City Council Office, Office of the Mayor, Mega Events, Community Information & Service Administration, Community Partnerships, Neighborhood Grants, Residential Infill Housing, Library & Arts, Parks & Recreation, and Non-Departmental.

The first budget workshop occurred on March 14, 2006. The issues addressed at that workshop were the Fiscal Year (FY) 2005-06 second quarter report on General Fund (GF) revenues and expenditures and the FY 2006-07 GF revenue projection, as well as the Police Department staffing study.

Glendale's budget is an important financial, planning and public communication tool. It gives residents and businesses a clear and concrete view of the city's direction for public services, operations and capital facilities and equipment. It also provides the community with a better understanding of the city's ongoing needs for stable revenue sources to fund public services, ongoing operations and capital facilities and equipment.

The budget provides the Council, residents and businesses with a means to evaluate the city's financial stability.

All budget workshops are open to the public and are posted publicly per state requirements.

Today's workshop is for information only. Decisions on the proposed budget will not be requested until the final balancing workshop, scheduled for April 11, 2006.

Community Development

Horatio Skeete, Deputy City Manager, started the discussion about the Community Development Group by explaining which departments make up the Community Development group and their excellence in the area of building a strong community and providing backbone services. He noted the base budgets for the five departments total approximately \$25 million and the supplementals for those departments total about \$2 million.

Community Development Administration

Mr. Skeete stated the Administration Group budget does not include any supplemental or carryover requests.

Councilmember Martinez asked about the nine percent increase in the cost of staff. Ms. Schurhammer explained some of the money in this year's budget is ongoing. She said that money, plus some one-time funding in the budget, account for the change.

Building Safety

Deborah Mazoyer, Building Safety Director, reported a base budget of \$2.9 million, with no carryover and \$1.2 million in supplemental requests. She said her department's primary goal has always been to provide excellent customer service and to assist in implementing quality economic development projects. She stated that the Building Safety and Planning Departments have implemented many new customer service enhancements, reducing plan review times, increasing customer contact, and streamlining internal and external processes over the past few months. She explained the changes were in response to customer needs and due to the increase in their workload over the past three years.

She said development has increased throughout the city and their supplementals are related to that development. She reported an increase in inspections of 48% and in plan reviews of 40%, noting those numbers do not reflect activity at the stadium. She said she anticipates projects in the upcoming fiscal year to include the Thunderbird Hospital tower and parking garage, Arrowhead Hospital parking garage, the continued expansion of Midwestern University's campus, various large retail centers, six apartment and condominium projects, numerous office buildings, and the Zanjero and Westgate developments. She requested the conversion of four contractual positions into permanent positions because she believes the current level of development would continue or increase over the next several years. She said the city is losing contractual employees to the security of permanent positions in other municipalities. She also asked for the continuation of 10 contractual positions as well as three, three-month contractual positions related to the completion of the stadium. She said the department has demonstrated over the past three years that it will not hire employees unless development activity warrants it. She noted higher than anticipated growth will require her to return to Council and request additional contractual resources.

Councilmember Clark stated that it appears 11 stadium and 10 Westgate contractual positions are eliminated in the upcoming budget. She asked if the contractual supplementals Ms Mazoyer is requesting are designed to take on the responsibilities of those who were assigned to Westgate. Ms. Mazoyer clarified that she is requesting continuation of the 10 contractual positions that were assigned over the past fiscal year to Westgate. Councilmember Clark referred to page 232; stating FY 2005-06 shows 10 contractual positions while FY 2006-07 shows nothing. Ms. Schurhammer explained the positions for Westgate and the stadium were approved on a one-time basis for the past couple years. Therefore, those contractual positions do not show up in the FY 2006-07 column in the "staffing by program" table on page 232. She said the contractual positions are being requested again for the upcoming year through a supplemental request.

Vice Mayor Eggleston commented the city has a good pool from which to select the people to fill the four permanent positions.

Code Compliance

Dan Gunn, Code Compliance Director, stated Code Compliance has a base budget of approximately \$1.4 million with no carryover and one supplemental request. He said during last year's budget discussions the Council provided Code Compliance with two new inspector positions and because of those positions the department has been able to reinstitute the Neighborhood Focus Program. He explained the program's efforts are primarily directed toward older neighborhoods, supplementing and supporting the goals of the new Neighborhood Revitalization Plan currently being implemented by the Community Partnerships Department. He said the supplemental provides funds for the Neighborhood Focus program. He reviewed the activities of the program over the past few months, stating the department is on pace to generate about 3,300 cases which will result in ridding focus area neighborhoods of about 4,500 city code violations. He stated the supplemental would provide funds for focus program educational materials and large roll-off containers for organized neighborhood cleanups.

Councilmember Goulet said over the years he has had numerous discussions with people in the Code Compliance Department about code issues and he is grateful for all of the effort the department renders to his district and other districts throughout the city. He expressed concern that once the focus program activity ceases in a neighborhood, the problems will return. Councilmember Goulet suggested the city establish an ongoing focus effort in some areas. Mr. Gunn said the strategic plan related to the focus program will not allow the department to dedicate staff to specific areas on an ongoing basis, explaining demand currently exceeds the available resources. He stated he is confident the program will be effective, explaining the plan is to return to focus areas within a three-month timeframe. He said at some point he anticipates reaching 90% compliance for a consistent six-month period, at which time he would consider the program to have been successful. He noted the plan calls for returning to one-half of the areas on an annual basis. Councilmember Goulet said he appreciates the efforts, but residents want to see long-term compliance. He said, if possible, he would like the Council to consider allocating additional funding to expand the program.

Councilmember Clark said she loves the focus program because it helps older neighborhoods that do not have organized homeowners associations (HOAs). She asked how many focus areas are planned for implementation in the upcoming fiscal year. Mr. Gunn said he anticipates completing approximately 25 to 30. Councilmember Clark asked if \$15,000 would be sufficient to cover the cost of the roll-off containers. Mr. Gunn said the funding would give the department an opportunity to test the program and determine how responsive neighborhoods will be to the service. He said his estimates indicate \$15,000 would cover the cost of about 60 containers. Councilmember Clark said she believes the program will be very successful and she would like staff to provide periodic updates to the Council concerning progress toward achieving the goal of 90% compliance within six months. She commented on the importance of the Code Compliance Department, particularly in older neighborhoods, stating the problems in those neighborhoods begin to invade other neighborhoods if left unchecked.

Engineering

Larry Broyles, City Engineer, said the Engineering Department continually strives to provide a high level of customer service through its management of 131 capital improvement projects. He stated it is their goal to maintain all projects on schedule and within budget. He said, in addition to the 131 CIP projects, four new projects were added -- Zanjero, which includes Cabela's, two youth sports fields, and the Hickman property remediation and demolition. He reported a base budget of \$3.8 million, stating there are no requests for carryover. He explained the supplemental request is related to the operations and maintenance of the Bank of America Building, noting the building is currently 100% occupied.

Mr. Lynch explained the Bank of America Building was acquired nearly six years ago when the occupancy rate was about 65 to 70%. He stated today the city has accomplished not only a 100% occupancy rate, but rent revenue has doubled to almost \$109,000 per month. He said the city's last full debt payment is coming up in FY 2006-07 and smaller partial payments will be made in FY 2007-08 and 2008-09. He stated those payments represent the conclusion of the city's debt obligations on the building, at which time the city will have approximately \$1.3 million in capacity per year that will be available to allocate for other items.

Councilmember Clark congratulated staff on achieving 100% occupancy. She asked how much of the space is leased by non-city tenants. Mr. Lynch said only 14% of the space is occupied by city operations. Councilmember Clark pointed out the city is always looking for office space. She asked if the operations and maintenance costs run about \$400,000 per year. Mr. Broyles said the costs run about \$444,000 per year. Councilmember Clark asked if any thought has been given to converting the non-city leased space to city-occupied space once the debt obligation has been repaid. Mr. Lynch stated this issue has not been considered at this point since the repayment date is still a couple years in the future. He expressed his opinion the building could facilitate a number of uses, including opportunities to invite more business to the downtown area.

Councilmember Lieberman asked why a supplemental of \$171,794 is necessary for operating and maintenance expenses if revenue totals \$1,308,000 and operational expenses only total \$444,000. Mr. Lynch explained that the annual debt service payment is missing from the calculation. Councilmember Lieberman asked about the amount of the annual debt payment. Mr. Lynch said for FY 2005-06 it totaled \$877,054. Councilmember Lieberman asked about the amount the city paid for the building. Mr. Lynch said approximately \$5.3 million. He said that as of June 30, 2005, the city has \$1.5 million remaining to be paid. He stated the next payment of \$835,488 is scheduled for FY 2006-07.

Councilmember Lieberman asked if city departments pay for the use of the Bank of America building. Mr. Lynch responded yes, stating the departments are charged the same as any other lessee based on when they began leasing space. Councilmember Lieberman asked if city departments are charged for use of the Sine building. Mr. Lynch explained that the Marketing and Communication Department is not charged for its facilities in the Bank of America building; however, the Transportation Department is charged \$15.00 per square foot. Councilmember Lieberman asked if the Marketing and Communication Department leased spaces are included in the 100% occupancy rate. Mr. Broyles responded yes. Councilmember Lieberman asked why the Transportation Department is being charged for the leased space. Mr. Broyles explained the

Marketing and Communication Department was expanded into the space when the city first purchased the building, stating it was not the city's policy at that time to charge individual departments a lease rate. He stated the Transportation Department specifically requested the Bank of America facility and had funding through the half-cent sales tax to pay for their expansion into the facility. Mr. Lynch stated indirect facility fees are allocated to all of the departments, whether located in the Sine building or City Hall.

Councilmember Clark asked for an explanation of an indirect cost. Mr. Lynch explained it is the cost of providing the building. Councilmember Clark asked if the Transportation Department is the only department that pays rent for office space and if that would still be the case if the Transportation Department used General Funds rather than GO Transportation Funds. Mr. Lynch explained Utilities pays a rental fee for its space, which is also usually handled as an indirect charge. He said Transportation has an independent funding source. Councilmember Clark pointed out the GO Transportation program is city sponsored, stating she has a problem with Transportation being the only department charged a rental fee.

Councilmember Lieberman asked if the city utilizes a professional broker to lease the office space. Mr. Broyles said a leasing firm manages and markets the building for a percentage fee that is included in the operating expenses.

Councilmember Lieberman asked if they have ever considered renaming the building, stating people are often surprised to find out the city owns the building. Mr. Beasley explained the Bank of America Building was purchased from a business expense standpoint, which is why city employees were not immediately moved into the facility. He stated the GO Transportation Fund would have had to pay to lease space somewhere. He said the Sine Building was purchased free and clear and refurbished by the city; therefore, the city could decide to have city employees completely occupy the space. He said, had the city owned the Bank of America building free and clear, it would not have to charge rent.

Mayor Scruggs agreed the city purchased the Bank of America building with the intent that the tenants would pay rent. She expressed her opinion that the city's Planning Department's workspace is substandard. She asked if that department would pay rent if space became available in the Bank of America Building. She said the city needs to address that question from a policy standpoint, suggesting the reason the city purchased the building does not match today's rationale for continuing to own the building.

Vice Mayor Eggleston pointed out no other city buildings have outside tenants. He agreed the city needs to revisit the policy concerning city use of the building.

Mayor Scruggs clarified it was a good move for the city to purchase the building.

Councilmember Frate stressed the importance of encouraging the businesses to relocate in the downtown area once their leases expire, stating it will help encourage economic development.

Planning

Jon Froke, Planning Director, stated the Planning Department strives to provide excellent customer service in guiding the physical development of the city. He reported a base budget of approximately \$1.9- million, with no carryover and one supplemental request of about \$81,000 for a new associate planner staff person. He explained the requested position is intended to maintain and enhance the department's customer service. He said the growth area around the Loop 101, Council's direction last year to annex over 1,500 acres of land, and a 281% increase in service requests have strained the department's ability to provide a high level of service to all customers.

Councilmember Clark asked if the Planning Department is currently full staffed. Mr. Froke responded no, stating the department recently lost a critical senior planner. Councilmember Clark asked if there are any funds within the budget to obtain verbatim transcripts of Planning and Zoning Commission meetings. Mr. Froke answered no.

Councilmember Clark asked whether Council no longer hears Board of Adjustment appeals. Mr. Froke responded no. Mr. Paladini explained the city was awaiting a decision in a court case that was rendered within the past week or so. Now that the court case has been decided, Mr. Paladini said Council could proceed with deciding whether to amend the current code to take the Council out of the appeals process. Councilmember Clark asked if verbatim minutes would be required by the Superior Court if the Council were, in fact, taken out of the appeal process. Mr. Paladini said appeals would go directly from the Board of Adjustment to Superior Court if the Council approves an ordinance taking the Council out of the appeals process. He said the preference would be to have a court reporter present at all Board of Adjustment hearings because the Superior Court is limited to making its decision based on the written record. He stated, however, it is difficult to estimate the number of appeals. Councilmember Clark said it is an expense the department may have to incur in the upcoming year, asking where the department will get the funding to cover the expense. She suggested the city look at the cost of making verbatim transcripts of Planning and Zoning meetings, mentioning a situation concerning the 51 Palms development for which the summary minutes did not reflect the extent of the discussion. She expressed her opinion there is a failure to provide full and complete information to the Council with regard to some Planning and Zoning decisions.

Mayor Scruggs asked if the same end could be achieved by asking the Marketing and Communication Department to retain the meeting tapes until each case is heard by the Council. She pointed out verbatim minutes can be difficult to read. Councilmember Clark agreed, stating she would support any means of memorializing the content of the meeting. Mr. Froke offered to talk to the Marketing and Communication Department about this possibility.

Councilmember Clark said retaining the tapes would not resolve the need for a verbatim transcript of Board of Adjustment meetings for the purpose of an appeal. Mayor Scruggs asked if each Council member could be given a copy of the tape of the Board of Adjustment meeting. Mr. Froke stated the tapes are currently retained for about 30 days. Mayor Scruggs said she recalls having more detailed minutes when considering a Board of Adjustment appeal. Mr. Froke said a person has to appeal a Board of Adjustment decision within 15 days and he would suggest the city either keeps the tape until the case is heard or

have someone transcribe the tape. Councilmember Clark said her point is that she believes the city needs to allocate funding to produce verbatim transcripts or copies of tapes when necessary.

Councilmember Goulet expressed his opinion some of the cost should be borne by the person filing the appeal.

Transportation

Jamsheed Mehta, Transportation Director, said the Transportation Department has a base budget of over \$15.2 million, with over 60% of the budget derived from the dedicated half-cent transportation sales tax, also known as the GO Transportation Fund. He stated the department is requesting a carryover of about \$335,000, most of which is the result of savings in contractual services. He said the department needs to replace its one and only street striper truck so it can resume the city's pavement striping and marking program on a full-time basis. He stated the department also needs to find a new facility to house the city's transit division. Through the use of carryover, as well as some Local Transportation Assistance Fund II monies, the department will be able to avoid any breakdowns in its high quality Dial-A-Ride service and other transit services the department delivers.

Mr. Mehta explained the Council provided the Transportation Department with \$43,000 to eliminate the backlog in the Neighborhood Mitigation Program. He said the program was expanded to include solutions other than speed humps and a supplemental request for the upcoming year will allow the department to explore other options. He stated the Council also provided the department with one-time supplemental funds to catch up with the demand for signalized intersections and signal upgrades. He reported several intersections have been signalized and several more are in design.

Mr. Mehta explained the department is requesting one technician position to take on the additional responsibility of maintaining the citywide fiber optic system that links the city's major satellite installations. This position would be paid out of the General Fund.

For the dedicated GO Transportation Program, an intelligent transportation system (ITS) supervisor position is requested to implement and operate the city's fast growing Smart Traffic System and supervise the emergency response to any service outages in the fiber optic communication system.

For FY 2005-06, Mr. Mehta said Council provided the department with one-time supplemental funds to implement a taxi subsidy program for Glendale residents who need to make scheduled dialysis or oncology treatments and for transporting victims of domestic abuse. He stated the service was put into place last November and, based on limited yet encouraging data, the department is requesting continuation of the program through the end of next fiscal year, FY 2006-07.

Councilmember Martinez said the traffic signal budget is down 17% in FY 2006-07 from the current fiscal year and asked if that implies the city has all of the traffic signals it needs. Mr. Mehta said the department has made tremendous progress in the installation of new signals and that he expects to have installed or upgraded most of the signals by early next year.

Councilmember Martinez referred to page 293, pointing out the amount set aside for traffic mitigation is the same as was spent last year. He commented speeding continues to be an issue, particularly in neighborhoods. He asked if money should be set aside for other forms of traffic mitigation for use in neighborhoods that do not meet the criteria for speed humps. He also asked if the department is still considering speed tables as a form of mitigation. Mr. Mehta responded yes, noting that his department is currently conducting a demonstration project and looking at how other cities use speed tables. He explained the primary issue is the speed table's impact on the Fire Department's response times. He stated the proposed supplemental request for \$75,000 would allow the department to continue looking at other speed mitigation options. He said other forms of mitigation exceed the cost of speed humps by as much as 10 to 1. Therefore, he suggests the department conducts pilot programs at specific locations before making full-scale recommendations.

Councilmember Martinez asked if flashing radar signals are included in the list of options. Mr. Mehta said the department would have a report on flashing radar signals that were implemented through a grant by early June. He pointed out the radar signals at this point do little more than make drivers conscious of their speed, stating there are no fines associated with the readings at this time. Councilmember Martinez noted the Council would have completed the budget process by the time that study is completed. He said many people in the study area have commented on the difference the radar signals have made, and suggested the Council set aside funds for the use of that tool in other areas of the city.

Mayor Scruggs said that item would go on the list of items to bring back to Council for consideration.

Councilmember Clark said all of the councilmembers receive complaints at the local neighborhood level regarding police presence, code violations, and speeding. She expressed her opinion that all three issues are of equal importance and deserve a tremendous amount of emphasis. She said the Transportation Department appears to have three imperatives, the intelligent transportation system, the transportation plan, and neighborhood speeding. She said a tremendous amount of emphasis seems to be placed on the first two issues, while neighborhood speeding continues to get lip service. She said she would like to see more emphasis and resources placed on neighborhood traffic mitigation issues.

Mayor Scruggs reiterated that the issue would be brought back to the Council. She agreed the flashing radar signals have been quite successful.

Councilmember Goulet asked if the current budget would allow the department to implement a different solution on a test basis without an additional supplemental. Mr. Mehta said residents who are approved to receive a speed hump could be approached with a different solution if it fits within the department's budget.

Councilmember Frate noted several groups have approached him stating that their neighborhood is on the list for a traffic signal. He asked if the city still has a backlog and, if so, how are the signals prioritized. Mr. Mehta said traffic signals that have been completed and installed include:

- Kachina Gate at Luke Air Force Base,
- 67th Avenue at Pinnacle Peak Road, and
- 79th Avenue at Bethany Home Road.

He stated the department has modified signals at:

- 55th Avenue and Northern Avenue,
- 51st Avenue and Maryland Avenue,
- 99th Avenue at Camelback Avenue, and
- Hillcrest and 67th Avenue.

He said by the end of the year the department expects to complete Dysart Road at Glendale Avenue and El Mirage Road at Glendale Avenue. He stated the department hopes to have full signal design completed for:

- 87th Avenue and Camelback Road,
- 67th Avenue and Ocotillo Street,
- 83rd Avenue and Missouri Avenue,
- 71st Avenue and Bethany Home Road,
- 77th Avenue and Union Hills Drive, and
- 71st Avenue and Glendale Avenue.

Councilmember Frate asked about two signals residents have requested for a number of years that are not currently on the list. He said staff either needs to tell the residents the signals are not warranted or the department needs to find funding to catch up on the program. Mr. Mehta offered to come back to Council with a memo identifying the status of various traffic signal requests (the warrant list).

Mayor Scruggs noted the warrant list in previous years has been much longer than could be addressed in one year.

Mayor Scruggs referred to Page 263, asking why the request for an ITS Technician staff person was not put into the GO Transportation Fund with all of the other ITS-related expenses. Mr. Mehta explained the position is at the request of all the other departments that have a facility outside of City Hall and relates to the city's ability to maintain equipment, inspect construction projects, and conduct blue staking of fiber that links City Hall and the Information Technology Department to other city offices. He said the Transportation Department has the expertise necessary to deal with fiber optic communications as part of the Smart Signal System, but the department currently does not have the necessary manpower to take on the responsibility of addressing the various demands of maintaining the city's system wide fiber optic system.

Mayor Scruggs asked about the status of the street sign project, stating staff was supposed to return to Council with options concerning the size of signs and entryway monuments. Ms. Mehta said staff plans to make a presentation concerning entryway signs and monuments next week. Mr. Skeete said staff plans to present an option that calls for 40 to 60 "Welcome to Glendale" entryway signs that could be fabricated in the Transportation Department's sign shop. He noted the cost of those signs could be absorbed within the current operating budget. He stated the department also will propose the use of GO Transportation Funds to pay for some of the monument signs, as well as

incorporate the other monument signs into street projects that will be coming on line in the next year.

Mayor Scruggs asked about the costs for a photo red light running pilot project. Mr. Skeete said the department has issued a Request for Proposal for the installation and operation of the camera and have worked with the Police Department and City Court to identify other costs that will be associated with the program. He stated once the information has been compiled, staff would send a memo to Council outlining the costs prior to the issue coming to a Council workshop. Mayor Scruggs stated the Council has approximately \$500,000 in discretionary funds, pointing out the pilot program is expected to run \$250,000 to \$300,000. Mr. Mehta noted the GO Transportation Fund has been identified as a source of funding for the pilot project.

Mayor Scruggs asked about the location of the pilot speed tables. Councilmember Lieberman pointed out two are located along 47th Avenue, between Olive Avenue and Mountain View Road. He said he has not received any complaints from the neighborhood. Another speed table is located on Maryland Avenue, between 69th and 71st Avenues.

Councilmember Martinez asked about the status of the inquiry into the leading versus lagging left-arrow issue. Mr. Mehta said the Transportation Department plans to bring forward to Council the findings of the leading versus lagging left-arrow study, as well as the yellow light extension study, at a workshop in May.

Councilmember Martinez asked if staff has spoken to Peoria concerning its experience with speed tables. Mr. Mehta agreed that Peoria has been using speed tables for a while. However, his department's study has focused on how Glendale residents perceive the structures and how they impact the response times for the Glendale Fire Department.

Public Works

Ken Reedy, Deputy City Manager, said the Public Works Group includes departments that provide direct services to Glendale residents on a daily basis. He stated those services include sanitation collection and disposal, recycling collection and processing, loose trash collection and disposal, and water and sanitary sewer services. He stated the total Public Works budget is over \$84 million.

Mr. Reedy explained the group's supplementals are related to:

- maintaining aging infrastructure,
- addressing the demands related to growth and expansion,
- addressing security-related recommendations, and
- complying with regulatory requirements.

He said as the city completes its growth and expansion phase over the next several years, more of the needs of the Public Works Group's will be related to the maintenance of aging infrastructure. Currently, Council will see supplementals for pavement management needs, building maintenance and roof repair, and equipment replacement. He said other supplementals relate to the increased cost of fuel, energy and construction materials.

He noted that the operating and capital budget requests for the Utilities Department would be discussed at the April 4 budget hearing.

Deputy City Manager for Public Works

Mr. Reedy noted there are no significant changes in this budget.

Environmental Resources

Doug Kukino, Environmental Resources Director, said the Environmental Resources Department manages several city operations, thereby helping to fulfill Council's goal of providing high quality service to its citizens. He said the water resources program ensures the city has the necessary resources for sustainable development while the environmental program and water conservation office ensures the city is a good environmental steward. He stated the city's state-certified water quality laboratory ensures the city's drinking water is clean. He reported a base budget of roughly \$2.3 million, with no carryover or supplemental requests.

Mr. Kukino updated the Council on the supplemental requests approved as part of the FY 2005-06 budget, stating that part of the funding approved for the water conservation program went to the landscape rebate program. As a result, the number of landscape rebates to homeowners has doubled; noting the department expects to do 150 landscape rebates this year. Based on guidance Council provided last year, the department also expanded the rebate program to include homeowners associations, multi-family developments and businesses. He said the other funds approved for the FY 2005-06 budget went to strengthen the department's public outreach and youth education programs.

Councilmember Frate noted receiving a call concerning Peoria's rebate on water circulation pumps and asked if Glendale offers a similar rebate program. Mr. Reedy said this issue was evaluated several years ago and it was discovered that it saves a small amount of water but the energy costs involved in heating the water actually costs considerably more than the water itself. Although the city encourages water conservation, it does not necessarily want to encourage citizens to do something that will cost the resident more money in the long run.

Field Operations

Stuart Kent, Field Operations Director, reported that the Field Operations Department provides garbage and recycling collection and disposal services, as well as street maintenance, building maintenance, and fleet maintenance. He stated that Council provided resources for several enhancements as part of the current fiscal year's budget, including the addition of a third graffiti-buster position that will result this year in 4,000 additional removals throughout the city. He stated the right-of-way division had \$150,000 in one-time carryover from last year fiscal year to the current fiscal year and, as a result, each City Council district was provided \$25,000 to initiate right-of-way improvements. He said over \$120,000 of those funds have been expended on improvements that typically include refurbishment of granite and plant materials. He said the city also set aside slightly more than \$500,000 in General Fund dollars to assist departments with the rising cost of fuel, noting that \$273,000 has already been transferred directly to departments who have been significantly impacted by such increases.

He stated the growing cost of raw materials have not only affected construction costs, but the cost of other supplies including automotive parts and supplies.

Councilmember Lieberman said graffiti in his district is worse today than it has been in the past six years. He noted graffiti that was reported on Wednesday afternoon was still there at four o'clock the following Monday. He suggested Mr. Kent contact a gentleman involved with the Bethany Heights neighborhood, stating he will testify that some of the graffiti is not removed for four to six days. Mr. Kent offered to speak with the gentleman to address the specific concerns raised by Councilmember Lieberman.

Councilmember Clark asked why the graffiti removal budget decreases by four percent between this fiscal year and next fiscal year when the program received a third person. Mr. Kent explained the reduction is related primarily to a slight reduction in materials and supplies. He assured the Council that the program's three staff members are fully equipped with trucks and paint supplies.

Councilmember Clark asked if the graffiti removal specialists address unreported instances of graffiti they notice en route to an instance of reported graffiti. Mr. Kent said the focus is on directing resources to address the calls received. Nevertheless, the staff will identify unreported graffiti as they drive by sites so staff can return at a later time. He pointed out staff cannot address graffiti located on private property, stating the city's code states that graffiti is the property owner's responsibility. Councilmember Clark said the city typically handles graffiti for utility companies since their poles are located within the city's rights-of-way. She stated, however, that graffiti located on the back side of a business or on other private property still represents an eye sore and is still an issue for the community. She asked staff to bring the issue back to the Council for further discussion in the future. Mr. Kent clarified that staff always contacts the utility company first to make sure the companies take responsibility for their infrastructure.

Councilmember Clark said she has noticed a tremendous increase in graffiti north of Camelback Road, particularly in the area of the O'Neil neighborhood. She attributed the increase to Phoenix's ongoing program to reduce crime in the Maryvale area, stating it has pushed the problem into south Glendale. She urged the city to be more vigilant in its efforts to remove graffiti in south Glendale. Mr. Kent emphasized the importance of the relationship between the Police Department, Code Compliance and other city officials.

Councilmember Martinez asked Mr. Kent if staff has looked at using electronic devices or cameras to monitor certain locations. Mr. Kent said that was an item brought forward to the Council last year and, at that time, it was not funded. He offered to bring back alternate technologies as part of an update to Council on graffiti issues.

Councilmember Lieberman commented that graffiti seems to be addressed faster when he calls to report it. He acknowledged that a distinction needs to be made between private and public properties. He noted the importance of addressing the problem in public rights-of-way as quickly as possible.

Mayor Scruggs asked staff to bring the item back in its complete form, noting it is being done through the Maricopa County Attorney's office in another community. She said Mr. Beasley has directed staff to present issues in a holistic manner so the Council can see the total impact.

Mayor Scruggs noted she has appointments scheduled for the afternoon, stating she will have to end the meeting at 12:30 p.m.

Mr. Kent said the department's supplemental requests are primarily related to growth issues and increasing costs for the supplies and materials associated with the city's vehicle maintenance operation. He said the pavement management program includes a supplemental for \$750,000 to increase the total amount available for next fiscal year to \$3 million. He also discussed a right-of-way related supplemental for new areas that the city will be responsible for along the Grand Avenue corridor. He stated the Landfill and Sanitation Enterprise Fund supplementals are consistent with the assessment Council reviewed two years ago.

Councilmember Clark referred to page 327, asking for more information concerning the supplemental request for the parts store operations increase. Mr. Kent said the supplemental is part of the NAPA contract and is related to an increase in the amount of parts and materials purchased as well as an increase in the cost of those parts and materials. Councilmember Clark pointed out the original NAPA contract allowed a certain percentage for overhead that goes to NAPA, and she asked if the supplemental reflects any increase in that percentage. Mr. Kent responded no.

Councilmember Frate asked about the amount of new right-of-way the city will bring on line in the upcoming year. Mr. Kent said approximately 2.1 million square feet will be added, primarily as part of the Grand Avenue development and Zanjero development. Councilmember Frate commented right-of-way beautification is very important to residents. He stated the city-outsourced responsibility for maintaining the rights-of-way, but it has not been able to keep pace in terms of oversight to ensure they are maintained to the city's standards. Mr. Kent agreed it has been a challenge to oversee the private contractors to ensure they follow the terms and conditions of their contracts. He said, however, he feels the staff can do an adequate job of overseeing the program. Councilmember Frate said he will accept Mr. Kent's assessment of the situation, but noted that he fears a lot of problems are falling through the cracks and it is important to make sure the city is receiving what it is due.

Councilmember Martinez stated two or three years ago the Council added funds to it's the pavement management program when the program was determined to have fallen behind. He stated another \$750,000 is being requested through a supplemental, asking if that will bring the program up to speed. Mr. Kent stated the city would be in year three (next fiscal year) of the ten-year plan discussed with Council two years ago. He explained no particular amount of money would completely resolve the problem because streets continue to decay and infrastructure always has to be maintained.

Councilmember Lieberman referred to page 327, asking if the \$330,000 increase in parts store operation relates to an increase in inventory or the increased cost of parts. Mr. Kent said it relates to the increased cost of parts.

Councilmember Lieberman asked why labor costs for the Materials Recycling Facility are increasing \$210,000. Mr. Kent said the increase reflects both an increase in the number of staff, as well as a cost increase experienced when the city recently bid the project for temporary labor.

Administrative Services and Internal Services

These budget items were continued to the Council's April 4th budget hearing.

ADJOURNMENT

The meeting was adjourned at 12:00.