

***PLEASE NOTE: Since the Glendale City Council does not take formal action at the Workshops, Workshop minutes are not approved by the City Council.**

**CITY OF GLENDALE
CITY COUNCIL WORKSHOP
April 17, 2007
1:30 p.m.**

PRESENT: Mayor Elaine M. Scruggs, Vice Mayor Manuel D. Martinez, and Councilmembers Joyce V. Clark, Steven E. Frate, David M. Goulet, Yvonne J. Knaack, and H. Phillip Lieberman

ALSO PRESENT: Ed Beasley, City Manager; Pam Kavanaugh, Assistant City Manager; Craig Tindall, City Attorney; and Pamela Hanna, City Clerk

1. FISCAL YEAR 2007-08 BUDGET: 4TH WORKSHOP

CITY STAFF PRESENTING THIS ITEM: Ms. Alma Carmicle, Human Resources & Risk Management Director; Lupe Sierra, Deputy Human Resources Director; Art Lynch, Deputy City Manager; Sherry Schurhammer, Management & Budget Director; Other Staff Responding to Questions: Steven Conrad, Police Chief; Mark Burdick, Fire Chief; Horatio Skeete, Deputy City Manager; Erik Strunk, Community Partnership Director, Pamela Hanna, City Clerk, Ken Reedy, Deputy City Manager; Gloria Santiago-Espino, Deputy City Manager, Becky Benna, Parks and Recreation Director,

At the April 10, 2007 budget workshop, the Council requested the total compensation discussion be deferred to the April 17, 2007 budget workshop. Council also requested staff to be available to answer questions about the departmental base budget information available in the "Appendix" tab of the budget workbook.

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.

The total compensation material to be discussed is included in the budget workbook on pages nine through 14.

The base budget and carryover information for all departments is found in the "Appendix" tab of the budget workbook.

The third budget workshop occurred on April 10, 2007. These budget discussions included follow up to the questions from the April 3, 2007 budget workshop related to the proposed adjustment to the existing public safety sales tax and the proposed 10-year capital improvement plan and property tax rate adjustment.

The second budget workshop occurred on April 3, 2007. These budget discussions included follow up to questions from the March 27, 2007, budget workshop, the 10-year capital improvement program, and supplemental requests related to stadium activities.

The first budget workshop occurred on March 27, 2007. These budget discussions included the two budget scenarios for the General Fund (GF), the GF supplemental requests that could be funded under the two scenarios, and the supplemental requests for the Police and Fire Departments.

The Budget Workbook containing the city manager's recommended budget for Fiscal Year (FY) 2007-08 was delivered to the Mayor and Councilmembers on Wednesday, March 14, 2007. It was posted on the city's webpage for citizens to view on Friday, March 23, 2007.

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.

Staff will provide information about the recommended total compensation package and the recommended departmental base budgets.

Mr. Ed Beasley, City Manager, summarized the last three budget meetings and Council's directives. He stated that this would be the fourth and final meeting on this year's budget.

Ms. Alma Carmicle, Human Resources & Risk Management Director, presented the total compensation recommendation for the FY 2007-08. She stated that in 2002, Council adopted a total compensation philosophy to be used in policy decisions regarding employees pay and benefits. She said that last year, in FY 2006-07, after a two-year pilot, program Human Resources implemented the final recommendation from the compensation study which was performance-based pay. She noted that there is an employee Total Compensation Task Force comprised of 15 employees, who represent various levels in the organization. She discussed the six City Council expectations regarding total compensation.

Ms. Carmicle stated that this fiscal year's recommendations were that salary ranges for all classifications not in the step plan be adjusted up 3% based on information gathered

from the eight benchmark cities. She added that they recommend non-step employees receive one pay increase this year based on performance. The increase would range from 0% to 6% with the average employee receiving 5%, depending on their level of performance.

Councilmember Lieberman asked if they would be receiving a higher percentage based on the information in his budget book. Ms. Carmicle stated that the book stated an additional 3% increase only to the salary ranges. She added that the employee would receive a performance evaluation from his or her supervisor and then be eligible for the 0% to 6% increase based on the performance rating received.

Councilmember Lieberman commented that some years ago, there had been a pay for performance system, however it was dropped. He said that it was possibly because it was hard to administer. Ms. Carmicle stated that it had been instituted about 15 years ago and there had been some problems with funding and communications. She added that the current program has been piloted and so far has been a success.

Councilmember Lieberman asked if the bottom of the range was going to be raised by 3% or was the city only raising the top of the range by 3%. Ms. Carmicle stated that when adjusting the ranges they would adjust both the bottom and top of the ranges.

Councilmember Clark asked if the employees would still receive a 2% raise even if they had not met the performance requirement but were working towards it. Ms. Carmicle stated that she was correct. Councilmember Clark asked if the 3% adjustment is in addition to the 0% to 6% increase. Ms. Carmicle stated that there would not be automatic raises and the 3% represented an adjustment to the base pay ranges only.

Councilmember Clark asked why 5% was chosen as a medium range as opposed to 3% or 4%. Ms. Carmicle stated that it was chosen from market data, which considered the average increases other cities were providing their employees. Councilmember Clark asked if the other cities' increases were based on performance or the merit system. Ms. Carmicle stated that both were used. She added that the cities of Scottsdale and Phoenix also used both systems; however, all cities were used as a base.

Vice Mayor Martinez asked if the 3% was for all sworn and non-sworn employees. Ms. Carmicle stated that it was for everyone except those on the step plan. She noted that people on the step plan included police officers, firefighters, police sergeants, fire captains, fire engineers and the trainees.

Vice Mayor Martinez inquired about giving a 2% increase to an employee not performing well, and asked if other cities do that as well. Ms. Carmicle stated that all cities that have a full performance driven system do. She added that Glendale was one of the few cities that were moving toward full performance based pay, while other cities still have the automatic increases. She noted that this was also Glendale's practice until the recommendations from the compensation study were implemented.

Vice Mayor Martinez asked about the turnover rate. Ms. Carmicle stated that compared to the eight benchmark cities they were fourth in turnover. She noted that they were at approximately 8%, which was considered good in the market.

Mayor Scruggs asked to see turnover rates broken out for public safety and non-public safety. Ms. Carmicle said she would make that available.

Councilmember Goulet asked for the employee retention, retirements and termination figures. He discussed terminations, which were up 15% and how that related to the understaffing problem. He asked when employees receive their evaluations and how was it monitored. Ms. Carmicle explained that supervisors meet with employees three times during the course of the performance period – first to set performance goals, then at mid-year to determine how the employee is progressing in meeting those goals and the final meeting to evaluate the performance for the year. She discussed other information on retirement, retention and termination percentages compared to other cities.

Mayor Scruggs stated that she wanted to discuss the market adjustments and other issues regarding the police department. She stated that in Council's last retreat it was unanimously stated that public safety was their number one priority. She noted that the City of Glendale was number 11 out of 14 in starting pay. She stated the starting salary pay for a police officer was \$42,000. She said that 45% of all classifications in the entire city are \$42,000 or below with 55% above the \$42,000 benchmark. She asked why nothing was being done to adjust the police officer range and if it had to do with the Memorandum of Understanding (MOU). Mr. Beasley stated that Glendale was one of the highest in the valley for police salaries at the start of FY 2006-07. However, many cities subsequently raised their police salary ranges above Glendale's. He noted that the current MOU covered two years and therefore the parties will return to negotiation discussions by January 2008.

Mayor Scruggs said that she was concerned because the top-ranked city was ahead by more than \$6,000, which was hard to make up in a year. The second was a \$4,000 difference with Goodyear being the nearest with a \$1,000 higher range. She reiterated that -Council had gone into this process stating that public safety was the number one priority yet police salaries have been falling behind. She said that this could be bad for morale because the employees had been excluded from the market adjustments because of enrollment in the MOU. Mr. Beasley stated that there were some benefits associated with MOU such as pay stability and other additional benefits.

Mayor Scruggs asked if it was prohibited to adjust police salaries while the current MOU is in effect. Mr. Beasley said they could possibly start discussing that issue in July.

Mayor Scruggs reiterated that she was very concerned with the issue of competitive pay and recruitment of police officers. She said she read about the city of Phoenix's plan to hire 600 more police officers in two years. She added that if it were true, it would drain the hiring pool substantially. She stated that she does not believe that they are spending their discretionary funds the way it was discussed to have public safety first.

Councilmember Lieberman asked for clarification as to the 5% increase that the employee would receive, and if it would stay permanent. Ms. Carmicle stated that he was correct.

Councilmember Clark said she believed that anyone receiving a "needs improvement" should not receive a 2% raise. She asked if the MOU was arranged in a two-year cycle. Mr. Beasley said the parties had agreed on two years, however they had the flexibility to start discussions if there was a need for any adjustments. Councilmember Clark said they could possibly start offering a bonus while waiting for the two-year cycle and start attracting new people earlier. Mr. Beasley stated that they are in discussions at the moment on those very issues regarding the MOU.

Police Chief, Steven Conrad explained that, with the assistance of Ms. Carmicle, they had put together a package of hiring bonuses. The bonuses range from \$2,000 to \$3,000 based on experience.

Councilmember Clark commented that possibly the numbers needed to be higher. She added that she would be interested in learning how the issue of stability or stand-by pay for different specialties for both fire and police would be negotiated.

Mayor Scruggs asked where the money for the bonuses would come from since they had not approved any. She also added that she was very uncomfortable with the public safety departments being totally dependent on the voters passing a new tax, because, if it does not pass, they would have adopted a budget that does not take care of the most pressing problems. She had a discussion on the bonus program and its effects on the hiring process were discussed.

Vice Mayor Martinez asked if the employees that were at the top of the salary range would receive a merit increase as well. Ms. Carmicle stated that if they were to meet performance standards, they would be eligible for a merit increase up to the maximum of their salary range. Vice Mayor Martinez stated that he had been surprised that they were eleventh on the salaries list and believed they should do something about it without delay.

Ms. Carmicle stated that when they recruit employees, they look at the total compensation package, a model Council adopted. She added that even if other cities come out on top in pay, when it comes to total compensation, what Glendale offers gives them the ability to also attract employees. Ms. Carmicle stated that they were fifth in comparison when benefits were included. Mayor Scruggs listed some benchmark cities and added that they could not possibly be number five. She said that when competing with other cities there might be a serious problem if someone was randomly just looking for the best pay when looking for a job and comparing cities.

Councilmember Lieberman asked where Mayor Scruggs acquired the list she was quoting from in regards to Glendale being eleventh in pay. He said he was very upset that he did not receive this information. He added that it made it very difficult to speak intelligently when everyone does not have all the information that was needed. Mayor Scruggs said that she had done her own research, however she will be happy to make everyone a copy.

Mayor Scruggs asked again if they would be going against the MOU if they were to enact something earlier than the two year cycle. Mr. Beasley cautioned that they move with prudence because they did not want to make a decision too early and be in the same predicament with other cities making another hike. Mr. Beasley said the opportunities in Glendale exceed other cities; perhaps not with the pay factor as stated today, but with the opportunities Glendale provides in wanting to grow a career serving the public and with many added benefits that they would not receive somewhere else.

Mayor Scruggs commented that they were ninth including the package with benefits and asked if anything could be done by the fall in regards to police salaries. Mr. Beasley said they could begin talks between July and January, discussing all areas that needed to be adjusted. He said he does not want to jump into something as early as

September and then find out that things had changed. He would like to initiate those discussions with the union representatives and the department chiefs to make an informed, calculated decision. He stated that was his recommendation, however Council could decide to do something earlier. Mr. Beasley reiterated that this was set on a two-year cycle, however they did have the flexibility to go in and fix any problems if they so chose at any time.

Mayor Scruggs gave a scenario as an example of possibly using funds slated for another project for public safety, and asked if it could be done at any time. Mr. Beasley stated that she was correct.

Vice Mayor Martinez asked if they had a similar problem in the fire department. Ms. Carmicle stated that Glendale was number one both in firefighters and fire captains.

Ms. Carmicle presented the next portion of the total compensation package which was health care benefits for all employees.

Ms. Lupe Sierra, Deputy Human Resources Director, stated that city provides an excellent benefit package, including medical and dental insurance, which enables Glendale to attract and retain employees. She noted that having a poor benefit program could potentially hurt employees more than the salary package would. She said that, like most employers across the country, Glendale has been challenged to provide a comprehensive benefit package in the face of rising health costs and an aging workforce. Ms. Sierra indicated that based on her discussions with other public sector employers in Arizona, employee benefit costs had gone up anywhere from 4% to 48%. She stated that during this past year, the number of large claims, those with over \$30,000 in paid medical claims, had increase significantly over the previous year and that for the first seven months of the current plan year medical claims costs had increased by \$1.5 million over the previous year. She indicated the Delta Dental plan had also experienced high utilization. She reviewed the options considered by the Total Compensation Task Force to mitigate costs to the employee benefit plans as well as the recommendations proposed to Council to mitigate costs through plan design changes and the premium increases required to fund the benefit plan adequately for next year. She reported that a request for proposal had been conducted for the employee assistance program and the administration services of the flexible spending account program which resulted in APS Healthcare being retained as the provider for the EAP and a new vendor, Bank of America, was selected to provide the services for the flexible spending account program as of July 1, 2007. Ms. Sierra indicated that the contract for the employee assistance program was negotiated at a 25% reduction in cost and the flexible spending account administration at a 40% reduction.

Councilmember Frate asked what the percentage was as to how many employees take advantage of the flexible spending accounts. Ms. Sierra stated that it was about 10%.

Vice Mayor Martinez asked why the employee's assistance program was reduced 25%. Ms. Sierra stated that it was because they had aligned themselves with a larger

company.

Councilmember Frate asked if because of catastrophic claims there had been increases this year. Ms. Sierra stated they did have a year of increased catastrophic claims, going from 31 to 52 and that the biggest factor driving the cost increase was the cost of inpatient hospital stays. Councilmember Frate stated that many employees do appreciate the benefits that are given to them and the City of Glendale is one of the best. Ms. Sierra stated that she does hear that from employee groups.

Councilmember Knaack commented that she was proud that Glendale offered such a good benefit plan. She added that she believes employees are an investment, not an expense and was happy to see that they are treated as such.

Councilmember Frate asked what percentage of jobs do not require some college or a college degree? Ms. Carmicle stated that she would get that information to him, however many of their jobs are very specialized jobs that require some college and they also have many technical jobs.

Ms. Sherry Schurhammer, Management & Budget Director presented a slide summarizing the page numbers for base budget summaries. She noted that the summaries include information for each department by division and by type of expenditure, as well as staffing information by division. She said it covered all funds within a department. She reported that staffing levels had remained stable for most departments.

Councilmember Clark had a question about the Building Safety Department's budget. She asked how inspections could be done for all of the construction occurring across the city. Mr. Horatio Skeete, Deputy City Manager, said four ongoing inspector positions were added to the department's budget for the current fiscal year. He said there also were 13 contract inspectors that will continue to help cover the building activity in the city.

Councilmember Clark asked about the budget for the Passport Services division of the City Clerk's Office. She said she thought the number of passports processed by that division had increased. However, she noticed that the division's budget was decreasing by 20%. Ms. Schurhammer said the decrease was partly the result of some one-time funds being in the division's FY 2006-07 budget. Ms. Pam Hanna, City Clerk said the revenue related to passport services goes into the General Fund, so there was not a direct correlation between the expenditure and revenue side for that division. She said she believed her staff could maintain operations.

Councilmember Clark asked a question about neighborhood notification and community outreach activities related to events at the stadium. Mr. Erik Strunk, Community Partnership Department Director, said there is a General Fund supplemental totaling \$50,000 for those activities.

Councilmember Clark asked about changes in budget amounts for the federal housing programs. Mr. Strunk said it was money received from HUD to fund the Section 8 Voucher Program. Councilmember Clark also asked about the operating capital category and why there was a \$275,000 increase. Mr. Strunk said the capital-related funds for the city's public housing was shifted to the operating budget.

Councilmember Clark asked about the responsibilities of the new FTE for the convention center/media center/parking garage facility. Ms. Schurhammer said the position is a cable engineer for the media center.

Councilmember Clark asked about the division called stadium economic development in the Economic Development Department. Ms. Schurhammer said it covered the annual lease payments for the Pendergast property.

Councilmember Clark also inquired about the Property Management division of the Engineering Department. Mr. Skeete said the current fiscal year's budget included two contract employee positions that would not be continued in next fiscal year's budget. He said the current authorized staffing for the division should be sufficient for next fiscal year's anticipated workload.

Councilmember Clark asked about the Environmental Resources division's 25% increase in budget. Mr. Ken Reedy, Deputy City Manager, said the increase was the result of moving personnel between divisions.

Councilmember Clark also had a question about the budget for the Street Maintenance division of the Field Operations Department. She wondered why the division's budget was decreasing by 12%, yet they had placed a high priority on street maintenance. Mr. Reedy said the current fiscal year's budget included some one-time funds that would not continue in FY2008. In addition, funding for the pavement management program had increased as a result of shifting the funding source from the General Fund to the GO! Transportation Program.

Councilmember Clark inquired about the Finance Department's division called AZSTA-Stadium Tax Refund. Ms. Schurhammer said the Arizona Sports and Tourism Authority (AZSTA) rebated the city sales tax generated at the stadium and paid to the city. She said the rebated amount excludes the designated sales taxes for transportation and public safety. Councilmember Clark asked about the length of the agreement. Mr. Beasley said that it was a stipulation of the agreement between the AZSTA and the city that the revenues be applied to the debt service payments for infrastructure at and around the stadium facility. So, it was in the terms of the outstanding bonds that this would be rebated for debt service for a little less than 30 years.

Councilmember Clark had a question on page 566 related to Fire Department staffing levels. Chief Burdick said staffing was moved between divisions to address community needs that included the crisis response unit, community relations, community education and public information. He noted that there had been a realignment of personnel to better staff those divisions.

Councilmember Clark inquired about the Human Resources Department's budget for the Employee Relations and Organizational Development divisions. Ms. Carmicle said there was a realignment of resources to reflect a change in how programs are carried out. For example, many of the employee development-related programs are addressed by in-house staff rather than contract trainers.

Councilmember Clark asked about the Technology Replacement division budget in the Information Technology Department. She wondered why there is a 21% decrease between the current year's budget and the base budget for next year. Ms. Schurhammer said that part of the current year's GF contributions to the replacement fund is covered with one-time monies.

Councilmember Clark asked about lease payments and other fees on page 572. Ms. Schurhammer said the advisory fees refer to the investment costs of the firm that does investments for the city. Because there are a variety of funds in which the investments are done, the fees that are related specifically to those funds are charged back to those funds.

Councilmember Clark asked about the Marketing and Communications Department's budget for the Fiesta Bowl. Ms. Schurhammer said the Fiesta Bowl costs for next fiscal year are part of the stadium-related supplementals discussed at a prior budget workshop.

Councilmember Clark asked about the Police Department's budget. She asked why the Central Patrol Bureau had seen a decrease of 26%. Chief Conrad stated that there were two different issues occurring. He said that all of the decreases in division budgets netted to a 5% decrease, which represented the one-time funding that was in the current year's budget. The other issue was a reflection of re-organization and realignment of resources.

Councilmember Clark asked a question about the \$2.1 million carry over request for professional and contractual services under Rebates and Incentives on page 592. Ms. Schurhammer said the council had set aside a few years ago some GF money for the acquisition of land for redevelopment. She said the carryover request represented the amount of unspent funds expected at the end of this fiscal year.

Councilmember Clark asked about the budget for the GESD-Reimbursement division in the Parks and Recreation Department. Ms. Gloria Santiago-Espino, Deputy City Manager, said that division represented a grant with the Glendale Elementary School that was ending this fiscal year.

Councilmember Clark asked about the division called Historic Sahuaro Ranch. Ms. Santiago-Espino said the division was for the historic section of Sahuaro Ranch. She said funding was received as a result of the city assuming the responsibilities for daily operations.

Councilmember Clark also asked about the large decrease for the Parks North District division's budget. Ms. Santiago-Espino said the department reorganized the various

parks maintenance related divisions and, as a result, resources were realigned. In the past, this function was organized by geographical districts; this approach was eliminated in favor of whole park maintenance.

Councilmember Clark asked about the decrease in the budget for the Special Events and Programs division. Ms. Santiago-Espino said the decrease was the result of moving resources for the Sahuaro Ranch supplemental to the Historic Sahuaro Ranch division.

Councilmember Clark asked about the budget for the Aquatic Self-Sustaining division that increased 64%. Ms. Santiago-Espino said the Rose Lane Aquatic Center had experienced tremendous attendance increases.

Councilmember Goulet asked about the budget for the Parks and Recreation Administration division that was down 24%. Ms. Santiago-Espino stated that again it was due to the reorganization of functions within the department and the resulting realignment of resources. Ms. Becky Benna, Parks and Recreation Director, reiterated Ms. Santiago-Espino's comments on that item.

Councilmember Knaack asked for further information about the budget for Cardinal pool repair. She asked why the budget declined from \$35,000 in the current fiscal year to \$10,000 for next fiscal year. Ms. Benna said repairs were completed in the current fiscal year so funds for major repairs are not needed for next fiscal year.

Mr. Lynch summarized council's direction provided at last week's budget workshop. He referenced the slide that summarized the direction council provided. Specifically, Mr. Lynch said the city will proceed with a September 2007 election on whether to increase the public safety sales tax four-tenths ($4/10^{\text{ths}}$) of one cent, from the current one-tenth ($1/10^{\text{th}}$) of one cent, for a total of one-half cent. He said council's direction was to propose the four-tenths ($4/10^{\text{ths}}$) of one cent adjustment to exclude food for home consumption such as items purchased at grocery stores like milk, butter, and bread.

Mr. Lynch said Council also provided direction to proceed with reducing the city's overall property tax rate from \$1.72 to \$1.62. He noted that this direction will be formally put into place when council adopts next fiscal year's budget.

Mr. Lynch concluded with a summary of council's direction to review Scenario Two on General Fund supplements, including the Police Department's request related to the increased cost of prisoner maintenance expenses at the county jail. He said this review would occur after the September 11th 2007 Special Election.

Ms. Schurhammer summarized the next steps in the budget process. She said the call for a September 2007 election would be brought forth at an evening meeting on May 8, 2007. A discussion about the ballot language for the September 2007 Special Election will occur at a workshop and evening meeting in May. Pursuant to the budget adoption process followed in prior fiscal years, the preliminary budget would come to Council at

the June 12 evening meeting. Adoption of the preliminary budget would involve a resolution and a public hearing. Adoption of the final budget and the property tax levy are both done at the final evening meeting on June 26, 2007. She noted that in both cases there would be a public hearing. She said the new fiscal year's budget would be effective July 1.

Mayor Scruggs and other council members requested a copy of the slides summarizing the direction council provided and the next steps in the process. Ms. Schurhammer said she would provide them to all council members by e-mail after the workshop concluded.

Mayor Scruggs stated that she wanted to discuss several issues before council concluded today's meeting. She said she understood all of the issues regarding the Memorandum of Understanding (MOU) with labor, however she still would like to be in the position to set aside funds to address whatever would make us more competitive sooner. She said she was very concerned with passing this budget with hopes that the tax increase passes. She noted that everyone seemed pretty confident that it would pass, but in case it did not, she would like to discuss an alternative plan. She asked for everyone to look at items on page XII, which have been determined by staff and management to be those items that we are going to fund in scenario one based on Council's direction. She would like to have a discussion on the possibility of programs being deferred. Councilmember Clark asked if council was being asked to possibly trade some out for others. Mayor Scruggs responded yes.

Mayor Scruggs asked everyone to look at the supplemental request on page 60 which had to do with recruitment funds for the Police Department. She said this request would be funded only under scenario two, which assumes passage of the proposed adjustment to the public safety sales tax. She said this item could be funded with the available discretionary money under scenario one. Councilmember Clark asked if this was the only funding for police recruitment in the entire budget. Police Chief Steve Conrad said yes.

Mayor Scruggs asked to discuss the prisoner maintenance request (page 64) coming out of the public safety sales tax. She stated that there was some funding in scenario one and additional under scenario two. Chief Conrad clarified that the only difference between the two options was that under scenario one, half of the money would be funded on-going and the other half would be funded one time. Under scenario two the item would be funded entirely with ongoing funds.

Mayor Scruggs asked about the request related to unfunded mandates (page 74) and whether it would be funded under scenario one, two or both. Chief Conrad said it only would be funded under scenario two. Mayor Scruggs asked it would be funded if the tax did not pass. He said he would use salary savings, which he has been doing to cover these expenses now. He added that they would plan on using other budget savings to fund other items that were needed should the tax not pass. He discussed having full-time recruiting right now because it was a top priority. He said the recruiting

efforts would be enhanced with the additional funding requested. Mayor Scruggs asked if, on a scale from one to five, with one being low and five being high, how important was the funding. Chief Conrad stated that it was on the scale of four to five.

Councilmember Lieberman said he saw it another way. He believes that they would still be prepared regarding recruitment if they were to go with scenario one on July 1st even if the tax does not pass. He asked Chief Conrad if recruitment would still continue under scenario one. Chief Conrad said he was correct, however his department would not have additional funding for additional recruitment efforts. Councilmember Lieberman continued that if the tax passes they would have that additional funding, however if it did not pass he believed they were still prepared under scenario one. He did hope the tax passes for the benefit of the citizens.

Vice Mayor Martinez agreed with Mayor Scruggs on her concerns. He stated that he does believe that without scenario two things would continue to move on with the status quo. However to get to the next level, they needed additional funding for the priority marketing recruitment. He noted that he agreed they could possibly look at items to defer to fund this very high priority item.

Councilmember Clark stated that she supported the Mayor's identification of the need for enhanced recruiting funds in the amount of \$250,000. She said she would like to see that money allocated on a one-time bases out of the General Fund contingency appropriation.

Mayor Scruggs discussed the carryover request related to redevelopment land acquisition on page 592. She believed this was an item that could hurt the city if some of the funding was given up, however they had to keep an open mind. She asked if there were any pending purchases that would be affected by the loss of some of this money. Mr. Lynch said the city was in negotiation on different pieces of land and would need to commit some of the funding to them.

Mr. Beasley said it was possible to reallocate some of the funding and replenish this account when building next year's budget, based on the land purchased.

Mayor Scruggs discussed different options to fund police recruitment and the best place from which to reallocate the funds.

Councilmember Clark said she would like to take it out of the redevelopment land acquisition account rather than from different places. She said she would take the remaining one-time amount of \$76,000 and apply it to extending the bonus program a little longer. Chief Conrad said he would like to wait and see how the program works first. Mayor Scruggs said she believed 10 weeks was too short a time period to see results. She agreed with Councilmember Clark that the proposed bonus amounts were a bit low if they were trying to recruit good personnel. Chief Conrad explained that the proposal is a pilot project and he believes they will see very quickly if they need to adjust the bonus and if it worked in acquiring good hires.

Mayor Scruggs discussed setting aside funds for early negotiations on the MOU that were agreeable to everyone. Chief Conrad said he saw no benefit because they would just be negotiating the same amount of money that they had already set aside. He added that when the negotiating cycle comes around they would be ready to discuss the needed issues. Mayor Scruggs said they would go along with the Chief's recommendation on not having early negotiations because it might cause problems. Mr. Beasley said he was in favor of possibly putting money aside as a policy stand point to take a closer look and assess starting from July on. He said he did not see a problem with doing that.

Councilmember Frate asked how often they met to assess and communicate issues. Mr. Beasley said it was about once a month. He said they would have a better assessment of their competitors, which were other cities, in July.

Mayor Scruggs stated that there would only be additional funding at an early stage to help with the shortage problems. Mr. Beasley explained that they would have to be careful because there was an agreement in place, however they could be flexible. Mayor Scruggs and Mr. Beasley discussed several ways on how to approach early negotiations without causing any difficulties with the MOU.

Mayor Scruggs stated that so far there had been support for putting \$150,000 into the Visual Improvement Program (VIP) and \$200,000 into the police recruitment program on one-time bases.

Vice Mayor Martinez said it was a good idea to have early negotiations.

Mr. Tindall stated that a main concern was to protect the integrity of the system that they had in place, however they could still have discussions on acquiring funding to satisfy the needs that are being talked about. He suggested having this discussion in an executive session to preserve its integrity.

Mr. Beasley also suggested having this discussion in an executive session setting and then also at an executive session on May 1, 2007. Mayor Scruggs agreed with the suggestion. She asked if everyone else was in agreement. Councilmember Clark stated that she would support further discussions and a May 1st executive session, however makes no commitment at this point. Councilmember Lieberman stated that he also agreed with discussing it in executive session. All Councilmember's were in agreement.

Ms. Schurhammer asked for clarification about the \$150,000 for the VIP program and \$200,000 for police recruitment. She said her understanding of council's direction was that these amounts would be reallocated from the redevelopment land acquisition account in the Economic Development Department. Mayor Scruggs said she was correct.

Mayor Scruggs and Mr. Beasley reported that they will discuss item number two on this agenda at a later date if need be.

2. COUNCIL ITEMS OF SPECIAL INTEREST

CITY STAFF PRESENTING THIS ITEM

This item was until postponed a future meeting.

ADJOURNMENT

The meeting was adjourned at 5:15 p.m.