

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



**GLENDALE CITY COUNCIL WORKSHOP SESSION
Council Chambers
5850 West Glendale Avenue
March 19, 2013
1:30 p.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: Jamsheed Mehta, Acting City Manager; Deborah Robberson, Deputy City Attorney; and Pamela Hanna, City Clerk

WORKSHOP SESSION

1. FISCAL YEAR 2013-14 FEDERAL HUD GRANT FUNDING RECOMMENDATIONS

PRESENTED BY: Gilbert Lopez, Revitalization Administrator and Art Swander, Vice Chair, Community Development Advisory Committee

This is a request for City Council to review the funding recommendations of the Community Development Advisory Committee (CDAC), for the Community Development Block Grant (CDBG), HOME Investment Partnerships Program (HOME), and Emergency Solutions Grants (ESG) program funds from the U.S. Department of Housing and Urban Development (HUD). In addition to staff, CDAC Vice Chair Art Swander will present the recommendations to the Mayor and Council for consideration.

Mr. Lopez discussed the various programs and their functions. He spoke about the public comment process for these programs and how important it was to get public input. He said HUD could cut their funding up to 10 percent.

Mr. Swander said the priorities for the CDAC was to fund utility and rental assistance, provide food and keep people in their houses and continue shelter services. He said some secondary priorities are removing blight and programs that will help revitalize the city with emphasis on redevelopment. He said the organizations that applied were considered by the committee, even

though funds were limited. He said the committed toured two shelters and were able to witness services being provided and get a lot of their questions answered.

Councilmember Alvarez asked if the CASS shelter provided any type of reports on the homeless that are referred to CASS. Mr. Lopez said they do get updated demographics and in 2012, there were about 700 people who claimed Glendale as their last address. Councilmember Alvarez asked why the city was spending money over there when they could be spending it in the city of Glendale. She said there are many homeless children sleeping in city parks. She said it was important to get numbers on money being spent more often than on a yearly basis. Mr. Lopez said CASS bills the city on a monthly basis, so they do get updated numbers on a regular basis and those could be provided. He said CASS has the only single male shelter available in the region. Glendale has domestic violence shelters. Councilmember Alvarez asked to see the documentation.

Councilmember Martinez thanked Mr. Swander and the committee for their comprehensive work. He said there was nothing listed for the youth and he would like to consider that fact the next time programs are discussed. Councilmember Martinez asked how many homes or properties were demolished last year under the voluntary demolition program. Mr. Lopez said last year there were about seven demolitions. He said some of those were done with Habitat for Humanity as those homes were going to be replaced. He said the most they have ever done in one year was 22 demolitions, which included commercial properties. He said the number varies depending on the number of applications and funding. Councilmember Martinez asked what type of priorities were in place to replace and repair homes. Mr. Lopez said they do target areas to assist, however, it is a voluntary program so they have to have cooperation from the homeowner. Mr. Lopez said they are working on getting properties torn down that have title issues or where the owner cannot be found.

Vice Mayor Knaack asked if there were properties that just fell off the list at some point. Mr. Lopez said they do have properties that fall off the list, but they do keep a history of what happened to those properties. Vice Mayor Knaack said she was happy that there were funds available for Code and the Visual Improvement Program.

2. REVISED RULES AND REGULATIONS AND MINIMUM OPERATING STANDARDS FOR GLENDALE MUNICIPAL AIRPORT

PRESENTED BY: Cathy Colbath, Interim Executive Director, Transportation Services

This report contains information on the 2013 revised Rules and Regulations (Rules) and Minimum Operating Standards (Standards) for the Glendale Municipal Airport. Revisions to these documents were recommended by the Federal Aviation Administration (FAA). This item will require formal Council adoption at a future voting meeting. This presentation provides an opportunity for staff to provide information and answer questions in a workshop setting.

Ms. Colbath said there were two documents used to convey both City and FAA expectations for the airport facility. These documents include the Rules and Regulations and the Minimum Operating Standards. The Glendale Airport has had Rules and Regulations in effect since the

airport began operations in 1986. The Airport Rules are enacted for public safety and security by describing what specific activities are allowed on the airport from the user's perspective. They address issues such as general use of the airport, fueling and safety issues, aircraft rules and vehicles and pedestrians and are required by the FAA.

The Minimum Operating Standards, apply to commercial and aeronautical businesses that operate on the Airport and describe the minimum obligations these businesses must adhere to, such as general operational requirements, insurance, fixed base operations and other areas.

While these two documents currently exist, an Airport Leasing Policy is being developed to explain the application processes, rates and fees, and other details for existing and prospective Airport businesses. This item will complement the Rules and Standards and assist businesses wishing to locate at the airport. This item will be brought to council at a later date.

Today however we are discussing only the Rules and Regulations and Minimum Operating Standards which are commonly used to keep airports in compliance with federal grant assurances. The City codified the Airport Rules and Standards in 1996 and they were most recently revised in September of 2011. The revisions allow the documents to remain current with compliance and any other issues such as safety.

In 2011 the FAA found the Airport to be in violation of several federal grant assurances and recommended revisions to the Rules and Standards. The airport receives substantial federal grants which are necessary to continue operations and is required to be in compliance with all grant assurances. As part of the process to be compliant with federal regulations the city agreed to submit a Corrective Action Plan to the FAA. One of the components of the Corrective Action Plan is to revise the Rules and Standards. The city advised the FAA this process would be completed by March of 2013.

The changes recommended by the FAA are not major changes, but some content was removed and many areas were clarified. Changes also included reformatting, correcting errors, and expanding the definitions for clarification and reducing ambiguity. Many changes resulted in the documents being less restrictive.

A very thorough process was used to make these changes that included extended input from various interested parties. Mr. Fix, the Airport Administrator will present more information on the process and changes to the documents.

Mr. Fix said the most recent revisions were a result of the FAA District Office asking for an immediate amendment to the rules for grant assurance protection. After the amendment was approved, a stakeholder group was formed in April of 2012 to revise the rules and standards and to use the 2010 draft changes that were already in the process. The stakeholder group represents various interests in the airport, which include an airport hangar owner and the Aviation Advisory Commission chair. The group has met many times and is now working on the leasing policy. An opportunity for public comments has been provided. The updates were also presented at the Aviation Advisory Commission meetings. The FAA has also commented. They do not approve the rules and standards, they advise if the revisions will have an adverse effect on our grant

assurances or other federal regulations. They have reviewed the revisions and given their okay. Mr. Fix discussed the significant changes in the standards. He said the changes provide less ambiguity and provide clarification on different areas of the rules and standards. He said prospective tenants will better understand the rules and standards.

Councilmember Sherwood asked Mr. Fix to discuss the controversial item of what could be contained in the hangars. Mr. Fix said the items that are stored in the hangars should be of an aeronautical nature. He said they have had issues with this and it continues to be addressed. Councilmember Sherwood asked if this issue had been resolved for the most part. Mr. Fix said this issue is still in the process of being resolved. They are getting results and are continuing to move forward.

Vice Mayor Knaack asked Mr. Fix if the airport's federal funding would be affected if they do not come into federal compliance. Mr. Fix said yes.

Councilmember Chavira said it was difficult and an ongoing battle to get the tenants to comply with regulations regarding their hangars, but said it is necessary for the safety of everyone that this be done. He commended Mr. Fix for his efforts. Ms. Colbath said the airport commission has approved these as well.

Councilmember Martinez asked Mr. Fix if the inspection process had been completed. Mr. Fix said the hangar inspection process is ongoing with the three types of inspections.

Mayor Weiers said he was one of the hangar owners out at the airport and understands this is a contentious issue. He said this will be an ongoing negotiation for quite a while until they come up with a solution that works.

3. COUNCIL ITEM OF SPECIAL INTEREST: CITY AUDITOR REPORTING STRUCTURE
PRESENTED BY: Candace MacLeod, City Auditor

The purpose of this City Council Report is to address City Council's request to draft an Ordinance amending the reporting structure of the City Auditor's Office at the February 19, 2013 Council Workshop. Under the proposed structure, the City Auditor would report functionally to City Council and administratively to the City Manager.

Mayor Weiers said there will probably be a new acting city manager very soon and asked the council to review this issue and consider the idea of allowing the new acting city manager to review this item before the council proceeds with any action

Councilmember Martinez said they should proceed with consideration of this item. He said they wanted a change and a new manager will know the organizational set up when he arrives

Vice Mayor Knaack said she would like to set the new standard before anyone new comes in to manage the city.

Councilmember Hugh said he did not have a problem with waiting and possibly the new city manager might have new ideas about how to resolve the issue.

Councilmember Alvarez agreed and felt they should wait and present it to the new city manager.

Councilmember Sherwood said Ms. MacLeod previously provided examples where the auditor reported to the governing board, so he would like to move forward with this. He said it is exactly what he wanted.

Vice Mayor Knaack said this did not require a charter change.

Councilmember Chavira said this is a good idea, and Ms. MacLeod is presenting ideas that are a step in the right direction. He asked if the interim city manager would decide where to take this issue.

Mayor Weiers said it would be nice to have input from the new city manager and would like to move forward, but be able to hear from the new city manager as well.

Councilmember Alvarez asked if they would be evaluating this person, or if they would all under the merit system. Vice Mayor Knaack said the person would not be an appointed official and would fall under the merit system. Additional discussion followed regarding the opinion of the new acting city manager

Mayor Weiers said there was consensus to table this issue for the time being.

4. PARTNERSHIP WITH NEW WESTGATE, LLC FOR TEMPORARY LEASE AT WESTGATE
PRESENTED BY: Erik Strunk, Executive Director, Parks, Recreation and Library

This is a request for City Council to review a proposed partnership and opportunity between New Westgate, LLC, and the City of Glendale Parks, Recreation and Library Services Department, to approve a one-year lease agreement to provide the City with 3,050 leasable square feet of retail space for the “Gallery Glendale at Westgate.”

Mr. Strunk provided an update for a new 12 month lease agreement with New Westgate LLC to lease about 3,500 square feet of space at no cost to the city. It would also pay for the electric and utility costs. The city would open this space every Friday and Saturday evening from 6 p.m. to 9 p.m. They would like to establish an art gallery to showcase the city’s art that is not normally seen by the public. There is also a high level of interest from art galleries in the area to also display some of their art work in this space. They would also like to provide recreational programming, special interest classes, a book drop off, access to computers and other activities. Several commissions were very positive about this and they would like to try this pilot program for 12 months. He said they are trying to do this with as little cost to the city as possible. He said they have a lot of equipment and furniture in storage that they can use, but there may be incidental costs for lighting and other things. He said they would like to have volunteers staff

this venue, but may have to utilize part time staff on a limited basis. He said these costs will not impact the general fund budget. He said they would use self-sustaining funds. Mr. Strunk said New Westgate LLC asked that the city promote this on the city's website and put it in newsletters and publications. They will do the same thing for the city. They also asked for modest banners at some of the other recreation sites that just promote the venue itself, not Westgate. They have also asked for some promotional space on the digital billboards on the Loop 101. He said this advertising will not come at the expense of any of Glendale's current advertising time.

Mayor Weiers asked a question about local artists possibly selling their artwork in this space. Mr. Strunk said there is a provision in the agreement that 70% of the proceeds of any sale would go to the artist and the remaining 30% would be split equally between the city and Westgate. He said they would not be selling the city's art collection, but would populate the activities with local artists, so there would be some revenue generated for the city.

Councilmember Sherwood said this would get a sense of library activities in the area. He asked Mr. Strunk if he thought this program would continue for years to come. Mr. Strunk said since this is a pilot program; he really couldn't answer that question. He said if the program is successful, they will have further discussions with the New Westgate LLC, but right now the commitment is only for a 12 month period.

Councilmember Chavira said this is a perfect combination of retail and corporate interests.

Councilmember Martinez asked how many pieces of art the city had in storage. Mr. Strunk said they had 285 pieces of art in storage and displayed throughout the city. Councilmember Martinez asked if the art was rotated in and out. Mr. Strunk said the art was rotated on a request basis, and some new art was added in rotation so it would be showcased. Mr. Strunk said they have explored the option with the Arts Council of selling some of the city-owned art. The Arts Commission said it was not appropriate to sell the city's art.

Vice Mayor Knaack applauded Mr. Strunk for involving three of the city's commissions in this project and it was a great example of Glendale citizens being involved. Councilmember Sherwood agreed with Vice Mayor Knaack and said it was a great point.

5. FISCAL YEAR 2012-13 MID-YEAR FINANCIAL REPORT UPDATE AND FISCAL YEAR 2013-14 REVENUE PROJECTION

PRESENTED BY: Sherry Schurhammer, Executive Director, Financial Services

The purpose of this City Council Report is to provide Council with an update on the city's Fiscal Year 2012-13 (FY 2013) Mid-Year Financial Report, as well as a presentation on the revenue projections for Fiscal Year 2013-14 (FY 2014). This is for Council information only.

Mr. Mehta explained this budget presentation will have three parts, the calendar, the mid-year financial report, and the report of FY14 and revenue projections.

Ms. Schurhammer explained that the city had various budget components such as the operating budget, capital improvement budget, debt service budget, etc. The adoption of the city's total budget for the fiscal year is one of the City Council's primary responsibilities. The annual budget represents the city's spending plan for the year and serves as the foundation of the plan to move forward. As part of the proposed spending plan, Council will be looking at city services and the level of funding for those services.

Ms. Schurhammer said on March 27th and 28th, she will present an overview of the FY14 general fund draft budget. This will show the projected revenues from today's presentation, but will also show projected expenses from the cost of service exercise. The projected expense side of the budget not only covers the operating budget, it also includes the debt service paid by the general fund and the support the general fund provides for other funds such as public housing, the airport and special events. This overview will also include an estimate of where we think the general fund balance will be at the end of this fiscal year, and where we think it might be at the end of FY14 based on the proposed FY14 budget. She said they have focused on the general fund because it is the city's largest operating fund and funds the widest range of services. The two budget meetings scheduled for March 27 and 28 will give the council the opportunity to review all the costs and services the departments provide as well as whether Council wants to make any changes to the funding for those services. The cost of services information reflects each department's spending plan for next fiscal year based on the information that is known today.

Ms. Schurhammer said two meetings have been set up community wide for the public. Although the public is able to attend the workshops, the workshops are not set up to allow for a dialogue with the public. The public meetings on April 1st and April 4th will allow the public to ask questions and make comments about the proposed FY14 budget. The meeting scheduled for April 9th [subsequently cancelled] will discuss FY 2014 general fund budget decisions, the FY 2014-2023 capital improvement plan and the secondary property tax rate. Council decisions will be needed either at the April 9th meeting [subsequently cancelled] or the April 16th meeting.

Ms. Schurhammer then discussed the budget adoption meeting schedule. State law requirements mean the budget adoption process occurs over 3 separate evening meetings. Based on the Council meeting schedule, there will be budget adoption-related action items for Council at the May 28, June 11 and June 25 evening meeting

Ms. Schurhammer moved on to the second part of the presentation, the mid-year report. The mid-year report covers collections and expenditures from July 1, 2012 through December 31, 2012. This She said the first six months of revenues and collections are not a prediction of the last six months. She said there are seasonal fluctuations in both revenue and spending throughout the year. She said revenue is within 1% of budget and expenditures are coming in as expected. She said it is important to remember that the 6-month report represented a snapshot at a point in time and is not a predictor of the future. Further, she cautioned that the good news of the mid-year report is not intended to create false expectations regarding the end of the FY or next FY. For example, she noted there are pending expenditures not included in the original budget that we know will occur by the end of the FY. Some examples she provided include the hiring of a consultant to prepare an RFP for arena management services and to guide the city

through the bid evaluation process (\$200K), the special audit (\$200K), outside legal fees, a new city manager and water for parks that is estimated at \$370K.

Ms. Schurhammer said revenues have been stable for the past six months. She said general fund collections are not quite at the level they expected to see primarily due to city and state sales taxes. She said they did collect more than expected from development services fees, due to one-time revenue related to the Tanger Outlet Mall construction. She said new developments are coming up, such as Dignity Health. The question is when that revenue comes in. City sales tax, state sales tax and HURF revenue collections were just under what was expected. The trend of coming in under expectations for the two sales taxes is important because they represent somewhere between 56 and 60 percent of all expected general fund revenue. City sales tax is the single largest source in the general fund and it is also the single largest revenue source that council has the authority to change.

Ms. Schurhammer said general fund expenses are in line with expectations in the first six months. She discussed the question of savings with regard to the \$17 million arena management payment not being paid. She explained that the \$17M in savings is not reflected in the mid-year report because that expense occurred in the last quarter of the FY in the past. Given the magnitude of this one item, inclusion of it in the mid-year, 6-month report would distort the overall picture of the GF. She said this is especially true when we know we have some unbudgeted expenses yet to address in the fourth quarter budget amendments.

Ms. Schurhammer next discussed the mid-year results for the designated sales tax funds. Tax funds were established by Glendale voters for specific purposes. One is the transportation sales tax which is a half-cent sales tax and the other is the public safety sales tax which is a full half cent that is dedicated to public safety with two-thirds of the proceeds dedicated to police and one-third dedicated to fire. The difference is that the transportation sales tax is across all sales tax categories and the public safety sales tax is more complicated. One-tenth of the public safety sales tax rate is across all categories, including food for home consumption. The other four-tenths of the rate excludes food for consumption at home.

On the revenue side, both funds are running ahead of budget through the first six months. The reason the designated sales taxes are performing differently than the general fund sales tax is that the designated city sales taxes collected at the arena, the stadium and the Zanjero Development are retained for those designated funds. Both of the designated sales taxes are running slightly under budget on the expenditure side.

Ms. Schurhammer clarified the portion of the public safety operating budget funded by the public safety sales tax versus the portion funded from the general fund. For the police department, only 23% percent is covered by the public safety sales tax with the remaining 77% covered by the general fund. For the fire department, 17% is covered by the public safety sales tax and the remaining 83% of fire's total operating budget is covered by the general fund. The public safety sales tax helps, but doesn't come close to covering even half of the total operating budget for police and fire.

Ms. Schurhammer next discussed Water Services and said revenues are doing much better than expected due to collections across all categories. She said Water Services revenue also came in better than expected because of the dry summer. On the expenditure side, non-personnel expenses are coming in more slowly than expected, but this may be related to the timing of payments. She said the majority of expenses for Water Services occurs during the last six months of the year, rather than the first six months.

Ms. Schurhammer said revenues exceed and expenditures are running even with the budget with Sanitation and the Landfill. She said the expenditures in Sanitation and Landfill run evenly throughout the course of the year.

Ms. Schurhammer discussed the GF revenue projection for FY 2014. She said she will discuss the expenditure side of next year's budget next week [March 27] when they discuss cost of services. She said the GF revenue projection for next year is even with the budget for this year. In other words, growth is not expected overall for the GF although some sources may show modest growth and others may show a modest shortfall.

Ms. Schurhammer said the revenue projection is based on information received from experts on the Arizona economy the city's revenue projections are in line with what the experts are saying to expect for sales taxes. Revenue growth could be better or worse than what they are projecting. Staff is confident in the projection brought forward today as it is based on the most current information available.

Ms. Schurhammer next talked about the city sales tax projection. She said they estimate they will bring in about \$1.1 million less due to the two tier sales tax rate structure. The FY 13 Budget was adopted by Council with a sales tax increase. The two tier rate was adopted after the budget was adopted and the two tier structure meant there would be reduced sales tax revenues on certain purchases. Overall, the expectation is that city sales tax will be about \$2.2 million less than budget for the current FY. About \$75 million was budgeted for this fiscal year and the estimate is now about \$73.7 million. Growth is estimated at 4 percent from this year's estimate to next year's projection. Next year, city sales tax is expected to grow to about \$76.5 million. She said the 4 percent growth rate is in line with what the experts say.

Ms. Schurhammer then talked about state shared revenue. She said state shared revenue is distributed based on the city's population. Prior to the 2010 census, Glendale made up about 5 percent of the state's population and after the 2010 census, Glendale is at about 4.5 percent. She said that small change makes a difference. State shared revenue is expected to grow from this year to next year and it is attributable to income tax revenue. It is expected to grow from the FY 13 budget of \$49.6 million to \$51.8 million in FY 14.

Primary property tax revenue is estimated to represent less than 2 percent of the general fund revenue that is projected for next fiscal year. This is due to the city's secondary rate that is much higher to pay the debt service on general obligation bonds that are used to build police precincts, fire stations and parks. Property tax revenue started to decline as a result of the devaluation of property across the country with significant valuation losses in Arizona. The primary property

tax revenue is expected to decline from \$2.6 million this year to \$2.4 million next year. This assumes the primary property rate the city currently has remains unchanged.

She said they are also projecting a small decline in the development fee category. They are assuming a base level of about \$3 million. Anything above that would be considered one time revenue and would go into the fund balance. Once they have several years of history of consistently higher revenue than \$3 million, they would consider changing that. Development fee related revenue is expected to decline from an estimated \$3.6 million to a FY 14 projection of about \$3.2 million. She said there will be one-time revenue from some of the development going on but that is not programmed to support ongoing operating expenses. Instead, anything above that budget amount would be designated for the fund balance and could be used for one-time expenses if council so chooses.

Franchise fee revenue is for gas, electric and cable fees that are paid to the city for use of the city's right of way for fiber optic and other kinds of transmission lines. Ms. Schurhammer said franchise fee revenue is expected to remain the same at \$4.3 million due to slow population growth as well as competition from alternative service providers.

License and fee revenue is comprised from several different revenue sources. This is expected to grow from an estimated \$5 million in FY 13 to about \$5.2 million in FY 14.

Ms. Schurhammer said the miscellaneous category captures all other revenue that is not contained in the earlier presentation. In FY 14, they are projecting \$11.8 million, compared to an estimate this fiscal year of \$14.3 million. She said this is associated with a decline in the charge back revenue in the chargebacks paid by the enterprise funds and the transportation sales tax fund for services provided by the GF departments. She said the chargebacks are assessed for the general fund services provided to the enterprise funds. She said these are services that the enterprise funds would have to contract with a third party vendor such as legal and accounting services. Because these services are part of the city, the general fund operating departments support those departments. It is common practice to have this sort of cost allocation in municipal and county government. Ms. Schurhammer said the reason this is declining is a result of the calculation of rates being brought in line with the cumulative impact of the multi-year reductions that have been done to the general fund operating budget. She said they talked to the prior council during the recession about bringing this allocation in-line with the reduced staffing once the majority of the general fund reductions occurred and were in place. She said they are at that point now. She said the FY 14 allocation reflects that adjustment of the cumulative impact.

Ms. Schurhammer next talked about the special revenue funds. She said the temporary sales tax increase does not apply to the public safety sales tax or the transportation sales tax. This revenue source has performed differently from the general fund as it has a broader base and that is because the activity in the sports and entertainment district generate revenue for those funds. The public safety sales tax revenue is expected to grow from \$19.1 million this fiscal year to about \$19.9 million at the end of next fiscal year.

The transportation sales tax, like the public safety sales tax, performs differently than the general fund because of the activity in the sports and entertainment district and because this entire tax

includes food for home consumption. The revenue source is expected to grow from \$21.5 million to \$22.4 million by the end of the next fiscal year. This is a 4 percent growth rate.

Ms. Schurhammer said HURF revenue is expected to be flat, and the state is projecting the same thing for HURF revenue.

Ms. Schurhammer went on to discuss the enterprise funds. The water and sewer revenue source is projected to remain steady, with a projection for next year of just under \$78 million. Since there are no rate increases planned for next year and very little growth is expected, revenue should remain about the same. The only thing that might affect this fund is if we have an extremely hot, dry summer.

Sanitation revenue is also projected to remain stable at just under \$15 million. Landfill revenue is also expected to remain about the same at just under \$9 million for next fiscal year.

Ms. Schurhammer then reviewed the calendar of events for the next few meetings and what information would be provided at those meetings. In the overview next week, the slide presentation will include an overview of the general fund balance for the start of next fiscal year and the end of next fiscal year. The two budget workshops next week will be the council's opportunity to review the cost of all the services provided across all the funds and will provide the opportunity for council to ask for any adjustments for proposed funding levels for next year.

Councilmember Martinez thanked Ms. Schurhammer for her comprehensive presentation. He said it seemed as if things would remain unchanged if the projections turn out to be correct. Ms. Schurhammer said for the current fiscal year, things are running according to the budget plan. Councilmember Martinez asked Ms. Schurhammer to go over the \$17 million that was supposed to be paid regarding the arena management agreement.

Ms. Schurhammer said when she talks about expenditures at the next council meeting, they will talk about how the \$17 million impact on the budget for this year and for next fiscal year. She also said they do know about some unexpected costs that are not in the budget right now that will need to be discussed. She mentioned the special audit, the plan to put an RFP out for arena management, as well as issues concerning outside legal bills, all of which are not in this year's budget. She also said the prior council made some amendments to the current FY's budget, which included cash transfers for water and sewer and risk management to repay for the FTEs that were charged to those funds, as well as a fund balance transfer for the workers' comp trust fund. She said all these issues will be brought together and discussed as one big picture at the March 27 meeting.

Councilmember Sherwood asked Ms. Schurhammer if she would have all these figures detailed out that time. Ms. Schurhammer said they will have an estimate and by the end of April they will bring forward some budget amendments. She said what they know next week may change slightly and may be different than what figures they have at the end of April. She said she will have a fair idea of what those adjustments will be.

CITY MANAGER'S REPORT

Mr. Mehta did not have anything to report.

COUNCIL ITEMS OF SPECIAL INTEREST

Councilmember Chavira wanted to call for a special workshop to discuss public safety immediately before they go any further in the budget. He said it is time for staff to look at the public safety departments to make sure they are adequately funded to provide services at the level the citizens deserve, and to create a baseline level for those services.

Mayor Weiers asked Councilmember Chavira to clarify if he was asking for a special workshop. Councilmember Chavira said he was asking for a special workshop immediately before moving any further in the budget process.

Councilmember Martinez said during the budget process, council will be setting priorities based on the money available. He said that public safety is always the council's first priority, but the schedule for budget talks is already set out and is a very tight timeline. Councilmember Chavira said he just wanted to make sure that public safety issues are addressed and they are compliant.

Mayor Weiers said there are a lot of issues coming up, along with the budget, and hoped everyone is willing to tackle the issues.

The meeting was adjourned at 3:25 p.m.