

**\*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  
5850 West Glendale Avenue  
February 28, 2012  
1:30 p.m.**

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

**ALSO PRESENT:** Ed Beasley, City Manager; Horatio Skeete, Assistant City Manager; Craig Tindall, City Attorney; and Pamela Hanna, City Clerk

**1. 3<sup>RD</sup> BUDGET WORKSHOP**

**PRESENTED BY:** Sherry M. Schurhammer, Executive Director, Financial Services Department; Diane Goke, Finance Director; Erik Strunk, Executive Director, Parks, Recreation, and Library

This is a request for City Council to review the material presented in the budget workbook. This workshop will cover the following:

- Financial Services, pages 232 – 254;
- Parks, Recreation, and Library, pages 294 – 352;

In response to Council’s request for more time to review the city’s budget, five budget workshops have been scheduled for February and March 2012. Additional workshops will be scheduled if needed.

The material to be reviewed at the budget workshops is contained in the budget workbook that was posted with the meeting agenda.

The City Council budget workbook was prepared to facilitate Council’s review of the operating budgets for city departments. A detailed explanation of the budget workbook that is labeled “Budget Workbook Material – Explanation” is included in the workbook.

Please note that the budget workbook materials include a draft FY 2013 budget for each department. Any revisions to departmental operating budgets agreed upon by Council during its review will be incorporated. After that review is completed, we will return with a revised FY 2013 budget and a proposed balancing plan for the GF.

The 2<sup>nd</sup> budget workshop occurred on February 21, 2012.

The 1<sup>st</sup> budget workshop occurred on February 14, 2012.

At the January 10, 2012 Council meeting, an ordinance was adopted authorizing the refunding/restructuring of outstanding water/sewer revenue obligations and Municipal Property Corporation (MPC) excise tax revenue bonds and authorizing the issuance of these bonds in an amount not to exceed \$99 million and \$70 million respectively.

At the January 3, 2012 Council workshop, staff presented the debt management plan and options related to refinancing outstanding MPC debt and refunding outstanding water/sewer debt.

Glendale's budget is an important financial, planning and public communication tool. It gives residents and businesses a clear and concise 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 need for stable revenue sources to fund public services, ongoing operations and capital facilities and equipment.

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

This workshop is for information only. Decisions on the FY 2012-13 budget will not be requested until a later date.

Sherry M. Schurhammer, Executive Director, provided the summary.

Councilmember Alvarez inquired as to why the Mayor's and Council's budgets were not on the list to review at workshop. She noted there were some savings that could be had by looking into them. Ms. Schurhammer agreed to include them.

Mayor Scruggs asked if Council agreed to follow the same process that had been followed the last two sessions. Yes. Okay, in the past, there have been questions beginning with the FTEs. She did not recall if Council got that far last week before they were diverted to arena management fees.

Councilmember Clark asked if they had any frozen or vacant positions other than the ones stated for their department.

Diane Goke, Finance Director, stated they currently had 2 ½ vacant positions in the water services department. They are currently looking at their business needs to see what they were going to do with those positions that were recently vacated. Councilmember Clark noted that throughout this process, she has been advocating for the removal of vacancies and frozen positions.

Mayor Scruggs commented she had been thinking about this since Councilmember Clark's questions last week. If you go the whole year through with these vacancies, where does that money go that's been budgeted for those positions?

Ms. Schurhammer explained the appropriation authority for those positions just lapses. Since the money has not been spent, it is retained in the fund balance.

Mayor Scruggs asked if the money was retained in that department or does it go elsewhere.

Ms. Schurhammer replied it just lapses since it cannot be carried over to the following FY.

Mayor Scruggs asked but where does the money go because the budget was built with a certain amount of money to be spent for a certain number of positions and not all those positions were filled. So there was- let's pick a number - \$100,000 – where does that money go?

Ms. Schurhammer replied it remained in the fund balance.

Mayor Scruggs stated she wanted to bring this up now because there is going to be a time when Council needs to talk about this. Council received a memo from the City Attorney, dated February 13, 2012. It's this one, it's called "Issue Presented – What is the Council's authority over the city's budget" and it goes into a lot of pages that have to do with the authority Council has over pay issues, number of FTEs and so forth. But it gets into another matter on page six and it says that – "once Council adopts the budget, the amount reflected therein are appropriated for purposes designated. Funds may therefore be expended for the appropriated purpose and modification of the appropriation must be done by an ordinance." And it appears that can only happen during the last three months of the year, that you can't move money between departments.

Mayor Scruggs continued that she read this memo of Mr. Tindall's, which is as most things legal, not easy to understand. She thought she understood it and she discussed it somewhat with Mr. Skeet yesterday. And she intended to bring it up at some point today and this is as good a time as any and that really gets to the whole issue of these post adoption transfers. If you have 2 ½ positions and you have not filled them and they are vacant, from what she was reading from this legal opinion from the City Attorney, the money can't be moved over and help pay for libraries. It has to stay where it was appropriated and designated for. And quite honestly, Council will continue through this process, but they really need Mr. Tindall, Mr. Skeete, Mr. Beasley, everybody. She believes Council needs some real clarification on this issue because last week Councilmember Lieberman asked where the other \$5 million for the arena management fee was. Well Council knows it's not here so it's somewhere over there and so somehow it's going to be

moved over here, is what she was assuming. But if you read Mr. Tindall's legal analysis – that cannot happen. You can't just go move it somewhere and pay that fee. So she was sorry to get off track, but she was going to look at the management here and the appointed officials and say she sees some real problems in this whole budget.

Craig Tindall, City Attorney, stated he will provide further clarification and expansion of that particular part of the memo since it deals with state budget laws and the charter.

Mayor Scruggs stated she certainly wants that, she didn't know if the rest of the Council had read this legal analysis or not. But she was very; very uncomfortable as she discussed with Mr. Skeete yesterday and he understands the discomfort and that there needs to be further clarification. So she would appreciate that.

Councilmember Martinez asked Ms. Schurhammer if he heard her correctly that the unused funds from the vacant positions automatically go into the general fund balance. Ms. Schurhammer explained the appropriation authority procedure and that if not used, it expires that FY. She noted if that was not spent because the positions were not filled, that money was never spent, therefore it just remains in the city's bank account.

Councilmember Martinez noted that meant there was the money equivalent to 37 vacancies in the general fund because it was not spent. Ms. Schurhammer replied yes.

Mayor Scruggs said this memo came right after Council's interesting meeting on the transfer of appropriation authority. She continued quite honestly even though this is presented by staff every year and the appropriation authority is moved around to match the money that has already been moved around and transferred and spent. And she has listened to the explanations and thought that it made perfect sense and she understood, but the legal opinion says something total different. Once Council adopts the budget, the amount reflected therein is appropriated for purposes designated. Funds may thereafter be expended for the appropriated purpose and modification of an appropriation must be done by a duly enacted ordinance, which the city does after the fact - with one exception – no authority is provided to expenditures greater than that specifically appropriated - which the city doesn't go beyond the appropriation. The city manager may at any time transfer any unencumbered appropriation balance or portion thereof between general classes of expenditures within an office, department or agency at the request of the city manager within the last three months of the FY.

Mayor Scruggs continued the Council may by ordinance transfer any unencumbered appropriation balance or portion thereof from one office department or agency to another. And that's what's been done - only just being done and staff comes to Council eight months later and they pass the ordinance. And this says the city manager has no authority to move any funds between departments – not between funds- in fact, Council's authority to make such transfers is limited by article 16, paragraph 14 which only allows these transfers during the last three months of the budget year. So, Council will be getting a clarification, but she sees a serious problem.

Councilmember Clark asked to follow up on the frozen positions. She stated it was her understanding that if those positions were eliminated and not carried on the books anymore that would add to the fund balance in the amount of \$4 million.

Ms. Schurhammer explained that the 37 vacancies were in the general fund and if that money is not spent, the savings were retained in the general fund bank account. She was not clear if this will increase the bank account by \$4 million because that would depend on where they were at the end of the year as to if revenues match expenditures. She further explained that the budget reflects a plan based on what they believe is coming in revenue and what they believe the expenditures will be, therefore, they do not know until they get to the end of the FY. Councilmember Clark asked how much staff differed from their projections in past years. Ms. Schurhammer noted that with the exception of the one year when the recession started, they had been very close on the revenue projections. However, during this recession, part of the budget plan was to draw down the general fund balance since revenues were not going to be sufficient to cover all of the ongoing expenses and transfers. Councilmember Clark stated she was still not clear where the savings from the vacancies and frozen positions end up and was it already accounted for by the elimination of furloughs. Ms. Schurhammer indicated the actual savings will be reflected in the general fund balance in the city's bank account. Councilmember Clark remembered a fund balance of around \$11 million; therefore she anticipates any overage at the end of the last FY was the direct result of those vacancies and frozen position eliminations.

Mr. Horatio Skeete, Assistant City Manager, asked to further clarify this issue. He explained the first place they will notice the elimination of current vacant or frozen positions would be in a reduction in the overall expenditure for next year. Therefore, when they present their recommended budget for next year, staff will present the total estimated revenue for next FY. They will also present the total estimated operating expenses for next FY; therefore the vacancies that were eliminated would be in the net number. There will be a line item of salaries and benefits and that number will be reduced by the equivalent of the 37 positions eliminated. Councilmember Clark asked where they would see the \$4 million that was reflected in the general fund un-appropriated account. Mr. Skeete indicated they would not see that number anywhere, but it will materialize in the end of the FY and in the beginning fund balance for the next FY. He explained the concept of what happens to money that was not spent on salaries. He explained that essentially if expenditures are greater than the anticipated revenues then those vacancies help cover those anticipated expenditures. Councilmember Clark wondered why the Council never received that information of when expenditures were greater and staff was able to use the savings from those positions to offset expenditures that were greater than anticipated. She asked when they could receive that information. Mr. Skeete noted that currently staff does not present that detail. He explained he will work to present that information on an ongoing basis to the Council.

Mayor Scruggs said Mr. Skeete got into the question she started with and she thought he was trying to answer. It's those adjustments that they are prepared to make if the expenditures continue to exceed the revenues, but from reading Mr. Tindall's opinion – you can't make. That the city's charter and state law prevent moving the money from over there – which was really what got Councilmember Lieberman so upset the other night when the city did the appropriation

thing - that you can't just say 'oh we are short of money over in these departments, but there are vacant positions over in these departments so we will take this money and move it over here'. And she knew Council should not be getting into a discussion of this legal policy.

Mr. Skeete noted that at this point, they are not talking about moving money from one place to another but talking about not spending money in this current budget. He stated he will be working with Mr. Tindall to make sure the process of adopting the budget from a legal stand point provides the Council and city manager with the flexibility staff has been exercising. He added he was confident they were operating within the boundaries of the law.

Councilmember Lieberman remarked he noticed that in the financial services, they had actually increased the salaries and benefits for all sources of funding by \$452,000. He would like an explanation on that item. He also asked for clarification on the appropriation transfer sheet for \$13 million. He wondered if the unused payroll funding from various departments in that sheet were transferred to other areas where they may have been needed since they did approve the transfer of \$13 million. Additionally, he still requires an explanation on where the \$5 million that has to be paid to the NHL will be allocated from. He added the Council, by resolution, had voted to pay the NHL \$25 million. Ms. Schurhammer explained the increase in salaries had been discussed last week, which was the difference of not including the furloughs in the FY13 draft budget; however, they are included in the FY12 budget. She added they will almost always see actuals lower than the budget because the budget number assumes that all positions are filled and all appropriation authority was spent. She explained that the FY11 figure was lower since it reflected the vacancies throughout the year and the department did not spend all its expenditure authority.

Councilmember Lieberman inquired about the inter-fund transfer and if that included salary transfers. Ms. Schurhammer clarified if he was asking about the clean-up ordinance discussed with Council several weeks ago. Councilmember Lieberman replied yes. Ms. Schurhammer explained departments were not allowed to spend their salary savings to cover operating expenses. She stated those were swept to be saved so that they are not spent. Therefore it was safe to say they were not done with salary savings, but in fact were done from the A-7000 series.

Councilmember Lieberman reiterated his question of where the \$5 million for the NHL was. Ms. Schurhammer noted this was also discussed last week. The city has \$20 million in escrow for this year and if they have to pay the additional \$5 million, they will identify where those funds will come from at the end of year such as setting up inter-fund loans like was done last FY.

Councilmember Knaack commented that in regards to vacancies, she was not in favor of wiping out all vacancies and tying the hands of departments especially if the economy rebounds and they are in need of people. She believes they should keep some flexibility in the budget for those opportunities.

Mayor Scruggs commented unfortunately, she thought the majority of those vacancies were in the police department, general fund, funded police positions and she didn't share Councilmember Knaack's optimism. She thought the economy was going to come back, but she thought the hole

the city was in is so deep, it's not going to get us out of it. But as the city goes forward with this –she was not prepared to give any direction for what to keep or what to eliminate until she heard from fire and police. She didn't think fire has the same vacancy problem that police does, but the police have serious vacancy problems in terms of sworn positions. And that's the mandate as a city – the mandate from the state is that the city provides police services, fire services and sanitation. That's what the state constitution tells the city it must do. So she wants to hear all of this and she will make notes, but until Council hears what is going on in police and fire - and she didn't know how many of those vacant positions were general fund, funded - it really doesn't make any difference today. Until Council hears that presentation, this is all interesting and they're ideas to keep in the back of her mind and she thought Councilmember Clark was looking at specific departments and she doesn't think she was talking about the whole city.

Mayor Scruggs directed Council to page 237 to look at the various funds and divisions. And the first one is accounting and finance administration at the top of page 237. Are there questions regarding that particular item?

Councilmember Clark asked staff to explain the difference between accounting and finance administration and an annual audit that was required per ARS-9-481 as well as another area that conducts multi-jurisdictional auditing. She asked for clarification on these two audits and asked why they were not combined since they both require a considerable amount of money. Ms. Goke explained that the accounting and finance administration was the auditing function that staff accounts for all the money in the city. The other was a tax and license audit function which was actually auditing the tax payers paying their sales taxes to the city. Councilmember Clark clarified one was revenue expenditure and the other a revenue generator. Ms. Goke replied she was correct.

Mayor Scruggs advised Council will move down to accounting and finance administration. Are there any questions or comments? No. Okay tax and license administration. Are there any questions regarding that?

Councilmember Martinez asked how this revenue was generated. Ms. Goke explained it was the result of auditing those taxpayers, which generates additional revenue.

Mayor Scruggs asked on page 239, why was it broken up so much. There are five in tax and license and finance administration – all with different numbers of FTEs.

Ms. Goke explained the areas were separated by the service that was provided in each of those areas.

Mayor Scruggs clarified but there are five that are called tax and license and finance administration – so that's a group of people that have five different functions within that group. Is that what you are telling me?

Ms. Goke replied yes.

Councilmember Clark asked a question on page 239. She inquired how the city's IT interfaces with departments and why it was not part of the city's IT system. Ms. Goke explained that particular function resides in the finance area since they use outside systems, but IT administration oversees that position, essentially reporting to the city's IT director. Councilmember Clark asked where that person belonged formally, with finance or IT. Ms. Goke explained financing for that position was in finance, but reported to IT. Mr. Skeete stated he wanted to clarify that what staff has been trying to do over the years was to truly attribute and associate the cost of operations with the functions. Therefore, at times when you see technology showing up in different budgets, it is an attempt to capture the true cost of those operations. This procedure insures they get a true cost for IT in every department including the sales tax department.

Councilmember Clark asked if it was correct to say then that IT has more employees than it shows in the budget statement even through their salaries may be paid by another department, but since they report to IT, they are IT employees. Mr. Skeete explained the finance department had made this move earlier in the year so they could have the appropriate level of supervision associated with the technology person. Staff also found it expedient to pay for it in the finance department for the reasons stated before. In answer to Councilmember Clark's question, they do have more IT people than shown in the IT department. Therefore the number last week of 29 professionals in IT was not the only set of technology professionals they have in the IT organization. He added that staff was preparing a list of all of the technology associated people in all departments. This will provide Council a better understanding of how many technology professionals they are using in the entire organization.

Mayor Scruggs asked just a general question, and it can be answered at any time staff wanted in a presentation, but as Council goes through page after page of this financial services group, every time this question comes up - Service Alternatives – is there another way of providing service? Obviously meaning less expensive – the answer is always – section after section – an external competitive bid for contractual services would be required. Has such a thing ever been tested out in the market? Do you have any idea where this would come in, in terms of contracting, outsourcing versus doing this in house with all the fund transfers for the technology and the cars and all this other stuff? Has anybody ever looked at that?

Ms. Schurhammer explained there were a variety of services that they already outsourced within the departments. However, as far as the accounting function or the budgeting function, the department has not put out an RFP, nor do they know of any city in the valley that has done that. Staff was prepared to identify outsourcing when it was cost effective.

Mayor Scruggs commented she would come back to this when Council gets to customer service because years ago there was an arrangement through APS that seemed like it worked pretty darn good and then it just disappeared for no reason. So she would like to revisit this when we come back.

Councilmember Clark followed up on service alternatives. She stated the impact of changing services always produced a negative according to staff. She read from the staff information sheet

which noted the cost of any change would be costly. She wondered if any department has ever followed up on any cost alternatives when reading this sheet on the negative aspect of doing so. Mr. Skeete reiterated that staff in general does look at service alternatives and makes those changes accordingly if it was cost effective and beneficial to the city. He indicated that employees are constantly challenged to look for more cost effective ways and in fact in the last two years, they have outsourced in the finance department a number of the functions that were found to be beneficial. Councilmember Clark stated her intent was not to demean their efforts, but simply point out that the rationale when reading it was always negative. Mr. Skeete restated they will continue to challenge staff to prove those facts during the course of the operating year. He noted he was in no way accepting a negative answer as a final reply until proven.

Mayor Scruggs said thank you and it's good to hear about the outsourcing that does take place because Council doesn't hear that good news either.

Councilmember Knaack commented on APS not being used and added that APS would be very interested in talking to the city again. She also had a question on page 240 regarding two FTEs totaling \$141,000 with revenues generated of \$120,000, which does not sound right to her. She believes that could also be outsourced and have a better return. Additionally, the city could benefit from tax and licensing inspections to produce additional revenue. Ms. Goke stated the city has contracted with an outside collection agency and they are currently sending accounts to them.

Councilmember Lieberman asked if the collections were all in-house or does the city use an outside source. Ms. Goke replied they did a little bit of both. She explained the \$120,000 was what staff does, the initial collection.

Vice Mayor Frate asked how many people were in tax and license collection during the last five years. He asked if the city had downsized. Ms. Goke explained they have reduced staff where they had seen fit to. She understands there were unlicensed business, therefore, the city has launched a campaign to actually go square mile by square mile and identify those businesses. Staff was making great efforts in that area.

Mayor Scruggs noted the lease payment here – it refers to schedule 8, which she thought she had, but she had schedule 4. So she must have looked up schedule 8 previously because she wrote these notes. Northern Crossing last payment in FY13, \$1,679,583 or has it been restructured? Ms. Goke stated that lease had been restructured in the beginning of last year.

Mayor Scruggs asked when was the last payment on that.

Ms. Goke believed it was five years out; therefore it was done in 2011 and will go out to 2016.

Mayor Scruggs asked if the B of A lease done or restructured.

Ms. Goke stated that all were restructured.

Mayor Scruggs asked about merchant fees. Did Council have any questions on the merchant fee portion?

Councilmember Lieberman stated that apparently the city accepts credit cards for payments. He asked for a further explanation on the issue. Ms. Goke said the city takes in approximately \$30 to \$40 million in credit card payments annually. Councilmember Lieberman remarked he was very impressed.

Mayor Scruggs commented that she remembered when there was a tremendous amount of public outcry because the city didn't have credit card payment available. So now it costs the city about \$200,000 a year for that benefit or that extra service.

Mayor Scruggs commented next, advisory investment fees.

Councilmember Alvarez asked for a clarification on this item which reflects \$90,000 in advisory investment fees. Ms. Goke stated that was the fee the city pays their investment advisor when they want to invest large amounts of money. She provided examples. Councilmember Alvarez asked if there was any money left over from the \$90,000. Ms. Goke explained that was only a portion of it since they spread those advisory fees across all the funds that have money to invest. Mr. Skeete asked Ms. Goke to provide Council with the figure of how much money the city actually had in their portfolio. Ms. Goke noted the total amount the city invests on any given date could be about \$120 to \$130 million. She added they pay the investment advisors about \$120,000 for this service.

Councilmember Lieberman noted that actually, the city was paying the advisors \$166,759, which was on page 245. He asked for a list of all those advisors that provide services to the city. He also inquired if this included hockey. Ms. Goke thanked Councilmember Lieberman for the correction figure of \$166,000. The city only pays one advisor company and that was Cutwater Investments.

Mayor Scruggs asked where does the income for the \$120 million float that was invested everyday come from. Where does the income for that show up?

Ms. Goke replied it was allocated to the funds that were generating that income, which were either from the general fund or bonds on a quarterly basis.

Mayor Scruggs asked about how much income was generated.

Ms. Goke noted that last year it was about \$800,000 to \$1 million in the general fund

Mayor Scruggs commented so the city pays them \$166,000 and it generated about \$800,000 to \$1 million.

Councilmember Lieberman asked how the city was billed for this. Ms. Goke explained it was based on how much the city invested, as well as a flat fee.

Councilmember Lieberman once again asked for a clarification on the management fee for the arena. Ms. Schurhammer explained Council adopted the FY12 budget with \$20 million included as the arena management fee. The FY13 figure of \$20 million is reflected in the draft, which has not been adopted. Councilmember Lieberman inquired if the \$20 million was tied up in escrow and cannot be used for other services. Ms. Schurhammer stated he was correct.

Mayor Scruggs asked what was the due date on that payment. The last one was made May 2<sup>nd</sup> of 2011, so would she be correct in assuming it would be around May 2<sup>nd</sup>?

Mr. Skeete replied yes.

Mayor Scruggs said as the city revisits history, the reason why, if she remembered correctly, the reason why five of the Council voted to go forward with this was because the deal with Matthew Hulsizer was right there, ready to be concluded before the Council went on break. She thought it was before Council broke for the summer. So there was no intention and anyone can go back and read the minutes and listen to the video and what was presented to Council by staff, was that there was no way the city was ever going to pay that money because the city was going to sign an arena management agreement with Mr. Hulsizer. And he was going to pay the city back the first \$25 million, if she remembered correctly from the previous year and everything was going to be wonderful.

Mayor Scruggs continued and so here we are now a year later, no Mr. Hulsizer, and it appears that the NHL never intended to do business with Mr. Hulsizer in the first place. But the city put this money up believing that it would never be spent and here we are – she was guessing two months from having to pay this. No Mr. Hulsizer, no Mr. Anybody Else, no deals, no nothing, so the city has a problem. And her solution and her suggestion that she has put out there and put it out publicly is that Mr. Beasley start talking to the NHL about what a great partner the city has been with them and the city has stuck to this and the city has helped them get the TV rights for the west coast. And given the stress that the city budget is under, that there is a payment plan developed so that the city doesn't pay \$25 million on May the 2<sup>nd</sup> of 2012 or any other date, but that the city structure a payment plan that fits within the budget. So that's going to be her one contribution as you go forward and develop a proposed budget for Council to look at.

Mayor Scruggs continued Council moves next to arena renewal and replacement. Is the city current with these repairs with this money that has been set aside? Ms. Goke replied yes.

Mayor Scruggs commented now the next area is the stadium tax refund. And this is what the city was contractually bound to do. The sales taxes are within the stadium and it goes back to the Arizona Sports and Tourism Authority for those particular infrastructure improvements that the city was required to make as well as what she understood from what was said last week correctly, infrastructure improvements the city made so that the city could develop its full potential in that area. Do you have any idea when the city can get this all paid off or when this ends?

Mr. Skeete noted the agreement was for 25 years and believes it started in 2002 or 2003.

Mayor Scruggs commented but the important part, and Mr. Skeete pointed it out last time, was that it wasn't just for – originally the bid process – she will call it that – she wasn't sure if that was correct- for any jurisdiction interested in having the stadium there, included a certain amount of infrastructure that had to go in like a plaza area and they were very defined areas in the bid process. But what has been explained to Council was that the city went beyond that and is using these funds to take care of infrastructure throughout the area so that all the entitled properties can actually develop the water and sewer that will be there and the roads so the city could see the commercial and office development. She asked if she was correct on that.

Mr. Skeete stated she was correct and added this infrastructure will not only service the stadium, but also the surrounding development areas and provide for opportunities to the west, east and south of the stadium.

Councilmember Clark asked what the percentage sales tax was for the contractual agreement with AZSTA. Ms. Goke stated it was about 1.8% of the total city sales tax that was paid back per their agreement. She added the reason why the \$1.7 million was put in as revenue generation was because that was the amount they received back from AZSTA and the amount they pay back, just in the general fund. Councilmember Clark stated she understood what staff did, but does not agree with it since it was not a revenue generator.

Mayor Scruggs commented she thought that the city kept the earmarked taxes? How does the city pay 1.8% out of 2.2%? Ms. Goke noted it was 1.8% of the city's total sales tax they received. Therefore the \$1.7 million is 1.8% of the \$93 million they get every year. She explained the 2.2% was their sales tax rate.

Mayor Scruggs clarified so what Ms. Goke was saying then is the agreements that were signed didn't just give the tax generated within the stadium, it gave a percentage of all the sales tax in the whole city? No. Okay, so please explain it to me.

Mr. Skeete clarified that the percentage of sales tax collected at the stadium and sent to the AZSTA was 1.2% of 2.2%. He added that Ms. Goke's percentage calculation was for the entire city's sales tax, which was not correct.

Mayor Scruggs asked so anything generated inside the stadium, the 1.2%, that's the general sales tax that goes to retire the debt on this entire infrastructure. Mr. Skeete stated she was correct.

Mayor Scruggs said the transportation half cent goes to the GO fund, the half cent for the public safety goes to the public safety dedicated funds split between fire and police. Now, so since there was so much infrastructure in there that really had nothing to do with the stadium and went far beyond and made it possible for that land around there to be developed, did AZSTA put in that additional infrastructure for the city and therefore the city was paying them back versus paying through normal bonding? How does that work?

Mr. Skeete explained the city paid the incremental cost for the extra modifications and the increase in cost.

Mayor Scruggs asked did AZSTA's contractors put all that in as they were building the stadium. As they were doing the water and sewer for the stadium – they also put in what the city needed so that we can develop our city? And so that was paid through the AZSTA funds and now we are repaying them? Because otherwise, at some point – she thought originally, the original RFP for the stadium had something like \$6 million for a plaza – it was a very small amount. So she was trying to figure out how the city gets this money to the people who actually expended it and you're saying AZSTA is the one who expended it.

Mr. Skeete stated she was correct.

Councilmember Lieberman asked where the 2.2% was shown or would that be in later budget hearings when they talk about revenue. Ms. Schurhammer explained that was part of the overall city budget when they bring the preliminary budget in May. Council will see the revenue projection for all the different funds. Councilmember Lieberman wondered if staff can make it easy for Council to spot the 2.2% when they present that information in coming discussions.

Mayor Scruggs said that may be in the FY12 budget that Councilmember Lieberman could look at – the one the city adopted on a schedule somewhere. So maybe staff could send him an email where he can see what that amount was for FY11 or projected for FY12. Ms. Schurhammer agreed.

Mayor Scruggs commented that the next area was the customer service office. This is where there was a service alternative to reduce hours of operations or outsource utilities billing payment service. Then it talks about the option to allow the state to collect and record sales tax. She commented that was done before. The city did that in previous years – that did not work very well. So now the city was self-collecting, but on the utility payment where she was going to bring up and it sounds like Councilmember Knaack talked to somebody about this. But many years ago, in the mid 90's, and it came as a result of the big storms when the city worked so closely with APS to restore service and everything and she couldn't recall a name and he is retired now. But anyway, he came up with this offer, which really worked very well. They have their customer service line operators open 24 hours a day and they offered to make an arrangement with the city where they would cover the city's phones and were trained how to answer questions or one thing or another. They have bilingual workers there – it was really a very nice operation it seemed. Very inexpensive and then it disappeared. So she was wondering, and it sounded like Councilmember Knaack said that rather than talk about reducing hours of operation, why not look at partnerships like that?

Ms. Goke stated staff was continually looking at partnerships. She noted the APS contract ended right about the time she had started with the city. She explained the city still had an answering service that handles the calls after hours and they pay that service \$300 to \$500 a month for that.

Mayor Scruggs said but that's just somebody that says they will call you tomorrow – that's not somebody that can work on the bill. Whereas when the city was with APS, they could actually pull up the records and all the security issues had been worked out. So why was the decision to just end that?

Ms. Goke noted that at that time, the decision was not in the city's best interest since the expense was \$6000 to \$7000 a month.

Mayor Scruggs noted \$6000 to \$7000 dollars a month, which would replace, gosh knows how many people that the city would not be hiring. She thought it was more about – “let's not let anything get outside the house” or something. She thought it was something that the city should really look back into.

Mr. Skeete stated he did not recall all the issues surrounding the change, however, will look into it and provide Council with the details. He added they are continuing to research any outsourcing that was beneficial to the city.

Mayor Scruggs said it was just odd because Councilmember Clark pointed out that when service alternatives are asked for, they always turn out kind of negative and bad things are going to happen. And this is the first section where it says – well an alternative is to reduce hours of operation and this is the one that actually works with the public. So it's kind of a backwards approach here.

Ms. Goke explained that the decision to end the APS contract was made on behalf of both sides.

Councilmember Knaack noted she had the APS representative's card and it was possible they had a change of heart. She will follow up on that matter on her end.

Councilmember Martinez commented the city will be making decisions that will impact customer service as well as programs and there was no getting around that issue because of the deficit they were facing. However, departments such as these that deal with customers directly should take preference when looking at cuts. He added they should possibly look at beefing up this department since this was a good revenue generator.

Mayor Scruggs said she would like to look at beefing it up by outsourcing some of it for other hours. This place shuts down at 5:00 o'clock. The employees can barely wait to get out of here, much less anyone get in. So when she talks about out-sourcing, she is interested in extending service hours to people. And that may reduce some of the traffic coming in –if they have to pay in person – she guesses not, but she doesn't know why they all come in, but that's where she was going with that thought, was to increase it. This kind of brings up a question she was asked the other night by one of her colleagues - a couple of them actually, that have gone to a four day work week. They said, you know we never could understand why Glendale kept saying you did not have any budget problems all these years, but now you do and whatever. And they went to four days work week and they think it saves them a ton of money. Did the city look at that and it did not bring us any savings? Or did management just think that would not work? What happened?

Mr. Skeete noted staff did look into that area and decided that was not a viable option, specifically because of customer service reasons.

Mayor Scruggs commented and that was what she asked – how has your service responded? And they said it was fine. Anyway Council will probably ask that sometime along the way. Okay, so Council was done with all the customer service and are back to advisory fees again – which she thought were covered all the advisor fee questions, right? Yes, okay. Now the next item is budget and research on page to 246. Are there any questions on budget and research?

Mayor Scruggs commented that this process Council was going through now has \$245,000? Just preparing the city manager's annual – no, it hasn't even gotten to the preparation of the budget yet has it? This is the pre-budget preparation. Okay, any questions on page 246,247,248,249,250?

Councilmember Martinez noted that under Current Performance Data, it said the city has been recognized by the Government Finance Office Association with a distinguished presentation award for 24 consecutive years. Ms. Schurhammer noted that was also true for the Annual Comprehensive Financial Report.

Mayor Scruggs commented the next item was grant administration. She asked Councilmember Lieberman if he was asking about grants. Did you have questions about that?

Councilmember Lieberman commented the city received \$21 million in federal grant funding in FY11. He added that the senior management assistant who worked with grants was directly involved in receiving \$1.2 million. Therefore, the city receives \$2.2 million that the city supervises with 1/3 of a person. Ms. Schurhammer explained the person that works with the grant process does more than just grants. Councilmember Lieberman asked if 1/3 of that person's time was taken up in grants. Ms. Schurhammer replied yes and added she also helped the financial department as a whole with a variety of special projects as well as identifying grant opportunities.

Mayor Scruggs commented she does the grants, she responds to public records and media request and administers the From the Heart Program.

Ms. Schurhammer said that concluded the Financial Service Department. Next is the Parks Recreation and Library Department.

Mayor Scruggs advised there would be a short 10 minute break.

Mayor Scruggs called the meeting back to order.

Mayor Scruggs announced Council will stop these discussions at 5:15 this afternoon. Even though the agenda has been posted for an Executive Session, there are no items that need to be discussed in Executive Session, so therefore there will be no Executive Session today; however,

the City Council needs to have time to – some go home, some go to dinner, get materials for tonight’s meeting. Council will have another meeting at 7:00pm tonight. So that is this meeting will end at 5:15pm.

Erik Strunk, Executive Director, Parks, Recreation, and Library, provided a brief summary and a slide presentation. The slides presented are as follows:

Library & Arts Maintenance:

FTEs: General Fund <u>63.6</u>	
Salary & Benefits (A6000)	\$4,444K
Internal Service Premiums (A7500)	\$177K
<u>Non-Salary (A7000)</u>	\$1,865K
(GF \$1,098K, Arts Fund \$125K, Library Fund \$142K and Grants Fund \$500K)	

Parks: Parks Maintenance, Adult Center, Foothills Recreation Center, Recreation Support Services, Youth & Teen, Sports & Health, etc. and Parks Self-Sustaining.

FTEs: General Fund <u>69</u> & Self Sustaining Fund <u>7</u>	
Salary & Benefits (A6000)	\$4,996K
Internal Service Premiums (A7500)	\$268K
Non-Salary (A7000)	\$5,626K
(GF \$4,004K, Self-Sustaining \$683K, Designate \$177K, YSC \$262K and Grants Fund \$500K)	

Right of Way Maintenance

FTEs: HURF Fund <u>14</u>	
Salary & Benefits (A6000)	\$829K
Non-Salary (A7000)	\$1,315K
Internal Service Premiums (A7500)	\$82K

Mr. Strunk stated he was prepared to answer any questions on these items.

Mayor Scruggs asked if Councilmembers had any questions, as they have begun in the other sections in the FTEs.

Councilmember Clark asked if they had any vacancies or frozen positions. Mr. Strunk stated they currently had seven vacancies in the department, six in the library, and one in parks and recreation. He noted they were in the process of recruiting for a senior coordinator for their aquatics programs as well as recruiting two for library operations. Additionally, he was also working with HR on the remaining four to determine if they need to recruit for those.

Councilmember Clark remarked the library had a budget of \$6.4 million and the proposed number of employees was 63.6. She asked if this proposed budget reflected the concerns of the public here today about the further closing of libraries. Mr. Strunk replied no. Councilmember Clark asked if this budget reflected no further closures. Mr. Strunk replied yes and they added

those potential options for consideration. Councilmember Clark asked if the Council were to approve this budget as is, library service would remain as they currently have it. Mr. Strunk stated she was correct.

Mayor Scruggs asked if there were any other questions. Page 303 begins the description of the various divisions and so forth with the first one called library with no FTE. What is the purpose of this? We have no FTEs in here?

Mr. Strunk stated the cost shown was only the cost to run the three branch libraries.

Mayor Scruggs asked about when the changes were made in the reduction and hours, the libraries were opened, how did that impact the usage of the library? How did it impact the number of card holders in 2010 to 2011 and how was that tracked? Do you see those numbers staying the same; going down, going up, what are you seeing that's different?

Mr. Strunk stated that in 2006, they had 2.4 million items circulating and in 2011 the figure was 2.1 million. The number of patron's coming through the doors in 2006 was 1.2 million and in FY 2011 it was 885,266. He added the card holders have stayed consistent.

Mayor Scruggs asked what has the library done or has the library done anything differently to accommodate people who use materials in different formats than they used to. Is it still people coming and taking out books or are there other ways that people are accessing information services?

Mr. Strunk explained it was still primarily based as a gathering place where people can go examine books and use the computers and socialize. However, they have also seen an increase in the use of electronic media that has occurred by patron users such as the smart phones and smart books. They were also a member of the Phoenix Overdrive consortium, which all the libraries in the valley were a part of, which purchases electric books. This portion has increased significantly.

Mayor Scruggs commented she didn't have time to find it, but she knew Mr. Strunk had made a presentation to the Library Advisory Board last year sometime that had to do with the changing direction of library usage. Could you summarize the types of things you and the Library Advisory Board talked about at that time?

Mr. Strunk explained that discussion focused on what would a library look like in five or ten years' time, as well as some of the new innovations occurring in libraries that are so important to the patrons. They profiled different libraries, not only in this country, but throughout the world to find out what they are doing. Some of those innovations include more technology where patrons use and create digital improvement mechanisms to explore the world of literacy further while trying to engage a more high tech and a more wired world that will be occurring in the future. He provided information on digital downloads that occurred in July FY 2010 to January 2011 of 18,032 and from July of 2011 to January 2012, digital downloads were 29,575.

Mayor Scruggs commented so it almost doubled. Well, no, not almost doubled, but it was about a 75% increase. Mr. Strunk added it was actually a 64% increase.

Mayor Scruggs asked so those people do not need to come into the library for anything, they just do this from their home or wherever they are? Mr. Strunk replied yes.

Mayor Scruggs asked about the increase in the interactive rooms and the technology and so forth – are the Glendale libraries positioned to reach the constituents with those services. Or do we need to see changes in our libraries in order to be able to serve in that emerging way that people are looking for? Mr. Strunk noted that all libraries, including Glendale's libraries, were being positioned to go the way of the future.

Mayor Scruggs asked about the usage of the reference materials because she gets so much from the libraries and going into the reference area. Are you seeing more usage or are more people finding the reference materials electronically? Is that included in this 18,000 to 29,000 or are you seeing less usage of the reference materials in-house?

Mr. Strunk noted they are not seeing a decrease in the usages of reference materials and added this was in addition to everything else.

Mayor Scruggs clarified so this wouldn't be just accessing books; this would be accessing reference materials also. Mr. Strunk replied yes.

Mayor Scruggs asked if she were a student in high school and she needed to do some research for a paper for a class, could she access the reference materials electronically the same as if she would if she came into the library and looked them up and read them there on the spot.

Mr. Strunk explained that more or less, yes. However, there were some unique reference materials at all three branches. He added many reference materials were online now.

Mayor Scruggs commented so has there been a rebalancing of the expenditure – we always said you have to buy books, new books every year and you have to update your reference materials, but now you are bringing in the electronic services. So has there been a rebalancing of how the purchase of materials is allocated to accommodate both the electronic and the paper – you know tangible pieces? Mr. Strunk indicated staff routinely looks at usage patterns and trends in order to be able to shift their focus on certain materials currently been used and will juggle items and funds based on those needs.

Councilmember Clark commented on how libraries have changed and what they hold for the future. She stated that one of the new things she has seen libraries morphed into was job assistance. Therefore, she believes libraries were beginning to morph into something that will help meet the needs of the community as to what is important to them. However, having said that, she would like to get to his proposals on page 303. She commented on the RFID programs which allow people to check out their own books. Mr. Strunk explained the technology of the

RFID programs, which was faster than the self-serve programs currently used. The cost for this technology was \$318,000 for the three libraries.

Councilmember Clark questioned staff's proposal to reduce the book material budget by \$50,000. However, since the need for expanding the electronic element was growing, she does not see this as achievable. She also asked for clarification on the proposed reduction for janitorial service by \$25,000. She suggested using the city's janitorial service contractor as opposed to contracting out. Mr. Strunk stated those conversations have already occurred and there has been some interest in using the city's janitorial services. Councilmember Clark asked him to keep the Council updated on these items as they obtain more information and options.

Councilmember Clark inquired as to the proposed reduction in the library's publicity budget by \$5,000, essentially cutting it in half, which was not very realistic. Another proposed reduction was for library programs, such as lectures and storytelling totaling \$37,000 for all three branches is cut. This program is used to draw people in and encourage them to check out a book. Councilmember Clark noted she considers this a "nice to have option", but not essential for the operation of the library and was something to consider eliminating.

Councilmember Clark remarked on another suggestion of reducing library operating hours and days in all facilities and using a mobile staff to operate all facilities and make necessary reductions. She believes there was no support for that type of reduction from anyone on the Council. She also commented on staff exploring the possibility of contracting with Maricopa County to provide library services. She believes city staff has already begun discussion on that matter. Mr. Strunk stated he had not received formal direction to do that, however, it was discussed at the workshop and he was open to it.

Mayor Scruggs interjected that Mr. Strunk did receive formal direction and she sent a letter to Supervisor Max Wilson, who spoke to her last week in a meeting. He said how happy he was to receive that message and that he was having his library director reach out to somebody here. She didn't know how and they were going to report back to Supervisor Wilson, who was going to call the Mayor and tell her what was discovered. So she didn't know why you are saying that you are not doing that.

Mr. Strunk explained to Mayor Scruggs what was discussed at the workshop regarding this matter.

Mayor Scruggs stated she knew that. And that was the other thing discussed at the workshop. Council talked about how the county has tried to talk to us for two years now. And she talked about how the county has built a library for Surprise, a library for Avondale, a library for Gilbert. Council indicated they were ready now to start talking to Maricopa County Officials as to whether the city could run the library system less expensively doing it in partnership with them. And that's what was in the letter. She believed Council all got a copy of that letter, didn't you? Didn't you get it too? Mr. Strunk stated he did not receive that letter, however, now that he knows about it, he will look into it.

Mayor Scruggs asked if anybody had called yet. Because Supervisor Wilson said they have.

Mr. Skeete noted that letter was the initial contact and his staff has begun to explore that aspect.

Mayor Scruggs asked if this was going to be at Mr. Skeete's level because at the library side it's going to be at the library director's level. Mr. Skeete agreed to bring the appropriate people in to help facilitate this item.

Councilmember Clark agreed that at some point in the future, they would have to look at a new service model; however it would have to be community driven to determine community needs and the technology aspects of doing everything online.

Councilmember Lieberman noted most of the people attending this workshop were here because of the proposed reduction in hours of operation for the three libraries. He stated staff was proposing that Main would be open three days a week, Foothills two and Velma Teague two. He remarked he did not understand how they had money for sporting facilities and money for other things that were costing millions and not have money for the libraries when they are used seven days a week and ten to 12 hours a day. He remarked he was not in favor of closing their libraries and to date he has no idea how much will be saved if they did close them some days. He said that if they can come up with \$20 million for a hockey team, why they can't come up with \$1 million for something that affects 137,428 people daily. He suggested raising library fees as a compromise which might raise \$1 million a year for the libraries. He thanked everyone for being here today.

Councilmember Martinez remarked there will have to be reductions in the budget and there was no way of getting around that fact. He said the city had to pay for core service as well as debt services and for these items, they do not have a choice. Therefore, the rest of the departments will have to be strongly assessed and possibly decreased. He commented on the \$20 million that was set aside, since nobody knows what will happen and they are still waiting on an outcome. In addition, they still have the arena, with or without the hockey team. He asked everyone to face the fact that there are going to have to be reductions.

Mayor Scruggs recessed the meeting.

Mayor Scruggs called the meeting back to order and asked if Councilmember Martinez would like to continue.

Councilmember Martinez continued saying that the city was faced with a very serious budget deficit and there was not going to be enough money to do everything they need to do, but there are things that they must do.

Councilmember Alvarez commented the public has become very informed and knowledgeable since there have been numerous articles in the newspapers about what Glendale was facing. The articles have documented the furlough situation as well as community service cuts. She agrees with the public that the city has spent money they should not have, such as for attorney fees for

Councilmembers when they made a mistake or paying for Camelback Ranch. She understands how the public was feeling when the city was proposing additional community cuts. She believes many of the Councilmembers do not understand what it is to need. She said the people need the libraries since the Glendale Elementary District closed the positions of librarians. She will not support any budget that puts money in for businesses or is giving money away. She remarked that first they should take care of home, their kids and services. She added the Council needed to listen to the public and what they want.

Vice Mayor Frate stated he has been listening to the public and has received 58 phone calls and emails asking the Council to save the libraries. He said their suggestion was to charge them more as Councilmember Lieberman also advised. He noted he was willing to look into that if the public was serious about that. He remarked on certain Councilmembers who always chastise everyone for spending money, but were the same Councilmembers that voted for it, but have a tendency to forget that fact. He asked why Councilmember Alvarez was not outraged and outspoken about the library cuts in the Glendale Elementary District. He noted he was sure that had nothing to do with the hockey team, just the economy, which was the same for Glendale. He reiterated he was willing to raise taxes if that was what the public was willing to do. He noted this had nothing to do with a baseball field or a hockey team. He commented on the new businesses coming into the Westgate area, which those same people forget to mention. Nevertheless, people can say whatever they want about the Entertainment District, but he was sure many of the same people here or their relatives probably work or are affiliated with the Sports and Entertainment District. He explained all the budget problems happened because of the economy. He was confident they will weather this, but it's going to be tough and they will have to make some tough decisions. He commented on Councilmember Clark's position of everything's on the table to cut; however, when it came to the libraries, she said something different. Even if they cut everything staff was proposing, they are still going to have a deficit so something will have to be cut. He explained that other cities were cutting services and they have no arena or sports complex to blame. He said he supports the libraries and was willing to pay more to keep them open. If the public wanted to pay more to keep the libraries, they should make it known.

Councilmember Knaack stated that no one on the Council wanted to cut the libraries. Their purpose was to look at the whole budget to find where cuts can be made to help balance the budget. She noted this was very difficult for her sitting up here with her stomach in knots talking about having to cut funds from departments because they did not have a choice. She explained that five years ago when she first started on the Council, the city had a \$70 million contingency fund and things were good. She stated no one knew what was going to happen with the economy; therefore they should not look backwards and should only move forward. She was not on the Council when the arena was voted on, but would have voted to approve it and believes it was a good idea then and now. She commented on the core services that have to be funded. She also loves the libraries, like most do, but they will have to look at the libraries to see where they could maybe cut just like they were looking at everything else. She explained that once the economy comes back, they can assess the situation then. She asked for the public's support and understanding since the Council only wanted to find solutions in order to do what was right by the citizens and the city.

Councilmember Clark stated that Vice Mayor Frate's comment about her saying that no budget was sacred, but somehow did not include the library, was a cheap shot and uncalled for. She said she meant what she said about no budget being spared. Vice Mayor Frate replied it was called politics, as she has told him before.

Councilmember Clark commented that even if they make the cuts proposed by staff, it would still not be enough to balance the budget. She agreed they should not revisit the past and what's done is done or whether they made a mistake or not, they have what they have. She agreed that this was the result of the economy and they have to pull together and work their way out of this. She discussed how libraries are a visible part of everyday life and are used every day, while items such as water, fire and police were things that people do not think about until needed. However, the library would have to make cuts and she will have to support them, but not for reducing library hours or closing the library, since they were a big part of the community.

Mayor Scruggs commented that she opened the meeting by saying she would not make any promises to cut or not to cut until she heard from fire and police. She was going to repeat this. She didn't think that Councilmember Clark's statement that there was no support for reducing library hours on the entire Council was accurate based on what was heard here today. She has been observing some things. First of all, everyone uses fire and police every single day, because we know they are here and we are safer because of them. We know they are here and therefore businesses feel good about coming here. Having jobs, generating revenue, we use them every day, just in the comfort of not thinking that we are going to be robbed or something because we have our police, okay.

Mayor Scruggs continued we use fire every day, every single day – how many accidents do you see in any given day? They are maybe not fighting fires, but they are out there saving people on the streets. They are doctors on the street, is what they amount to. They are the best part of the community in her personal opinion. Okay, now, nobody knows the sacrifices they have made, it's been pretty quiet. And she was just beginning to find out herself what has been going on in the last two, three, four years that she did not know and maybe her colleagues did not know. There are two people in the room here wearing the uniform of the police department. Every morning those people, and 400 plus more, get up put that uniform on and offer themselves as a target – offer themselves as a target for the crazy people out there who for whatever reason want to attack police. Didn't we just hear about this in the last few days? Don't we hear about this all the time – wasn't something like 17 officers killed so far this year or some ridiculous number. Same thing with firefighters, the only one in uniform here is the Chief, but you know they put on their uniform every day, they don't know what they will be exposed to and the exposures that they encounter every single day live with them for years in terms of health problems, in terms of changes in their lives. Their entire families are part of this occupation. Their entire families sacrifice their time with them because they have to be on duty on Christmas day or on their kid's birthday or whenever, in service to us.

Mayor Scruggs continued that was where her first loyalty is going to be, that's where the fabric of the community is and that is where the Arizona State Constitution says we as a city must

provide our own services and until she knows what is going on in their budgets, she will not sit up here and say she will not support any recommendation. Now you know what the problem is? Is that Mr. Strunk did what nobody else did – when they said what are service alternatives? He was very honest and said “well here are some service alternatives”. Everything else we’ve heard so far is “well you have to go contract and it will cost you some more money and this and that”. And in fact, this was brought up to some of the people and we asked them – why are there were no alternatives? So, he put those out there. And what really upsets her very much, like Councilmember Knaack – and she thought everybody there - this is extremely difficult, but for somebody who is drawing an extremely large, in fact more than one somebody, several somebodies, who are enjoying and drawing extremely large government pay, paid for by you, your taxes, pensions, have gone out and inflamed the community before Council even had a chance to look at this material. But those people in the uniforms do they do that? No. They sit quietly, they go about their jobs, whatever that job might be at any time and listen to the complaints – “you weren’t here soon enough” - “I did not see you drive up and down my street as much as you used to” – “what took you so long”. They are criticized no matter what they do, these people are criticized. Do they come and create turmoil in the community? No.

Mayor Scruggs commented but you are here with signs, while Council was trying to understand what all goes into building the budget here. So she will not make any promises, one way or the other. But she will tell you what the most important thing in her decision making is. And that is what by law the city was required to do. She will listen to fire and she will listen to the police department, she will listen to their needs and she will listen to some of the things they were supposed to receive, but have not and have sat silently through the years. And until Council does that, she didn’t think any of the Council can say they are going to support anything or not support anything. You’ve heard – Council has been grilling staff – the people who – she will give you an example. Her blackberry goes out of service about every three hours or so. So finally yesterday she said, “Why do I keep getting disconnected from the computer?” “Well, you’re on the old computer and it’s on its last legs and we can’t keep it running, so when you get disconnected, just call up and we’ll go push a button and then it restarts you”. So that’s the kind of computer equipment we have for a city of our size, but are we trying to help them? No. No, we are not trying to help them get better computers – we are telling our financial people – “well can you just outsource?” Basically what we are saying is “can we do anything with your department?” Can you all find jobs someplace else while we outsource what you’re doing? Who is being left off the hook here? Nobody is being left off the hook. Council was trying to be honest with everybody and to be honest with library and parks and recreation service too.

Mr. Strunk stated the next program was the Arts Program on pages 308 and 309. He asked for any questions.

Councilmember Lieberman thanked the people who attended today’s meeting. He inquired how the Arts Program has survived since it depends on CIP projects and the city has not had any because of the economy.

Ms. Schurhammer explained their funding was 1% of construction projects across any of the funds. Although there was not much activity going on in the obligation bond program, there was

still a lot of construction occurring in water, sewer and in the transportation sales tax fund, as well as in the general obligation bond fund. Councilmember Lieberman believed it had to be a city project. Ms. Schurhammer explained water, sewer and transportation are city projects. She stated that 1% of the construction contracts for capital projects go into the Arts fund. Councilmember Lieberman asked how much was collected for that division in the last 12 months. Ms. Schurhammer stated she did not have that information, but will give it to him after the meeting.

Mayor Scruggs asked Council if they wished to stop or start the next department which was large. Okay, we will finish with the arts.

Councilmember Martinez asked what the city's inventory in art was and can a value be placed on it. Mr. Strunk stated the city had 320 pieces of art that are in their municipal portfolio and worth approximately \$2.67 million. Councilmember Martinez asked if some pieces were in storage. Mr. Strunk replied yes. Councilmember Martinez asked how many pieces were in storage. Mr. Strunk replied he will have to get that information to him after the meeting. Councilmember Martinez wondered if these were some assets that can be sold since they were in storage and perhaps that was something to consider.

Mayor Scruggs agreed. She didn't think that paintings would draw for what they were originally purchased for; however, she thought his idea is a worthwhile idea to pursue. And on the subject of the arts – the folks that work the Centerline, they are just doing a tremendous job. There are a lot of artists around the valley that are just looking for places to show their art. And she didn't know who all is involved in the effort in getting the art of the artists showing, so maybe this is the time we can – as much as we love our art – some pieces are more – they were commissioned specifically for a particular area and we probably would not want to do anything with them because they were commissioned for that area. But she thought that the Councilmember's idea otherwise may be worthwhile and with staff bringing in so many new artists and art pieces, maybe a great way to go.

Mr. Strunk stated the Arts Department has adopted an annual arts plan and they do support annual functions. He will look into Councilmember Martinez's idea regarding possibly selling art pieces that the city is not using.

Mayor Scruggs commented the city could pick up an extra million dollars and do all that other stuff in some other way. That will be great. She didn't think it was realistic, but you never know.

Vice Mayor Frate inquired about the arts department reassignment of an arts maintenance administrator. He asked if expenses came out of the arts budget to maintain the art pieces. Mr. Strunk replied yes and added they budget approximately \$127,000 a year for that, but not all is used. He added they support other project and programs with that funding. Vice Mayor Frate stated it was important to maintain those pieces.

Mayor Scruggs commented when she was talking about the two people in uniform here, there is Chief Black, so there are three people in uniform here. She apologized for overlooking the Chief. Thank you all for your attendance and participation. The meeting is adjourned.

ADJOURNMENT

The meeting was adjourned at 5:10 p.m.