

***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 BUDGET WORKSHOP SESSION
Council Chambers
5850 West Glendale Avenue
April 03, 2012
1:30 p.m.**

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

ABSENT: Councilmember Joyce V. Clark

ALSO PRESENT: Ed Beasley, City Manager; Horatio Skeete, Assistant City Manager; Craig Johnson, Executive Director, Water Services; Craig Tindall, City Attorney; and Pamela Hanna, City Clerk

1. FIREWORKS ORDINANCE

PRESENTED BY: Mark Burdick, Fire Chief

This is a request to provide an update to the City Council on the research conducted related to a potential fireworks ordinance. This is also a request for City Council to provide guidance on the proposed ordinance.

Staff has developed two draft consumer fireworks ordinances for review:

- Fireworks Ordinance Option A (partial ban) provides a restriction on the use of consumer fireworks to private property and limits the use to specific dates. In the proposed restriction ordinance, property owners may use permissible consumer fireworks on their property from June 28th through July 4th and December 30th through January 1st. Outside of these dates, the use of consumer fireworks within the City of Glendale is strictly prohibited.
- Fireworks Ordinance Option B (total ban) prohibits the use of consumer fireworks within the city limits with no exceptions.

Both options would still prohibit the use of consumer fireworks on public-owned property. The state legislature is currently proposing House Bill 2361 which would clarify the language and stipulate that local cities and towns may regulate both the sale and use of permissible consumer fireworks.

Proposed Reporting of Illegal Fireworks Use and Public Safety Announcements:

Once a partial or total ban is selected, the following will be published: Illegal fireworks use may be reported to the Police Department's non-emergency number 623-930-3000. If the use of consumer fireworks results in an emergency such as a fire or injury, callers are instructed to hang up and dial 9-1-1. Public Service Announcements (PSAs) are being developed through a cooperative process between the fireworks industry and city staff. Once the PSAs are completed, they will be posted on the city's website. The information will include topics such as: a description of permissible consumer fireworks, firework safety, a link to the city fireworks ordinance, contact numbers to report illegal use, and a fireworks FAQ section. This information will be updated seasonally and may include additional and relevant holiday safety messages.

The city may adopt an ordinance to ban the use of consumer fireworks (Fireworks Ordinance Option B - total ban); however, staff recommends the adoption of an ordinance that will limit firework use (Fireworks Ordinance Option A - partial ban) and thereby providing a means of control and enforcement.

If the city adopts a total ban, it may confuse residents as to whether or not they are permitted to use consumer fireworks since the sale of fireworks is present on most corners during peak seasons. Approved legislature states that Glendale cannot restrict the sale of the fireworks, therefore confusing the residents as to why they can buy them and not use them. The complete ban also puts an undue, unenforceable burden on public safety officials.

With a partial ban, the city would be able to provide Glendale residents with a clear understanding of when consumer fireworks are permissible. By adopting a partial ban and limiting the times permissible firework use is allowed, public safety officials would be in a better position to enforce the ban. Consumer fireworks do not include anything designed or intended to rise into the air, explode, or fly above the ground. Even with a partial ban, prohibited items will still include: bottle rockets, sky rockets, helicopters, torpedoes, roman candles, and jumping jacks. Since the inception of the fireworks legislation, Glendale has had no reported injuries relating to fireworks and only one reported bedroom fire.

Staff is seeking guidance from Council on whether they would like a total ban on fireworks or would prefer a partial ban on fireworks within the City of Glendale.

Vice Mayor Frate asked how the enforcement was working in other cities with the complete ban on the use of consumer fireworks even if stores were able to sell them. Chief Burdick explained it was a challenge since the state had legalized the sale of consumer fireworks. However, having the ban allows law enforcement to come in and notify the offenders of their illegality.

Mayor Scruggs commented that it just boggles her mind here. She asked what was going on in the other communities, the fire marshal sent Council a memo – on fireworks in, eleven communities in Maricopa County. Nine of them have a complete ban on the use of fireworks on private property, but for some reason, the staff’s recommendation is, the residents will be confused if they can buy them, but not use them. She continued that it seems to her that everything she had heard for the last two years, she didn’t think the city should be spending a whole lot of money on a public service announcement or marketing or whatever because the media does it. And what it’s been is a person can’t set off fireworks unless they go to Glendale or it used to be El Mirage, but El Mirage has banned them too. What in the world is wrong with Glendale residents that they can’t understand that it’s illegal, but they can understand it’s illegal in Avondale, Goodyear, El Mirage, Surprise, Peoria, Phoenix, Scottsdale, Tempe and Chandler. This is safety. This is our resident’s safety and it’s the safety of property in the city. It might cause a few more runs of service for the Fire Department, but drinking on the holidays causes a lot more runs. That’s what you are there for. So she couldn’t see any reason at all why the city should allow people to shoot off fireworks June 28th to July 4th and December 30th to January 4th. Then they are going to wonder then, “Why can’t I do it on Memorial Day? Well if I can do it on this day and then why can’t I do it on Veteran’s Day?” It’s either illegal or it’s legal. So there is no way she can support a partial ban and she hopes that the Council will go along with this. There are bills going to the legislature right now that say cities can have the right to ban these things.

Councilmember Martinez stated he supports a total ban. He noted that when this was first discussed once before he reported on the negative experience he had in his own neighborhood. He indicated that he has also seen rockets shot off around his area. Therefore, he supports the total ban of fireworks for public safety.

Councilmember Knaack stated she also supports the total ban and believes the partial was very ambiguous. She remarked either they were legal or not. She believes the legislature made a big mistake in allowing them and hopes they will change their ruling. She stated her neighborhood looked and sounded like a war zone last New Year’s Eve. She has faith that the fire and police department will do the best they can since there will still be many incidents with fireworks, even with the total ban.

Mayor Scruggs commented about Mr. Rick Tannehill and he had told a very graphic story. He said that he happened to be on his roof for some other reason, and then finds all the leaves in his gutters were smoldering or had caught on fire. She asked what more does the city need. This thing is an enforcement nightmare, she thought it was much more difficult to explain to people, “well you can do this on your yard, but you can’t do it in the street.” It’s either like, Councilmember Knaack said, it’s either legal or not legal and the bill that is going through the legislature right now says that a store selling fireworks must display a sign saying that the use of permissible consumer fireworks may be restricted in this jurisdiction, contact your local authorities for more information. So, she hopes the city is not going to see a \$50,000 public relation’s campaign on this whole thing. She thought it would be done for the city.

Councilmember Lieberman stated he was not sure he could support a total ban and might agree to a partial ban. He explained that for 16 years he went to Mexico to celebrate spring break every Mother's Day and brought back fireworks. He said they taught the children the proper way to use them for the 4th of July. He realizes the safety issue involved; however, all the rules in the world will not stop accidents from happening. He added that the police and fire department might have more pressing things to do than follow up on people shooting off fireworks.

Vice Mayor Frate stated that Phoenix and Peoria have a common border with Glendale and they both have total bans. Therefore, he supports a total ban for the simple reason that having all three cities on board will help with peer pressure in the communities. He stated staff had the direction from four Councilmembers and enough to provide staff guidance.

Mayor Scruggs asked if Chief Burdick was satisfied that the direction from the Council is to bring forward an ordinance that has a total ban of the use of fireworks on private property.

Chief Burdick replied yes.

Mayor Scruggs thanked him.

2. 6TH BUDGET WORKSHOP

PRESENTED BY: Sherry M. Schurhammer, Executive Director, Financial Services Department; Craig Johnson, Executive Director, Water Services; Jim Brown, Acting Director, Human Resources and Risk Management.

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

- Water Services (Environmental Resources, Utilities), pages 104 – 125;
- Mayor and City Council, pages 126 – 128; and
- Human Resources and Compensation, pages 255 – 263.

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

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 5th budget workshop occurred on March 20, 2012.

The 4th budget workshop occurred on March 6, 2012.

The 3rd budget workshop occurred on February 28, 2012.

The 2nd budget workshop occurred on February 21, 2012.

The 1st 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 needs 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.

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

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

Craig Johnson, Executive Director, Water Services, stated the water department was made up of what was formally known as the Utilities and the Environmental Resources Department. The Water and Services Department is an enterprise funds which means they are not supported by the general fund. He was pleased to announce there will be no water or waste water rate increases for a second consecutive year. The department has been hard at work in preparation for the newly established Water and Sewer Task Force and plans to kick it off on April 30th at the Glendale Adult Center.

Water/Sewer and Environmental Resources

– FTEs: Water & Sewer 74, Water 104, Sewer 26

– Salary & Benefits (A6000) \$14,156K

- Non-Salary (A7000) \$24,828K
- Internal Service Premiums (A7500) \$5,864K

Councilmember Lieberman asked for them to go page by page. Mayor Scruggs agreed.

Vice Mayor Frate asked how the city was coping with all the chemical requirements and its costs. Craig Johnson, Executive Director, Water Services, stated that chemical cost to the city over the last year was \$4.3 million for all water treatment facilities as well as waste water facilities.

Councilmember Knaack explained that most of this budget was required by law whether it was environmental or regulatory. She noted that water was one of the basic needs of the city since they have to provide healthy, clean, quality water. She added the public should know this was a highly regulated and probably the most needed in the city.

Councilmember Lieberman asked a question on page 118 and 116 regarding the Oasis and Salt River plants. He asked for clarification on the amount of water provided by the plants. Mr. Johnson explained that the figure should be read as 15.72 billion gallons at the Salt River Plant and 1.9 billion at the Oasis Water Plant. Councilmember Lieberman asked how much was produced by all three sources. Mr. Johnson stated their capacity now was 120 million gallons a day with a peak day being around 60 million gallons a day.

Councilmember Lieberman asked a question on page 114 regarding the 14 FTEs and asked if everyone had a pickup truck since he had counted 13 trucks in the parking lot. Mr. Johnson explained they had three separate divisions at the west area division. They have the water treatment plant, collection division and the retreatment personnel. Councilmember Lieberman asked how many employees the west area division had. Mr. Johnson replied the total was 39.

Councilmember Martinez asked what the city's plans were for future expansion considering their service alternative was to sell or rent part of the land where the trailer park sits. Mr. Johnson explained the city's operation expansion plan will use part of that land. However, those plans were in the 25 year plan and not in the immediate future. Councilmember Martinez clarified that land will not be sold but used for future development. Mr. Johnson replied he was correct and added that was the plan once the trailer park residents finally evacuate the park and the city decides to make that move.

Mayor Scruggs commented that she remembers when the city went ahead and purchased that land for, as Mr. Johnson said, for the expansion of the field operations center. And rather than try to buy out the residents and so forth since the city was not going to be doing this right away, the city agreed that they would just let the trailer park empty through attrition. But she thinks the city also felt they were going to be building a phase two of the operations center sooner than they probably are now. So she guesses her question is going back sort of to what Councilmember Martinez was saying, should the city be looking at renting out those spaces for greater income now? The plan was to let everybody move out on their own. She thinks it was probably before Mr. Johnson joined the city she wasn't sure. And just let everybody move out on their own and there would not be any expense, but golly, she can't even imagine how far out the construction is

going to be. She's putting this forward for management to take under advisement, maybe the city should look at renting and getting some income from those spaces. The city can always do that – she would think with somebody new coming in there, there should be some ability to rent with the understanding that it's not a permanent home.

Councilmember Martinez asked if the rents being charged are comparable with other properties in the city since they seem very low. Mr. Johnson explained the housing department was the one that manages the trailer park. He stated the Housing Department does a survey every year to determine what the reasonable rate to charge at the trailer park. Councilmember Martinez noted this was something they needed to look at.

Mayor Scruggs confirmed that utilities pays housing to act as a rental agent for the trailer park.

Mr. Johnson replied yes. He explained that no one had taken advantage of the bid process; therefore they started working with the housing department. A management agreement and a fee structure were created given that the department has everyday experience dealing with this type of enterprise.

Mayor Scruggs commented that she thought it was a swell idea that they manage it, but she didn't understand why there has to be a fee that then goes into the rate structure that the citizens pay – why would the city pay them a fee? And how much does the city pay them?

Mr. Johnson stated the fee covers a number of things.

Mayor Scruggs commented that she was not getting where she wanted to go with this. She asked if Utilities did not pay a fee to the Housing Department, then the people that work for housing wouldn't do this even though it is all the same city? Or is Utilities paying a fee so there can be an additional FTE in Housing? She continued that everyone is trying to pull together here to keep the city afloat and why would there be a fee paid to Housing to do a job that they're equipped to do? She directed her question to Mr. Skeete.

Horatio Skeete, Assistant City Manager, explained that just like every department that provides assistance and services, the city has a standard charge back rate that was applied to the enterprise funds.

Mayor Scruggs continued that she meant it's more of this moving money around – builds up – then the cost of running utilities is higher. Why can't one department just help another department?

Mr. Skeete stated the reason why the cost model was developed was because of the direction they had been given in the past to run the enterprise as a business. The cost of operating the enterprise fund includes managing the facilities. However, the Council can choose to not pass that cost on if that is their direction. That could be something staff can develop.

Mayor Scruggs commented so something has said in the past has caused management to enter into this scheme. Now if Utilities had gone out and hired a management company, there would have been a cost to pay that management company, which she understands. But this is not; we are all the same family here so if they decide to go hire a management company and that means somebody in Housing would lose their job because they would not have as much to do because they're not managing the trailer park. And you know, and it really isn't just about the amount of money, it's about the thought process here that one side doesn't help the other unless they get money for it.

Mr. Skeete explained that Housing employees were paid with federal funds and the city was expected to account for their time. He remarked that the principal however remains the same, the enterprise funds operated as a business.

Mayor Scruggs continued that it goes to a comment she made a couple of meetings before and she will make later today. If the city didn't have all of these funds moving back and forth, she thought the city probably wouldn't have a need for as many FTEs in financial services. Well she thought that it was the wrong attitude. And what she is being told is that Council sat up here and told them to go do this type of thing. So Mr. Skeete is telling her nobody in Housing is paid for out of the general fund, they are all paid for out of federal funds. She asked if that was what he was telling her.

Mr. Skeete replied he was not sure everybody in Housing was paid for out of the federal funds, but the people responsible for that part of the operations are federally funded employees.

Councilmember Alvarez asked for clarification on who was paid for out of federal funds. Mr. Skeete stated the majority was paid by federal funds and only a very small part was supplemented by the general funds. Councilmember Alvarez asked how much was the Housing Department getting paid for this service. Mr. Johnson replied it was \$6,500 a month.

Mayor Scruggs clarified \$6,500 a month. Okay the city pays them \$78,000 a year, paid to Housing and Utilities bills out how much?

Mr. Johnson stated it was \$85,000 a year.

Mayor Scruggs commented \$85,000 a year. So how in the world did he arrive at a rental income of \$60,000 a year when it seems like it would be \$7,000 after the cost is taken out? Okay, Utilities is billing 23 people that live there, \$85,000 a year. Then paying one of the other city's departments \$78,000 a year to do that so that's the cost of supposedly collecting \$85,000, which isn't collected; Utilities would collect \$7,000 a year. Income versus cost of expense equal \$7,000, but Council is being told there is a rental income of \$60,000. This is just insane. Obviously nobody cares to comment about this.

Councilmember Lieberman remarked he believed that when the leases expired, they were not to be renewed and was surprised people still live there. He asked why the property was not vacant

yet. Ed Beasley, City Manager, explained the city provided direction to let the leases expire so that the city would not have to buy out the lease agreements. Councilmember Lieberman believed that since the city owns the property they could terminate the leases. He remembers the leases were short term anyway and this has been going on for seven years. Craig Tindall, City Attorney, explained that since this was a trailer park, it was highly regulated by statute and has many parameters for managing the property and specific time limits. He noted his point was that there are other considerations with a mobile home park than a normal rental situation. Councilmember Lieberman asked if they could have bulldozed the whole area in 2008 to clear the land. Mr. Tindall replied they could not have done that. Councilmember Lieberman asked if this had a HUD restriction for low income families. Mr. Tindall stated he did not know any specifics about the property itself, other than it was a mobile home park.

Councilmember Alvarez asked if the 23 units were under contract with Section 8. Mr. Beasley stated he did not have that information, but will get it to Council at a later time. Councilmember Alvarez said she remembers while working for CAP that for the Section 8 tenants, the city can break the lease and give those residents 30 days to vacate.

Vice Mayor Frate requested staff provide Council with a list of the 23 renters and the length of their lease.

Mayor Scruggs commented that she would like to withdraw her suggestion that the city look into leasing more of this. She sees this as a way to put money into the general fund at the expense of the enterprise fund. And if the enterprise fund is paying \$78,000 a year to manage 23 units, she would like added to the information that is going to be provided to Vice Mayor Frate, because she can't find it right now in her book. How much of Housing is general fund funded, if it's not everybody? So if the city is going to pay \$78,000 out of Utilities to the general fund to manage 23, my goodness. What was the total number that's over there? The city can't do that to our rate payers over in water and sewer. So she withdrew her suggestion totally, that the city look at renting that out and based on what Councilmember Alvarez's offered, because she knows the rules regarding HUD, she thought the city should make that land available. Who knows when the city is ever going to have the money to construct the dream that the city had for that piece of property. And even if the city could construct it, when would there be money to operate it? So she thinks this is a time to relook at things – was it seven years ago this was done? And that is in the future that the city can do anything to help the FY 13 budget. But since the city does everything based on what Council directs maybe there can be a discussion at a workshop and see if there is support among the rest of the Council to change that direction, unless they want to talk about it now.

Vice Mayor Frate stated he liked Mayor Scruggs' suggestion to bring this topic to a future workshop after he receives further information. Councilmember Martinez agreed to bring it back to a workshop.

Mayor Scruggs stated so that's the direction Utilities is taking from here, that Council wants to talk about this and maybe what Council thought was the best thing to do seven years ago maybe isn't now because the construction of phase two of the field operation must be decades away.

Councilmember Martinez asked a question on page 116 regarding irrigation. He asked how the revenue of \$56,000 was generated. Mr. Johnson explained the city had an irrigation rate that has been established in which they pay according to that rate depending on the size of the lots. He provided the rate structure.

Mayor Scruggs commented that the city was spending \$198,836 to get that.

Councilmember Martinez remarked that it seemed that those rates are very low and not enough to help pay for the cost. Mr. Johnson agreed and reported the difference from what they took in and what was paid out was \$137,466. He explained their increases go along with the water increases. He noted that this particular ordinance was set back in 1912. He explained one FTE was used to maintain the system. However, they currently have a bid out to release them from this service as well as the one FTE.

Councilmember Martinez remarked since this was an enterprise fund; he believes the cost rates should be set with the water service. Mr. Johnson stated they have had two irrigation rate increases since 2010. Councilmember Martinez noted they need to find a way to get enough revenues to at least pay for it.

Councilmember Knaack stated she remembers the workshop when they first discussed this topic and believed then that the city was undercharging for this service. She agreed that in this time of budget crunch they need to find a way for this department to pay for itself. She said many of the irrigation customers get a great deal, but the rest of the water users don't get that deal. She added they really need to look at this again.

Mayor Scruggs commented that if Council is going to look at this – is their support for this, to look at irrigation services? Well there are 468 available and of the 468, 336 are taking irrigation. And if somebody chooses not to, can they come back on it later, or is it, you're off, you're off?

Mr. Johnson stated once the home owner discontinues service, they will not be reconnected.

Mayor Scruggs commented that if somebody moves and the next person comes in and says they want irrigation, they don't get to come on because once it's off, it's off, which is what she remembers the direction was suppose to be. She asked if Mr. Johnson was planning to bring this up to the water and sewer task force, because this is a very important issue.

Mr. Johnson stated this will be a subject of discussion.

Mayor Scruggs commented that what she would like – and she knows Councilmember Clark is not here and she'd be having her hair on fire right now because she is an irrigation customer, if she remembers correctly. But she thinks this should be looked at by the city. She wasn't sure if the city should wait till the task force finishes their work or we want to look at it now?

Councilmember Knaack suggested they let the task force take a look at it first.

Mayor Scruggs directed staff to look for a recommendation from the water and sewer task force on this issue. And what she thinks would be helpful to them, Mr. Johnson is, as Councilmember Knaack said, it's really a volatile hot button issue. But the city is not the only city that has dealt with it. And she thinks in other cities they have discontinued it. She thinks other cities have dealt with it and she thinks it will be a good idea to give the task force members some perspective on what the other cities are doing with irrigation customers. Mr. Johnson agreed.

Mayor Scruggs asked when the first meeting would be for the task force.

Mr. Johnson stated the grand opening was planned for April the 30th. The first two sessions will be on April 30th and May 1st.

Mayor Scruggs asked if Council had any other questions or commentary on Utilities. She thanked Mr. Johnson.

Sherry M. Schurhammer, Executive Director, Financial Services Department; stated the next item was Mayor and Council on pages 126-128. She noted staff really did not have a presentation for this item.

Mayor and Council

- FTEs: General Fund 17
- Salary & Benefits (A6000) \$1,183k
- Non-Salary (A7000) \$227k
- Internal Service Premiums (A7500) \$29k

Mayor Scruggs commented that Steve Methvin, Assistant to the Mayor, was present and would answer questions regarding the Mayor's office and – asked if anyone was going to talk about the Council's office. Okay, no. She asked if anyone had questions.

Councilmember Knaack wondered why the Council's office and the Mayor's office were separated. Mr. Methvin stated that was long before his time and does not know the answer to that question. Councilmember Knaack stated she could see some efficiency to combining the offices given that between the Councilmembers they have seven staff members. However, she does not know the history behind that decision.

Mayor Scruggs commented that for one thing, and she was going to give it to Mr. Skeete who is the manager of the Mayor's Office and Council office, Council would have to change a whole lot about the way business is done. In the Mayor's office, there is one budget, everybody draws from the same pool of money, what is needed, a package of paper or whatever? She continued that she does not have any individual budget; they are operated so entirely differently that, she thinks there was a conversation many years ago about some combining but it wouldn't work too well, the way the Council office is set up, the individual districts.

Mayor Scruggs continued that she was given a figure the other day by Steve about how much the non-salary portion of the budget in the office had been reduced.

Mr. Methvin stated it began with \$18,000 and it has been reduced 50% since 2008.

Councilmember Knaack asked if the Councilmember's budget had also been reduced.

Mr. Skeete stated that he will defer that question to Ms. Kristen Krey.

Councilmember Lieberman remembered back in 1990 when Mayor Scruggs was elected, he believed the Council's Offices were part of the Mayor's Office.

Mayor Scruggs stated that no there wasn't an office. The Council had no office; the Mayor had the staff, the office, and the budget. So if she came in as a Councilmember and she wanted to do some work, she looked for an office where an employee was not there that day. And she would use their office and their phone. Then eventually, when marketing used to be where the city clerk is now, they had a conference room and they put a phone in so when the Councilmembers came, they could go in there, use the phone or if they had a meeting. Now when Councilmembers Clark and Lieberman came in, in 1992, they built a whole suite of offices.

Mayor Scruggs continued that as a Councilmember, because she was there, from 1990 to 1992, there were no services for Councilmembers from the Mayor's Office. If a councilmember wanted anything, they went to the Manager's office and she remembers Caroline Bienick. She was the person that would try to help us. But to tell you the truth, she did it all herself. She did everything herself from her home. There was no support, period. Then the whole suite of offices came that Council is in now and they have been expanding it and expanding it and that's how it started. That's the history as she remembers it. She asked if anyone else was present who was there at that time.

Councilmember Martinez stated he had suggested for the last three years, that Councilmembers give part of their budgets to the general fund. He referred to the memo he wrote dated March 20, 2012. He read from the memo asking that the two items in the Councilmember's budget be returned to the general fund. He noted each district receives \$18,000 and when multiplied by six it was \$108,000. He recommends a reduction of 60% for each district for a gain to the general fund of \$64,800. Additionally, the Council's budget for projects of \$90,000 should be returned in total to the general fund. He indicated that if Council agrees to these measures, the total returned to the general fund will be \$154,800. He believes Councilmembers should also do their part as everything was on the table this budget year.

Councilmember Knaack stated she was in total agreement with Councilmember Martinez. She noted that in the past, she had already given back part of her budget. She explained those funds were used by the Council for their districts, however, this year, rubber meets the road and they need to give up as much as they can.

Councilmember Alvarez stated she somewhat agrees with Councilmember Martinez's memo. She also has never spent a penny on reimbursing herself and has only used it for the community. Therefore, she agrees to give the money back, but does not want it to go into the general fund. She would like it to go for community services such as the library and recreation. She challenged the Councilmembers to go one step further and give up part of their paycheck to the community seeing as it was tax dollars. As she said before, the Ocotillo District did not get that much money when the city had the money, therefore, she does not see the district receiving any money now that the city was broke.

Vice Mayor Frate expressed his support for Councilmember Martinez's suggestion and was willing to put the funds back into the general fund.

Councilmember Lieberman said he does not agree with Councilmember Martinez's recommendation. He explained his budget was used for great causes around his district and believes it was really needed in his community. He added he did however give back \$14,000 to the general fund two years ago.

Councilmember Martinez noted staff has been for the last few years on furloughs and he has also volunteered to be included on that list. He stated that anyone here can also volunteer and give up part of their salary if they choose to, but believes that was an individual decision that can only be made by that person.

Mayor Scruggs commented that she would like to follow up on that and address it to the employees because she has always felt pretty sensitive about this issue. The Council had quite a go around at our Council workshop one time with Ms. Alma Carmicle, two or three years ago when the furloughs started. And Ms. Carmicle insisted it was impossible to put Council on furlough because their salaries were voter approved. And so Council went round and round and she said no you couldn't do it. Later, she found out from Councilmember Martinez that he actually had signed up for some volunteer program. So she contacted Ms. Alma Carmicle about that, and she said no the city didn't want to do that. Well Mayor Scruggs said Councilmember Martinez is doing it, and Ms. Carmicle said she knew and how he forced her into it and it's a bad thing and this and that and the other thing. So Mayor Scruggs talked to her CPA and basically what he said is – you can make a contribution at the end of the year. So then she can write a check as Councilmember Alvarez is saying. And you know, Councilmember Alvarez, you bring this up repeatedly, that you aren't taking any money, insinuating the rest of Council is. You have a city pension too, as well as your paycheck.

Mayor Scruggs said she had decided to keep track of everything, so in February of 2010, she knows the media asks for public records all the time. She stopped submitting any expense report for mileage, for wherever she went, traveled, whatever. The only thing she has put in, she thought she put in for the League of Arizona Cities and Towns Conference last year which is a very important part of Council's job that they participate in that. And since February of 2010, that is the only thing she can recall putting in for. So at the end of the year, she gathered all this together and what I spent that would have been reimbursable through mileage reports or through travel or whatever, was \$4,400. Her salary is \$48,000, so she feels good that she is meeting the

5% that used to be the reduction and actually going beyond – what would that be, about 8% or something, not quite 10%. So that's the way that she's handling it. On their own, quietly, many of the Council are already addressing this issue because they understand that everyone is being asked to sacrifice. Now she knows that there are still expense accounts being used by staff, but she is telling you right now, that she is not. She just remembered that she used it the other day because her phone battery was dead in the mall and she bought a battery on the city charge card thing. But other than that, nothing, so it's similar to what Councilmember Martinez is doing, you got that reduction set up even if they don't like it too much and they prefer she doesn't do it and suggested she give a contribution. She thinks this is the same type of thing.

Councilmember Alvarez said she admired what Mayor Scruggs was doing; however, still believes the \$20 million going for the Coyotes should be going to the community since it was taxpayer money. She restated her position that the city needs to use their money wisely. She added the public has not been very supportive of the \$20 million.

Mayor Scruggs commented that at the end of this meeting, she was going to ask each of councilmembers individually, because management is going to go build a draft budget – she was going to ask each of them individually, based on these six workshops, what they have heard that they would like to change, what they would like management to put in the draft budget. It's not going to be for debate, it's not going to be for argument and it does not mean they are going to do it. It's just what Council has heard because she thought Council asked them to put together these six workshops so Council could understand what's really going on. Now she has her notes and number 13 is the arena management fee so she will be talking about that also when they get to that part. Right now Council is talking about Councilmember Martinez's suggestion that has to do with the Council budgets. She didn't know if consensus had been reached or not?

Councilmember Martinez believes there was consensus for the 60%. In regards to the line item for Council project funds, he would like to hear from the Councilmembers on that. He added he had been giving up this portion for the last few years.

Councilmember Knaack stated she also does not turn anything in for reimbursement. She believes the \$15,000 should be used for community benefits and not non-profits. She said she likes using that money for her district, but agrees with Councilmember Martinez to give up the \$15,000 as well as the 60% this year to go into the general fund.

Councilmember Alvarez stated that non-profits do a lot for the community. She, however, does not agree with the city helping businesses with visual improvement projects. She does not believe in helping businesses in that manner especially when they are going to make money. She was willing to give up the 60%, but wants to keep the \$15,000 for Council project funds. She also believes they have a lot of staff in the Council office as well as the Mayor's Office. She wonders what four people could possibly do for the Mayor. She said she had the right to decide who to help and what to do with those particular funds. Additionally, she was not going to play games of self defense since she knows what she has done for her community. She also knows what she was going to do even if they have to put it in the charter, but she does not want anymore dictation from the Council since this was a free county.

Councilmember Lieberman listed his many accomplishments and what he has done with his district funds. He explained the funds are used to help his district as well as for travel expenses for regional meetings. He agrees with Councilmember Alvarez to keep the money and use it as he sees fit. He believes he uses these funds wisely and will continue to do so to help his district.

Councilmember Frate stated that in the past he has used his discretionary funds for his district; however, he understands this was a tough year and supports putting the funds back into the general fund. He stated staff has heard from the individual Councilmembers and now has direction on how to proceed.

Sherry M. Schurhammer, Executive Director, Financial Services Department, stated the next item was Human Resources and Risk Management.

Jim Brown, Interim Director Human Resources Risk Management Department, provided a brief summary. The department administers the benefits for the employees including family medical leave, COBRA, military leave, retirement systems, workman's compensation as well as managing employee relations, employee recruitment, organizational development and training and Risk Management functions.

Benefits, Compensation, Employee Relations, Employment Services, HR Admin, Org. Dev and Risk Mgt/Safety.

– FTEs: General Fund 19.8, Risk Management 3.8

– Salary & Benefits (A6000) \$2,215K

– Internal Service Premiums (A7500) \$35K

– Non-Salary (A7000) \$27,525K

(GF \$157K, Risk \$2,759K, Benefits Trust

Fund \$23,118, WC \$1,407K & Emp Grps \$84K)

Councilmember Knaack stated she would like to commend the city for its Diversity Outreach programs. She believes the city was probably the most inclusive city that she knows of. She believes their hard work has really made a difference in the city and the communities. She thanked Mr. Beasley for his leadership role in this program. However, at this point, in this budget crunch, she would like this to go to a volunteer organization. She would also like to see the \$30,000 removed from the Holiday Event budget.

Councilmember Martinez asked what kind of training went under the current performance data. Mr. Brown stated the types of training provided was the GLAD leadership academy for supervisors and the technical series in GLAD that handles administrative training. Councilmember Martinez asked if every employee went through this training. Mr. Brown replied no.

Mayor Scruggs commented that she had mentioned earlier that she would be asking everybody for their input to help Mr. Skeete as he goes forward with his job for the next two weeks. Because the purpose of what Council was doing here and, so long as Council was in this

department right now, she would like to get a little ahead and say that she would be offering up some ideas to look at. This department is \$2.2 million dollars with 19.8 FTEs. Setting aside the benefits portion, which she thinks probably, if anything, they may be running their toes off in that department. If Council just set aside the benefits part of it and risk management is sort of something the city was required to do and everything. She did want to express that she had concerns with some of the other areas particularly the four FTEs that have to do with hiring, because the city was not hiring. And the city would not be hiring and so that will be something she will be offering up later, why does the city have that many in recruitment and selection? She asked if Mr. Brown would like to comment on that.

Mr. Brown stated that while they had some of those FTEs housed under the recruitment area, they don't just handled recruitments. He explained the HR Generalists were able to handle 80% of what comes across the table. He noted they have specific departments they are assigned to but also help out in numerous areas. He added the HR Generalist could be funded through the recruitment area because that was their home-base, but can also work in any other area that needs assistance.

Mayor Scruggs commented that she had a serious question about, and she guesses he would tell her if this is a Generalist too, but 4.75 people are assigned to compensation to administer the city's compensation plans to ensure internal and external equity. To have a total compensation analysis, the city doesn't even have enough money to pay the people they have, their full salary. She continued that she thought the 4.75 people in analysis compensation and other cities or the benchmark with the private sector, she's sorry, She advised that she was looking at this department and she will tell you right now, she was looking at this department very seriously when the city was looking for ways to reduce expenses because she was not a fan of the alternative of what they are going to do. So that's a concern, organization development, 3 FTEs, and she thought this is the GLAD program Mr. Brown was just talking about. She agrees with Councilmember Knaack, that this is swell to have these employee groups, but \$84,000 right now is a large amount of money. She continued that everyone just heard the commotion that went on among the Councilmembers about giving up less than that. So that's a huge amount of money and if this organization values those types of principles then they should be willing to stand up and volunteer. And it's just time to do that so those are some of the things everyone will be hearing her say later. She asked for comments? She continued that she would be happy to hear them.

Mr. Brown explained that going back to the Generalist model, and if compared, they were actually 1 FTE per 90 employees. He believes they were operating fairly lean and were number two after Scottsdale.

Mayor Scruggs commented that Mr. Skeete knows this a whole lot better than her because she thinks that this department was recently moved under him. But she will make one comment, the least impactful reasoning that someone can use with her is benchmarking with another city on how many or few employees they have doing the same thing. The city did that for a lot of years, benchmarked everything. The city benchmarked everything and salaries should be raised this much because these cities have raised theirs and so we raised ours and those cities raised theirs

and it goes round and round. Sometimes with the number of employees and services, the city needs to be able to use the most money they can, to get the services out to the public. She was looking at Human Resources, and maybe she was looking at it incorrectly but the city is not doing the recruiting, the city was not doing the hiring, the city should be out worrying about compensation analysis when they are worrying about how they are going to pay the people that are here right now. So that would be just an area that she doesn't have the expertise in but an area she will be asking management to look at.

Mr. Brown pointed out that the compensation area of this department was not only looking at market studies but also conducts job studies as well as other multiple things that go along with that area.

Mayor Scruggs commented that she appreciated that and they were doing a good job of describing what the department should do. But she was looking at a society where people are crying out for jobs. They can't get employed. She looks at emails and letters she gets where they get no response from HR, she doesn't know why. She doesn't think the city is in a situation that they might have been in half a dozen years ago where people could choose among four or five different jobs. So she doesn't know if that analysis – she doesn't personally feel that that analysis is the value that obviously the department feels it is. And she is not an expert in this area, but she is just going to present her thoughts. Many, many people want jobs and so she doesn't know if the city has to be constantly benchmarking the salaries. Now that differs when Council comes to the unions. That's a whole different ball game over there. And they have very close markets – she doesn't know if that's the right term for it. But it's a whole lot different than a clerical person looking for a job. That's enough. Anybody else want to bring up anything in this area?

Councilmember Alvarez stated she will be asking questions regarding two FTEs in Employee Relations. She also commented on two FTEs in benefits which seems very low.

Mayor Scruggs commented that may be part of your choosing to put people in one place versus another. If anything, she thought with what the city's been going through and the people retiring and she thought probably the benefits area is busier. While she was questioning and continues to question the recruitment and the compensation analysis – on the same hand, she was saying that she thought they were kind of light over there in benefits, but she guessed the department would work that out. Anyone else want to comment on the HR compensation area?

Mayor Scruggs continued that she was going to ask that Council take a short break and then when they come back to some important information provided to Council by Mr. Skeete. And so she thought it was important Council go through this to see if they had questions regarding any of the answers that had been worked out for them based on their questions earlier. So Council will do that next and then end with, as she said, everybody will have an opportunity just like Councilmember Alvarez says she wants to bring up employee relations, go around the whole group and anything that anyone would like to ask the management team to give particular attention to before they put together the draft recommended budget. That will be the time to say

it. Okay. Council will now take a 20 minute break and the Mayor asked for everyone to return by 3:45 p.m.

Mayor Scruggs said welcome back to the City Council workshop meeting on April 3rd 2012. Mr. Skeete has provided a number of memos to Council that are in response to questions that had been asked by the Councilmembers as they went through the meetings on February 14, 21, 28, March 6, and 20th. So now Council will just go to each one of these items and if councilmembers have questions, this would be the time to ask those questions. Okay, so the first one is a memo that has the subject "city assets identified for potential sale or lease". Are there any questions or would you like to make any comments or suggest any action being taken?

Councilmember Knaack thanked staff and said she appreciated them putting this item together. She noted that while currently the items listed are not worth very much; this was good information to know for the future. She stated that obviously this was not the time to sell, but hopefully the city can turn some of those assets when they are producing.

Councilmember Lieberman asked if the figures for the Convention Center parking garage included the interest or was that the actual principal owned, not including interest. Mr. Skeete stated the debt service included the principal and interest. Councilmember Lieberman thanked staff for the figures provided. Mr. Skeete made a correction that the amount of \$80 million was only the principal without interest. Councilmember Lieberman noted the city probably owed in the vicinity of \$150 million with interest on that building. Mr. Skeete stated he did not have that figure but will get it to him since it was readily available.

Councilmember Lieberman inquired what the city planned to do with the Thunderbird Dry Cleaners and Shoe Store. He stated his constituents had been inquiring about it. He said the location was great for a movie theater.

Councilmember Martinez agrees this building should be cleared of chemicals and redeveloped.

Mayor Scruggs noted the original costs seemed much higher than she remembered them. She asked if they were just the purchase price or was the debt service figured in.

Mr. Skeete stated the cost associated was all in cost.

Mayor Scruggs asked so if there would be any financing of the asset, would the interest cost be included also?

Mr. Skeete replied no.

Vice Mayor Frate asked if staff ever looked at the landfill or a portion of it as a possible sale or lease item. If not he would like to open it up for discussion. Mr. Skeete explained that a proposal had been brought up before but not in recent times. However, this can be looked at again if the Council so chooses.

Mayor Scruggs asked Mr. Beasley if he had received a letter from Waste Management three weeks ago wanting to talk to the city about taking over the landfill and the city would get all this money. She asked if the rest of Council received a copy. So they wanted this and that's what's bringing this up now.

Vice Mayor Frate stated he would at least like to look into it and see if it was beneficial to the city.

Mayor Scruggs asked if there was a plan on the city manager's part to contact Waste Management in response to their letter.

Mr. Beasley replied yes and added they were in the process of obtaining some information on that matter to draft an appropriate response to see if this was something they wanted to go forward with.

Mayor Scruggs stated that she was contacted by a Mayor from another west valley city who wanted to talk to her about doing something jointly with Waste Management because there will be all this money or whatever. So she said that the other Mayor would have to go through the management team here, so she guessed they're out there talking to folks. So they are going to move it along or do something. Mr. Skeete explained the landfill personnel have been contacted with the information from Waste Management Group and the city will be pursuing that more aggressively.

Mayor Scruggs continued that looking at this list, it's all pretty depressing. The Council had been asking to talk about this for a long time. So they started out with one building. It had the original cost of \$108,000 and now has an estimated market value of \$702,000. Well that sounds pretty good, but the recommendation is that the city needs it to store fire department radios and computers and SCBA apparatus and so forth. She just doesn't understand how the city just ignored this and said "well, probably nobody wants it". But at this point in time, it's zoned for multiple residents – she didn't know why the city chose to ignore it and use it just to store equipment. Surely there must be other places to store equipment?

Councilmember Knaack remarked she was also looking at this item but it was right in the middle of a residential area. Therefore, the city could only build more residential components.

Mayor Scruggs replied but if the market value is \$702,000, why would the city say no? The city was not going to look at it because the fire department finds it handy to put all their radios in? It just doesn't make sense to her.

Councilmember Knaack stated the location might be a good place for senior housing.

Mayor Scruggs commented it could be that's a very good idea. She thought that's one that definitely should be looked at. She doesn't think the city could afford at this time to have a \$700,000 storage area.

Mayor Scruggs said the Media Center. Ms. Frisoni is pursuing opportunities for the city to market this to bring in some money. She definitely hopes that those efforts are amplified, exaggerated and some accelerations put on those. She continued that the Jivemind Building doesn't have a price by itself because it says it's part of the civic center purchase, but it has an estimated market value of \$423,000. That certainly seems like enough to put a little bit of energy into seeing if that could be sold.

Mayor Scruggs said the Saint Vincent de Paul Building. Well here is one that she really didn't remember that the city paid \$737,000 for. That kind of startled her when she saw it. The agreement was that Saint Vincent de Paul could stay until the city needed it because at that time, the city thought they had a hotel deal, ready to go. And they would only need to stay there a year or less, but they are still there. Well what she was going to do is ask a question here as to what is legal about the city letting them stay rent free. This is something for the city attorney probably. Is the city still okay letting them stay rent free – she doesn't need an answer right now, but with all the gift clause conversations and so forth, this has been a few years, she thought since the city bought this place, right? So can the attorney look into that? So her thought here, and she has nothing against Saint Vincent de Paul, she thinks they do wonderful work, but because it was part of the agreement to purchase it, they would stay there until such time as when the hotel was going to be built. Which was really soon, that seemed fine, but now there have been no RFPs that went out so that Saint Vincent de Paul could have the building for free versus somebody else have the building for free. Are we legal? That's what my question is, are we legal?

Councilmember Knaack inquired if the city receives any revenue from Saint Vincent de Paul.

Mayor Scruggs confirmed the city gets no revenue from this, right?

Mr. Skeete stated the city receives sales tax from the sales activity at the store.

Mayor Scruggs asked if the store collects sales tax on the sale of used items? Yes?

Mayor Scruggs continued that the situation is several years ago, an organization uses the building; no rent has been paid at all. Is this a legal way to continue operating because it appears we don't have anybody lined up to buy the property or build anything on it?

Mayor Scruggs stated the Desert Mirage Golf Course. Someone would really need to go back into the zoning cases on that. She doesn't know if that could ever be sold because of the zoning cases that go back to the 1980's. The city has been round and round with the people in that area many other times. The city received \$10,334 in 2011. So the city doesn't have any expenses, they absorb all of the expenses and this is what we get from the whole deal. Is that how that works?

Mr. Skeete replied yes.

Mayor Scruggs commented that she thought that the city should utilize the opportunity to sell some of the artworks in the municipal art collection. However, she does not support some kind

of appraisal that is going to be, \$30,000 or \$40,000. She thought there should be records on what the city paid for those works of art. And she has told management about someone who is interested in making several purchases and probably won't ask for appraisals on them. So that could be something that could be transacted very quickly, if that's legal to just make that kind of a sale without going out to bid or something. She asked if management would look into that and thanked them.

Councilmember Martinez suggested they put the artwork for sale as the Glendale Arts Council Show does every year.

Mayor Scruggs commented that the Glendale Arts Council was a separate organization and that's their event. And she thought they would find that rather competitive to their artists – she clarified that Councilmember Martinez was talking about the Glendale Arts Council Show?

Councilmember Martinez stated his suggestion was to do something similar, not compete with them.

Mayor Scruggs replied that quite honestly, she was sure there were records kept of the purchase prices of everything and the vast majority of the artwork would not be the kind of artwork where it was an artist that suddenly sky rocketed to fantastic fame and their work was 5000% increased in value or something. So that's actually a good idea. Low cost, good idea.

Mayor Scruggs commented that the city has the Bank of America Building and that is worth a whole lot more than what was paid for that. And then the city has the Promenade and they have to go together or something she guessed. That 27% vacancy in the Bank of America Building is not good. So she hopes that it can be changed. This is all that the city owns? This is all the property the city owns?

Mr. Skeete stated these were the properties staff had identified as properties that were most likely to be sold and are less used by city operations.

Councilmember Knaack suggested the Adult Center which was not in the list.

Mayor Scruggs commented that there were probably a lot of others not on this list. She continued that she had given her thoughts. She asked if Councilmembers would like to give any direction to staff. Is there anything you like them to start working?

Councilmember Knaack asked staff to look into the Adult Center as a possible sale.

Mayor Scruggs asked how the Council felt about trying to market the Jivemind building.

Councilmember Martinez agreed they should look at the Jivemind building.

Mayor Scruggs then stated that Mr. Tindall was going to find out about the Saint Vincent de Paul building. On the Glen Lakes Golf Course, what was the M&O cost? Did staff know?

Mr. Skeete stated all the costs were through the lessee.

Mayor Scruggs asked if all the Council could do was come up with a plan for the municipal art collection and of what was on the list. What is the city's master plan update that needs to be done before anything can be done with the vacant parcel on 99th Avenue and Northern Avenue?

Mr. Skeete stated the master plan update was the water and sewer master plan. He explained the city bought that parcel in reaction to the zoning and potential development around the 101. Staff believed at that time that the city would need an additional water treatment plant and a pumping station because of the high rises that were being proposed at that time.

Mayor Scruggs commented that the city definitely wanted to try to get a better occupancy rate at the Bank of America Building, obviously. She asked if Councilmembers had any comments on any of these properties.

Mayor Scruggs continued that the next report has to do with the vacancies and employee compensation items. And this shows Council how much the budget has increased each year for the past two and a half years – FY 09/10, 10/11 and half of the year in 11/12, due to increases in six different categories. Some of them are MOU based on the city's public safety unions and some of them are not. They are just employees who received pay increases for various reasons. She asked if Councilmembers would like to discuss this item or ask any questions.

Councilmember Lieberman stated the report was pretty much self explanatory.

Mayor Scruggs commented that she had brought this up at the first meeting and because she was very surprised. And she said at the time that she had gotten a copy of what was given to one of the reporters as part of a public records request. And she had been thinking all this while that no raises were being given to people and in fact they were working on decreasing amounts of pay due to furloughs. And then she found out that there was about \$3 million in pay increases that actually went out. So she appreciates you putting this out here and she was going to ask as Council looks at the budget in two weeks that management spell out what will be added to the base budget in terms of rate increases for certain people. So that Council knows, because in the past, she thought these were just covered under – in fact, she knows if she had papers right here under a statement, of course the MOUs were negotiated and so forth and so on, but Council did not know. And Council needs to know what has been negotiated, what has been promised to the public safety unions as Council builds the new budget. So that's what she was asking for. Does anybody else have anything they liked to discuss on this item?

Mr. Beasley stated they will provide that information.

Mayor Scruggs stated in two weeks because management was going to present a draft recommended budget to Council. That draft recommended budget has to have the amounts of the increases to the budget due to your negotiations with the public safety unions. Management has to have that number, or Council can't build the budget.

Mr. Beasley explained staff will have that number, but as part of the process, staff will provide a number based on what is being proposed and what the public safety unions have done to help in the furlough process.

Mayor Scruggs reiterated that what she was asking for at this time is a separate line item number – not with any subtractions or additions, just the number that relates to the fire MOU and the number that relates to the police MOU in terms of how much the base budget will grow. Separately, any other considerations will come in separate. She does not want a, “this is this number, we took out that number and you added in this number.” She wants just a flat number.

Mr. Beasley agreed to have that number.

Mayor Scruggs stated that she wanted to know how much the base budget is going to go up. Same thing for the retirement system because every time there is an increase in pay, there is an increase in the retirement system contribution. She would also like to have a number that will reflect how much you are going to set aside to adjust salaries for criteria based increases, equity adjustments and promotions for non-bargain employees.

Mr. Skeete stated all that information will be readily available to them in the budget packet.

Councilmember Martinez commented on the furlough situation and how it can affect the budget. He stated the city was currently looking for about \$30 million to balance the budget and believes they are coming in short. He suggested they take another look at the furlough situation and have a full 5% like the city had for the last two years. He also asked staff to look at the MOUs for public safety for possible savings. He added he knows this was a sensitive topic and the big elephant in the room no one wants to discuss, but it needs to be addressed.

Mr. Beasley stated the agreement was subject to budget; however, staff would like to come back and have a conversation with Council at the time this is being proposed. He would like the Council to keep in mind this was a service based industry and they do want to stay competitive. He added staff will take another look and provided those numbers to Council should they put the furloughs back on.

Mayor Scruggs commented that she thought that what Council was saying was that they need to have that in two weeks. Council was back against the wall already. The city has nowhere near a budget. She supports Councilmember Martinez and she was very sorry for all the employees here, but the fact of the matter is that there will be less people working here and they are going to ask for massive tax increases for the citizens which are just not going to fly. So the furloughs have to be back on the table. That was part of what she was going to be talking about also. She has talked to union leadership about the MOU situation, they are in a very competitive market and they feel that they have a right to have that money in spite of the fact that others will lose money and jobs. But that’s the way the situation is right now and Council needs to know the exact numbers on this. There is no time to waste.

Mr. Beasley stated staff had no problem providing that number in a timely fashion. He noted that massive tax increases have not been discussed publicly and are only an option that may be part of the solution. However, he does not want to get ahead in terms of what has been proposed or not.

Mayor Scruggs stated that it was already out there, people are talking about it. It was out there and not a secret. Council was offering options right now and two of them are saying that furloughs are back on the table. Council gave direction on and she listened to the meeting she couldn't be at on March 20th and it was really clear that everything goes to police and fire and in fact they want to add more people to police and fire. So that puts that number, that's why we need to know that number. How much is the base budget going to go up? So Council knows how much to cut from every place else.

Councilmember Knaack expressed her support for this and believes she gave that same direction at the March 20 meeting. She believes it was critical they look at the 5% furlough option.

Mayor Scruggs said that next is an update on the Homeless Prevention effort. She was not sure why this was in the budget material. She asked if Councilmembers had any questions.

Councilmember Lieberman stated he was the one that had brought this item up at the last meeting. He was delighted to see what the city was putting into Homeless Prevention effort and thanked staff for the clear and precise breakdown of how the funds are allocated. He added that at the last meeting he expressed his concerns about the many people who had lost their jobs and homes and what the city was doing to help in those situations. He once again thanked staff for their great work.

Mayor Scruggs continued with the next item is Prisoner Maintenance cost containment. She asked if there was a reason the Council had this. She thought it was fascinating information, in fact she was thinking of putting it out as one of my bulletins to the public because people don't have any idea on why the city is spending so much money on this when, they have no idea. Judge Finn and Chief Black, thank you for putting together this report, very interesting and she thought it was very helpful the part that talks about what the other ways of dealing with what the detention needs and talking about medical cost. She commented that she would probably use this as a public information document, if that's okay with Chief Black and Judge Finn. Okay. She asked for any other questions or comments on this.

Councilmember Lieberman asked to correct his mistake on how much he had allocated in funding in his district in the first nine months. He noted that earlier, he had mentioned it had been \$15,000 but the correct amount was closer to \$19,800, which is far more than the \$18,000 allocated to him. He said he will continue to provide funding to the citizens of Glendale where he thinks it's necessary from his district and from other districts.

Mayor Scruggs commented that the Council was just about done now and this is the time now. Council went into these meetings because they wanted to have a greater say in the development of the budget for FY13. And in order to do that, they needed to have a greater understanding of what the departments do and so forth. And to give their input to management so they could use

that in developing the draft budget. And she didn't know if Council had given very much input at all. So this is a good time at the end of the last informational meeting for everybody to speak up and that's already started obviously. Speak up on things that they've heard that are of concern, that they would like to be looked at when the budget is put together. This is not a time for debating any of these things or arguing, it's just, what do they feel? She continued that if management will be looking at reductions, where should they look and Council may not see any of these ideas when management brings the draft budget forward, but it's an opportunity to offer ideas on where to look. So Councilmember Alvarez, would you like to begin?

Councilmember Alvarez stated she would like staff to look at the HR department because of employee concerns with complaints with employee relations and their benefits. She also had concerns with the service at the parks and how they are being taken care of as well as the library. She would also like staff to look at the streets which were looking very bad in some neighborhoods.

Councilmember Lieberman would like staff to make attempts in all departments and possibly cut their budgets by 5% to 20% since it sickens him to know the amount of debt the city has and his grandchildren having to live with that fact. He was not in favor of the 5% furlough since he had many concerns with people getting by on their salaries. He believes in being paid for their endeavors. He commented on the drop in the property devaluation and the effect it has had on Glendale and believes the worst is coming yet. He personally does not know how they were going to come up with the money without raising taxes at least a 2/10th of a percent. He provided information on past sale tax initiatives that were voted in by the citizens. He noted he does not know how they can cut the \$30 million from the budget safely and still provide adequate service to their citizens.

Councilmember Alvarez remarked she had already provided her comments but would like to keep the discussion open regarding public safety and the furloughs situation. She noted that her personal opinion was not to support further furloughs, but will support fire and police.

Vice Mayor Frate asked staff to consider some of the citizen's comments and suggestions provided regarding revenue generating ideas to offset some of the costs. He agrees that public safety was their number one priority and they have to make sure they have those people in the right positions as well as the support for those positions. He hopes staff really goes through the budget with a fine tooth comb to see what they need to have, what they would like to have and then see what the figures are. He noted that only after that time would he ever entertain a tax increase or even talk about a tax increase. He added should a tax increase be considered, it would have to be a temporary increase and not permanent. He thanked all the employees and staff for their hard work during these trying times. He said he looks forward to see staff's budget recommendation in the next two weeks.

Councilmember Martinez thanked all the staff and the departments for their presentations. The presentations were very well thought out, thorough and helpful to the Council. He asked staff to look at the MOUs and consider the 5% furlough to help balance the budget. He added that as dreadful as that sounds, it was better than lay-offs. He remembers that when the furloughs first

came on, an employee committee was the one that came up with that recommendation that they would rather see furloughs than layoffs. Therefore, at this time, he believes this was one of the best options because this alone will not solve the problem. His personal opinion was not to close any libraries and his preference was to keep it the way it is. But if it comes to the point that it has to be done, he will support reducing the hours further. However, the Council will have to wait and see what staff brings back in two weeks.

Councilmember Knaack stated these budget workshops had been gut wrenching to her and believes they also have been to the rest of the Council. However, they have also been very valuable. She has learned a lot about the city these past six workshops and was sure staff had too from hearing from other departments. She really appreciates all the hard work staff has put into these presentations. She still believes the city has to first take care of the mandated services then their core services and finally the discretionary services. She knows that nobody wants to cut more hours at the libraries, but if they have to be cut to balance the budget, then that is what has to be done. They have a huge budget deficit they need to take care of and she believes it might take layoffs, furloughs and possibly a tax increase which she does not want to support until she see the draft budget. She also does not support cuts in fire and police but believes they have to be cognizant of the rest of the city. She wished she had paid more attention to the last two years regarding what was brought forth in the budget and not just relied on staff's recommendation and hoped for the best. She realized they all had hopes the economy would turn around faster, however, that has not been the case. She wants the public to know, they all want to do the very best thing for the city. The Council does not have any personnel agendas, but are just there to support the citizens and do the best thing for them. She promised she will do her very best when presented with the draft budget and hopes its something they can all support.

Mayor Scruggs commented that she agreed with Councilmember Knaack that this was a process that Council should have done a long time ago. Having done it now and seeing the glitches that come in as Council tries to go through the process the way the information was presented, she thought it was a very good idea of how to do it differently next time. So, she would suggest that this be done next time. It's probably going to be done six months from now because if not, it will be much too late. Because if management was seeking direction from whoever the elected officials will be as to how to build the next budget, they need to do it before going off with your management team and build it, you know, their way. So she would suggest management take the process that's happened here today or in the last few weeks, refine it such as – she will use an example. But Mr. Strunk was sent back to redo Parks and Recreation because Council could not follow it. And so it was cleaned up and presented a better way and that's the way it should be and do it for FY14 budget too only start it early.

Mayor Scruggs continued that her thought was that Council would all present their ideas based on what they heard through all these meetings as to where Council would look for reductions. So she was going to do that, well nobody else did but she was going to do that. Council talked quite a bit about the MOUs and the furloughs. So the MOUs are going to come back, the police and fire are number one so they get whatever they ask for, but furloughs are going to have to be on the table. She truly believes and all of the other things that are in the budget book presented, \$1.3 million and it was for 2 ½ days furloughs and \$1.3 million for deferred public safety items.

She didn't see where that can come off, in fact, she agrees with her colleagues that that probably needs to be higher. 75% of the entire general fund operating budget is for salaries and benefits so there are not a lot of places to go, 75% of the general fund budget. She read there were 37 vacancies in the general fund and those equal to \$3 million and she was wondering are those 37 vacancies built into the draft budget that Council was given when they started this process? Or are they left in that \$3 million?

Ms. Schurhammer stated the 37 vacancies that were quoted back in early February were the vacancies at that time and are included in their FY13 budget. However, when they started FY12, staff eliminated a lot of positions between July 1st of 2011 and the end of January of 2012. Therefore, those have been removed from the FY13 budget.

Mayor Scruggs continued asking if that was what was in the budget information book provided. She suggested Ms. Schurhammer look there right away, 37 vacancies and do a real good scrub on those to save other people's jobs that are here now - management could give up some of those. She missed the presentation on the emergency operations center and she didn't think it was gone over too much because she listened to the meeting. She questioned the seven FTEs in the EOC. That is the place she would go to look for possible savings, would be the EOC and seven FTEs. Under transportation education, on page 98 of the budget, \$180,000 for transportation education is a wonderful thing, but she doesn't think it's really necessary right now. There were statements made that proposition 402 says the tax must pay for transportation and other improvements. She doesn't think it means doing that every year for a certain amount. It also says some services under this transportation education could be supported through Valley Metro or the county program. So she would say definitely go there and look to do that. Management Trip reduction, \$84,500, that is on page 100. Yes Council has to do that every year, but the city has been doing it for she didn't know how long, forever. It should be less expensive to do these plans because they're the same thing every year. Council talked extensively at one of the budget workshops about cable communications, whether anybody watches cable, doesn't watch cable. Page 174, she would look there for cuts because those are not direct services to the public. She continued that she loved the cable people and that they were the best in the whole entire industry in the valley but at this point, official city meetings and public information that's available freely should be looked at.

Mayor Scruggs commented that the CVB, one she had talked about intensively in her speech, her State of the City speech; it was written for her with beautiful words. She didn't think she really understood the CVB thing. She thought that members were buying memberships, but they're not. It's about \$250,000 on page 192 to 194; she would suggest the city go back to looking at when they first opened the tourist center. Somebody from marketing oversees it and uses volunteers. It's too much money to spend on the CVB; again it's not going right to the citizens. Consultants, Council has talked about this, it's on page 231, she would be looking for a reduction and the money spent on consultants.

Mayor Scruggs commented arena management, Councilmember Alvarez's favorite idea. On page 294, there is \$20 million plugged in for next year. She would not support a budget that has \$20 million plugged in for arena management. And she's not just going to end it right there.

She's going to say, everybody in this room knows, she has been asking for information since June. She has repeatedly done this in every way shape or form possible and has gotten nothing. Last time at the meeting, on February the 28th she thought it was, everybody agreed, Council would get it on March the 20th. She listened to the meeting on March 20th, not one word about it. So she's going to come up with her own number, this is what she's going to do. Now, there is one huge difference here between what Councilmember Alvarez thinks and some people in the community and what reality is. If the team leaves, the city still has to run that arena. So you cannot wipe out \$20 million, you have to put in some amount of money to manage the activities that are going to be left there. Pay a management company to manage them, keep the place running and so forth and so on.

Mayor Scruggs continued that through some really good hard digging by other people, she was able to find the city of Phoenix FY11 financial statement and they budgeted \$12.4 million for their US Airways arena. Their actual year end budget was \$14 million. And she guesses the US Airways arena is somewhat similar to the Glendale arena. Now they have a sports team there, they have the Suns there. But they have all the other things going on and so forth. They also have money in a lot of other places that's much more complicated to figure out than she can really do. They also move money back and forth from the arena to pay for the hotel. But that is kind of a starting point, \$14 million. Now, she also has some figures, these are annual expenses to operate Jobing.com arena, as reported by the arena management group financial statements. She was waiting and hoping that somebody could verify this because every time she brought it up, she was told it was so complicated you can't get it, whatever. But she does have figures that were obtained for her. And the costs include, but are not limited to, labor expenses for events, concerts and game operations and maintenance expenses and administration expenses. So for FY09, that cost was 13.9 million, for FY10, that cost was \$12.2 million. So she was going to come up with a number out of the air because nobody would help her get a real number. So she thought if she stayed at \$20 million, and kept going back and forth between \$10 M and \$12M, but what she was looking at is what it is going to cost to run the arena for all the other events and hopefully the city will have more events than the non hockey events that are there now. The city will get some revenues they don't get now, but the city was going to give up a lot of revenues that they get because of the hockey team being there. And the city would have to pay somebody to manage the arena. So she was just going to pick \$11 million because she couldn't decide between \$10M and \$12M.

Mayor Scruggs continued that for her, when she looks at a budget and she sees \$20 M for arena management that is not a budget she was going to approve. And on that same subject, she was going to ask Council to think about supporting this idea. This comes from the Council meeting, February the 28th 2012, as Council revisits history, the reason why Council approved that second payment of \$25 M to the NHL, five of them voted for this, was because they were told that they were very close to a deal being done. Mr. Daly stood right in front of them and told them that, they have never been closer. There was a deal that was going to be done so Council should never have to pay that \$25M. That is what she recalls believing at that time. Council had to put it in as a place holder so that the NHL wouldn't go move the team off some place, but the city would never have to pay it. But she said on February 28th 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 Council put up this money believing they would never spend it. 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 out publicly, is that Mr. Beasley start talking to the NHL about what a great partner the city has been with them and have stuck to this and have 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 \$25M on May 2nd of 2012 or any other date. But that the city structure it, a payment plan that fits within the budget. So that's going to be her number one contribution as the city goes forward and develops a proposed budget for Council to look at.

Mayor Scruggs said that what she had been told is – first she was told, no, the city would not have any leverage with the NHL if they talk about that. Then she was told, well, she proposed it to them and they have taken it under advisement. She was going to ask all of you now, Council has never been allowed to be part of any of these negotiations and she was going to ask Council, are you willing to sign your name to a letter to Mr. Gary Bettman, Commissioner of the NHL? And say this is what is happening to the city of Glendale, they have been in control of this process the entire time, everything had to start with them, the city couldn't do anything until they said the city could talk to somebody. They have been in control of this and they have led us to this terrible point the city was at today, talking about the things the Council was talking about. If the city doesn't pay that \$20M that is in escrow, which she has been told by the city attorney can't be removed, without their permission. It was put into an escrow account that the city cannot terminate. If the city gets that out of the escrow account, we pay them \$5M million not \$20M. The city's problems and everything that the employees are fearful of will pretty much go away. And in terms of the extra \$5M to meet the \$25M that the city never could come up with the answer for, she better not see it in any budget. And if it's in the budget, she was not voting for it. Because they don't have it locked up in escrow yet. So, that's her item number 13 and that's her answer to the \$20M. You can't wipe it out entirely, but you can sure take a huge chunk out of it. And she was saying take \$9M out and she was saying re-talk to the NHL and she was sure they'll get a call from some of these reporters right now. It's their problem they've made, they misled us and they can't do this to our city.

Mayor Scruggs continued going to the Financial Services department. Financial Services on page 232 to 254. There are 32 FTEs coming out of the general fund and its costing \$4.6 million out of the general fund to run the financial services. She thought there can be improvement in that area. You've heard her talk and she has not been joking about all this, move this thing here and move that thing there and whatever and set up 300 accounts and all this confusion. She will look there for some cost reductions. She talked earlier about HR and Risk Management. There are 19.8 FTEs in the general fund at \$2.2M. She would look there for some reductions. She talked about what Councilmember Knaack brought up, the employee groups, \$84,000, we don't have the money.

Mayor Scruggs commented that now we get to the big stuff. The Parks Recreation and Library Group makes up 29% of our general fund. \$16.6M, 30 FTEs, there has to be changes in that department. And where she would suggest starting, she knows, everybody is afraid to go near the library, however, she has not been able to figure out in her books, but she would hope that you

would help me. What she has heard in all of the pleas and cries about not touching the library and not doing anything about the books or the youth programs and the computers, people want to go there and use our computers. So she was interested in all that programming that goes on and entertainment and the different classes. Maybe they're self-sufficient, but if nobody is going to go near the library, can the city at least look at that part of it? Where people can get that kind of information and entertainment elsewhere? They don't have to get it through our libraries. She still thought that libraries need to – well she thought that they themselves created a lot of this problem.

Mayor Scruggs continued that she knew that she had talked to Mr. Skeete about the Maricopa County Reciprocal Borrowing Program, there is something very wrong in a city that says – every other city in the whole valley, says this is right, but we don't. And she knows Mr. Skeete was looking into that and she appreciates that, that is not turning it over to the county but this is a way we can actually have some revenue. If you look at what has been going on with the libraries, they have their own cleaning services; the rest of the cleaning service is not good enough for them. They have to have their own custodial service. They have their own IT people, the rest of the IT people that take care of the rest of us, they are not good enough for the libraries, and they have to have their own. And all of this has driven their budget up. They are kind of like an island and she doesn't know why. She really didn't know why. She has talked to young moms, friends of mine about the whole children's programs, and oh you can't take that away because you know we don't have much money and we have to go someplace for free. And then she talked to them about their moms groups that they go to and they meet in churches and they meet in different places. And she said, well how in the world, what if the library was closed and a librarian came and read when you are in your moms groups and you have partnerships with the libraries? And they said, oh that would be fine. We just want to have some place to go that is free. So there is a lot that can be done, but she will leave it to staff to figure that out.

Mayor Scruggs commented that in Parks and Recreation, the swim lessons, was a huge conversation Council had last time on March 20th. Eliminate swim lessons, and she thought that was where you all went. But she supports eliminating the swim lessons. Okay they are great and valuable and the fire department says everybody should learn to swim, but you know at this point in time, the city needs some other things to happen. She was looking at the amount of money the city spends on Adult Leagues and Youth Leagues for baseball or softball. It's a lot of money and it's a great thing for people to do, but they could join leagues in other places. And she was looking at where people can go so they can still have the same benefits. And she thought that is definitely some place to look because you are looking at over \$650,000 in expenses to run those leagues. She gave credit to Mr. Strunk when he came back with his redone budget. He gave some excellent service alternatives and she didn't write them all down, but you can look on page 319, 321, and 325. Service alternatives, don't take the services away – she knows she was going a long time but she has spent a lot of time working on this because this is what they asked for. For what is it that Council thinks could be changed. So he provided alternatives where the service is still there for the public but at a lesser cost.

Mayor Scruggs continued that parks maintenance should not – well parks maintenance, service alternatives on page 325, there isn't too much that can be done on parks maintenance. Council

really can't because if we're not going to provide activities, at least people can go use the parks and they should be in tip top shape there. That youth sports complex drives me nuts. At \$312,000 a year to get \$27,000 revenue over five years – she thought something was wrong with that whole youth sports complex thing. She didn't know what it was; she has tried to talk to Mr. Skeete. And she still thought something is very, very, very wrong there. Council talked about this building, the buildings and none of these buildings are good for selling because the city spent too much to build them and the market was down and everything. But there was no discussion whatsoever about what the state did, a sale lease back. The city was looking for large amounts of cash, that's what they were looking for, large amounts of cash. If the city was not going to get it from the NHL in the form of them releasing that \$25M, then she thought the city should be putting the assets up for sale pretty darn quick. And then lease them back because what the city needs now is the city needs cash, to get over this hump. Vice Mayor Frate says everything is going to get better and it will someday, but the city needs cash right now to get us over this hump. And she thought that was something that definitely should be considered.

Mayor Scruggs continued that at home she had some ideas written about where to make money, revenue, but you know, one of the problems, one of the reasons why the city was in the mess they are in right now is that the city built the budget last year and Council approved that budget based on the restructuring of certain leases that were going to bring us \$8 M and only brought us \$2 M. So the city can't build a budget based on charging people \$10 for a library card or any of these other types of things. The city can only build a budget based on real money that's really going to be there, that there is no question about. Do you have any questions for me on anything that I've said?

Mr. Skeete stated staff has heard the Council's input and some of their recommendations have been in the works and will be continued to be developed. Staff will present the Council with alternatives and valid discussions for most of these items. He noted that for the items the Mayor spoke to today, staff will be taking those recommendations and looking into those as well. He explained that some of those ideas have been ideas that staff may have considered before and for good reasons that the Council was not aware of yet, staff did not bring them forward. However, staff will also include those items in their presentation and in the discussions.

Mayor Scruggs stated that is very fair and quite honestly, she thought that is at the heart of this whole problem. Council just doesn't know anything. You know you're sitting and you consider things and you have ideas but they don't pan out and Council sits over here and worries and tries to think of ideas – lets go sell all our buildings, let's do this, let's do that. And you're off figuring out why none of it will work. We don't talk to each other. Council doesn't get that information, Council doesn't know. And she thought that what Council has gone through with these last six workshops, has been an opportunity for Council to be able to peel back that onion and understand and know what is really going on around here. So fair enough, whatever you bring forward, that you'll say no, your ideas are not going to work and this is why, that's all she was asking you. Just listen and give her an answer. But she thought the biggest thing that she has offered here, the largest single number, all has to do with the NHL, the arena, the team. And she has put it on the table here.

Councilmember Lieberman remarked on Mayor Scruggs' great summary. He indicated he was one of the Councilmembers that did not vote for the \$25M. The vote was five to two. He asked Mayor Scruggs to clarify from where she was offering the \$11M.

Mayor Scruggs commented that first of all, what she was offering is her comments on the draft budget that the staff presented to Council when this started back in February. So her comments are on that. The \$11M is what she thought the city would spend instead of the \$20M based on the figures she had from the arena, from past years and based on what Phoenix spends for US Airways. It can't be zero. The city owns the building, there are expenses, and somebody has to run it and pay the salaries and so forth. So, instead of \$20M, she was suggesting \$11M. Separately, she was suggesting that anybody who's interested in joining her in writing a letter to Gary Bettman, saying, release the city from that \$20M that's in escrow and let the city pay them over time.

Councilmember Lieberman remarked he still was unclear about where the \$11M came in.

Mayor Scruggs stated okay let her start over. The \$20M that is in escrow, the city set up in such a way that only the NHL can release the city from paying it. The \$5 M the city didn't have so it didn't go into escrow, she will not approve a budget that has that in there. Then the \$11M, takes the place of – what page is that budget on? Okay page 234.

Councilmember Lieberman stated he had made an issue on this very item at the last meeting she did not attend.

Mayor Scruggs commented that he didn't bring it up today and he should have, he would have had some support for it. It would have been good to have some support. Yes, Council talked about this a lot, Councilmember Alvarez brought it up early on and Mayor Scruggs said she would address that as item number 13. Okay so this \$20M right here, this is draft budget for 2013. She was saying, for her, the maximum she will go is \$11M. Okay? Separate item, voted on last year, that Councilmember Lieberman voted no on, was the \$25M for the second year to the NHL. And she was saying they have no right to that money. They have held the city hostage for a year, but it's locked up in escrow that the city can't take it out. And she was saying, let's write a letter, and say no, this is not right.

Councilmember Alvarez asked how long had the Mayor known about the facts regarding the \$25 M?

Mayor Scruggs stated that Councilmember Alvarez was the one who voted no on that last year.

Councilmember Alvarez stated the Mayor voted yes.

Mayor Scruggs stated that yes she did because, remember how Mr. Daly stood there and said, "we've never been so close, we're this close to getting a deal done. " Staff told Council, we'll never have to pay this because as long as the team is sold, before the hockey season starts in October, we'll never have to pay anything. And that's what she believed, she thought her

colleagues believed, that's why we voted yes. Okay? Because the city didn't think they would ever have – the deal was very close to being done. The city would never have to pay that money. Now, how long has she known that it's in an escrow the city can't get into, just in the last couple of weeks when she started asking? She found the record of the meeting February 28th, she said lets go get that, nothing, reasons why not, can't do it. So, she asked, can the city get it? And she went to the attorney, who else would you go to but the attorney? He says, no. It was put in escrow locked up unless they release it, the city can't have it. Now, is there any reason why they are going to feel sorry for little old Glendale? Maybe not. But maybe there is, because they want to take that team someplace else. And maybe other places should know what they get involved in when they get involved with the NHL. This is how she feels, she means she didn't know if they're going to charge her with slander or what, but this is how she feels. Based on how long the city has been fiddling around with these people, two and a half years, three years? Four? Four years. This is how she feels. And she feels for every one of the people in this audience, she feels for every one of the citizens just like Councilmember Knaack said, she just wants to do something about it. And the city has been held back, held back, held back; she doesn't want to be held back anymore.

Mr. Beasley stated he appreciated her comments; however, would like to know who was holding them back. He explained the Council has given staff direction to take certain steps, however, if they choose to change that direction that will be fine. He noted he has spoken to Mr. Bettman about the terms which the Mayor has requested. The NHL said they will take that into consideration and let them know at the right time. As far as the information for March 20th, staff has taken the steps and direction given by the Council and met with Mr. Bettman and taken a closer look at the options for plan B and staying the course. He does not want anyone to misunderstand that someone has kept anyone from having discussions with the NHL or at any point in time mislead them in regards to what the NHL's intentions were. He stated that either way staff was prepared to meet both challenges when they come forward.

Mayor Scruggs questioned who has been held back? She continued that she has been trying to get a plan B out since June. All these people have held her back, Mr. Beasley held her back. His recommendation was no. No? You can go back to the minutes for September. The recommendation was it's a bad time, the city shouldn't know these things, the city shouldn't irritate people and that was what the decision was. Don't get any information. It's all in the newspaper, it's all everywhere. Okay. She kept pushing, pushing and pushing so the Council was at a meeting February 21st, pushed again. How much to rent our arena? The suggestion was, well how about the city does this in the middle of March, because by then the city will know more. Willing to wait until the second week of March, okay, suggested staff recommendation, that the city should not pursue plan B last September because they know best, willing to wait until middle of March, middle of March, okay. So, all of these things, that's why she was saying, and in terms of who says don't talk to Mr. Bettman? Mr. Beasley told her repeatedly, nobody should talk to anybody. Mr. Beasley was the contact and so forth.

Mr. Beasley stated that was incorrect. The Mayor has had the opportunity to talk to Mr. Bettman.

Mayor Scruggs said yes, because he called her because he didn't like what she said.

Mr. Beasley reiterated that he wanted to make clear that Council's direction had been followed on these matters.

Mayor Scruggs said that Council gave direction – but explain to her on February 21st, these people said they wanted the information on March 20th. On February 21st, he said he wanted plan B, others said, she wanted in the middle of March. So what happened between February 21st and the middle of March that made Mr. Beasley think that he should not bring the information forward?

Mr. Beasley indicated that what the Council said was that they would consider the option to move forward if they did not have a deal by March 20th. That's when staff proceeded to start to look at a plan B process in conjunction with a plan A.

Mayor Scruggs said she would check her notes.

Councilmember Alvarez stated her biggest concern was the city having the \$20M in escrow and could not touch it. She said the Council should have been told of the deal staff made with the NHL without the Council's permission.

Mayor Scruggs commented that what happened is that Council voted here, five to two, to put aside \$25M, knowing the city only had \$20M, not \$25M. The document that created the mechanism to do that never came to Council.

Councilmember Martinez had a question for Mr. Tindall regarding discussions made in Executive Session. He indicated there had been references made to the March 20th meeting and he believes the policy was not to talk about anything discussed in Executive Sessions. Mr. Tindall explained the instructions and directions that were giving on March 20th are things that they have to implement so they could talk about the implementations. However, the conversation and information in Executive Session should remain confidential. The discussions that have gone on so far have been within the law. Additionally, he noted that the escrow agreements were presented to Council along with the other documents.

Mayor Scruggs commented that she was not talking about anything out of Executive Session. These are notes from the February 21st session because the \$20M was stuck in financial services. So this was as Council talked about it sitting here.

Councilmember Martinez noted he might have the meetings confused, but he was talking about a meeting Mayor Scruggs missed.

Mayor Scruggs said March 20th? And she was expecting to hear that in the meeting because that's what everybody said – middle of March and she listened on TV and it wasn't there. Okay? Okay everybody said – middle of March. Because the \$20M was questioned back on February 21st when Council was in financial services, where the \$20M was stuck. And so that's when the whole discussion middle of March became March 20th because that's the day of the meeting so

she sat there listening and there was nothing. Now she doesn't know. What she was questioning is not what was done in Executive Session, what she was questioning is how did direction change from February 21st which was, give Council the information so they could do plan B, to March 20th.

Councilmember Alvarez stated she remembers they were asked that question in Executive Session. However, she wanted to make clear again that she will not support giving any money to sustain any sport services. She has voted against it and will vote against it again. She reiterated her concern with finding out that the money was in an escrow account that the city could not touch. She does not understand how this could have happened.

Councilmember Martinez stated the Council had given direction for plan B.

Councilmember Lieberman suggested Mayor Scruggs read the minutes for the meeting she missed. He explained he had made it very clear at that meeting how he felt about the \$20M and the \$5M that has still not shown up.

Mayor Scruggs commented that she appreciated that, but she was still talking about something that happened on February the 21st. Council continues to explain what happened on March the 20th in Executive Session. Council did something or said something. But she was saying, who gave permission to change direction from February 21st to March 20th, totally different subjects. But Mr. Beasley has told her that she was all wrong, what she wrote down as everyone was talking is not right, she was wrong and that's his answer.

Councilmember Lieberman asked if they were going into Executive Session today.

Mayor Scruggs stated she had no idea. She didn't know. She asked Mr. Beasley if he had anything to talk to Council about in Executive Session.

Mayor Scruggs commented that no Council didn't, he said that it's posted and Council has something every Executive Session. Has Council not sat here and she has said, does Council have anything for Executive Session? And Council has been told; no they don't, on numerous occasions. Do you remember that?

Councilmember Lieberman replied yes.

Mayor Scruggs continued that Council always asks, is there anything for Executive Session? It's posted because Council has asked for it to be posted for every meeting.

Councilmember Martinez asked Mr. Beasley if they need to have an Executive Session in view of the fact that it's posted and they have to receive updates every week on on-going negotiations. Therefore, he believes they should have an Executive Session.

Mr. Beasley agreed and stated they did have something to discuss.

Councilmember Lieberman confirmed the Council will be going into Executive Session today.

Mayor Scruggs adjourned the meeting.

ADJOURNMENT

The meeting was adjourned at 5:34 p.m.