

**\*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 OF THE  
GLENDALE CITY COUNCIL SPECIAL BUDGET WORKSHOP SESSION  
Council Chambers – Room B-3  
5850 West Glendale Avenue  
April 26, 2013  
9:00 a.m.**

**PRESENT:** Mayor Jerry P. Weiers, Vice Mayor Yvonne J. Knaack and Councilmembers Norma S. Alvarez, Ian Hugh, Manuel D. Martinez, Gary D. Sherwood, and Samuel U. Chavira

**ALSO PRESENT:** Richard Bowers, Acting City Manager; Horatio Skeete, Assistant City Manager; Nick DiPiazza, Acting City Attorney; and Pamela Hanna, City Clerk

**PLEDGE OF ALLEGIANCE AND MOMENT OF SILENCE**

**WORKSHOP SESSION**

1. FISCAL YEAR 2013-14 THIRD BUDGET WORKSHOP  
PRESENTED BY: Sherry Schurhammer, Executive Director, Financial Services

The purpose of this City Council Report is to follow up with City Council on two issues from the April 16, 2013 budget workshop, the proposed FY 2014 health insurance premiums for employees and retirees and public safety's [Fire and Police Departments] General Fund (GF) supplemental requests. The total additional FY 2014 General Fund (GF) resources that would have to be identified to fund these items are:

- \$5.5M ongoing expenses for the GF and
- \$2.1M one-time expenses for the GF

Staff is seeking guidance from Council regarding its direction for the draft FY 2013-14 operating budget given the additional information provided in this report and at the workshop.

Mr. Richard Bowers, Acting City Manager, stated he supported the recommended budget presented at the last budget meeting and wasn't suggesting any changes. However, he understood

that some Councilmembers wished to further discuss the items on today's agenda. He added that the recommended budget does not call for any layoffs during FY13/14.

Ms. Schurhammer said there are two items being brought back to City Council with additional information from the April 16 meeting. She said one issue concerns additional resources for public safety. She stated the council report outlines the additional resources the Police and Fire Departments would like to have to enhance services provided to the community. She continued that the second issue concerns the medical insurance premiums proposed for FY 2014 for employees and retirees.

Ms. Schurhammer said once the discussion about these issues concludes, staff will need direction on how to proceed as the tentative budget adoption is scheduled in May. She noted that today's workshop will close with a reminder of the budget calendar for the next 2 months and all of the required steps to have an adopted budget in place for the start of the next fiscal year July 1.

Ms. Schurhammer presented a slide with the 5-year forecast that was shown at the April 16 workshop. In reviewing the forecast, she noted changes between the April 16 and March 27 workshop which narrowed the \$8M ongoing structural deficit for FY 2014. This was accomplished by recommending a few ongoing revenue adjustments not by offering up additional ongoing expenditure reductions that would result in layoffs. She noted the net result of the revenue changes is an additional \$6.3M in GF ongoing revenue. City Council provided direction at the April 16 workshop to proceed with those adjustments.

Ms. Schurhammer continued reviewing the 5-year forecast emphasizing two additional key points as follows: (1) Total reductions required before the temporary sales tax sunsets is \$14.3M. (2) Ending GF reserve, our rainy day fund, grows from \$8M end of FY 14 to about \$20M in FY 18. At \$20M, it is just above the 10% reserve level that is called for in the city's existing financial policies. She noted FY 14 still has a structural imbalance in that ongoing expenditures exceed revenues.

Ms. Schurhammer presented a slide that summarized the additional resources requested by Police and Fire to improve existing services and put the city on a path toward improved compliance with national standards. The Police Department would add 31 sworn and 6 support staff at a cost of \$3.8M on-going and \$1.4M one-time. The Fire Department would add 8 sworn firefighters at a cost of \$1.7 M on-going and \$243K one-time additional costs for leasing two fire trucks are included in the on-going cost.

Ms. Schurhammer continued that this slide also shows the additional resources required to spread the cost of rising health costs for retirees over two years. The Retiree Medical Contribution would cost \$844K one-time. Ms. Schurhammer referred the City Council to reports and tables included in the council packet for further information.

Ms. Schurhammer presented a slide with the revised 5-year forecast which shows the impact of adding these costs in terms of 5-year forecast. She reviewed the slide listing the difference between this chart and the previous one. She listed those differences as follows: (1)

Expenditures increased by \$7.5M to cover the additional on-going and one-time costs shown on the slide for the Public Safety and health insurance items; (2) Ending GF reserve level for FY 2014 declines from \$8M to only \$500K; (3) Reductions required by FY 2018 total \$19.9M, compared to the \$14.3M shown in the 5-year forecast in slide 3. These reductions are required to accommodate the sunset of sales tax in FY2018, and the city still has to do reductions in FY2015.

Mayor Weiers said the forecast includes 6M for the arena management, however, if that is more, then the forecast isn't balanced. Ms. Schurhammer agreed. Councilmember Martinez questioned if the \$500,000 in replacement costs was included in here. Ms. Schurhammer stated yes, the \$500,000 for arena replacement and renewal costs are included in the five-year forecast.

Ms. Schurhammer said the bottom line message here is the unsustainable fiscal situation created with the addition of more ongoing expenses [\$5.5M on-going/\$2.1M one-time]. Last week staff showed Council that FY 2014 which already showed GF expenses running \$3.4M more than GF revenues, meaning the GF reserve declines by that amount. Adding more on-going and one-time expenses worsens the unbalanced situation and means the level of reductions needed grows from \$14.3M to \$19.9M by the start of FY 2018.

Ms. Schurhammer said the GF reserve level is perilously low. The additional expenses result in a very thin margin for a city of this size and breadth of services. It is at only \$500K at the end of FY 2014 and grows only to \$1M by the end of FY 2015. By FY 2018, it grows to \$14.3M as long as the almost \$20M of reductions are implemented by the start of FY 2018. She said this is not fiscally prudent and is not recommended.

Ms. Schurhammer said at the April 16 workshop a one premium structure for each tier within each insurance option (HMO or PPO) was presented. The premium rates for active employees and retirees were based on the plan and one tier selected. So the rates for both employees and retirees were the same. In the current premium rates this is not the case. In FY 14 the retirees will continue to pay the full cost of their coverage. The city and employee pay a percentage of the total cost of coverage. Ms. Schurhammer reviewed the employer cost benefits slide.

Ms. Schurhammer said moving to a single premium structure will require the most significant premium increases to retirees. The options to offset the cost increase to retirees are a two or three year phase-in. Ms. Schurhammer said the phase-in approach may result in unequal distribution of cost increases. Also, she reminded that health insurance would be out to bid during FY 2014 and the insurance market is in upheaval due to the federal health care law implementation. Ms. Schurhammer said every year the city has an actuarial analysis on claim activity and this recommendation was because of two years of high claims the rates will be higher than presented on April 16.

Ms. Schurhammer completed her presentation with a review of the budget adoption calendar for FY14.

Councilmember Alvarez said she wanted to hear from the Police and Fire Departments regarding their needs.

Mr. Mark Burdick, Fire Chief, said the request is two-fold; one is that there is a structural problem in the budget despite efforts to reduce the deficit. He said the department did a lot of position eliminations to prepare for this budget and to pay for some shop, fuel, and overtime overages. The remaining overage in overtime, paramedic pay, shop and fuel totals \$830K. Besides the overages, the request also covers 8 new fire fighters, with anticipated mid-year hiring, \$214 K in savings will be generated, and the of two lease purchase trucks coming to a total 1.7M on-going and 2.43K in one-time.

Chief Burdick explained the 8 new firefighters and two lease purchase trucks would allow them to address the peak time and response time deficiencies. He said the results of this strategy would be studied over the upcoming year and he hoped more funds might be available next year. He noted that they had pared down the original request substantially from 15 firefighters and a 24-hour truck which totaled about \$4M.

Councilmember Chavira said, based on his research, originally 45 firefighter were asked for then it was lowered to 15 now 8. He commended Chief Burdick on his efforts to deliver services in hard times. He noted that calls had increased 14% since 2008. Vice Mayor Knaack asked the Chief how many firefighters there were in 2008 and now. Chief Burdick answered that the Fire Department had 263.5 FTE's in 2008 and now has 267 authorized. He continued that 2009 was the highest at 293.5 FTE's. Vice Mayor Knaack noted she understood the number of fires had increased 26% during that period. Chief Burdick responded yes, mostly structural fires. Mayor Weiers asked what was the actual number of fires. Chief Burdick responded from 2008, 198 structural fires and now 249 so an increase of 51. Councilmember Alvarez said so adding 8 additional firefighters will still not give the fire fighters what is needed. Chief Burdick said the 8 firefighters will increase peak time coverage.

Councilmember Alvarez said she knew that the city was broke but the city finds money for other things. She said this is very important, public safety can't be cutting from something that saves lives. She said she didn't agree that the city should bring in businesses when it can't provide safety to citizens. She said it doesn't look good to the community that citizens lost leisure services, and kids are out in street. If people are spending more on insurance because of age or illness that creates more need for the Fire Department, she continued that the city really needs to think about where it spends money.

Councilmember Alvarez said the fire and police are most important, forget the festivals, they are expensive right now. She didn't agree with the city finding money for other things but not for police and fire. She added there is the enterprise fund, the city spends for other things so in time of need the city should look at all options. She wouldn't vote for festivals when public safety has unanswered needs.

Councilmember Chavira agreed with Councilmember Alvarez. He said there are incredibly intelligent people in this room today hearing viable and realistic solutions. It is time to move toward solutions and he felt the solutions were in front of them.

Vice Mayor Knaack said it all comes back to Prop 457, the city wouldn't even have the additional sales tax if not for police and fire trying to uphold the number one responsibility of the city - public safety. The city could be bankrupt by now, and Council is sitting here trying to whittle them down. The Fire Department is only requesting 8 sworn fire fighters, the Council needs to find a way to support public safety, if other cuts need to be made then Council needs to make them. Vice Mayor Knaack said the numbers are always changing, still Council needs to take a stand on the mandated services of public safety, sanitation, and water/sewer. She said as far as the medical premiums since there was a year extension with the current provider then the city has time to find a way to bring down costs and it needs to start now. Vice Mayor Knaack said when it comes to public safety, council needs to make it number one and she supported the chiefs.

Councilmember Sherwood agreed the numbers constantly change. He commented on a memo about FTE's being filled outside of public safety and he agreed with a couple but he didn't understand why the city was in recruitment to fill other positions when council is fighting to fill public safety positions; also, the city was losing people but he didn't see salary savings. He questioned why positions were fully funded even though they can't be filled for six months.

Councilmember Sherwood said regarding the health premiums that staff should work with Blue Cross Blue Shield to try and lessen the cost for retirees. He said \$3M that is going into Sanitation, why can't that be \$1M. He knew it was a consideration in bonding but do we need to start with \$3M this year. It gets down to where the numbers change every time presented; in the future need to come up with a better way of presenting.

Chief Burdick said regarding the half year salary savings for the requested fire fighters positions, he was working with Mr. Don Bolton and the department may be able to use it for some of the other one time equipment requests.

Mayor Weiers said last year's budget ran over, and asked if this year if there were 8 additional firemen would that solve the problem of the overtime experienced last year. Chief Burdick said it is difficult to quantify because there could be a major event. He continued if the department had the 8 firefighters and two trucks to address peak times, then if the overtime budget was a problem, they could redeploy and shut down one truck to try and contain overtime costs. Mayor Weiers asked what the major reason was this year for the budget deficit. Chief Burdick responded shop charges, fuel and overtime. Chief Burdick said the Fire Department needs \$1.2M to \$1.3M to staff trucks per year but due to the recession overtime, shop and fuel budgets were reduced. He said the public safety sales tax reserves were used for the first two years but now it is gone, so only thing to do is begin to shut down trucks. He said this year the Fire Department had no public safety sales tax reserves so overspent by \$1.2M in overtime so there is an on-going problem with overtime and the 8 additional fire fighters are to address the peak time issues.

Mayor Weiers said so the 8 firefighters and two trucks are to address the peak call volume issue/ response time issue and is separate from the overtime issue. Chief Burdick said the request is for \$967,000 to address the peak call volume issue and \$830,000 to address shop and overtime issues.

Mayor Weiers said could anything be done to cut shop costs. Chief Burdick said they had looked at it in terms of the new lease purchase truck. Mayor Weiers asked if anything could be done to cut shop costs on current vehicles. Chief Burdick said they had made efforts to reduce shop costs and the charges are within normal and fuel costs are at industry rate. Mayor Weiers said he's talked to some of the firefighters and they would like to do some of the work themselves. Chief Burdick said he'd talked to Mr. Kent, about this last week and the shop has to do critical work and inspections but some routine items could be done by the fire fighters.

Councilmember Chavira agreed with Councilmember Sherwood the numbers keep changing and are not consistent but there are some solutions. The citizens have given Council the tools with Props. 401 and 457, so citizens are requesting these services. He said about getting firefighters to work on trucks, the city should keep them on what they need to do. Mayor Weiers said it was the firefighters that told him the things they were not allowed to do but would enjoy doing.

Councilmember Martinez said in defense of staff, the numbers do keep changing but they come in with explanations of why the numbers changed. As an example, the Fire Department FTE's request started with 15 positions now it is down to 8 firefighters. He asked how much were the 8 firefighters? Chief Burdick responded \$967,000. Councilmember Martinez asked if anyone had identified where it would come from. Chief Burdick said he wanted to clarify the \$967,000 included the lease purchase of two trucks and the 8 firefighters; the cost of only the firefighters was \$828,000.

Councilmember Martinez said he didn't know where it would come from. Ms. Schurhammer responded that right now on-going expenditures already exceed on-going revenues by almost \$3.5M.

Councilmember Martinez said the information that we got at the last budget meeting and this meeting is the same. Councilmember Martinez said it comes down to there isn't enough money to do everything the city wants to do. All the departments have been decimated not just public safety. Public Safety is a priority but they make up 63% of total GF budget. He said they were told at a previous workshop that in comparison to other cities, Glendale is pretty close. He said Prop. 457 saved the city a lot of grief.

Councilmember Martinez said our recreation and libraries have suffered but he can't point to one department that hasn't taken a hit. It comes down to having a structural operating problem and it's not going to go away next year, maybe in 4 or 5 years. Whatever departments Council chooses to beef up, the rest are going to suffer. The city is at the point that staff has recommended no change to the proposed budget and he agreed with the recommendation. Council was faced with big problems now and whatever happened in the past is done. Council needs to look at how they can make it better, there is a lot of pain out there and we had to spread

it out. He wasn't in a popularity contest. He continued that he was saying what needed to be said for all the citizens not for the short term but for the long term.

Chief Burdick said it is important to point out that the Fire Department overspent this year with base level service. He understood there was no money but if the structural deficit is not addressed, he will need policy direction regarding response times because he will have to shut down trucks. If he doesn't overspend the budget next year, he will shut fire stations. He continued if he gets the funding to fix the structural deficit then he can maintain services. If not, then he will overspend and will have to shut down stations, so he either gets Council's approval to overspend budget or reduce current service.

Councilmember Alvarez said Council has to look at the past because that was what brought Council here; agreements were made that paid out millions of dollars. She said don't criticize staff that they brought the wrong numbers, it was not the recession but the decisions that were by Council in the past. There were poor decisions made in past, even now the city continues with agreements of millions of dollars for businesses. Council needs to provide services to citizens who elected us and not continue with talking about recession, it was poor decisions in the past.

Councilmember Sherwood said he didn't want to infer that the numbers were being changed but it was frustrating that they changed. He knew all departments had taken a hit and were doing more with less but today Council was here to primarily discuss public safety and medical premiums. As a Council, we do have to question what staff is providing us with which wasn't done in the past. Council does have to challenge what they're hearing and make sure that they understand it. Council does have to come up with some solutions. He said the revenue projections are conservative 3% to 4% a year and they need to be. So, he was good with the revenue numbers but believes they will improve. The Fire Department numbers have climbed but they are running with calls and fires up to 26% more. Councilmember Sherwood said Council needs to look at the numbers, they have reduced the request. Council is not going to resolve this today, we have given information to staff, and he agreed that a lot of Proposition 457 was to take care of public safety. However, Council needs to work together to get satisfactory numbers. He said it's not going to be resolved today, we need to give direction to staff but we have to deal with public safety. He wanted to hear from Chief Black.

Debra Black, Interim Police Chief, said the Police Department's request includes a total of 31 FTE's, 28 officers and 3 supervisors. Also since most of the reductions have been made in support personnel, she is requesting an additional 6 non-sworn support staff. So, she said the request is for \$3.8M in on-going and \$1.4M in one time. The proposed budget heard earlier included reductions of 10 FTE non-sworn. Chief Black said the Fire Department budget showed no reductions in FTE's. Chief Black said the 31 FTE number should be familiar as that would bring the department to patrol strength that allows a 20/20/20 ratio. The reasons she could bring forward the original budget number was because there had been a significant reorganization and some officers were reassigned back to patrol. This was how she was able get through the next year with the existing budget and could sustain it. Chief Black continued that attrition is high in the Police Department; people need to know that we can continue to fund those positions. She

stated the Police Department is in the same position that fire was a couple years ago and it's just a matter of time until the Public Safety Sales Tax Fund balance is depleted.

Councilmember Sherwood asked Chief Black to explain the unfilled positions that keep coming up. Chief Black said the 31 FTE's is very close to the 33 FTE's number her predecessor presented to bring the department to 440, the number given to provide the level of service the city needs. Those positions were allocated but were never funded. Chief Black said this is a consistent recommendation over a number of years. The highest number of funded positions was 423 sworn FTE's and the department has been authorized as high as 451 sworn FTE's. Councilmember Sherwood asked her what the highest number of sworn officers had been in the last several years. Chief Black responded 412 sworn FTE's in 2010, this year top number was 398 to 400 sworn FTE's early in the FY. There haven't been any hired this year and staffing is at 387 sworn FTE's now.

Councilmember Alvarez said Glendale's crime has increased when compared to Phoenix, which has more than a million more population. She knows that crime has gone up and officers are very busy, their response time is longer and they are not answering calls as quickly. Chief Black said the response time on the highest priority calls is within recommendations but lower priority calls take longer. Chief Black explained how the calls are prioritized. Glendale had an increase in violent crime and it is second behind Phoenix.

Councilmember Alvarez commented about how long the response times were giving the example of a neighbor waiting over an hour for response. She said the city needs additional police to make the response quicker. She asked if 31 more officers would take care of the problem of response times. She knew that the police were going to be deployed to beats. Chief Black said she thought it would help so there should be a reduction in response time. It will be implemented in about a month, but priority calls will take longer, but if the department has more officers there will be better response times. In addition, she noted there could be a major event which would impact the response times.

Councilmember Chavira asked what was the total police call volume last year and how many violent crimes. Chief Black responded 128,000 dispatched calls and of those 1,400 incidents were violent crimes.

Councilmember Chavira said Glendale had an increase in violent crime and it is second behind Phoenix. He continued the Police Department came in at the last workshop and they weren't requesting additional FTE's but Fire Department was requesting 15 FTE's. The Fire Department worked to reduce their request to 8 FTE's. He was looking for parity.

Vice Mayor Knaack said she totally supported police and fire. She asked if there was a reason for the disparity in the ratio of fire and police being requested - fire wants 8 FTE's and Police want 37 FTE's.

Chief Black said the numbers requested by Police and Fire are different because the requests are based on needs. Former Police Chief Conrad presented similar information and numbers to

Council in the past. Vice Mayor Knaack said she wanted to fund both requests but needed more information.

Vice Mayor Knaack asked because of all the attrition in the last year how did the city end up with 22.75 vacant FTE's shown in the budget. Ms. Schurhammer said those FTE's excluded police and fire, although the vacancies were in the GF. She didn't know how many vacancies were in public safety at this time. She continued the budget amendments brought forward at Tuesday's Council meeting were the salary savings being used to cover GF expenses which includes the fix for the Fire Department this year.

Councilmember Alvarez said the Police request is for 31 sworn and 6 support staff, she'd like to know why the support staff was needed. Chief Black said the Police Department has reduced support staff dramatically; the 6 support staff would support the activities of officers. She said the Police Department didn't use overtime to support normal coverage in the past but currently overtime is being used to staff normal activities and that is not a good on-going solution. It is not in the best interest of police in servicing community. She said the original recommended budget was based on using overtime to the manage gap in coverage of normal activities.

Councilmember Alvarez said the fire and police are different departments. She knows Chief Burdick needs more than 8 additional fire fighters. She wanted to hear what it really takes from police and fire. Glendale is in an unusual position, the city has a nearby power plant, Luke Air force Base, and the Super Bowl coming in 2015, it has to be prepared. If the city needs more than 8 new fire fighters then Council needs to know. She noted the city has emergencies all the time and she knew crime was up in Glendale. The City used \$50M from the enterprise fund in the past for the arena and this is more important.

Councilmember Chavira said his only issue was that the Police Department asking for much more than last time, the request increased quite a bit. He said there needs to be something more equitable for the Fire Department. He wanted police and fire to work together and have some parity when it comes to these staffing issues. He said Mr. Skeete showed him numbers comparing Glendale with bigger cities; we have to keep the per capita component in the back of our minds.

Councilmember Alvarez said she'd gone through two budgets and heard the same thing. The request from the Police Department was always the same; they are understaffed and need 31 additional police officers which was consistent with past requests.

Councilmember Chavira said he was very aware what was going on, trying to maintain fire and police service at the needed level. He was asking for some parity and equity to help each other. He wasn't putting one above the other but Council has some hard decisions to make.

Councilmember Hugh agreed with Councilmember Martinez's comments and concerns about the efforts staff has put in. He continued that Vice Mayor Knaack mentioned the sales tax keeping us out of bankruptcy; he thought staff was trying to keep the city out of it and build up funds. He noted the public voted twice for tax increases to support public safety. He said if the city was

going to try and increase public safety, staff is going to have to go back and show Council other savings and additional cuts in other departments. It appears that is what Council was asking staff to do at this point.

Councilmember Sherwood said he didn't want to hear bankruptcy; we are long way away from that. He asked in terms of overall crime statistics, the city is down a certain % overall and response time for priority one calls is within standards. Chief Black agreed that yes overall crime is down; property crimes are up slightly and violent crimes are down slightly. She continued that response time for priority one calls is under 5 minutes.

Mayor Weiers told a story about recently calling the police non-emergency number to report a large fuel spill on the street. He was concerned about the danger to someone on a motorcycle. He waited for the police and was there over 30 minutes. He noted the police were deploying officers the best they could. He continued that he was beginning to see some angst between police and fire and didn't want it to turn into a competition. Public safety is the biggest priority and Council needs to know what do as a Council to make sure police and fire are there when they are needed. He said the single biggest factor if sale tax would have been 1.2%, then Council wouldn't be doing this. He noted the fact is none of us can bring back ½ cent sales increase because it wouldn't fly. Council shouldn't keep looking at staff and asking for recommendations. Council has to decide who to cut and who is needed and who isn't needed. If Council is going to do increases for public safety there is nothing else to do.

Councilmember Martinez commented about the \$45M for hockey from the enterprise fund being mentioned and reminded everyone that there was a payment plan to repay the GF. Ms. Schurhammer confirmed the payment plan was \$1.8M a year for water/sewer and sanitation/landfill funds and its part of this year's budget. Councilmember Martinez said if the city hadn't done a payment plan for repayment that it would have been contrary to the Water/Sewer Task Force recommendation. Ms. Schurhammer said yes and it would also be contrary to the proposed budget and several other official city documents.

Councilmember Martinez said every city needs to have economic development and if they do something wrong then Goldwater is on top of it. He explained the Lund Cadillac agreement was made over 10 year ago and it included \$6M to remove a lift station and there were \$4M in incentives. In his opinion, in the long run, this business will bring a lot of revenue and there are two more parcels there for other car dealerships. He commented that the city can't stop doing economic development because it has long term benefits to the city. He read from a report to Council regarding the city's financial situation and the impact of any additional costs to the proposed budget. Councilmember Martinez added if a big emergency comes up then there has to be a contingency.

Mr. Bowers said the city does have a very significant financial problem. He said there have been beneficial discussions about forming financial policies that would help disburse and increase revenue. He had set out with a very conservative budget to balance the city's financial position. He didn't think either of the chiefs would feel that he was insensitive to their needs. He said he looks at the balance of circumstances; both departments are accredited organizations, he

understands Fire is nudging the response time of the accreditation, there is no money to be found and the proposed budget has a solution with no layoffs. He said the layoff pool is very small from which everything must come. He continued there is an on-going predictable annual need to continue to provide supply funds if we take funds out of the payments to the enterprise funds then we have to do it again next year. He said there is only one way to do it which is to cut it out of an on-going expense of the city and that is surgical and severe. He stood on what he presented in the proposed budget, it is a sound and responsible approach if Council decides to add to the budget, he would follow their direction but it will be surgical, if Council selects these changes. He didn't see how that could be avoided.

Mayor Weiers said Council needs to determine if there is consensus, staff needs to know whether to move forward with the changes to the budget presented today. Councilmember Martinez asked if council recommends making those changes it will require layoffs. Ms. Schurhammer responded yes, from the General Fund. Councilmember Martinez said he would not support the changes to the budget. Councilmember Chavira said Council has to fund public safety and they need to find a solution. He knew there were 23 FTE's funded now and he asked that everything be taken into consideration. He wants to move forward to find parity and go forward with the public safety concerns.

Mr. Bowers said it is important Council is clear; he needed specific direction and didn't want Council to leave it to staff where parity is found. Council needed to clarify; if they are saying fund the request as written fine, but if Council wants staff to determine parity then he was more concerned as that is not a role staff can play.

Councilmember Alvarez said the enterprise fund was used before, is it possible to use it for public safety requests. Mr. Bowers said that could be done one time; however, there was no mechanism to support it in future years. It's not a good fiscal policy because it creates a debt on the other side and the General Fund would have to pay it back.

Vice Mayor Knaack said the previous council made decision not to borrow from the enterprise fund again. Mayor Weiers said anything the previous council did can change but he thought it was a good decision

Councilmember Chavira suggested that the Fire Department add 8 fire fighters as requested and reduce slightly the Police Department request to 20 sworn officers. Mayor Weiers asked Councilmember Chavira how he determined that the Police Department should get 20 sworn officers. Councilmember Chavira said that he saw 20 sworn officers as parity because there has been a reduction in overall crime and firefighters do not respond individually. This is the only solution that maintains parity between the Fire and Police Departments with fire only asking for 8 eight firefighters to cover peak times.

Councilmember Hugh said he wished Council could follow that suggestion but he didn't know who to layoff to make it happen. He believed that is what city management was looking for. Mr. Bowers commented that laying off individual employees is a roll staff has to play but Council

can make a recommendation to not fund a department. Councilmember Hugh stated he didn't have a department that he could recommend not funding.

Mayor Weiers asked Councilmember Hugh if he didn't want to fund the requests and accepted the Manager's recommended budget. Councilmember Hugh responded yes, it is at this point.

Councilmember Martinez agreed and accepted the Manager's recommended budget.

Councilmember Sherwood said he accepted something along the lines of Councilmember Chavira's recommendation but wanted a lesser number than 20 FTE's for police. He still wasn't onboard that the city couldn't find other funds except the General Fund. He noted 20 new police officers aren't going to happen right away not in this FY. He noted the arena cost numbers haven't been addressed. He thought there was some wiggle room in the enterprise funds and they just got some numbers today from Ms. Schurhammer. He said Council still needs to work on public safety. Councilmember Sherwood stated he would agree with Councilmember Chavira's recommendation to start with.

Councilmember Alvarez said she advocated for employees, no layoffs. She said there are some departments more important than others. She added that usually employees that do the most and get paid less get laid off, she didn't agree with this. She agreed with Mr. Bowers that the city doesn't have any money but she doesn't want to see layoffs. She asked if staff could look at the budget once more because public safety is very important. She wants staff to prioritize the department layoffs.

Mayor Weiers asked Councilmember Alvarez if she supported Councilmember Chavira's recommendation. Councilmember Alvarez said she supported public safety and Councilmember Chavira.

Vice Mayor Knaack said this is a tough decision. She agrees with Mr. Bowers on the budget but so much of this is for public safety. She is very torn on a decision. Vice Mayor Knaack said she would support public safety and she did believe the Police Department request could be reduced so she'd support Councilmember Chavira's suggestion. She said the medical premiums would have to remain as recommended for now but staff needs to work on getting the costs down.

Councilmember Sherwood said regarding medical premiums, he would support the recommendation but he thought the premiums could be worked on. Councilmember Chavira agreed with Councilmember Sherwood on the medical premiums.

Mayor Weiers said he couldn't support public safety's requests without knowing where the money was going to come from, not knowing it had to come from the General Fund. He asked the other councilmembers to tell him which departments to cut. He didn't know how to explain to the citizens he wasn't supporting public safety's request not because he didn't support public safety but because he couldn't support it without knowing where the money is coming from. He added he didn't have enough information and didn't know who is going to be hurt, so he couldn't support the police and fire requests.

Councilmember Martinez said if there are going to be layoffs then that needs to happen. He didn't know what criteria to use; for instance cuts to FTE's can affect library hours, etc. then the public needs to know. There needs to be more thought to what was being discussed. The Council hasn't identified where positions are coming from. He didn't know how staff can do cuts without more direction.

Mr. Bowers said he understood the way cost reductions are done; understand the cost, evaluate vacancies and determine which service areas the city must withdraw from. It's a difficult but logical process.

Ms. Schurhammer said if the Council was going to increase public safety by approximately 30 sworn positions the rough average cost should be \$100,000 per position. So, on-going that does not include other costs additional costs and she gave examples. She continued that the city would be looking at a total cost of 3.5M to 4M.

Mr. Bowers said the reduction would come from a very small pool of people without public safety and enterprise funds. It will be an on-going expense that will increase next year.

Mayor Weiers said he didn't expect to go back to every department and take some. He said Council is looking at taking one department.

Councilmember Alvarez said they can cut consultant fees being paid; she didn't want to lose any staff jobs but can easily cut outside lawyers. Mayor Weiers said frequently attorneys are saving us money and keeping the city from being sued. Councilmember Alvarez disagreed. Ms. Schurhammer said there is \$500,000 budgeted for outside legal fees. She referred the Council to page 6 which lists the total GF departments and FTE's. Mayor Weiers said it's going to be more than one department isn't it, probably two. Ms. Schurhammer responded yes.

Vice Mayor Knaack said there are 19 FTE's in Human Resources and Risk management now, how many were there before the reductions. Ms. Schurhammer replied over 30 FTE's before. Vice Mayor Knaack said she was curious because the employees had gone down about 25% so she was looking for the relationship between the percentages.

Mr. Bowers said if the Council collectively identifies something they don't want to fund then let him know. In that case, he would bring back a budget with what Council identified.

Mayor Weiers said he was looking for the departments that are the most critical to citizens. He said the only department he sees to cut is communications except that would only be 60% of the total money needed even if the entire department was cut.

Councilmember Sherwood said if one considers all the costs for the additional public safety needs, it will be \$4M to \$4.5M. He'd always used \$100,000 for public safety salary and benefits. Ms. Schurhammer said for example 30 positions at \$3M would not include the additional costs for equipment, overtime, vehicle fuel, insurance requirements, etc. for public safety.

Councilmember Sherwood said so he should use \$160,000 per person to estimate the cost. Ms. Schurhammer said she was guessing at a total of about \$4M.

Mayor Weiers asked Chief Black if she could add any more on the costs. Chief Black responded that the numbers would be scaled based on the number of positions authorized. Councilmember Sherwood said for instance the 20 officers. Councilmember Chavira said the city just purchased vests for police and vehicles. Chief Black said the vests were for the SWAT Team and they hadn't been awarded any grants funds for vehicles they had just applied. Mr. Bolton commented that based on 20 positions for police and 8 for fire the costs would be \$3.7M on-going and \$1M one time so the total is \$4.7M.

Vice Mayor Knaack said she had changed her mind, she couldn't do this right now, and she didn't know what to do but can't do this. The city needs to get back to basics and support the mandated services. Council needs to get rid of all the ancillary things and support public safety. The city will have to keep this tax or go to the public for an enhanced public safety sales tax. She added that the city wasn't going to be any better off in 5 years than now. Ms. Schurhammer said the five year forecast shows 2015 still with almost \$5M in cuts.

Vice Mayor Knaack said she thinks the arena management fee will be higher than the \$6 million budgeted. She requested that everything that can be cut, be cut. She knows it is Council that needs to decide the city's job as a municipality. Unfortunately, Council should have made the decision to cut four or five years ago. She continued that she can't leave the city in this predicament. The city is going to be in trouble unless they sell some assets. She was hoping someone could come up with something that would prevent fire stations from closing. She concluded that Council needs to figure it out; right now she had to change her mind.

Councilmember Chavira said he just really felt that Council should look at vacancies long and hard and the rate of attrition. Vice Mayor Knaack said it can still be done, the budget is a projection that could change, and this could always come back to Council.

Councilmember Alvarez said the city has assets, in particular Camelback Ranch. She asked if it could be sold. Mayor Weiers said he had spoken to the Mayor of Phoenix about them taking it over for nothing but take the debt on Camelback Ranch and he told me why would Phoenix do that, until businesses develop around it or Phoenix gets tax revenues from it, can't do anything. Mayor Weiers said he had to go with the budget Mr. Bowers presented to Council. He added that with it at least Fire and Police and other services are not cut. He said as bad as this budget may be, it's not going to get better.

Mayor Weiers asked if it was the consensus of Council to go with budget as presented by Mr. Bowers and there was consensus.

Chief Burdick said he would be forced to reduce services.

Mayor Weiers said the Council understands it and it doesn't mean Council can't come back and supplement it. There isn't a councilmember here that doesn't want to have that opportunity.

## **CITY MANAGER'S REPORT**

Acting City Manager Richard Bowers had nothing to report.

## **COUNCIL ITEMS OF SPECIAL INTEREST**

Councilmember Sherwood said there needs to be a workshop or roundtable with staff on the airport situation not only the rules and regulations for the hangars but the lack of economic development at the airport.

Mayor Weiers said he probably needed to meet separately with councilmembers regarding the airport as it had been a topic of discussion in Washington and there was some good and some bad news.

Councilmember Chavira said he agreed with Councilmember Sherwood regarding the need to discuss the airport.

## **ADJOURNMENT**

Mayor Weiers adjourned that meeting at 11:30 a.m.