



**MINUTES OF THE
GLENDALE CITY COUNCIL BUDGET WORKSHOP SESSION
Council Chambers
5850 West Glendale Avenue
April 17, 2012
8:30 a.m.**

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

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

WORKSHOP SESSION

1. **CITY MANAGER'S FY 2013 RECOMMENDED OPERATING BUDGET AND FY 2013-2022 RECOMMENDED CAPITAL IMPROVEMENT PROGRAM (CIP)**

PRESENTED BY: Sherry M. Schurhammer, Executive Director, Financial Services Department

This is a request for City Council to provide direction regarding the overall FY 2013 recommended budget as explained in the FY 2013 City Manager's Recommended Operating Budget Memo. The City Manager continues to develop the FY 2013 budget and will provide initial budget revenue and expenditure estimates to Council for review, discussion, and subsequent publication on May 14, 2012.

This also is a request for City Council to review a FY 2013-2022 Capital Improvement Plan (CIP) as explained in the FY 2013-2022 City Manager's Recommended Capital Improvement Plan Memo.

The City Manager's recommended operating and capital budget for FY 2013 continues to focus on Council's strategic goals within the constraints of the various funding sources that comprise the operating and capital budgets.

FY 2013 is the fourth consecutive year that the General Fund (GF) shows a gap between GF ongoing revenue and GF ongoing expenses including transfers. The annual shortfalls (before

balancing measures were implemented) that were presented as part of each FY's City Manager's recommended budget are indicated below:

- FY 2010 identified a \$14.4M shortfall
- FY 2011 identified a \$31.6M shortfall
- FY 2012 identified a \$27.1M shortfall
- FY 2013 identifies a \$35M shortfall

The two principal balancing actions used during the recession and the long recovery period to address the GF operating deficits were streamlining service delivery and using GF fund balance to offset GF deficits based on a strategic, business-based approach that was phased in over time. This resulted in a mix of ongoing and one-time measures each FY to balance GF ongoing operating expenses, including transfers, against GF ongoing operating revenues.

The FY 2013 recommended operating and capital budgets provide a multi-year path to improved financial stability as the economy improves and the city grows out of the challenges caused by the recession. On the operating side, the recommended budget provides for:

- Gradual rebuilding of GF fund balance to address the declining GF fund balance that led to a downgrade in the city's bond rating in January 2012. The downgrade is a signal that we must begin rebuilding the city's GF fund balance.
- Continuation of debt service restructuring to establish a payment stream that is more in line with available resources.
- Continued evaluation of departmental operations to increase effectiveness (adding value) and efficiency (maximizing resources)
- Continued stable funding for public safety.
- End of employee furloughs and MOU deferrals.
- Incorporation of retirement rate changes into the base budget.

On the capital side, the recommended budget provides for a path to improved financial stability for the general obligation bond program. One widespread and long-lasting impact of the recent recession is the unprecedented decline in real estate values. While this is true across the country, Arizona is consistently categorized as one of the hardest hit states for real estate value declines, along with California, Nevada and Florida. In Glendale, the impact has been especially challenging. The downward trend is expected to continue through FY 2014 when Glendale's secondary assessed valuation is estimated to drop to \$1.05B, based on the preliminary notices from the Maricopa County Assessor's Office. The \$1.05B low will represent a 52% decline from the peak of \$2.2B in FY 2009. This unprecedented decline was unimaginable just a few years ago and certainly could not have been predicted based on a long history of changes in assessed valuation.

More information about the City Manager's recommended operating and capital budget for FY 2013 is provided in the separate City Manager budget memos (one for the operating budget and a separate one for the capital budget) included in the agenda packet for today's workshop.

In response to Council's request for more time to review the city's budget, six budget workshops were scheduled in February, March and April 2012. The material reviewed at the budget workshops is contained in the budget workbook that was posted with today's meeting agenda.

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

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

The 6th budget workshop occurred on April 3, 2012.

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 for the budget workshops is contained in the budget workbook that was posted with today's meeting agenda.

Staff requests guidance on the FY 2012-13 recommended operating budget and the FY 2013-2022 recommended CIP.

Horatio Skeete, Assistant City Manager, provided a brief summary.

Councilmember Martinez asked if this was the last opportunity they will have to make any changes to the budget. Mr. Skeete stated the hope today is to get sufficient guidance to be able to set the maximum expenditure limit and be able to publish the numbers. The Council can still make changes to the budget after that, however, they can only be reductions in the maximum expenditure limits.

Councilmember Clark asked if the Council still needed to have further discussion, would it be possible to have them a week from today. Mr. Skeete explained that in order to stay on schedule, they need to publish the maximum budget. However, if there is a need for additional discussions and reductions, the Council can still schedule meetings to have those discussions.

Mayor Scruggs clarified that Mr. Skeete was saying that in order to meet the deadline for all the various steps, today is the day that Council would walk out of here and will set the maximum amount for which the city will budget.

Mr. Skeete replied yes.

Mayor Scruggs commented that today is the day that somehow you will gather whether there is support for a tax increase to pay for that.

Mr. Skeete replied yes.

Vice Mayor Frate inquired as to the timeline and schedule for the publication.

Sherry M. Schurhammer, Executive Director, Financial Services Department, explained the calendar was based on the current evening schedule for city council. It shows that in the beginning of this week, staff will need to start their preparation of the FY13 budget schedules. She stated that typically staff needs about a month to work on this area. She noted that beginning at the end of this week to May 12th, would give them only about three weeks to get this accomplished. She added that on May 12th, the budget went to the printer and on May 14th, staff will provide it to Council in preparation for the May 22nd evening meeting. Overall for the budget adoption process, staff needs three evening meetings to meet the state requirements. First is the preliminary budget on May 22nd, then a public notice of public hearing followed by a publication in the newspaper for two weeks. The next evening meeting after that is scheduled for June 2nd, followed by public hearings and adoption of the budget. She added they will also have

a public hearing on the property tax levy; however the levy ordinance cannot be adopted until two weeks later on June 26th.

Mayor Scruggs said that going back to Councilmember Clark's question. She thought it was good to try to find a way to say yes to something. So going back to Councilmember Clark's question and listening to Ms. Schurhammer say staff absolutely has to have the next three weeks to have all their numbers and forms and whatever they do. So then a compromise could be a meeting later this week or two meetings later this week. Or maybe staff has to work a little extra hours or something and they have two weeks and three days instead of three weeks. So she was not comfortable being told, no Council can't meet again if the majority of the group feels they want to meet again. So, that would fit within the restrictions that were handed out to us, wouldn't it Mr. Skeete?

Mr. Skeete stated he never suggested the Council could not meet again and believes there might be further opportunities to make additional changes should they meet again before the publication and final adoption.

Mayor Scruggs asked what was the process that was intended for Council to do today.

Mr. Skeete noted that Ms. Schurhammer and Mr. Bolton will provide their presentations, walking them through the process of the draft recommended budget.

Councilmember Clark asked if Council will have an opportunity ask about attachment reductions proposed by various departments after Ms. Schurhammer's presentation.

Mr. Skeete replied yes.

Mayor Scruggs commented that Councilmember Clark, and she thought Mr. Skeete would agree, she didn't think you have to ask, would Council have the opportunity? This is the opportunity. So then the statement is, once Council hears the global presentation, there are questions. She was still reading some of the material that came to Council late last night.

Ms. Schurhammer provided a PowerPoint presentation on the GF operating budget strategy. Her key points were to minimize impact to core services, restructure city's long-term obligations, align ongoing operating expenditures with projected ongoing operating revenue and rebuild GF fund balance. She noted rebuilding the fund balance was an essential first step for the future. She stated the declining fund balance led to the down grade in the city's bond rating in January of 2012. She referred to a chart showing that peak revenue collected in FY 08 was \$184 million and the low point in FY12 was \$138 million with a decline from FY 11, mostly attributed to state income tax. The \$138 million revenue level on an on-going basis that is expected for this FY was last experienced in FY04. The decline from 2008 to the current FY was \$46 million and a 25% drop from the peak. This revenue decline is directly tied to the recession and the long recovery period. In response to this dramatic revenue decline, the city had taken many actions to cut expenditures. For example between FY09 and FY12, the operating budgets of general fund departments have been cut by 19% or 30 million dollars. With these reductions came the elimination of 273 FTEs or 18% of the general fund staffing.

Mr. Bolton provided a slide presentation on the five year projected expenses. He stated the starting point for FY13 revenue was \$144 million and grew to \$164 million in FY17. On the expenses side, the city was running between \$175 million up to \$192 million in FY17. Therefore, their base budget was running about \$143 million for FY13. However, when they add in the transfers of \$15 million and the arena management fee at \$20 million, they get a total budget of \$178 million.

Councilmember Martinez asked for clarification on the arena management fee. Mr. Bolton explained that based on the current agreement today, the fee should drop in the out year of FY 17. Councilmember Martinez asked if the fee went from \$15 million to \$10 million in the out years beyond FY17. Mr. Skeete explained that the schedule as proposed started with \$20 million, then seven years at \$15 million and another seven years at \$10 million. Councilmember Martinez thought the average was \$15 million. Mr. Skeete stated the average payments over the 20 year period was \$14.5 million.

Mayor Scruggs addressed Mr. Skeete, commenting that she was going to talk about this later but thought it might be a good time to talk about it. She heard Mr. Skeete refer to it as the proposed schedule or the proposed plan. To her recollection, Council has never been presented this formally. The last plan that was presented that she remembers, maybe the others remember something differently, was not those numbers. But that in conversations with Mr. Skeete, she has learned that staff has been negotiating to get to those numbers. She was going to ask him right now, has Council ever seen a document that says, a bidder has agreed to those numbers?

Mr. Skeete stated staff had not formally presented the Council with any documentation on the proposed agreement. However, there have been draft negotiating points that have been presented to them as staff negotiates with the proposed buyers.

Mayor Scruggs commented that her point is that the last time Council was shown anything in slides that they could look at; there were numbers that were higher than what is being talked about right now. So there is no – there is a lot of negotiating going on but what Council was being asked to approve in a budget or to say they would agree to not approve because that comes later. But what Council was being asked to say they would agree to in the budget, Council has nothing that – there has been no agreement to that by any perspective buyer of the team. There are just negotiations.

Mr. Skeete stated the numbers presented last time were slightly higher because at that time, the term of the deal was 21 years and not 20. The numbers included in the draft budget today were numbers that have been unofficially accepted by the buyer as the management fee and the proposed structure for the management fee. The other terms and conditions are still being discussed and negotiated. However, at least they have agreed it will not exceed \$20 million in the first year and the first four years of this agreement.

Councilmember Clark noted that while they were using the \$20 million as a place holder, was there anything in this budget that reflects any opportunities for revenue recovery? Mr. Skeete

indicated that was included in the budget proposals, the revenues that are projected to come from the arena activities are used to offset the debt service for the arena debt. Councilmember Clark clarified that any opportunities for revenue recovery associated with the arena or Westgate would go to offset the debt in the arena. Mr. Skeete replied yes.

Councilmember Lieberman commented on option B on page 16. He remarked on the term lease agreement starting with the \$20 million the first four years and ending with the \$10 million the last four. He explained a possibility that another \$40 million may be involved up front as in the Hulsizer deal. He agrees with Mayor Scruggs that they have not seen exact figures proposed by the current bidder. Therefore, he was not sure of the figures being presented by staff on the arena management fee for accuracy since they have not seen a complete MOU. Mr. Skeete referred to the news article sent to him by Councilmember Lieberman stating the possibility of an additional \$40 million up front. He noted that conversation never occurred between himself, Mr. Jamison or anybody else associated with buying the team.

Councilmember Lieberman stated he was absolutely against giving any individual \$20 million a year since the total amount in 21 years was over \$300 million. He suggested the city ask Mr. Jamison and Mr. Daly about the potential buy. He added they have been on the edge for 10 months now and it was time to bring this to a conclusion.

Councilmember Martinez asked Mr. Beasley to comment on anything new regarding the arena management fee.

Mr. Ed Beasley stated he had discussions early this morning and yesterday evening with the NHL and Mr. Jamison. He said Mr. Jamison feels confident he will be able to bring this matter to a conclusion and was comfortable finalizing his finances. The NHL was also in support of Mr. Jamison and would like for him to stay the course. He added all parties understand the time frame needed regarding the city's budget restraints. Mr. Jamison was prepared to make a statement in the very near future as to what his intentions are regarding this issue. Additionally, Mr. Jamison indicated he was comfortable if the Council wishes to continue the course and adjust that first year payment to \$17 million. He stated this was all just verbally discussed.

Ms. Schurhammer continued with the next slide which explained FY 13 GF operating budget balancing measures. They include evaluated services and adjusted levels of service to available ongoing funding, recommended contractual services where cost effective, evaluated and eliminated vacancies where possible, reduced GF transfers where appropriate, debt service and lease restructuring and revenue opportunities.

Councilmember Lieberman referred to page 16 and the chart summary showing the city's debt service. He said staff was showing the spring training debt service at \$9 million; however, for the last four years in a row, they have paid \$13 million. He was told staff was renegotiating the agreement to drop to \$9 million, but until now he has not seen anything. He asked to see what the principal balance was on this item. Ms. Schurhammer stated she will get that information to him.

Mayor Scruggs commented that she would like to follow up on those questions and in fact that gets to one of the questions that she sent in an email last Friday and she got the responses at 9:30 last night. Last year, and she went back and listened to the budget meeting, restructuring the bond debt was proposed and Councilmember Clark asked a lot of questions about well, how does this happen, and what is the time frame: the sort of questions being asked right now. And the answer was – it will come back to Council, nothing will be done until Council sees it and so forth. So Council adopted a budget building in a lot of debt relief based on bond restructuring. So finally the bonds went to market and things didn't turn out the way that they were anticipated. The city did really well with the sewer and water bonds, did not do very well at all with the MPC bond and GO. Was GO there or just MPC?

Mr. Skeete replied just MPC.

Mayor Scruggs continued so, the city did real well with water and sewer, did not do well at all with MPC which created a new problem because the city had built in lower debt service payments based on the assumption that the restructuring would lower those payments to that amount. That did not happen so now the city had to scurry and find the money to make up that difference. So what is happening now, and believe her, she was trying to find answers as she goes because she did not have a chance to review this. But she asked the question, page 13, continuation of debt service restructuring both options incorporated continuation debt service restructuring was the statement in the material Council was given. So, she asked this was a specific revenue amount, representing proceeds from general fund debt restructuring built into the proposed budget. She was asking this question because of the negative result that occurred this year when the restructuring failed to yield the revenue projection used to balance the FY12 budget. So the answer that Ms. Schurhammer provided is, an expenditure reduction of \$9.6 million is assumed for PFC debt service savings in FY 13 related to debt restructuring. An additional \$500,000 is assumed for additional MPC debt service savings in FY13 related to debt restructuring. So her question – well first of all, she can't support a budget built on this kind of assumption because she did that last year and it did not turn out well. What is the thing about, fool me once, shame on you, fool me twice shame on me? So that is not a valid way to offer a balanced budget. But let's say a majority of the Council did feel comfortable with that expenditure reduction of \$9.6 million in PFC debt savings for FY13, and it did not happen, just like it did not happen this year, for MPC. What would the backup plan be?

Ms. Schurhammer explained staff would have to go back and look at other ways to cut expenditures.

Mayor Scruggs asked so, there is no backup plan. If this happens this way, then the Council will start over and ask everybody to cut their budget. Ms. Schurhammer noted they would have to look at the alternatives they have related to expenditure reductions.

Councilmember Lieberman asked where the debt service payment for the \$25 million used for the NFL showed up on the chart. Ms. Schurhammer explained those figures show up in the transfer's numbers for each of the five years. She noted the transfers shown are comprised of a couple of different things. The transfers pay MPC debt service, HURF bond debt service, non-

discretionary items, GO transportation fund, community action programs, airport, civic center, stadium event operations and sport fields.

Councilmember Lieberman asked if the debt service to the arena was an on-going expense. Ms. Schurhammer explained the GF transfer related to the arena debt service was in the transfer number, but was the net number, after revenue that is generated at the Westgate arena area.

Councilmember Lieberman asked if Cabelas' sales tax went into the payment for the arena. Ms. Schurhammer replied no. She added it was used to offset the debt service on the Zanjero development.

Mayor Scruggs commented so getting back to her question, if this bond restructuring doesn't work, and the city doesn't have a savings of \$9.6 million for PFC debt service, how would that affect this page that Councilmember Lieberman's been talking about that shows the GF transfers? Will the \$9.6 million have to be added to the amounts that Council sees now for GF transfers?

Ms. Schurhammer asked for clarification on her question.

Mayor Scruggs clarified so what this is telling her is this budget that Council was supposed to forward on for possible adoption for 2013 will include an expenditure reduction of \$9.6 million for PFC debt service savings. There is no way Council will know what is going to happen before this budget has to be adopted. So if it does not happen, if the bond market does not like the city's bonds any better than they did this year, then the city won't see a \$9.6 million dollar debt service savings,

Ms. Schurhammer stated that would increase the GF transfer.

Mayor Scruggs said okay so that would increase the GF transfer. So would that be for 2014 where Council shows the \$9 million spring training debt service expense, is that where the \$9.6 million would go?

Ms. Schurhammer replied it would be in 2013.

Mayor Scruggs asked what is in PFC in 2013. Because this isn't MPC and the arena is MPC bonds, is that correct?

Ms. Schurhammer replied yes.

Mayor Scruggs asked what is in PFC bonds besides Camelback Ranch.

Mr. Skeete stated no other bond obligation other than Camelback Ranch was in the PFC.

Mayor Scruggs asked so then why would it increase the GF transfers in 2013 if all of that is for MPC debt? Right now the city shows zero for spring training debt service for 2013.

Mr. Skeete stated that for the first four years they funded the debt service payments and the difference between the \$9 million and the \$13 million is the remainder of that funded reserve account that will offset the account. He added there was still \$3 or \$4 million in that account for the debt service.

Mayor Scruggs clarified so the reason why there is zero in 2013 is because there is \$3 million in reserves.

Mr. Skeete explained there was some reserve funding to apply to that account.

Mayor Scruggs commented so now her question becomes again, if this does not happen, because she thought the MPC debt – there is a lot of revenue coming into support that, there is a lot of good stuff going on there. The PFC debt, the Camelback Ranch thing, if the bond market didn't look good with the MPC as being very good, why would they give the city \$9.6 million? And that's a \$9.6 million savings for year one only. It's for only one year, right, not for every year?

Mr. Skeete noted this was not a savings but a deferred payment. Therefore, it was basically refunding the payment for next year.

Mayor Scruggs said let her read Ms. Schurhammer's answer. And then if someone can explain to her, because clearly she was getting this wrong. "An expenditure reduction of \$9.6 million is assumed for PFC debt service savings in 2013 related to debt restructuring". So she guessed she answered her own question, it's a one-time savings. And if that doesn't happen, then the next step would be to look at the GF to find more money to send to pay the debt.

Mayor Scruggs asked how much would be asked to be restructured to get this one-time \$9.6 million dollars.

Mr. Skeete explained the spring training facility was structured with a bond opportunity intention to call for all outstanding bonds and refund them over a new life cycle of 20 to 25 years. Therefore, it would be close to the \$180 million that would be refunded starting next year in order to realize those savings.

Mayor Scruggs asked if he happened to remember what the interest rate is right now on those A and B series bonds.

Mr. Skeete asked Ms. Schurhammer to provide that information.

Mayor Scruggs commented that would be important she thought because in order to do the refunding legally, the city has to realize a savings, otherwise the city would not be allowed to restructure. Is that correct? She read that in some of this material, correct?

Mr. Skeete noted that was typically correct unless there was a call option that was available.

Mayor Scruggs commented that even if the interest rate went up, but it was better – she doesn't know why it would be better - it could still be done because of the call option.

Ms. Schurhammer explained for the B series the interest rate accrues at rates ranging from 5% to 7%. In the A series, the rate was 6% to 7%. In the C series, the rate was 7.5%.

Mayor Scruggs asked what is in the C series.

Mr. Skeete stated the C series was for the infrastructure for the roadway around the baseball stadium.

Mayor Scruggs asked if the city was going to try and refund the C series. It will only be the A and B series.

Mr. Skeete explained the preliminary market shows those were the two that were the most receptive.

Mayor Scruggs commented that when Mr. Skeete says that he will exercise the call option, it's not like anybody has to buy this stuff right? She clarified that if nobody is interested, the city exercised the call option, it goes away and life just goes on at the same interest rates. Is that correct?

Mr. Skeete replied yes.

Councilmember Lieberman commented on the debt service infrastructure.

Mr. Skeete explained the total amount of PFC debt was about \$200 million, which included the A, B and C series. He added the \$13 million in debt service included all of the payments.

Councilmember Lieberman stated he had a hard time believing that on a long term loan in the first four years, they paid off \$33 million in principal. He noted that did not figure out since the first four years, 94% of it was interest rather than principal. Mr. Skeete stated the first four years of payments all went to principal. Councilmember Lieberman said he just proved his point. Mr. Skeete stated staff will provide Council the detailed schedule for the PFC that outlines the principal amount borrowed, the interest rates, and the payment plan for the 25 year cycle. He indicated there have been a lot of numbers tossed around. As a result, it has become very confusing to try and explain further. However, staff will provide that information.

Ms. Schurhammer continued her slide presentation on the FY 13 GF projection. They are as follows:

Projected Revenue and Fund Balance =	\$148M
Total Expenses BEFORE Transfers =	\$143M
Total Transfers =	<u>\$35M</u>
Total Expenses & Transfers =	\$178M

GF Fund Balance/Contingency = \$5M
Projected Shortfall = \$35M

Councilmember Clark commented the transfers were basically debt payments. Ms. Schurhammer agreed most of it was payments. Councilmember Clark stated that when looking at the \$35 million shortfall, what it all came down to was they had to seek ways to pay for their debt for Camelback Ranch and the debt to pay for the arena. She noted that however that was accomplished; this will be an ongoing issue and not an issue that was going to stop when they figure it out for this year. This will occur until the economy turns around and revenues improve for the city. Until this happens, they are going to be dealing with finding ways to pay the transfers annually. Ms. Schurhammer stated she was correct.

Mayor Scruggs commented that there would be one addition. She said the city would have to deal with it until revenues go up or expenses go down.

Councilmember Clark agreed.

Ms. Schurhammer continued providing information on the FY GF proposed balancing plan. It is as follows:

Grow Fund Balance to \$5M
Reduce Operating Expenses by \$8M
Sales Tax Increase of 8/10ths = \$26M
Remaining Shortfall = \$1M

Councilmember Clark inquired if they have expended the \$11 million in the fund balance and now staff was proposing to build it up to \$5 million or was that in addition? Ms. Schurhammer stated it was not an additional \$5 million. Councilmember Clark asked what happened to the original \$11 million in the fund balance. Ms. Schurhammer explained the FY 12 budget included a drawdown of the fund balance as part of the budget. She noted it went from \$11 million to \$4 million. Councilmember Clark said that if they added the \$4 million to the \$5 million proposed, they would not even make it to the \$11 million they had before. Ms. Schurhammer replied no. She explained what they were showing was it would grow from \$4 million to \$5 million. Councilmember Clark replied that was really awful.

Mayor Scruggs asked if the sales tax increase will be going to other expenses that are put in the draft budget and only \$1 million will go to fund balance?

Mr. Skeete stated she was correct.

Mayor Scruggs continued that's an interesting situation because if that gun everywhere bill goes through without a veto, the city will probably spend \$1 million to \$2 million just getting all of the buildings set up to accommodate that new legislation. So that would drop right back down again. Okay, she was going to bring up – Council was going to talk, she was sure, about the sales tax increase at great length or maybe not. But at some point she wanted to bring up that bed tax

issue that was not explained in the material here but Council started getting information about. Is this a good time to do that?

Mr. Skeete replied yes.

Mayor Scruggs commented that she knew Council received an email yesterday from this Anthony Piersanti saying that they supported the bed tax, but now they didn't and he withdraws his support. She commented that she would look to see who it went to. Anthony Piersanti at HospitalityHelpers.com. "Dear Councilmembers and fellow Glendale residents". Okay, the bottom line is that they supported an increase in the bed tax and now they don't. So then she got, at almost 5:00 p.m. last night, a letter from Lynn Green, General Manager of the Renaissance Hotel. Okay and she went into detail about – now she was going to just say that – you know that after the volunteer recognition event last Friday and Councilmember Knaack and Councilmember Martinez and Councilmember Clark were talking to Mr. Skeete for quite a while afterwards and she waited behind and she wanted to talk to him and in the course of discussing a number of different items about the budget, this bed tax issue came up. And she said what bed tax and he said well, the city was looking at putting a bed tax on, but it has to go to tourism and the hospitality lodging people don't want it to go to tourism so now they don't want to do the bed tax because it's going to go to the general fund. And she had not heard any of this, she didn't know if any of you had heard anything. So this kind of went over her head because there were other bigger things. Then Mr. Piersanti's letter came and Lynn's letter came. So she called Lynn and talked to her at great length and she asked her, Lynn is it alright if she gives information on this conversation to the Council at the meeting tomorrow. And she said absolutely.

Mayor Scruggs continued s here is what it says. "During the summer of 2011, I met with City Manager Ed Beasley to discuss increasing our bed tax rate from 3.4% to 5%. We had agreed that the additional 1.6% bed tax increase would be given to the Glendale Convention and Visitors Bureau to assist them in promoting the City of Glendale and attracting new business. Through their marketing efforts, the Glendale CVB provides many new leads to the hotels in the city of Glendale. The Glendale CVB is an important marketing tool to attract out of town visitors to our community and we believe that more funds can increase visitors to our area. We were recently informed that the bed rate tax increase would not be used solely for the Glendale CVB but would provide additional revenue to the City of Glendale. That was not the discussion that I and the City Manager had. I personally called the Glendale hotels and in detail explained why and what the additional tax could do for the city and the Glendale hotels. We were able to get 100% support from each hotel. I can assure you that all hotels will not support any other direction. We are a growing city and we need an organization to market our businesses. The Glendale CVB has been doing a great job at promoting our city and our hotels, but they can do a better job with additional funding. The city of Glendale has a lot to offer and we need to assist the Glendale CVB in promoting our city and make the city of Glendale one of the top tourist destinations of Arizona."

Mayor Scruggs continued she talked to her at great length, and she unequivocally stated as did Mr. Piersanti that all of the hotels in Glendale will oppose this bed tax increase if it goes to the general fund. Which of course, they could oppose it. And you can all sit up here and approve it anyway. But the ill will that would be created is not good. Now what Lynn timer did do is she resold me on the whole CVB thing. This should make someone in the audience kind of happy because she really didn't understand what the CVB was doing and the general fund use and so forth. But according to Ms. Green she thinks this will bring in about a half million dollars a year. So for tourism that's good, but for the general fund, you would have to back it out of the total. Because she asked Mr. Skeete, is it in the total sales tax increase figure? And he said yes. So it would have to be backed out of the sales tax general fund sales tax interest, sales tax revenue and put over into tourism where it should be used. She said there needs to be an advisory board so it's not used at staff's direction, it should include the members of the hospitality industry.

Mayor Scruggs continued but she gave me a specific example where a bid conference, a 3000 member conference that has been going to Jobing.com arena for several years will not be going this year because Jobing.com arena doesn't see it as something good for them. But the hospitality, the lodging industry and the restaurants see it as really good for them. They get 3000 people on campus for a week. So it was lost to Phoenix because Jobing.com didn't think it was a good deal for them. So what Lynn timer said was that CVB money can be used to help cover some of those hurdles like that. So that lets say, you know that Jobing.com wanted \$35,000 a day, which evidently was very out of line. So if they were provided say with \$35,000 from the CVB they would come out and you'd have 3000 people now renting hotel rooms, buying food, shopping at Tanger doing this and the other thing. So the money comes back and keeps replenishing itself. So she spent close to an hour on the phone with her to understand how a CVB was suppose to work right now and she believed from Ms. Frisoni's information she gave us, right now the funding is less than \$30,000 a year. So it needs this kind of infusion from the industry that it's supposed to be helping. Her bottom line here is, this is something that Council should have been told about, Council should have known about, and now that she knows about it and knows that Lynn timer met with every single hotel property in Glendale and they all support this bed tax increase. So Mayor Scruggs would support it too if it goes to the CVB as Lynn timer believed it was when she went out and sold it to everybody.

Mayor Scruggs commented that the point being made is that, and they have ideas on how they would like to spend the money that might be different from how tourism dollars are being spent now. But the idea is that the Phoenix CVB is funded millions of dollars a year. And the Scottsdale CVB is funded millions of dollars year. So they are all working to attract all of the tourists and visitors to their hotels and out their way and Glendale was sitting here with \$29,000 a year or whatever it is a year. So her point was that this is a normal. And she can't believe that she was actually supporting a tax increase, but anyway. But the industry said it would only be on that one industry and they say they want it. And her point was, this is normal and customary throughout the United States. This is what hotels are used to. But Glendale doesn't have it here and her point is the city was really losing out. They are losing business, the city was losing revenue. And if used appropriately, the revenue that comes back should pretty much match what's going out or exceed it actually.

Vice Mayor Frate stated he would support the bed tax on the information provided by Mayor Scruggs. He believes that raising the bed tax by that percentage would be comparable to what other cities charge.

Mayor Scruggs commented that she thought Council should discuss this as a component of the whole sales tax issue, but since numbers were being put up from what the city would get from sales tax and since part of that total figure includes this element that – she didn't know that the city really wants the lodging industry in Glendale to feel – the words she used was – you would lose credibility. She didn't know if the city wants to lose credibility.

Councilmember Lieberman commented on a newspaper article showing that Glendale was one of the top city sales tax collectors in the state and nation. He explained that the two car dealers in Glendale had called him in regards to this. He noted that Glendale was the highest priced sales tax city in Arizona. He remarked the city was \$35 million behind and the car dealers were worried about how much they will lose in sales. However, he does not have any other solutions. He said a reporter asked him how he felt about all this and he told him he was scared to death.

Mayor Scruggs said she would like to go back and clarify. When she talked previously she was not talking anything about any support whatsoever for the 8/10th of a cent city sales tax. And many of you in the audience, you talked to her and know where she stood on that. She was talking only about this bed tax issue which has not been separated out for Council. Because somebody brought it to her attention and was saying that that component which goes only to a certain industry that wants it, should be backed out of the total \$26 million figure that was shown on the chart if the city was going to do it and moved over totally to CVB, not to general fund. She was not in any way talking about the 8/10th of a cent that would put the city of Glendale in between Peoria's 1.8% and Phoenix's – her chart here says 2% but she thought it was 2.2%. That's a whole different topic Council would be getting to later and there are solutions to that, there are alternatives.

Councilmember Lieberman stated that Phoenix and Tempe were at 2%. El Mirage and Buckeye, Carefree and Cave Creek are at 3%. He stated the 8/10th of a percent would put Glendale exactly with El Mirage, Buckeye and Cave Creek.

Mr. Bolton provided a summarized list of proposed recommended reductions for the operating budget. He stated staff only listed the top 10 out of 20 main departments in the city. He noted the total reduction was 6% overall.

Councilmember Clark stated that what concerns her in the public safety was that police services were able to come up with 3.7% reduction. Fire services came up with .7%. She expected to see the fire number larger in terms of reductions than what they are proposing.

Councilmember Martinez stated he supports reinstating the furloughs for everyone. He indicated that was probably still not enough to avoid the proposed layoffs but at least it could save some jobs.

Ms. Schurhammer stated that for the GF a 2.5% furlough similar to what was being done this year would equate to about \$1.2 million. Councilmember Martinez noted he would like to reinstate it to the full 5%. Ms. Schurhammer noted the savings would then be \$2.4 million.

Councilmember Clark asked how much this would save in terms of layoffs. Mr. Skeete suggested that Council look for additional revenues and cuts in service areas rather than employee numbers. He noted that in his estimate, this would affect 30 employees. Councilmember Martinez asked if the \$2.4 million would save 30 FTEs. Mr. Skeete replied yes.

Councilmember Clark asked if all vacancies had been eliminated at this point. Ms. Schurhammer stated the Council will see 36 vacant or soon to be vacant positions. She added that out of the 88 positions, a little over 36 are vacant. Councilmember Clark asked about the status of frozen positions. Ms. Schurhammer stated they will all be eliminated. Councilmember Clark summarized that staff had no vacant or frozen positions in this upcoming budget. Ms. Schurhammer explained there might still be some vacant positions in the GF because of pending recruitments. Mr. Skeete interjected adding there were still vacant positions included in the budget. Councilmember Clark said would like to know how many vacant positions they were holding and why since this makes a difference in laying off people.

Councilmember Martinez noted that as he understands it, some positions were critical. Councilmember Clark remarked that no position was that critical when they have been vacant and the city has still functioned.

Mr. Jim Brown, Interim Human Resources Director, stated the total vacancies in the GF and generally were 49.5. Councilmember Clark asked how many were in each fund. Mr. Brown stated 45 were in the GF and 4 in HURF. Councilmember Clark reiterated that they should be eliminated. Mr. Brown added that of the 49.5, 14 are included in the elimination list. Therefore the total was 35.75 vacant positions. Councilmember Clark remarked she heard that 30 positions are worth \$2.4 million and eliminating them will help with cost reduction.

Mayor Scruggs commented let me see if she follows this, and you know, you need to check your numbers because one of the papers that was sent to Council last night, has a department reducing themselves from seven to four but moving the other three to someplace else, they've already taken credit for reduction of FTEs. So there is still movement going on. You're talking about eliminating the 49.5 totally. Okay and she thought she heard Ms. Schurhammer say you could use \$80,000 as the average figure loaded cost for an employee's salary, benefits, etc. Did she hear that correctly? Ms. Schurhammer replied yes.

Mayor Scruggs continued what is happening is you are taking say 50 minus 14 is 36, right? And that's \$2.8 million, is what your proposing, just be eliminated? Seems like we have been talking about this, you know and it really gets back to something Mr. Skeete said in the very beginning. He said every city got hit with this recession thing at the same time, and others chose to go about solving their problem in a different way. Mesa just went full steam ahead and did what they needed to do the first year and now we read about how great everything is over at Mesa and so

forth. But Glendale took another approach, which was save every job as long as we could and so now we are here in this situation. But she remembered Council talking in budget workshops about vacant positions and getting them off the books and fought like crazy. She remembered Pam Kavanaugh was the Assistant City Manager, fought like crazy; no management has to have that discretion, and that flexibility. So the budget kept going on year after year at an unsustainable level. Instead of addressing the problem head on and that's why it's the way it is right now. So what is being proposed is the same thing Council talked about three years ago at least, maybe four. Just take those vacancies out. Did she understand correctly? Yes.

Councilmember Knaack stated she was curious to see where those vacancies were and in what departments. She would like to know if any of those were in public safety.

Mayor Scruggs asked if she would like to know for sworn or non-sworn.

Councilmember Knaack said she would like to know for both. Mr. Brown stated they had 20 sworn and non-sworn vacant positions in the police department.

Mayor Scruggs commented that before you go away from that, could you answer if the 12 officer positions are different from when Council was presented this reduction list – this memo attachment – whatever it is here in the book. It says reduction in staffing through elimination of 10 vacant police officers positions. The impact of these vacancies will be minimal since many of the positions have been vacant for nearly one year. Adjustments to deployment are made continually based on service to man levels to insure public safety needs are met throughout the city. So are those 10 in addition to these 12 that you just said or are they included?

Mr. Brown stated those 10 would be an addition.

Mayor Scruggs continued those 10 would still be gone and these 12 would be left vacant.

Mr. Brown stated the fire department had five vacancies.

Councilmember Clark noted she wanted to revise her statement and keep those 12 vacant positions and the three fire positions.

Mr. Skeete stated he would like to caution the process of simply eliminating all the vacant positions without an analysis. He said it was important the city had sufficient firefighters and police officers to provide the service levels identified by the respective chiefs. He added this also went for some of the other areas as well. He explained staff would be happy to explain why they need what they need if that should be the case. He reiterated it was very important that they not just simply eliminate them without knowing whether or not the services can be delivered without those vacancies.

Councilmember Clark stated that apparently the city was functioning well without them now and the sky was not falling in. She explained that the process of analyzing each position does not carry any weight right now. She remarked that when they look at where they are right now, they

need to give up those positions. She said that eliminating some of those vacant positions goes to keeping people from being laid off, therefore, she was all for it. Mr. Skeete agrees with Councilmember Clark on not keeping a vacancy that has been vacant for six months. However, does not agree with a vacancy that has just been created.

Councilmember Alvarez stated she did not see any layoffs proposed from upper management, just lower level workers. She noted the City Attorney's office did not provide any reduction. She believes they need to look at the Attorney's office for consulting fees totaling \$510,000 and not just look at lower wage earners. She stated that one of the people being considered for elimination was a person suffering from cancer. She remarked staff targeted reductions in leisure community services, which was unacceptable.

The Council had a summary discussion of the vacancies reported earlier by Mr. Brown for Council Lieberman since he was out of the room when this was discussed.

Councilmember Martinez asked for the number of vacancies that can be eliminated. Ms. Schurhammer stated that figure was 36.25 out of the 88.25 positions identified soon to be vacant or vacant.

Councilmember Clark noted that between GF and HURF, they have 49.75 vacancies and 14 of those have been eliminated and are reflected in the budget which leaves 35.75. Of that 35.75, she would like to subtract the 15 for fire and police which leaves 20.75. Therefore, 20.75 vacancies can come out of this year's budget.

Mayor Scruggs commented that she thought what Mr. Skeete has been telling Council is that some of these may need a closer look, like for example a police communication specialist, she assumes it's somebody in 911. So that may be someone you don't want to say, well just do away with that. She thought staff was trying to tell Council that some of these might require a certain skill level. Well she was not going to justify what management was saying anymore at all.

Councilmember Knaack stated she agreed with Councilmember Clark at some point, however, she also thinks they need to be very careful about what vacancies they eliminate because they don't know which ones are crucial and need to be filled. She asked for more information on which were recently vacated and which had been vacant for at least a year. Mr. Skeete stated he would be happy to provide Council with that information as soon as tomorrow.

Councilmember Clark noted that to achieve any consensus requires another meeting. Mr. Skeete indicated he will try and provide that information by the end of meeting today if possible.

Councilmember Alvarez asked if staff had hired anyone recently. Mr. Skeete replied there had been a few hires that were currently in the recruitment process. Councilmember Alvarez asked to see where those hires went to and in which department.

Mayor Scruggs stated she would like to make a couple of comments. And she would make these again when Council gets to the discussion of whether Council would be building a budget based

on the sales tax increase. She thought it was important to think about right now. These decisions that are going to be made are extremely important in that this entire budget is built on assuming certain things will be happening. Council assumes there will be debt service reduction of \$9.6 million and won't have to take that out of the GF. Council was being asked to move forward on a budget that assumes four members of this Council will sit up here and vote to increase the sales tax in this city without even going to talk to any of the businesses or having public hearings. Council assumes that a citizen, a member of the community or members of the community will not file a referendum on a sales tax increase if one is voted in by Council. . This entire budget right now is being built on assumptions that everything will fall right in line. So if the number is kept up high, based on assumptions that Council may not know the answer to for six months. Council was being asked to set up a situation that could create a need to take very, very drastic actions in a short amount of time. What actions might be taken right now and moving this around moving that around, doing this doing that might create newer problems later on. She had never had a budget presented to her based on assuming things are going to happen a certain way and that people either take an action or not take an action that topples over the apple cart. She will talk about this more when Council gets to the sales tax increase, but she would like to put that out there as everybody sits around and thinks about, put these positions back in, take these out, swap these back and forth. There are very serious ramifications.

Councilmember Lieberman commented on the list of consultants provided some time back by staff. He asked to see a list of all the consultants and which were eliminated but not just in the city's manager's office.

Ms. Schurhammer listed the consultants that have been eliminated.

Councilmember Clark asked to discuss the CVB issue again. She stated it was her understanding that the CVB promotes the entire west valley not just the city of Glendale. She asked what other cities do with their bed tax. She wondered if the CVB bed tax would be exclusively for promoting Glendale hotels or would it be used generally to promote all hotels in the west valley. She hopes to have answers to these questions by this afternoon if possible.

Mayor Scruggs commented that she was sure that the other cities do not send their bed tax over and the whole point of this is, if you lump in the bed tax into the GF, you have created ill will among hotel operators in the city.

Councilmember Alvarez wondered if they could discuss reductions for each department since staff did not provide much information. She said if they were to go through each one, they might come out with more money. She sees a lot of areas in which to cut and thought they had been cut.

Mayor Scruggs asked if that is what Council would all like to do. Yes.

Councilmember Clark requested to know the amount being spent on car and phone allowances subsidies.

Mayor Scruggs commented that it was in the stuff that we got last night she thought.

Councilmember Clark noted she did not recall seeing a dollar amount associated with that. She was concerned that certain staff members received \$100 a month while others receive only \$50. Ms. Schurhammer stated the information for car allowance was on a chart on page 3 of the document that Mr. Skeete sent last night. She added the \$93,900 represented all funds not just GF. Councilmember Clark suggested they look at eliminating the \$93,900 as well as phone allowances. She stated that every penny counts at this point.

Councilmember Knaack explained that at every meeting, staff has said they were looking for Council's guidance, however, to be honest; her input was hardly listened to. And in looking at these figures; she is not even clear at what she was looking at since there was no breakdown. She said this was all very frustrating and so far there was no way she was voting for this budget as presented.

Councilmember Martinez asked what the specialty pay was in the amount of \$891,866. Mr. Skeete stated the majority of those funds were specialty pay for public safety officials for the public safety department both in fire and police.

Mayor Scruggs commented the public record was already provided so if you just want to get it at lunch and give it to whoever wants it, but she thought they had all seen it before. You know it's interesting, Council went through two months of these meetings, two months Council sat here. And what Council asked for was for each department – well what was asked was for each department to provide service alternatives. And other than, Mr. Strunk wherever he is, but she remembered Mr. Strunk who just about got his head handed to him for actually putting in service alternatives because he was asked to do it. No one ever had any service alternatives because the world was going to fall apart if things did not continue exactly the same way as they have been all along. So now all of a sudden, Council has key service reductions so it seems like things can be different but two months was wasted. Now Council has to do this today because budget has to spend three weeks working to put this all together to go to the printers. And so Council has to decide today but like Councilmember Knaack said Council had been asked for their guidance, and she gave 20 ideas. They didn't quite get over here. So she didn't know what staff wanted Council to do, they could go line by line but they were not going to find that kind of difference except for one very, very, very large item that's put in the draft budget which can be removed which will really help us a great deal. So Council can do it however staff wants but what she was going to suggest, is that everybody decide what they'd like to do. Its 11:15, take a break for lunch and then come back with a plan as to how to spend the afternoon. What Council would like to do with the afternoon and give staff some time to get the information you like.

Councilmember Clark indicated she would like to spend the afternoon going through these recommended department reductions and perhaps give specific direction on where they expect to see further reductions. She also proposed to have a second meeting on this since she does not think it could be done today.

Councilmember Lieberman stated he would like a full discussion on the tax issue.

Councilmember Martinez stated he supports another meeting and would prefer Saturday if that was acceptable to everyone.

Mayor Scruggs summarized Council wants to go through the 2013 summary of key service reductions – all funds. And to suggest other reductions that are not here now. And Council wants to have a full on discussion of the proposed sales tax.

Councilmember Martinez would like a resolution on the furlough situation.

Councilmember Alvarez would like to see more information on the bilingual pay.

Mayor Scruggs commented that she would like the manager to give some information on his negotiations with the public safety unions on their MOUs. She read this article on April 17th which is today on AZCentral.com. The Phoenix city council is going to vote on new contracts with four employee labor groups tomorrow. But she didn't think Council votes here on labor contracts. It says here that the labor contracts will restore half of the pay that was cut two years ago. The contracts would increase employee pay and benefits by 1.6 percent for the coming 2012-13 fiscal year, which begins July 1. The latest two-year contracts, if approved, call for restoring the remainder of the pay cut in fiscal year 2013-14 if certain economic conditions are met. For example, employees will only get the additional 1.6 percent pay increase in the second year of the contract if: the city maintains its AAA bond rating; continues to expand direct services to the public in 2013-14; the city's 2012-13 general fund revenue collections are equal to that adopted in the 2011-12 budget; there is no budget shortfall or cuts to state-shared revenue; and the city finds an additional \$5 million in savings through innovation and efficiencies. And she would like for the manager to tell Council if the contracts that have been negotiated have conditions or criteria attached to them as Phoenix's do. Thank you.

Mr. Beasley stated the city had a meet and confer agreement subject to a Council vote of the overall amount of the budget. He noted it was all subject to budget capacity.

Mayor Scruggs commented that it should be discussed after the break. All subject to the budget because they are very specific so it goes back again to what she raised if this proposed 8/10th of a sales tax increase does not get four votes, or if it get four votes but its referred to the ballot in November and is overturn by the citizens, what happens then?

Mr. Beasley stated it was all subject to the budget and it will all depend on that.

Mayor Scruggs recessed the meeting to reconvene at 1:00 p.m.

Mayor Scruggs called the meeting back to order. She asked if Councilmembers would like to begin. She commented that her understanding was Council wanted to go item by item on the reductions sheet that was given as attachment 2. Is that correct? Is that what you want to do? And would you like Mr. Skeete to lead us through that? She stated that she would like that.

Mr. Skeete stated that before they get into the details of the reductions sheet. He would like to make a few comments and clarify some details that were left on the table. He asked Ms. Schurhammer to begin with her comments first.

Ms. Schurhammer stated she would like this opportunity to clear up what might have been some confusion. She said staff did listen to Council's comments and recommendations and they will find evidence of this with the follow-up memos provided. In today's agenda packet there was a memo from Erick Strunk. In the memo, he laid out retaining the library hours at the current 1100 per week, implementing deductions related to custodial service and eliminating all funding for community events at the library. She said these were some of the recommendations that had been provided by Councilmembers. She discussed other memos that relate to cost recovery recommendations. Another area she wanted to clarify was the budget process. She said the budget was essentially a plan based on the best information they have available at the time they put it together. The FY13 budget plan shows a shortfall of \$35 million between on-going revenue and on-going expenses including transfers. The shortfall was attributed to the debt issues they have that are paid out of the GF.

Mr. Skeete indicated that earlier today, it was mentioned that this budget was built on a number of assumptions. He would like to expand and clarify some issues on this matter. The budget is built on the assumption that there will be a resolution to the arena management situation. The budget also includes the resolution of the PFC debt. This budget document also assumes between a 1% and 1.5% revenue in some of the key GF items. The assumption was that some combination of current reductions in the GF expenses of \$8 million was built in. It also assumes the concessions and furloughs for employees are reinstated. However, as they move forward with this process, adjustments can be made by Council. He explained the PFC bond structure as per Councilmember Lieberman's earlier comments.

Mr. Skeete explained the specialty pay that was asked about earlier. He stated employees included in the specialty pay were for paramedics, HALO, hazard material and TRC technology. The police specialty pay includes hazard duty, canine handling and uniform allowance. The people currently receiving bilingual pay in the organization was 120.

Mr. Skeete stated another issue was cell phone allowance. There are currently 232 employees receiving phone allowance. There are two tiers for phone allowance, one executive and the other a regular cell phone. The total pay for cell phone allowances was \$151,000 a year. The car allowance was paid to 23 executives in the organization for a total of \$193,900.

Councilmember Clark noted the total for car and cell phones was \$244,000.

Mayor Scruggs commented that for probably the majority of the 232 that get cell phones allowances, you can take away their phone in their office and it would be missed a whole lot less than taking away their cell phone. It took her forever to change over to a blackberry. But she receives texts and gets information instantaneously; you can find people much more easily by calling their cell phone than in their office. They are hardly in their office so she thought in this

time in society to say to people in the kinds of positions these folks are in that they can work without a cell phone is not realistic.

Councilmember Clark commented she paid for her own cell phone and suspects many Councilmembers do as well. She said a cell phone was no longer a luxury but a necessity. She believes a cell phone allowance isn't necessary at this point.

Mr. Skeete asked Mr. Brown to address the things covered in the MOU. He noted no agreement between the city manager and the representative for the employees have been ratified. He added staff was not at liberty to discuss in great detail the specifics of the MOU.

Mr. Brown asked to add to an earlier discussion regarding the 47.5 vacancies. He clarified there were 12 police officers on the list of vacancies. The 10 discussed were actually included in those 12. Therefore, the total vacancies were 17.5 in the GF and staff believes they can eliminate 14 of those 17.5 positions. The other positions left are considered highly skilled positions.

Mayor Scruggs stated that it was not clear. This morning, from her notes, GF police, Mr. Brown told Council there were 18 vacancies. Of those, 12 were officer positions. Then she asked, were those 12 in addition to the 10 that were listed for reduction in the memo or were those 10 incorporated in the 12. Mr. Brown had said no, these are 12 in addition to the 10 that are in the reduction memo that Council received. She asked if Mr. Brown was changing that statement.

Mr. Brown replied yes. He said the 10 should be incorporated into the 12 that were discussed earlier today.

Mayor Scruggs continued 10 of those have already been offered up for reductions in the memo that Council has. So that left only two that really could be considered vacancies. Does everybody understand?

Councilmember Knaack wondered as to the other vacancies and asked if those were also included in the 49.75. Mr. Brown explained staff took out from the vacancy list any public safety vacancies with the remainder being non public safety which came to a total of 17.75.

Councilmember Clark asked if the vacancies that were taken out were sworn or non-sworn positions. Mr. Brown stated there were both.

Vice Mayor Frate suggested Mr. Brown put these figures down in a memo for the Council to review since there have been so many numbers thrown around. Mr. Brown agreed.

Councilmember Martinez asked what department the 3.75 critical positions were for. Mr. Brown stated the positions were for an assistant city prosecutor, a systems analyst in IT and someone in building maintenance.

Councilmember Martinez asked if the court vacancies were included in these figures. Mr. Brown explained those recruitments were internal.

Mayor Scruggs stated that she wanted to have her notes clear before Mr. Brown left. She asked if when she looked in the attachment to police services, reduction in staffing through eliminating of 10 vacant police officer positions, if those 10 are part of the 12 that they have been talking about.

Mr. Brown replied yes.

Mayor Scruggs asked then how many other sworn vacancies are being given up. She asked if the city was giving up someone to the public safety tax too. Or are these the public safety? Which tax are they?

Mr. Brown stated these were all general fund positions.

Mayor Scruggs asked then are there vacant positions given up under the public safety tax also?

Ms. Schurhammer replied no.

Mayor Scruggs continued totally the city is losing either 10 or 12 sworn vacancies, is that the final answer?

Ms. Schurhammer explained further.

Mayor Scruggs clarified but when Council talks about all these other vacancies and let's do away with all the vacancies. How many more sworn positions are in this number that started at 88 and keeps moving all over the place? How many more sworn positions are in this number besides the 10?

Ms. Schurhammer replied two.

Mayor Scruggs commented okay that's the final number.

Mr. Skeete noted it was staff's recommendation that those two stay and not be cut. He added staff was also recommending that all of the vacancies that are available to be funded from the public safety sales tax fund be kept and be funded and filled.

Councilmember Alvarez asked how much a position cost the city. Ms. Schurhammer replied that as an average it was approximately \$80,000.

Mayor Scruggs commented that Mr. Brown would talk to Council about the MOU.

Mr. Brown stated the consideration for the MOU was the restoration of any deferred compensation that had been given up in the past three years. Another component was restoration of retention pay based on years of service for either police or fire. The other was safety equipment and uniform allowance and consideration of what that allowance would be. And

finally a bilingual pay increase for eligible sworn represented employees. He indicated those were the key components of both police and fire. He added there was an additional component for fire only which was the step increase.

Councilmember Clark inquired as to the purpose of retention pay and if other cities also have this type of pay. Mr. Brown explained retention pay was based on years of service and to retain the employee. He added most cities have this pay and was not unusual in public safety. Councilmember Clark asked how this retention pay was paid. Mr. Brown believes the city pays that twice a year to the employees. Councilmember Clark wondered why this type of pay was paid being the way the economy was and people needing to retain their jobs without incentives anyway.

Mr. Beasley explained this was a very competitive market especially when cities were separated by streets not mountains. He noted if the city does not stay competitive, there will be cities that will pay them to move to their city. Councilmember Clark agreed and understands the process; however, the process does seem weak when people are struggling for jobs at the moment.

Councilmember Martinez asked if retention pay was the same as stability pay. Mr. Brown noted it was very similar. He added that phase was discontinued in 1992, however, employees still with the organization prior to 1992, still receive that pay.

Mayor Scruggs commented that Council tried to talk about stability pay many times and that it's going to be here forever. Whenever the city was lucky enough to hire a police officer who actually makes it all the way through the process, because she forgets the numbers who don't. But remember when Chief Conrad did that report for Council for that assessment thing and he said that the percentage that follows each step along the way. There are very few that make it all the way through. Something like you start with ten and you end up with three or something. Then it's a year until they are actually useful out in the street. So she totally supports – she hopes it's more than \$800 a year that they get for retention pay which is stability that you get after 20 years. But she can certainly see the reason for it. There have been some comments made by various employees who are not part of the fire and police about – there seems to be a distinction – difference how the city compensates sworn officers and firefighters and regular employees in various jobs at all levels. And there is a distinction. And that is that their life is in danger every day. And she personally believes that a premium is due for that. That's her personal belief. Now, she wants to say this but at the same time she was going to say – thank you because the city doesn't have the money to do it anyway. But she did not in any stretch of her imagination understand why fire gets step increases and police don't. She didn't understand that but that's what they have negotiated, that's not her job, staff had talked to them and that must be what they were happy with. But to be able – the competition for police officers in this valley continues to be fierce and she thought that's one reason why the city looks to other states where they can find folks that are already trained and bring them in at a much shorter time to get them started and so forth. But they probably come in at higher rates than somebody brand new. She thought that the city's police pay ranges are still at best in the middle of the pack, probably lower. She asked if Mr. Brown was part of the whole MOU process. She commented that he was doing a good job of trying to explain it, but you really weren't part of it.

Mr. Brown replied no.

Mayor Scruggs commented that she was putting that on the table. So Council asks questions and Mr. Brown doesn't have the answers; it's legitimate because he was not included. This was done by Ms. Carmicle. And she thought Mr. Beasley. She commented that she didn't know why PD is giving up step increases. She said the city couldn't afford them anyway so whatever your representative's reasons were, they had their reasons and that's why you put your trust in them and so that's what she was going to go with. But it bothered her. She asked if Council had any other questions on the whole MOU thing. She then asked if staff had more for Council. No

Councilmember Clark asked about answers to her CVB questions.

Mayor Scruggs commented that she had one other question. She asked about when Ms. Schurhammer directed Council to those memos where she said she did answers to Council's questions. She asked Council if they would like to go to those memos before going through the reductions, or did they want to do the reductions before the memos. Because the memos sort of address some of the same stuff in the reductions but she had forgotten them until she brought it up. Does anybody have any ideas? She asked if Council wished to go through the reductions thing or through the memos. She thought they could do that and staff could direct Council to the memo as they go through the reductions. Because some of them pertain to the reductions. But there are also some revenue opportunities that need to be talked about at some time also.

Councilmember Clark inquired specifically about what was done in other cities regarding the bed tax. Ms. Julie Frisoni, Market Director, stated Mesa received 98% of their city's full bed tax amount. Phoenix receives 20% of the city's bed tax revenue. Scottsdale receives 50% of the city's bed tax revenue. Tempe receives a minimum of \$2 million from their city's bed tax revenue.

Councilmember Clark stated she appreciated this information; however, her concern was that Glendale's convention center serves the entire west valley while Tempe, Scottsdale and others just serve their community. She noted her question was if these city's commit their bed tax to the CVB. Ms. Frisoni noted the funding generated from the bed tax will stay in Glendale; however, it will have a ripple effect on the rest of the west valley. Councilmember Clark clarified for the record that whatever bed tax increase there is, will go exclusively to promote Glendale hotels only. Ms. Frisoni replied yes.

Councilmember Lieberman asked if any went into the GF. Ms. Frisoni replied no.

Mayor Scruggs explained the reason she brought it up is because the hotels only supported it if it goes to the CVB to promote tourism in Glendale, thereby bringing more business to the hotel. A decision was made however, internally, to put it into the GF and that is what got them upset. And they said they won't support an increase if it's just going into the GF because they did this to be like other CVB's to bring money in for tourism. So that is the question. In the budget material,

it says it goes to the GF, the hotels say that is not the deal they thought they were working and they don't support the increased tax if it's not going to be used for tourism.

Mr. Craig Tindall, City Attorney, noted Mayor Scruggs was correct; however, there was a state statute called a discriminatory tax increase on hospitality industries that requires this be dedicated for this purpose.

Mayor Scruggs commented that she remembered that from before because there are very active lobbying group. So why did the city even get involved in this whole mess in the first place if the state statute says, the money is suppose to go right back to them. She thought the car rental people have invoked the same type of state legislative relief in that entities always want to put taxes on car rentals and they call that discriminatory.

Mr. Tindall stated that was the same statute and is included in the definition of hospitality.

Mayor Scruggs commented that she remembered that now. So there is really nothing to talk about. If the city was going to increase the bed tax then the funds have to go to tourism. And Ms. Frisoni says it's going to go to the Glendale CVB and it's only going to promote Glendale lodging establishments, attractions, and conferences whatever.

Mr. Tindall stated there was a small amount that can be used for GF, but that went against what the agreement was in the original conversation.

Mayor Scruggs clarified the Council was going to turn to page two following attachment to FY2013 proposed reductions; Roman numeral ii. She confirmed that Council would like to go through each of the items individually.

Councilmember Clark stated that under the city attorney, city court and city clerk, no adjustments were submitted. She was disappointed to learn that because even the city auditor with only two people managed to reduce professional development by \$500. She indicated that at least this shows a willingness to find some additional money. She would like to see those departments take another look and see where they can find some kind of minimal dollar amount to give up.

Mayor Scruggs commented that in order to have this process be something meaningful – is it if one person wants it it's going to be done or would staff look for consensus. She confirmed that it would be consensus.

Councilmember Martinez said he does not agree with Councilmember Clark. He believes these departments if they could have, would have made further reductions especially in the court system. He does not support this suggestion.

Councilmember Alvarez stated she agrees with Councilmember Clark that everyone should make reductions. She noted there was no differences to the departments that exist within the city. She added that just because they report to the Mayor and Council they should not be excluded. She explained the other departments that provided reduction were also in their own predicament. She

also believes the Council was putting staff into a predicament since they were only doing their jobs in reporting the budget recommendations. She indicated they had nothing to do with why the city did not have enough money. They as a Council assumed many things in the past, however with all that assuming they are now in very bad shape. She believes there has been a lot of blame going around, but feels the blame should be laid on the decision and policy makers. She asked for Council not to punish the department heads and city employees for something that did not work out and was only a recommendation from Council. She noted they should stop casting blame on Mr. Beasley. Mr. Beasley has been a gentleman taking abuse from this Council and they need to stop that process and admit where they made a mistake. She said she admired Mr. Beasley sitting in this meeting taking the blame that was not his to take.

Councilmember Knaack stated she has not heard anyone blaming Mr. Beasley. However, as far as the three areas in question for further reductions, this has already been decided in the previous workshops. The city court, city clerk and city attorney's office were as lean as they could be at this time and there was also the issue of the mandates they were subject to. She does not support the suggestion to further reduce.

Vice Mayor Frate agreed wholeheartedly with Councilmember Knaack. He agrees these departments had certain mandates by law they need to provide. These three areas are the most important by statute having to perform duties for the city. The Council heard their presentations reporting where they have cut and how lean they currently are. He indicated that at this point, they had nothing further to give up.

Councilmember Alvarez agrees with Vice Mayor Frate that possibly they had nothing left to give up; however, the other departments were also in the same situation. Therefore, she does not want them to start playing favorites.

Vice Mayor Frate responded this was not about there being favorite departments; however, if the Council were to take a look at their budgets and what they perform and what is required by law, it is easy to figure out the importance of these three areas. He added Councilmember Alvarez should do her homework first before she makes these kinds of comments.

Councilmember Lieberman asked if the directive issued to reduce by the City Manager applied to these three areas of the city as well.

Mayor Scruggs interjected when Council first started this whole process, there were certain departments that were going to be exempt from this. It was going to be public safety and sanitation, water and sewer. The next time we met on this subject, there was a recommendation made – a statement made by a Councilmember and the majority of the Councilmembers – and she didn't know if someone wanted to look up the minutes while she was talking but this was the way she remembered it. That because their services were mandated, and she will not ever stop giving credit to Judge Finn who sits there, who at any point on any day, can go marching down to superior court and say they are not giving me enough money to run the court. And it wouldn't make any difference what Council has to say about it. She will get more money, but she doesn't because she is a team player. But anyway, this Council gave direction the way she remembered

and she asked Council to confirm the way she remembered it. But the attorney's office, the clerk's office and the court should be exempt from this process that we were doing.

Councilmember Clark said she did not remember hearing that.

Councilmember Knaack remembers agreeing to that when they first brought up the zero based budgeting. She said she was the one suggesting that.

Councilmember Clark stated she remembers they agreed for water, sewer, sanitation and public safety, but not the other three departments.

Councilmember Knaack stated she had brought that up the second time they discussed this issue.

Councilmember Clark reiterated her comment that other departments with less were able to provide further reductions. She noted these three departments had not made the effort to find at least a couple of bucks to throw in the kitty.

Mr. Beasley explained all the departments were in the same boat. As an appointed official, he respects and trusts the professional judgments of the individuals of those departments to say whether they can participate. He noted there has been participation throughout all departments on this matter for the last two to three years and everyone has helped out. He discussed the mandate issues some departments had to abide to.

Councilmember Knaack asked Mr. Beasley to answer if all departments were asked to make cuts in their departments. Mr. Beasley stated that over the last three years every department has made significant cuts. He added he trusts the professional experts to know their area and to decide what they can or can't.

Councilmember Martinez stated they've discussed this long enough and believes there was consensus.

Mayor Scruggs advised that the next item is the City Manager's office.

Councilmember Alvarez asked what the total amount was that the Glendale Chamber of Commerce was going to receive. Mr. Skeete stated the total amount paid to the Chamber this year was \$35,000. Councilmember Alvarez noted that with the \$10,000 reduction, they would only receive \$25,000. Mr. Skeete replied yes. Councilmember Alvarez asked if the city was still going to provide \$100,000 to the Homeless Shelter. Ms. Schurhammer referred to the memo provided on this issue. Mr. Gilbert Lopez, Revitalization Administrator, stated the Homeless Shelter was slated to receive \$51,638 from the GF. This investment returned a total of about \$98,000 to the city. Councilmember Alvarez asked to keep the \$51,638 in Glendale's shelters and churches instead of its intended use in CAST since many organizations were already involved in this effort.

Vice Mayor Frate asked Mr. Lopez to explain CAST as well as how the money was used for the many people in Glendale using this program. He noted there was no way Glendale could ever handle that many people for \$51,000. The reason CAST was successful was because they had many partners putting money into the program which also provides medical and dental among other necessities. Mr. Lopez stated the latest figures they have from CAST was about 818 claimed Glendale as their residence before they became homeless. He noted the estimated value to Glendale if they were to pay for this was \$700,000.

Councilmember Alvarez explained the \$51,000 she was discussing was for the children and adults from Bonsall Park that come to eat and sleep at the Church. The First United Methodist Church has been taking the homeless since the 1970s. She noted the city could make a contract with anybody else if they do not choose this church. However, her point was to take care of people tonight locally not for them to get on a waiting list tomorrow. She believes it would benefit the city to do business with someone local.

Councilmember Knaack noted she supports keeping these funds for CAST.

Vice Mayor Frate explained that the Salvation Army in Glendale will offer any of the people at Bonsall Park a place to stay. They will pick them up today anytime and put them in housing and sometimes, it's permanent housing. He added they could not force people to take advantage of this aid, but it was available.

Mayor Scruggs asked if the city gives the Salvation Army funding. Sounds like they are doing a great job.

Vice Mayor Frate stated they provided funding from the Heart program.

Councilmember Martinez stated he supports the \$51,000 going to CAST and believes it was a great investment. Especially since there was so much need in the community because of the economy that has displaced entire families.

Councilmember Clark expressed her support to keep the funds local. She noted either way, the funding will go to help the homeless, but this will insure Glendale people receive this help first hand. She added she would rather have local control over that money.

Mayor Scruggs commented that she didn't believe there was a majority direction to go forward. She asked if Mr. Lopez still staffed the CDAC. Mr. Lopez replied yes.

Mayor Scruggs commented that this was a topic for them to look at. She commented that it may not bring the best result for Council to make a whole funding decision at this point without having any criteria. Maybe CDAC would want to look into something like this. Would that be appropriate for them or no? Mr. Lopez replied yes.

Mayor Scruggs asked if Council had any additional questions about the City Manager's office.
No

She continued that Council would move to compliance and asset management, city auditor.

Councilmember Clark stated she had nothing other than offered kudos to the departments doing their part.

Mayor Scruggs asked if anyone had any questions about the Warehouse. No.

Mayor Scruggs continued, asking about Communications, Marketing and Cable.

Councilmember Clark addressed her concerns with this part because she had made it clear how important webcasting was and the benefits using that kind of technology was for Glendale. However, she sees in the budget some reduction in funding for website hardware, software programs and licensing renewals in the amount of \$3,000. She wonders if this reduces their website capability. Ms. Frisoni stated it did not.

Councilmember Knaack thanked them for running her water program again since she had mentioned no one had watched it.

Mayor Scruggs commented that the Civic Center offered a number of different reductions. She continued that she had one that she would like to talk about. This is one that actually brings her concern. It's reduced funding for general operating cost including contracted landscape services and building maintenance repair. It says resulting in an increase in xeriscape landscape. She didn't know if everybody has noticed that as you walk up to the civic center, the cracks in the sidewalk, the unevenness, there's holes. And the city has tens of thousands of people coming there all the time. The landscaping, if you can call it that, is just a disaster. So maybe this xeriscape landscape is going to improve that look, but she thought this was an area where the city may end up having some serious problems if they continue to cut because it is in a state of disrepair right now. The trees hang over and hit you in the eye when you walk down the walk way. She added that everyone had been there and had commented on it.

Vice Mayor Frate interjected saying that was something risk management should be looking at.

Mayor Scruggs commented if you can get help from risk management. But what is the thought here by reducing everything \$75,000? Will it look better, worse, the same?

Ms. Frisoni explained the landscape issue and looking at including xeriscape on the exterior of the facility.

Mayor Scruggs continued that she hadn't completed her thought and she should have and that the only reason why she brought it up was this is a revenue generator. So if she was looking to have her daughter's wedding there or looking at some big conference and she was walking up and fell over a broken brick, probably she wouldn't want to spend money there. So for everybody that's listening out there. It's not that she was trying to pretty up the civic center, she is trying to keep

the city from having a lawsuit and trying to get more business there. So thank you. Ms. Frisoni stated she would look into the cracks in the sidewalk.

Mayor Scruggs commented that she did have questions to ask and Council will have to go back to this whole vacancy thing again. Okay so the memo that Ms. Schurhammer sent up at 10:00 last night. This was talking about cable. And it said that the draft 2013 budget in the Council's Communications budget workbook provided the Council in early February shows 7.0 FTEs. However since then there have been staffing reassignments and vacancies that result in reducing the cable television FTE count from 7 to 4.5. So one is a vacancy that occurred over the past several weeks with the web content manager, one FTE, and the department was working with HR to reassign an FTE in cable to perform the function of the web content manager. But Council already had the web content manager as a reduction in the budget because that person was gone. So will this just be a wash or how does that work out?

Ms. Frisoni explained they recently lost two positions that have been wiped off the books and vacancy lists.

Councilmember Lieberman congratulated Ms. Frisoni on making the civic center the number one place to have a wedding or any other function. He added it was voted number one in the state. He commented that the fine art planned for the civic center never got there and the west yard fancy brickwork and fountain were never finished.

Councilmember Knaack inquired what the ending budget for this department was. Ms. Frisoni stated the budget for next year was proposed at \$620,000 but as it stands today was \$483,000.

Mayor Scruggs moved the meeting forward to discuss the convention and media center.

Mayor Scruggs commented that she had asked about reduced funding for advertising placement and local and national publications. How much remains in this fund? \$15,000 remains as shown below. So thanks okay. Then she asked about reduced funding for Fiesta Bowl media trips for staff to travel to participating Fiesta Bowl Team markets, TV news monitoring, service and national media list subscription, promotional items for Glendale visitors' center and maintenance of apple computers. How much remains in this fund- \$770,185. She asked staff to think about reducing the Fiesta Bowl advertising. If she was reading this correctly, the city has \$55,185 there and assuming – there is that word again. But if this bed tax thing goes through, it seems like that would be a really good use for the CVB money to do this Fiesta Bowl stuff. And there is so much Fiesta Bowl advertising anyway so this is one area that she was looking at and would like to ask if staff could see a way to reduce this amount.

Ms. Frisoni explained this funding was not just for the Fiesta Bowl. She noted this fund was also used for the Super Bowl. This fund is used to fund anything that happened in the sports entertainment district. She noted this fund has been steadily cut and was now at \$91,000. Therefore, this was their only funding for the sports entertainment district. She said once you withdraw the rest, such as computer equipment, the remainder was \$67,000 for a full year to do advertising for the sports entertainment district.

Mayor Scruggs commented that she believed there was a lot of advertising done by the promoters and the sponsors and the people putting on those events. And right now with the hurt that the city has and the needs in the city, \$67,000 could be better spent and some other time when there is more money, then it would be great to augment advertising. But whoever is putting on whatever the event is, she thought they should do their own advertising and she would like to suggest that the city remove that \$67,000 and put it back into the GF. She thought there would be additional funding from outside the organization.

Councilmember Clark, Knaack and Vice Mayor Frate agreed.

Mayor Scruggs continued that she thought it would get made up, but it's just that when you weigh that against services to the citizens, it just doesn't come out that high. So thank you for your understanding.

Mayor Scruggs stated that the Council goes next to Convention and Media Center. Are there any questions? No

Mayor Scruggs asked if anyone had questions about Marketing.

Councilmember Lieberman inquired how the self-sustaining marketing reduction of the general fund transfer will affect the seven events the city of Glendale promotes in downtown. Ms. Frisoni explained staff has been able to steadily build up a balance in their revenue account that will sustain them for at least the next two years.

Mayor Scruggs commented on the distinction she drew between the \$67,000 just talked about and this \$320,000. There are no big national or international groups putting on the event and telling people to come to downtown Glendale. And she thought everyone received communications from city merchants about the tremendous amount of good that is done by bringing the folks down here and it helps our city in so many ways. So I totally support this.

Councilmember Lieberman asked how much was in that account. Ms. Frisoni stated that right now it was about \$600,000.

Mayor Scruggs asked if there were any questions about building safety. No.

Mayor Scruggs asked if there were questions about Code Compliance.

Councilmember Clark questioned the elimination of the two code inspectors. She would like staff to explain how this department will remain efficient. Mr. Sam McAllen, Code Compliance Director noted there will be an impact; however, they will be doing the best they can. Councilmember Clark noted this was an area where they could not afford to lose two code inspectors.

Councilmember Knaack agreed with Councilmember Clark. She inquired if Code also lost another position to the airport. Mr. McAllen replied yes. Councilmember Knaack noted they were actually down three inspectors. She remarked she did not want to see the city go backwards in code enforcement since at the moment the city was doing such a great job with cleanliness. She would like to see at least one position put back in that department.

Vice Mayor Frate agreed with both Councilmember Clark and Knaack. He agrees with maybe looking at keeping one at least and would like to look at this again.

Councilmember Lieberman discussed how code was overwhelmed with calls they sometimes could not get to.

Councilmember Alvarez stated there was a comment about having some Councilmembers making a contribution from their district budget accounts. She would like to advise Councilmember Knaack that she was nobody's compadre.

Councilmember Knaack stated she did not mean to be disrespectful and apologizes for that comment.

Councilmember Clark commented on the value of code enforcement in the community.

Mayor Scruggs asked two or one. Okay the city has a \$4 million shortfall or \$1 million shortfall assuming 8/10th of a tax goes through. So Council was going to go through and continue to work that down but you want to add in one or two? She was going for none. She asked Council to figure it out, one or two.

Mayor Scruggs asked if anyone had any questions about Neighborhood Partnerships, Planning, Economic development, Financial or Finance Services budget, or Fire service. No.

Mayor Scruggs asked if there were questions about Human Resources and Risk Management.

Councilmember Alvarez stated she would like to eliminate under diversity funding, the holiday employee party.

Mayor Scruggs asked what was the total amount. Okay they cut \$24,000 and you're saying cut the whole \$84,000.

Councilmember Knaack, Clark, and Vice Mayor Frate agreed to cut the whole \$84,000.

Mayor Scruggs called for a 10 minute recess.

Mayor Scruggs called the meeting back to order.

Mayor Scruggs asked if anyone had questions or comments about Intergovernmental Programs. No.

Mayor Scruggs asked if anyone had questions or comments about Mayor and Council offices.

Vice Frate Mayor noted that Barrel, Cholla and Sahuaro districts returned 60% one-time reduction from their budgets. He stated those savings added up to saving one position. As mentioned earlier by Councilmember Knaack, if the other three districts were to do the same, they would have enough to fund the Code Compliance officer. He would also like to look to reduce the seven staff employees in the Council office by at least by one.

Councilmember Knaack and Martinez agreed.

Councilmember Lieberman repeated that he reserves the right to receive funding from the city to use in his own district. He added in the last 15 months he has given \$25,000 back into his district. He added he has cut down in his travels in order to increase the amount of money he uses even though it was allocated to him. He however, at the end of the year, will return what wasn't used to the city.

Mayor Scruggs asked if there were any more comments regarding the idea of reducing Council office staff by one person. Okay well that just dies there.

Mayor Scruggs commented that she had spoken with Steve Methvin who manages the Mayor's office budget about what was available there and he indicated he had not been asked to come up with any reductions but this is what he suggested. The Mayor's budget has a total of \$18,000 to run the office. \$3,500 of that is for Luke Air Force Base expenses. And \$2500 is for the Mayor's Youth Advisory Commission. So the remaining \$12,000 is for everything from printer, toner, and paper to anything that the four people in the office need in order to manage. So what he has offered up is that the Mayor's office reduced both the Luke budget and the MYAC budget by \$500 each. So that is \$1000.

Councilmember Martinez asked how it was decided how much each district receives and was it by ordinance. He plans to bring this item up as an Item of Interest at the next session they have on this.

Councilmember Lieberman stated he does not support reducing Council staff. He said the people who run the six offices did a superb job all the way around and would like to retain them.

Mayor Scruggs commented that she felt the same way about the people in the Mayor's office. And she would like to just kind of reiterate, maybe it did not come across real clear that the four of them carry on any activities they need, buying supplies, from the proclamations that are seen in the stationery to anything that needs to be done. It will all be on \$11,000 a year. And again like she said, the \$3,500 is specifically for Luke related expenses, nothing else. \$2,500 is for the teens, but will cut them down to \$2,000 and will also cut Luke down to \$3,000.

Mayor Scruggs stated they were going to go to non-departmental now. Anybody have any questions on this? Let's see if she received an answer on a question she had.

Mayor Scruggs commented that she had asked – okay it said reduce funding for professional contractual service by 11.5% which was \$23,000. And she did not do the math herself but asked how much is left and Ms. Schurhammer said \$168,000. This funding addresses citywide membership fees for organization like National League of City and League of Arizona Cities and Towns.

Mayor Scruggs continued that she knew the League was about \$80,000 and National League of Cities is probably more or about the same? All she wants to know is if you are all okay with all this? Yes. Okay and she didn't understand compensated absences reserve. And Ms. Schurhammer explained it and she still didn't really understand, but it's just something that has to happen.

Ms. Schurhammer explained the process of the city buying out vacation and sick time when the employee leaves the organization. She noted this was something that has been in place for a very long time and many other cities have this as well.

Mayor Scruggs directed the Council to the next department which was Parks and Recreation and Library Services that has suggested a lot of reductions and she would also remind everybody that there is a memo back here. It's after CIP and it would be after the second green page where Council has back up information for this. Okay comments questions?

Mayor Scruggs commented that she really did not understand the answer on this swim program thing because somewhere in her notes she had written that \$88,000 was the cost to run the swim programs and that's the only thing that went on at the Cactus and Ironwood pool. Nothing else. But the city was only reducing it by \$32,294.

Mr. Erik Strunk explained the operating cost for Cactus was identified as \$81,434 and the cost to operate Ironwood was \$77,122. The total for both was \$158,556, and then subtracting the revenue derived for that provides the balance. He explained the other reductions for a net gain of \$24,000.

Councilmember Clark inquired as to the reduction of four FTES in staff for park maintenance by contracting for services was going to work. She asked how much the contractor would cost the city. Mr. Strunk explained outsourcing this process was cheaper in the private sector. Councilmember Clark asked if the city will save \$165,000 by using the contractor. Mr. Strunk replied yes.

Mayor Scruggs commented that the Council was moving on to Police Services.

Vice Mayor Frate commented on how he was approached by teachers wanting to volunteer at the libraries. He stated there were many retired teachers that would love to help in Glendale libraries.

Mayor Scruggs commented that maybe Council should spend more time on the library thing since there has been a lot of erroneous information floating around the community. She asked Mr. Strunk to come back and talk about the cuts to the library system. And also maybe talk about the reciprocal Maricopa County lending agreement. And that is actually going to make some people really happy, probably some of those teachers that don't live in Glendale.

Mr. Strunk explained the option staff was recommending was no further reductions to the hours of operations with respect to the library. They will consolidate custodial services and save approximately \$50,000. They will eliminate the community outreach activities budget and this will save \$37,000 and were also recommending a reduction of \$2000 for promotion and publicity. They will also eliminate \$33,000 for the existing computer maintenance contract for their integrated library. They will also reduce about \$83,000 for contractual funds for security services as well as \$286,000 for existing vacant positions. He said this would get them to a number they think was appropriate and still allow them to maintain the 111 hours to stay as they stand. He added they were actively engaged with the county for the Reciprocal Maricopa County lending Agreement to pursue that option.

Mayor Scruggs stated that she appreciated the fact that the city was no longer going to be the only city in Maricopa County that doesn't belong to this system. And think of all the money that could have been coming in to the library over the years if people hadn't wanted to be an island all by themselves.

Mr. Strunk noted the city would no longer be able to charge for membership fees since the County will not permit that with this agreement.

Mayor Scruggs commented that it would actually be kind of nice. She didn't know about anyone else, but she sure gets a lot of questions and complaints about why is Glendale the only city that charges for somebody to use the libraries, where they can go – the residents can go anywhere and use other libraries. But what would the city net out at?

Mr. Strunk replied the net benefit would be \$175,970.

Mayor Scruggs asked if there was anything else on libraries. No.

Councilmember Clark remarked for the public that the libraries were not closing or the hours being reduced. She asked everyone to stop sending email petitions to Council regarding this matter.

Mayor Scruggs directed Council and staff to the next department which was Police Services.

Mayor Scruggs asked if there were any items on these pages having to do with police services that anyone would like to discuss. No.

Mayor Scruggs commented the Council would then move to Public Works. First is Field Operations, are there any questions?

Councilmember Lieberman expressed his concern with the additional time suggested in removing graffiti from 24 to 48 hours because of reductions. He was not in favor of leaving this as is.

Mayor Scruggs asked if anyone else supported that idea.

Councilmember Clark stated she would like to support adding another person but at this point, she cannot do it. However, she would like clarification on reductions proposed for the elimination of 12 street and concrete repair maintenance positions in the amount of \$908,423. Mr. Stuart Kent, Executive Director, Public Works, explained the opportunities found in the budget for reductions as well as the reductions realized through outsourcing. He added they will be able to get the same value of services for about a 1/3 to 40% of the cost.

Vice Mayor Frate inquired as to the equipment that was used by all those employees. Mr. Kent noted the equipment will be sold or auctioned off. Vice Mayor Frate asked how much this equipment was worth. Mr. Kent stated he did not have the breakdown at the moment but will forward that information.

Mayor Scruggs asked how many pieces of equipment were being discussed.

Mr. Kent noted it was about six to eight pieces of equipment and a few pick-ups.

Mayor Scruggs stated okay the next department is Engineering. Does anybody have any questions? No

Mayor Scruggs directed Council and staff to Technology and Innovation. No questions.

Mayor Scruggs then stated Okay Transportation Services.

Mayor Scruggs said she would like to suggest that some transportation items be looked at. And she would like to find out why they weren't considered. She had asked about transportation education for \$180,000. And if the city still really needed to do that or if services supported through valley metro or the county programs could be used?

Mr. Mehta explained the programs in question were both from the GO program and the ½ cent sales tax. Therefore any reductions do not go to the GF savings.

Mayor Scruggs said thank you.

Mayor Scruggs asked if anyone had any questions for Water Services which was the last one. No.

Councilmember Alvarez asked if they had someone to take over the Property Management Services position. Mr. Kent explained they did have other engineering staff to handle many of

these issues. However, if any issues should arise that they were unable to handle, they will adjust accordingly.

Mayor Scruggs summarized the things that she had seen or what she kept track of. Council has gone through all of the reductions in services. There has been consensus to remove \$67,000 for advertising in the Sports and Entertainment District. There has been consensus to remove \$84,000 that is being spent for diversity/holiday event. There has been an offer on her part to reduce \$1000 from the Mayor's office budget. And there has been a consensus to add either one or two code inspectors back in. Council could not agree on one or two.

Councilmember Martinez asked if Mayor Scruggs could break the tie.

Mayor Scruggs said no since she is saying zero being added back in. She said she was sorry but the city is experiencing a huge deficit and she would not add to it.

Councilmember Knaack stated the \$84,000 was really \$60,000 because they had taken \$24,000 out of the budget.

Mayor Scruggs commented that Councilmember Knaack was correct Decrease the \$24,000 from \$84,000 which is \$60,000.

Mayor Scruggs asked if Council would like to go through the memos that staff gave Council. Some of which have further explanation of what we already did but some have some other ideas had not been discussed. So downtown special events budget, she believed Council had completed it. Okay the rate increase by the Glendale Civic Center.

Councilmember Clark noted one topic they had not discussed was the recommendation of having paid admission for the Jazz and Blues Festival.

Mayor Scruggs asked if that was supported by anyone else. No.

Mayor Scruggs commented that the next item was the Glendale Civic Center and they are suggesting and this is their own idea that they increase rates 20%. She did have a question and not to try and do their business but she did have a question here. In coming up with the 20% increase, it was noted that it would be the first time the rates have been adjusted since the building opened. It also talks about how the catering usage is going way down and that's making a big difference. She asked if models were explored that maybe instead of raising the rates 20% for everybody, if catering was offered, they would get a lower room rate to where the city still ends up making money. But that catering is pretty important. Did you look at any of those models?

Ms. Frisoni replied yes. She added the 20% was totally supportable in terms of where they are comparatively with other facilities their size and it was a safe easy move to make right now.

Mayor Scruggs asked if everybody was in agreement with moving forward. She wasn't clear if that needed to be brought back to Council or not. It's been since 2000, so there is support for raising the rates.

Mayor Scruggs continued then the Convention and Visitors Bureau and Tourism division. She asked if Council would like to talk about that bed tax idea right now.

All Councilmembers supported the bed tax.

Mayor Scruggs commented that it was important to note. Ms. Frisoni said earlier, do you support a tax increase? This is something the industry is saying that they need and want and is normal and customary and usual and it will help us better compete with these other cities. Mayor Scruggs said Ms. Frisoni was pretty graphic when she explained how much goes to the CVB and the other cities. So it's going to be paid only by people using hotels in Glendale. It will go specifically and only for CVB use. Ms. Frisoni said there is going to be some sort of a board that is going to decide how it gets spent and the money will be spent in Glendale and by state statute too.

Councilmember Clark asked to look at this bed tax again in about three years to see if it actually did what it was supposed to do. Additionally, they should look at possibly retaining a percentage of the bed tax for the city at that time.

Mayor Scruggs asked Ms. Frisoni to make sure that somehow or other, the item is brought back in three years for a revisit. And maybe the next time instead of doing it this messy way it was done this time, Council will bring the industry in because there is probably a lot to learn from them. There is just a lot to learn from folks. She continued Ms. Frisoni turned her 180 degrees last night so there must be something to learn there.

Mayor Scruggs commented that they were moving to the next subject. She wanted to announce something and asked Mr. Tindall if she could announce something that wasn't posted. Mr. Tindall advised she could.

Mayor Scruggs advised that it involves Intergovernmental Programs. The governor vetoed HB2729, known as the gun bill. That affects the police and that affects Intergovernmental services and the budget. So thank you for letting me do that.

Mayor Scruggs directed Council and staff to the next item which was Municipal Marketing.

Councilmember Clark stated this part was very intriguing. She especially liked reading about the city of Dallas that has a beverage agreement with Dr. Pepper with the first year generating \$3.5 million plus 20% of the sales. She mentioned other cities partnerships with beverage companies. She believes staff should explore this issue.

Mayor Scruggs commented that she thought it was a great idea too, but in keeping with not wanting to add things to the budget that already had a deficit, she was not going to support it this year because it cost \$75,000 just for phase one. So how does everybody feel about that?

Vice Mayor Frate agrees with the Mayor that this was something to look at in the future since they already don't have \$75,000 to pay for graffiti or code compliance officers.

Mayor Scruggs asked for any ideas. Yes it's a great idea but will be reserved for next year. Council will bring it back. Maybe things will be better.

Mayor Scruggs said that she had a question about the library. They presented all the charts on reducing library hours. Council didn't discuss it specifically but she was thinking that nobody wants to reduce library hours. Okay Council talked about the reciprocal borrowing thing. The management contract with Maricopa Library District is just something that's being discussed and staff will bring it back if there is anything to talk about.

Mayor Scruggs commented about Public, Private Partnership, which was interesting. She did not know there were companies that run libraries, but again staff was looking into it and if there is something to talk about staff will bring it back to the Council. Okay let's see, are you proposing cutting hours at the Adult Center? There are some proposals in here for the Adult Center.

Ms. Schurhammer stated there were two proposals related to the Adult Center in the memo. One proposal was to cease doing weekend hours and fees for the Adult Center.

Mayor Scruggs said that Council will talk about the proposal to close the Adult Center by 21 ½ hours per week. Close it to 40 hours per week. So in other words it will only be open from 8:00 to 4:00 each day and closed Saturday and Sunday.

Councilmember Clark stated she would support that concept since Sunday it's already closed. She added the hours proposed for reduction were the lowest hours being used by the public for operation.

Mayor Scruggs asked who uses the Adult Center between four and seven, typically besides people like her MYAC group and Glendale University. Who uses the recreation room and all the other things there?

Mr. Strunk stated since it was open until seven; there were a variety of users for the facility at those times.

Mayor Scruggs asked if there was much usage.

Mr. Strunk replied no. He referred to the chart used to track the usage. He noted that approximately 85% to 90% of the use occurs between the hours of 8:00 a.m. to 1:00 p.m.

Mayor Scruggs continued that the next proposal has to do with increasing fees.

Mr. Strunk explained that one of the items Council asked staff to look at was the fee structure. He noted if they were to recapture 50% the membership fee, it would increase from \$10.00 per resident to \$62.00 a year. For non-residents the increase would be from \$15.00 to \$93.00 a year. This was based on a 50% base recovery.

Councilmember Clark stated that figured to about \$5.00 a month. She inquired if residents would be paying monthly, quarterly or yearly. Mr. Strunk stated that was up to Council's direction and open to any type of payment structure.

Mayor Scruggs commented that she wasn't sure what she did because it was late at night but she had computed what it cost the city to provide the Adult Center and it came out to \$285.00 a year per resident. She couldn't recall how she did that but then she tried to figure in with the non-residents and overall you spread it over, its \$205.00 per patron, per user, that is the city's cost. So she thought the city really needs to go to the 50% recovery.

Councilmember Clark agreed and added the patrons will be able to handle it if they have a payment plan available.

Mayor Scruggs asked to talk about the GRASP program.

Mr. Strunk provided a brief history of the GRASP program and how it works and information on the various cost recovery methods. He stated currently there were four GRASP sites the city pays for from the GF. He noted there were four additional sites that are offered through a grant that the Glendale Elementary School District received some years ago and is due to sunset in May of 2012. He added the fourth site will continue for an additional year and will go to 2013. He explained the staff reduction proposal. He also explained the daycare program opportunities.

Councilmember Clark stated she supports full recovery just like they have with the Adult Center.

Mayor Scruggs asked what would be the cost for the daycare licensing program.

Mr. Strunk noted there was currently no cost and was self-sustaining.

Councilmember Clark suggested they also use this same model at the other sites. Mr. Strunk stated staff's recommendation was to try it and report back to see how it moves forward. Councilmember Clark noted the social demographics in that area will not be able to support \$60.00 dollars a week. She believes they could do \$69.00 a month but not \$60.00 a week.

Mayor Scruggs asked if Mr. Strunk guaranteed 100% recovery for \$69.00 a month. Mr. Strunk replied yes and added it was based on the assumption of patrons who went during the summer and after school.

Councilmember Martinez asked why Barcelona was chosen to be cut. Mr. Strunk explained it was based on usage and patronage at that location.

Councilmember Alvarez asked if they had any kids under the DES program. Mr. Strunk stated they had that information and will get it to her. However, many of those individuals are already in similar program. He explained what they were proposing was to drop the GRASP program into that same model. He noted of the 611 family participates in the current GRASP program, 55% of them would be eligible for a DES subsidy.

Councilmember Martinez asked if the fee for this program was for one participant or was there a family rate. Mr. Strunk replied currently it was for only participants. Councilmember Martinez asked if staff has considered having a family rate. Mr. Strunk replied the direction was up to Council's direction.

Councilmember Clark agreed with Councilmember Martinez to include a family rate since there might be multiple children from one family.

Vice Mayor Frate wondered if by including the family rate they might not get the 100% recovery.

Mayor Scruggs commented that she thought the city should go for 100% recovery and work it out on the expense side and not give as many supplies and other things away. So do the family, combined family discount thing, but still go for 100% recovery because things can be adjusted on the expense side. She asked if there was consensus for 100% recovery with a family. Yes.

Mayor Scruggs continued by asking what impact will this have on the budget. Does this take expenses out because right now Council was looking at – it cost us \$506,713 a year? A half million dollars a year right and now Council was going to go for 100% cost recovery. So does that mean the city can take – that means there is an extra \$500,000 out of the draft budget that you presented to us. Mr. Strunk replied yes.

Mayor Scruggs asked if Ms. Schurhammer disagreed. She continued that right now the proposed budget that has been supplied included GRASP at \$506,713 a year, right?

Ms. Schurhammer replied yes. She stated this was assuming these fees are implemented and assuming everyone paid and everyone stayed. Staff will build this into the revenue projection for an additional \$500,000 in revenue which will reduce the bottom line shortfall.

Mayor Scruggs commented that she thought the city should build that in anyway, not wait and see how it works out. Just build it in, since the city was building in other assumptions. If there isn't as much expense because there aren't as many participants then it goes down low. So this would go to the GF revenue which the city was trying to build up. So Council was in agreement then that the city won't have this expense? Mr. Strunk will put the program together, it will be 100% cost recovery and staff will build a program according to who wants to participate and what the revenue is and how much the city can afford to spend.

Councilmember Clark commented there will also be added dollars coming from the Adult Center and GRASP.

Mayor Scruggs commented that the reduction of hours had already been accounted for previously so that would be added money. This already has \$506,713 in the draft budget; this is a reduction in the amount of the budget. It's not revenue – because if they build the budget with the \$506,713, we still have the shortfall.

Ms. Schurhammer explained staff would increase the revenue by \$500,000 to accommodate for GRASP and that it reduces the bottom-line shortfall.

Mayor Scruggs thanked staff.

Councilmember Lieberman wondered if the same amount of patrons will frequent these facilities. He cautioned against assuming every patron will return. He believes there might be a 30% to 40% drop off. He noted everyone wants everything to pay its own way; however, it's not very realistic. He mentioned the low socioeconomic demographics in that area. He said he had concerns with what the Council was doing in the name of trying to balance the budget they were cutting a program they should be helping fund which might hurt the community by increasing fees. He does not feel it will work.

Councilmember Alvarez explained this program was funded by DES; therefore the families are not going to pay. Councilmember Lieberman asked if DES would cover the entire amount for all of them. Mr. Strunk noted that was his understanding 55% of the 611 individuals are eligible to receive assistance through DES for this type of programming. Councilmember Lieberman inquired as to the other 45%. Mr. Strunk stated this was based on income eligibility standards and if the standards are met, they are eligible for the benefits. Councilmember Lieberman agreed to try this with a one year review for the outcome of this adjustment.

Mayor Scruggs commented that perhaps Councilmember Lieberman could give them some of his Council funds, to help fund this program. She clarified the ones from his district. That might be another way to fund this.

Councilmember Lieberman believed it was a good idea.

Councilmember Clark noted that paying \$65.00 dollars a month for aftercare was very inexpensive and extremely affordable.

Mayor Scruggs commented that there were also corporations that like to sponsor programs like this. And so she knew this department was very good like marketing is very good at gaining sponsorships so instead of sponsoring a softball team which she didn't know that the city does that much of anymore. But maybe there could be some sponsorship so that if there are those that can afford it they can get some help that way. Councilmember Lieberman will help with some of his funds. So she believed it will work out.

Councilmember Martinez believes going through this budget exercise this year, will ensure that in future years whoever was here, will also go through this process and taking a closer look at the budget.

Councilmember Lieberman stated he was willing to donate at least five to ten scholarships for the community program.

Mayor Scruggs commented that it will probably have to go through legal so that it goes to the department because a Councilmember can't give money to help one individual child and not the other. So the contribution would go to the department to use for this particular program not to individual children.

Mayor Scruggs continued that Council would talk about raising fees for the Aquatics Program.

Mr. Strunk provided two charts explaining staff's recommendations.

Mayor Scruggs asked how Council felt about the increases and asked if this was 50% recovery. Okay 49% is that what it says? Mr. Strunk replied yes and explained the process, which assumes a 20% decrease in patronage.

Councilmember Clark, Knaack, Lieberman and Vice Mayor Frate expressed their support.

Mayor Scruggs commented that this was it. Mr. Strunk found over \$1 million in revenue with his proposed ideas and Council has agreed. Okay thank you.

Mayor Scruggs directed Council and staff to the Lazy J Mobile Home Park. This is interesting. Council covered this at the last meeting.

Councilmember Lieberman inquired what would be the impact of the elimination of the Senior Recreation Coordinator for the Historic Sahuaro Ranch.

Mayor Scruggs asked if Council had any questions about that. There was no action to take. Council took the option when they reviewed Parks and Recreation and Library a while back. And everybody was fine with the recommended reductions. Okay? Okay.

Mayor Scruggs asked which staff member would be talking about the Lazy J.

Mayor Scruggs clarified that it sounded like what was being presented to Council was the possibility of not continuing with the 20 rentals that are there and moving more quickly to the elimination of that particular activity as well as making land available for sale. That's what she was reading into it. She asked if that was correct.

Mr. Jim Colson, Deputy City Manager, stated during the last meeting three points were brought up that this memo addresses. The first was the way the Utilities and Housing Department was structured. The second issue was how the fees were structured and the cost over and above the

revenue that was being received. The third was the options for potential alternative uses for this particular facility. He explained that in the case of the first issue, the Housing Department was 100% federally funded. The agreement that existed beginning in December of 2005 had a payment of approximately \$78,000 being paid to Housing for the management of that program. He noted that currently there were only 20 units occupied and the revenues received from the units are \$57,700. Staff's recommendation was to work with the Utilities Department and structure a deal where the Housing Department will never receive a management fee in excess of the fees that are being paid. He added that of the 20 units on the property, only two would have the ability to be moved, the others would have to be demolished. He indicated the city can potentially make a move on this property during the first quarter of this year when leases expire. He asked for Council's direction.

Mayor Scruggs said that the city was losing \$20,300 a year by doing business with the Housing Department. And the city has to pay them because they are federally funded. She couldn't believe that the city couldn't find a private entity that would manage this place. She said managing twenty whole units for what, \$500, a \$1000 a month? Why do we have to use the Glendale Housing Department?

Mr. Colson explained staff has already taken steps beginning on January 1st of this year, to ensure there was no loss to the Utilities Department.

Mayor Scruggs commented that was not good, that was not good enough. She didn't want a wash. She thought that the city could find somebody on the outside. It's not going to take anybody's job away to not manage this, she would hope. She hopes the city doesn't have an employee that's just doing this. Why can't the city go on the outside, find a management company? You have 20 units. So you figure \$50 a unit to manage, \$1000 a month and then the city can actually make some money on this thing.

Mr. Colson agreed and stated staff was open to that idea and will work to find an alternative management company.

Councilmember Knaack asked for clarification on staff already taking steps on reducing the loss beginning on January 1st of this year. Mr. Colson explained that direction was provided after their last meeting on this issue since the first quarter payment had not yet been issued. Therefore, staff's recommendation was to work with the utilities department and structure a deal where the Housing Department will never receive a management fee in excess of the fees that are being paid.

Councilmember Alvarez believes there was another issue involved here that was not being discussed. She noted the trailer park was dilapidated with unsanitary living conditions. She feels they should be relocated and questions why the city was keeping this park open.

Mayor Scruggs asked if the residents own those trailers.

Councilmember Alvarez replied yes, however, the city owns the property.

Mayor Scruggs stated that Councilmember Alvarez's suggestion is that they should be moved out because they are unsanitary and unsafe. But if they are in their own homes, can that still happen?

Councilmember Alvarez explained they would be relocated to a section 8 unit. They would essentially become homeless.

Mr. Colson explained there were rules that applied to relocation of properties and manufactured housing. He suggested that at this point, they maintain and not allow there to be a loss as well as work with local groups to see what can be done to assist these residents.

Councilmember Martinez believes they should move these people out, get the area cleaned up and be done with this matter since the area was not good for living conditions and also not rentable.

Mayor Scruggs asked if the resident owned their own units could they take the unit and go to another mobile home park.

Mr. Colson replied yes.

Mayor Scruggs asked why the city would have to pay the relocation costs. Is it because the city was causing them to find a new place to live? Was this a law that the city has to follow?

Mr. Colson stated that under the law, if a change of property use occurs within 180 days, the city has an obligation to pay a relocation fee. He will be happy to come back to Council with a recommendation on what it would cost to relocate the properties and any other alternatives for uses.

Mayor Scruggs commented that if a resident was on a month to month lease, does the mobile home law say if someone is on a month to month lease and the city says they don't want to continue to rent this mobile home space to that person anymore, even though they are on a month to month, the city would be responsible to relocate them? Is that what you are telling me? Mr. Tindall replied yes and explained the procedure of relocating mobile home units.

Mayor Scruggs commented that for her, she was not interested in relocation. She was figuring \$50,000 a unit will probably be pretty much an average figure. So that's a million dollars. So what she would like to do desperately would be for staff to find a private company that would manage the rental of these units for a whole lot less money. Unless staff can find some kind hearted staff member in a department that's not federally funded that is willing to take this on as an additional function.

Councilmember Alvarez reiterated her earlier statement of relocating these residents and having them apply for section 8 housing. She said the process was not difficult and there were many agencies that can help them move out.

Mayor Scruggs commented that the attorney is saying the city doesn't have that right. The city would have to move them.

Councilmember Alvarez disagreed that the city had to move them and she knows the city can get them out right away if they chose to. She has seen this done many times.

Mayor Scruggs commented that she hoped Councilmember Alvarez was right.

Mr. Colson noted he has heard Council's recommendations and staff will come back with a recommendation based on specific cost and timing.

Mayor Scruggs asked what happens in the meantime and will all the rent that's collected go to Housing.

Mr. Colson ensured that beginning immediately, staff will determine what the actual expense to Housing was and the remainder will go to the Utilities Department.

Mayor Scruggs asked if anyone else had anything on this item. No. No.

Mayor Scruggs commented that the only other memo Council received was one that corrected some earlier information on the list of assets that they might consider. So Council said the city was getting no rent from the Saint Vincent de Paul Organization for the rental of that building. And now Council has been told that the city has been getting rent in the amount of \$1000 a month since February of 2009 and that we have collected a total of \$38,642 through March of 2012. So there is really no action there.

Mayor Scruggs asked if there were any other unfinished items. Besides talking about tax increases? No

Mayor Scruggs commented that it was 5:15p.m. now and asked if the Council would like to break for dinner and then come back and talk about where the city would get the money to pay for the budget or how would the Council like to proceed. Okay.

Mayor Scruggs asked if everyone could be back by 6:30 p.m. or is that not enough time.

Mayor Scruggs asked if it was legal to talk about this second meeting and that Saturday is not going to work for staff. Can Council talk about this now or is that not legal?

Mr. Tindall replied it was legal to talk about.

Mayor Scruggs asked Council if they thought another meeting would be needed. She thought staff will probably have new numbers based on what was discussed.

All agreed to have another meeting. The Council discussed another date and time that will work for everyone.

Mayor Scruggs summarized stating that there would be a budget meeting all day Monday, April 23rd.

Mayor Scruggs commented that when Council returned from the dinner break staff would need to advise as to the best way of calling that meeting. Okay. The meeting was recessed.

Mayor Scruggs called the meeting back to order.

Ms. Schurhammer presented the summary on the next item. She stated most of the items have been discussed, however, would like to bring up two items the Council may want to discuss further. She indicated with the five year plan recommendation, if everything works according to plan, they will be able to increase their fund balance from an estimated \$4 million in FY13 to \$11 million in FY 17. Additionally, the version presented on the slide for the proposed sales tax increase for food consumption has a five year sunset measure and would expire five years after implementation. The city has not increased its own designated sales tax rate in 19 years. She noted 92% of other cities in Maricopa increased the tax on food. In the Arizona Cities and Towns data it shows 75% tax food. The additional amount of tax on a person's bill was estimated at \$2.42 a month. This information was based on census information released in October of 2011.

Councilmember Lieberman remarked on a conversation with a manager at a Fry's Marketplace. He stated that 61% of the items sold were groceries and 39% everything else. He stated he was totally against the management arena fee of \$20 million a year. He noted it was reported that Mr. Jamison would settle for \$17 million, however, he was also opposed to that figure. He suggested the city put out an RFP nationally for a manager or company to take over the arena much as Global Spectrum has done. Additionally, at 8/10 of a percent, Glendale will have one of the highest sales tax rates in the nation. He added the general sales manager of Sanderson Ford assured him this would take an unbelievable amount of their sales away if the 8/10 goes through. He instead recommends a .24%. He reiterated the city should stop this madness with the Coyotes issue. He remarked on these meetings the Council has had in order to cut some here and there which was lunacy when they had the Coyotes issue hanging over them. He asked to go on record saying he was not in favor of giving Mr. Jamison a cent and will not vote for the 8/10th sales tax increase.

Councilmember Martinez asked how much the 8/10th would bring to the city. Ms. Schurhammer replied it would bring in \$26 million. Councilmember Martinez asked what would happen if this does not go through. Mr. Skeete explained they would have to go back to the operating budget being discussed and find additional cuts. Councilmember Martinez stated they would have to start all over again to find \$26 million. Mr. Skeete replied yes. Councilmember Martinez stated he and others do not want to raise taxes; however, he does not see where they could not do so at this point and would have to support it.

Mayor Scruggs commented that the last time Council met and were supposed to put out what they would suggest for budget reductions, she stated then that she would not support the \$20 million for the arena management fee and she offered \$11 million just because she had to pull a

number out of somewhere. She was staying with that. She will go lower than \$11 million, but she won't go higher than \$11 million. So that kind of takes her million out of this deficit. Council picked up a little bit of money early on, she wasn't sure if it was enough. But they picked up a little bit of money. Okay but let's talk about the tax. She thought if Tanger Outlets could stop their construction they would. But the city will lump themselves in with Guadalupe, Youngtown, Cave Creek, Carefree, Gila Bend, El Mirage, all cities that have no commercial base. And Glendale was supposed to be a big important city with so much going on here but the city would put itself right there with them in terms of what the city sales tax rate will be. She believes that the city will be ridiculed, she believed it to be very obvious what the problem is because if you look at the information Council was presented, it started with the \$35 million and then there was the reductions and so forth. The city needs just about what that sales tax brings in and everybody is going to know it. She didn't know how many of those gathered saw the article today "Goldwater institute to examine Phoenix Coyote deal". Did you see that? No

Mayor Scruggs read from the article "The Goldwater Institute plans to look at any new sales deal for the Phoenix Coyotes with the same passion that scuttled a previous attempt. Business Journal Reporter Mike Sunnucks writes that the conservative watchdog group plans to make sure any deal to sell the team meets constitutional muster. The group threatened to sue the last time the National Hockey League, which owns the Coyotes, and the city of Glendale had a deal in place. Goldwater officials said the deal violated the state constitution's gift clause." This was just early this morning, there may be more there now. She stated that quite honestly folks, she was not up for another round of that. She was not up for the legal fees. Last year she met with Goldwater Institute because she truly believed the city was doing the right thing. She now truly believes the city was subsidizing a hockey team. So she just doesn't want to go down there again. So she would like to continue to work on the budget. She will listen to what 2.4% brings in which is about a 10% increase and maybe consider something more reasonable. She thought the city needs to recognize that the neighbor immediately to the west is Peoria with 1.8%. It's not one of the highest cities that Ms. Schurhammer talked about, with all the hotels and this and that and the other thing. But if they can get by with a 1.8% and the neighbor to the east is 2.2% and we are going to sit here with 3.0% and think that Glendale was going to bring business to this city. She didn't know if anyone saw the article a few days ago about the vacancy rates in the valley. The valley has a 55% vacancy rate in office space. You know, is this a way to attract business, to raise the sales tax that high? She thought there were other ways. She said earlier and she really means this with all my heart. Conversations about taxes right now are going on everywhere, in your neighborhoods, with your families, on TV, state, local, whatever. And people are just kind of fed up. And a sales tax that would be voted in by Councilmembers here will be referred to the ballot. And you can find yourselves in November, where the people say no, she has had enough. And then she didn't know how to try to fix the problem then. She would be willing to consider putting this on the ballot in November, if this is something everybody feels citizens want. But she won't be supporting this 8/10 of a cent.

Mayor Scruggs continued that in addition, going to what Councilmember Lieberman was talking about the car dealers. There has been no outreach at all to the business community, none whatsoever. She started getting a lot of emails from downtown merchants because they had read there was a memo put out about the idea that marketing was asked to explore charging admission

for the Jazz Festival. And that was not a popular idea. And it wasn't popular with any of the Council either. And so she started asking the merchants how they felt about a 36% increase in city sales tax. That's what it is, 36% increase and she did not get favorable responses at all. So she thought there was more that could be done when Council comes back whenever it is. She asked when Council agreed they were coming back, Thursday or something. Council corrected her to advise the next meeting was Monday. She would like to know where the city stands with the changes that Council made thus far. She would like to see what the difference is. And above all else, if there is to be a sales tax increase voted in by some of the Council, she wants to see some controls. You know Council was going to sit there, best case with a \$4 million fund reserve. You know right now, if that was the fund reserve right now, the city has already spent more than 10% of it with the landfill search for Jhessye Shockley. How many other things can come up? Remember when the city had the problems for fuel operations and there was a fuel spill and that was about half a million dollars to clean that up. You never know what's going to be coming up. And for the city to sit with this little of fund reserve to give money to a team owner so his investors can make a profit is not the right way for the city to go at this time. Thank you for listening.

Councilmember Lieberman remarked on what the 2.4% increase would generate for the city.

Ms. Schurhammer explained the GF raises less on a sales tax increase because they are peeling away the revenue generated at the Westgate area to pay for debt service. She noted for FY13 every 1/10th including food generates about \$3.3 million and an additional 2/10th gets them \$6.6 million for the year. She noted the 1/10th for 12 months would be \$3.6 million.

Councilmember Clark commented that several of the Council here today voted for the arena and Camelback Ranch. The city believed they could be something more than just farmland and set an objective to make Glendale a Sports Entrainment District destination. She said everything went smoothly for a several years and the city had enough money to pay for debt service. Except, the economy tanked and now the city has no money. However, they still have the debt to pay for the arena and Camelback Ranch. The Council in these meetings has stripped the city to the bone and departments are running the leanest they have ever been. She stated there were no more options left to consider today and believes they will have to implement a sales tax increase. She, like many Councilmembers, does not want to raise taxes; however, at this point it was necessary. She stated that philosophically, she supports the concept of the Coyotes staying in Glendale. She said she personally believes this was good for Glendale and feels it fulfills their original vision to create an Entertainment District in the City of Glendale other than just homes in that area. She believes they have no choice but to support a hockey team. She indicated she will support a sales tax increase with whatever number the Council decides on and added this must be done since they are out of options.

Councilmember Martinez agreed with everything Councilmember Clark said. He commented on all that has been discussed including the figure for the Coyotes now at \$17 million instead of the \$20 million. He noted his figures now indicate the difference was \$3 million or \$4 million. He believes based on the options they have, this was the best. He supports the idea of keeping the

Coyotes if possible. He asked to see the figures showing the impact with or without the Coyotes would have on Glendale.

Mr. Colson offered this slide presentation.

Arena Revenue	<u>W/ Coyotes</u>	<u>W/O Coyotes</u>
Annual:	\$9.351 M	\$3.65 M
Lease Term:	\$199 M	\$79 M
City Obligations	<u>W/ Coyotes</u>	<u>W/O Coyotes</u>
Debt Service		
Annual:	\$8.4-13.5 M	\$8.4-13.5 M
Lease Term:	\$152 M	\$152 M
Arena Management Fee		
Annual:	\$10-20 M	\$14 M
Lease Term:	\$306 M	\$280 M

Mr. Colson stated the impact of the Coyotes to the city's average revenue was \$15.7 million dollars. He said without the Coyotes it was determined the average revenue was \$6.5 million for a difference of \$9.2 million.

Mayor Scruggs commented that she had to ask, where is the \$15 million? Is this in the deal Council had not seen yet, the one that is still in negotiations? If the city made \$15 million having the Coyotes here there would never have been transfers from the GF to the MPC. The city has never had naming rights. Where is this stuff you are coming up with?

Mr. Colson stated these numbers included the deal points that have been negotiated. He said the projections were based on the averages of sales tax and other revenue from Westgate City Center, Coyotes ticket surcharges, team fees and naming rights that exist in the city's draft agreement with Jamison. Sales tax projections for the planned Tanger Factory Outlets were included in both studies. He went on to say that the Coyotes generate about 40 % of sales tax from Westgate. The result of running these numbers through the entire 20 year lease, realized an average of \$15.7 million that would be generated from revenue having the Coyotes stay in Glendale
Councilmember Lieberman read an email from Ms. Schurhammer citing figures related to the debt service and the arena management issue. In the March 19 email, it stated Glendale paid about \$9 million a year to cover its arena debt. Of that, Glendale used \$2.1 million in sales tax revenue, \$1.7 million from ticket surcharges and about \$512,000 in team fees toward this year's bill. Therefore, he could not agree with the figures presented and finds them to be unrealistic.

Mayor Scruggs asked what does Tanger sales have anything to do with the Coyotes. They can and they told us what their sales tax to us was going to be and it was \$2.6 million or something. She asked why Tanger was being claimed as a reason to keep the Coyotes.

Mr. Colson explained staff was not claiming Tanger and were only trying to reflect the revenue generation of the Westgate area. He noted the 800,000 visitors to the area during the year that will shop and spend money in the area.

Mayor Scruggs commented that first of all, there have never been 800,000 people that go to the Coyotes games. She had to argue with Goldwater Institute and everybody under the sun last year to even get 600,000 accepted. But there have never been 800,000. But people are going to a Coyotes game after work; they're probably not going to be in that mall to shop. She thought it was just disingenuous for the collective you to use the Tanger sales in relation to Coyotes. She could see people coming to Coyotes games eating at restaurants, she could understand that. But if they are coming from work they are not going to go shop at the Outlet Mall. Well she thought that was a stretch that is unbelievable.

Mr. Colson noted that whether the Council agrees or disagrees with the numbers, the concept remains that the Coyotes are a significant revenue generator and an impact to the city. He noted that keeping the Coyotes at Jobing.com not only offsets some of those costs but also allows them to continue the mission that started in 2001.

Councilmember Martinez asked if Tanger was considered part of the Westgate development. Mr. Colson replied yes. Councilmember Martinez commented the numbers provided included Tanger since their sales tax revenue was part of Westgate. Mr. Colson replied yes.

Vice Mayor Frate asked approximately how many attend the Coyote games. He estimates ½ million people. Mr. Colson stated the goal was to have about one million a year; however, the most recent numbers anticipated were about 500,000. He discussed the challenges in the concert industry which was the number one replacement for the arena bookings. This was the case not just in the state of Arizona, but nationally. He indicated it would be very difficult to replace those 43 nights with anything of similar value. Vice Mayor Frate agreed there was an advantage to Tanger from having the Coyotes in Glendale as well as the people eating and visiting Westgate. He believes it will be very hard to replace the ½ million people coming into the area now.

Mayor Scruggs commented that she had been thinking about that a lot herself and she didn't know that she looked at it in terms of replacing number by number. Earlier today she talked about that convention that Jobing.com did not want. It's only 3,000 people okay, but they did not want it. But it was 3,000 people who would be looking for hotels for five nights. That's more valuable than 15,000 people coming into an arena for one game and leaving. If they are staying there for five nights, they are going to go to that Tanger Outlet and they are going to eat in the restaurants and they are going to pay the bed tax and the sales tax on the hotels. There are different types of uses for that arena. And the city did have a proposal from somebody that would bring in a minor league hockey team, which she never had much faith in, but this person was willing to do that. And manage the arena all for under \$10 million a year. But the city wasn't interested in that. Well why not? You know somebody said there are no options, well there really are options. But the city has just said "no" to everything that has been brought up. Council talked about the assets and could any of them be sold, well the city doesn't have time to

sell right now because the city needs the money right now. But the city might be able to sell a lease back type thing and pick up cash.

Mayor Scruggs continued that there is talk about it was only going to be \$17 million this year instead of \$20 million and isn't the city lucky. Well where is the extra

\$3 million next year? Next year the budget is not any better than it is this year. And building in that arena management fee makes a very unsustainable budget because you're setting that back in there forever more. She continued that there is no deal; staff was sitting there throwing numbers at Council that are just outstanding. The city would be getting naming rights, and this, and that. The Council has not seen any of this. So all she could think of is, 2010, they were back against the wall and the team was going to leave and she thought the worst thing in the whole wide world would be for that team to leave. And in came the cavalry, the NHL to buy the team for only \$25 million. Which at that time, and she thought some of those present heard her say, that she believed based on what she was told that it cost about \$17 million to \$20 million to operate the arena. Well it doesn't cost \$17 million to \$20 million. So she said okay \$25 million, they get \$5 million for doing us this favor and taking over all the work. And it was days literally a couple of days from where they were going to move the team. Okay well that's a good idea. But the city has no deal, but the city is going to have a deal. Were you here in 2010?

Mr. Colson replied yes.

Mayor Scruggs commented that the city was going to have a deal, there were one or two that were pending she wasn't sure how many. Then 2011 comes along, here the city was, a few days before "D day". The NHL is very generous, they are going to let us renew for another \$25 million. And the first year she really strongly believed she was doing the right thing approving that \$25 million. The second year, she truly believed there was a deal just around the corner within days or weeks. And that's what Council was told within days or weeks. So she approved it again because the city was never going to have to pay it, as long as the sale was completed before hockey season started in October, the city would never have to pay that \$25 million. Well they are coming to the door in the next few days aren't they, to take that \$25 million. So here the city was again at exactly the same time in 2012 and there is this deal and it's great and it's getting better by the hour. She hadn't seen a darn thing in a piece of paper; she hadn't seen anything in front of her. This year she doesn't, she just doesn't believe it. She really doesn't and to just go ahead – and then you said our world is going to come apart without the arena. To her, and she believes to most everyone who was there at the time agrees, the city did not get involved in this thing because they wanted to be a Sports Mecca. The city didn't get involved in this thing because they loved hockey. The city got involved with this thing because the city wanted commercial development in that area along the 101 instead of residential development. And that's all the city was getting was residential redevelopment, that's all anybody saw there. So the reason why the city got involved in building an arena for a team was to have an anchor for the commercial development. And without the commercial development or part of it did not go along as fast as everybody hoped. And again let's blame the economy.

Mayor Scruggs continued that what she was seeing now is Westgate owned by the people who gave the money in the first place. The lenders own it now. And who has more of an interest in making that thing be successful than the lenders? Who has the biggest interest in making that successful? She thought them because they want to sell more land or lease more land or whatever it is they want to do out there. So that eventually they can sell it and make a big profit. So she kind of – she really thought it was time they pick up the baton and they be the ones that start bringing people out there to Westgate to make it more successful because they are the ones that are going to profit from all of this. So she has more confidence in them creating traffic and business and so forth because they are the ones that are going to be really hurt if this does not happen. So that's why she believes things are different. She does think the city has had options all along the way, but every time suggestions were made, nope, everything has been the same model. And she had one more thing to say. When the city started this whole thing they said that whatever deal that came to them had to be one that wasn't going to cost the citizens money. This is costing the citizens huge amounts of money. So in terms of the debt service, the city continues to count anything that's anything within a 10 mile radius of where the arena is and say that's all because of the arena. So Northern Crossing is going to continue to make money and that was another thing. And here is where she differed with some people. The decision the city made in 2001 was not a bad decision, and the city got a lot of good out of it. And the redevelopment of 59th and Northern is one huge thing so all that money gets counted towards paying the arena debt. Now the city was going to use Tanger's money to pay the arena debt. She was surprised the city doesn't use Cabelas', but that's because the city was paying the debt on Zanjero. But anything that comes remotely close to the area, well the city doesn't make any new money because it just goes to that arena debt.

Mayor Scruggs continued that she does believe with proper management the arena can be very profitable for the city and bring the city as much money and probably more than what is happening right now. But the city has to have people who don't say "no I don't like this, no I don't want that". The city has to have people that are hungry and after business. And there will be a better opportunity to do that when certain nights aren't blocked out. Maybe there can be more five day conferences and conventions and fill it up. Religious organizations like to have those types of things or business organizations. That's what really keeps the hotels in business. She thanked everyone for the opportunity to express her thoughts.

Councilmember Clark stated Westgate had never performed as promised, period, and that was the reality. She heard comments that the NHL had to save the city by structuring a payment plan and giving us some relief. Now she was hearing that Westgate should be more aggressive with their marketing in order to save them. She indicated the only people going to save the city were themselves. It was all up to them and what they decide to do in the next several days about the arena and Camelback Ranch. She noted they could argue until the cows come home about the exact amount of the debt, however, it was still debt that has to be paid and they cannot be met with the revenues the city was generating. She explained they will never know the true cost to operate the arena until it's actually done. Therefore, they all needed to get past that issue. She believes the amount will be considerably more than the \$11 million mentioned. Additionally, if they don't consider the deal with the Coyotes, they might be left scratching their heads when nothing better comes around. She discussed the issue regarding the challenges in the

entertainment market. She stated there was no getting around the fact the city had the debt for the arena and Camelback Ranch and something had to be done. Therefore, at this point they need to be talking about the sales tax and property tax issue. She believes they have to get back on track regarding the sales tax issue. She asked for a consensus on who supported moving forward with further discussion about the sales tax and what it should be or should it be anything at all.

Mayor Scruggs commented that the Council has never stopped talking about that. She thought that was what each of the Councilmembers that spoke has been talking about. Maybe you don't like some of what you're hearing but she didn't think Council ever stopped talking about it. Councilmember Martinez has said very openly, he is all for it, the 8/10th of a cent and he can't see another way to do it. So he is that way. Councilmember Lieberman says he wouldn't go more than 2/10th of a cent. Vice Mayor Frate said he will go the 8/10th of a cent.

Councilmember Martinez asked for some consensus from the rest of the Councilmembers on who supported the 8/10th increase.

Mayor Scruggs commented that she thought they had already heard three people support the 8/10th: Councilmember Martinez, Vice Mayor Frate, and Councilmember Clark. So it can't be said there was no support. It's just Councilmember Lieberman and me that don't support 8/10th of a cent.

Councilmember Knaack remarked that at times she also felt like Mayor Scruggs, but still thinks this hockey deal was going to get done and remains optimistic at this point. The arena was built for hockey and believes the Jamison deal will bring bigger opportunities than just the arena. She expressed her support for the sales tax even though she has never been a fan of raising taxes. However, she would like to see if staff could bring it a little lower than it was right now. She will also support a property tax within reason and does support the hockey issue at the moment.

Councilmember Clark noted for clarification that she never agreed to the 8/10th of a percent. She stated her comment was that she would accept what the majority of the Council felt was appropriate.

Mayor Scruggs commented that she wanted to go through what the process is because basically what they were doing here tonight is committing to vote a certain way on June the 12th. She continued no matter what happens between then and June the 12th, if you build the budget on an 8/10th of a cent sales tax increase or whatever. The Council was committing right now that on June the 12th, no matter what they were voting, they were voting for that sales tax increase. So she just wanted to make sure everyone understands what it is they were doing and then the other question is and if that gets reversed and taken away from the City of Glendale, what plan is there then? You don't want to look at any plan for anything here tonight and it seems there is no plan.

Vice Mayor Frate asked Mayor Scruggs what her suggestion would be at this point.

Mayor Scruggs commented that the Council had not been able to talk about anything else. She wasn't sure where the budget was now in terms of expenses and revenues based on changes that Council had made. Okay she didn't know what different numbers – she guessed she could figure out what was. . She was not in favor of the hockey thing so that is the first difference she has right there. And she guessed that she was curious. And she doesn't want to be yelled at, but she was curious how long they would be comfortable waiting until you have a contract in front of you that says this is exactly what the deal Jamison is all about. And that the NHL has approved it because, she read something in the newspaper yesterday that the NHL is not going to decide until after Glendale decides. So when is the right time because you have to vote this budget or was the city going to do another thing like last year? Would the city just promise? The NHL is coming to look for their money in about a week or so. So if the Coyotes don't make it past the first round, they come and they take their money right then. And they are going to ask for the continuation because after all the deals right around the corner again, isn't? How do you see all that working out? She saw those times all conflicting. She didn't see how they could work it out? She couldn't see a clear path. But the city must, so, help her understand it.

Councilmember Martinez commented on the proposed budget having \$17 million not \$20 million for the arena management. He stated that based on that, they did have a number to work with. They can always decrease it if necessary if they receive updated information in Executive Session.

Mayor Scruggs commented not to be difficult, but there is one other thing that she didn't say. When the city first did the arena and Northern Crossing and discussed the five agreements, they sat there and went over every single word in all five of the agreements. And Council knew what they said, Council entered into with the Cardinals or whoever to do the football stadium, Council had those agreements, every single word. And from then on, everything changed. And what Council did was they passed resolutions giving authority to the City Manager to enter into agreements to whatever with the understanding that those agreements would reflect what Council thought. She was not going to do that this time. She wants the papers in front of her. It's time; she wants the papers in front of her, word by word by word. She wants to read it, exactly the final, final, final. So that is why she asked her question, when do you see this coming together? So today is April the 17th come April 30th or May 1st, the NHL comes in and reaches in takes the money out of the escrow account maybe even sooner because it's when the last game is played. Well right now the city doesn't have any agreement or anything, she didn't believe. She knew that members of Council believe strongly there will be a deal with Jamison. She didn't think the city would have final papers by that date. How does the city manage that uncertainty? How does the city manage that time? Does the city put another \$25 million in for the NHL because the Jamison deal is right around the corner? That's what the city did last year. She was having trouble working this out in her mind so that was why she was done.

Councilmember Clark remarked at times she does get a little passionate about issues. She said that just for comfort reasons she would rather keep the \$20 million in the budget. She suggested if they don't get a deal by July 1st, the city should take that \$20 million, issue an RFP and get somebody else.

Councilmember Alvarez expressed her confusion about the sudden change of support regarding the NHL and the hockey team staying in Glendale when there was tremendous support before. She stated her position has never changed and has always advocated funding to the communities. She wondered what happened recently to change some minds.

Mayor Scruggs commented that she could explain what changed her mind. . It did not happen all of a sudden. It happened last June. It happened when as she said she voted for the \$25 million the second year because she believed there was a deal right around the corner with Mr. Hulziser. She didn't think that deal up, the thing with the bonds that was brought to Council by the negotiators. Council was never allowed to negotiate. So that was brought to Council as a great deal. That was the best thing for us. And she read what the independent legal opinion said about it. It was a great deal. So she believed the city was going to go forward with that. The city would get somebody to own the team and it was good for the city. Because everything that Council was shown – none of them would have supported anything that they did not believe was good for the city based on what they had been told. Well then it fell apart and it turned out that the bonds were bad; the city's bond rating was going to be downgraded if the city went ahead with this deal. No one knew any of this ahead of time. So in June, and she could send you newspaper articles, links to TV interviews, this is not all of a sudden. She has been saying this since June of 2011, there needs to be a plan B. She was even interviewed by Kevin Kennedy on Channel 12 where she said, the city needs to start preparing for life without the Coyotes.

Mayor Scruggs continued that it had been out there. She didn't know why Councilmember Alvarez hadn't heard it. It's been in newspaper articles. She has been very consistent. That she tried to get the information through city staff and Council was told that it would just really mess up the deal if they knew. What basically - what she was trying to find out was how much of what the city was paying was the real expense for the arena and how much was subsidy. And you know she thought about this since, and this is really interesting. She should have been able to get that because when the city paid the \$25 million, the NHL was supposed to show documentation of what the arena expenses were and how much they kept for hockey. So she has been very consistent since June of 2011 in print media, TV media, and meetings. And now it has gotten to the point where she was seeing a situation for the third year in a row, exactly the same a few days before the seasons ends. So Councilmember Alvarez, the third time, no, she was not going to do it the third time. But this is not something new. If you think that this is somehow responding to political pressure or whatever, no. She has been saying this consistently for 10 months. And she knows she has irritated some of her colleagues. She knows they hardly ever speak to her anymore. And she knew that she had irritated people. But it's just how she feels, it's nothing new.

Councilmember Knaack remarked the Mayor has been very consistent in her position since June, and also was correct in many of her other comments. She agrees with Councilmember Clark that she would never put another \$25 million down for the hockey team. She stated if they don't get this deal done this time around, they were done with the NHL.

Councilmember Alvarez asked when the deal was going to get done. Mr. Beasley stated the process was the NHL owns the team and is selling the team. He explained when they find a

qualified buyer to satisfy the requirements they will ratify the sale. The difference between the previous times was that the city did not own the team and was not selling the team but is only the recipient of the arena management deal.

Councilmember Alvarez asked why the NHL said they were waiting on Glendale first. Mr. Beasley believes they are not saying that and he had not seen that statement. He added staff also did not want to go through what the city went through the last few years trying to secure a buyer. He agreed with Mayor Scruggs that Council should examine those documents word by word once they receive them. He suspects this agreement was not far away since they too have to plan for the next season coming up as well as knowing the city's time frame. What has been reported in the paper was that the NHL does not have any plans to move the team and are working towards a resolution to stay in Glendale.

Councilmember Martinez asked Mr. Beasley to speak to the information he shared with Council earlier this afternoon.

Mr. Beasley stated that in his earlier discussions with Mr. Jamison, he said he felt very confident with this process and could reduce the amount of money from \$20 million to \$17 million. Mr. Jamison also stated he felt things were moving strongly enough that he would be willing to make a statement in the near future about where things were going. He expects more discussions tonight and possibly tomorrow morning that will indicate how much closer the deal was to its conclusion.

Councilmember Clark agrees with the Mayor on finding out where the budget stands with the proposed changes the Council made to the budget today. She would like to see that information before she commits to the full 8/10th on the sales tax. They might be able reduce it a point or two.

Councilmember Lieberman suggested they do the CIP on Monday.

Mayor Scruggs asked once this is settled, what plans have been made to talk to the public about the budget that the city was going to bring forward for a vote. She knew that Phoenix was having 17 public meetings and she knew they are a bigger city than Glendale. They have been doing public meetings online. She thought she had sent that information over to Ms. Frisoni and to several people. What are the plans for taking this out to the public? Because before everybody votes on the sales tax increase, Council might want to hear from the public, maybe not? What did staff have in mind?

Mr. Skeete stated that as of now, staff has not developed a full blown public or promotional plan on the budget other than the one they are required to do through this process.

Vice Mayor Frate commented that many people are watching these budget meetings on television and also going online. He noted the people that are concerned and active in the community are watching. He added these proceedings are not being done in a vacuum and are readily available

to anyone interested. Mr. Skeete explained last year's schedule and the public hearings that were done to receive feedback from the proposed budget cuts.

Mayor Scruggs commented that if there was any interest on the part of her colleagues to have some meetings, maybe Monday, Mr. Skeete could develop a plan for some public meetings at least three in different parts of the city if anybody is interested in having those.

Vice Mayor Frate suggested each Councilmember having their district meetings this month discuss this information and receive input from their communities.

Councilmember Clark asked if there was any consensus to eliminate car allowances and cell phone subsidies. She added if there was no support to eliminate cell phone subsidies she would like them at least equal and would like to see it all at \$50 a month.

Mayor Scruggs commented that she would be willing to agree to consider not the outright elimination, but when Council comes back on Monday, there are only 22 people that receive car allowances. What she would suggest was that staff works with those 22 people and determine – she thought there were some that rarely go anywhere and there were some that were in their cars six hours a day. So can staff figure out what the difference would be between them putting in for mileage and receiving the allowance? She hoped that the agreement was – Council didn't mean when staff travels for work they get nothing? Okay a listing of who by contract has a car allowance and if there was some contractual agreement that couldn't be changed. And then of those that have a car allowances whether it's less expensive for them to use the car or to put in for mileage. Cell phones are just a way of doing business. So she didn't really care to go further on that. She asked what the rest of the Council felt on these items.

Councilmember Knaack agreed with Mayor Scruggs' assessment, but would like more information on both. Vice Mayor Frate agreed. Mr. Skeete agreed to have that information by Monday. He explained the three types of cell phone users in the city. The first two are for executives who receive \$100 in allowance and the second tier receives \$50. He added public safety official's cell phones are paid for by the city and receive no allowance.

Councilmember Lieberman noted he found a monthly allowance of \$400 a month in the budget.

Mayor Scruggs commented that Council was looking at a police sergeant, who will remain unnamed, who receives a \$450 a month cell phone allowance. She believed it probably was a mistake.

Mr. Skeete explained that reflected the annual cell phone allowance. He stated he will forward all this information in one document to Council to further explain.

Mayor Scruggs asked if there was anything else.

Councilmember Martinez asked if they had to make the next meeting official.

Mayor Scruggs asked Mr. Tindall if he was going to tell Council how to go about setting the next meeting for – well Council couldn't call it now because they were not posted to call it, right.

Mr. Tindall explained the ordinance allows for either a special meeting to be called with specific notice or a special meeting the Council can hold upon call and consent of the Council. The meeting will be posted in accordance with the open meeting law which is within 24 hours of the meeting.

Vice Mayor Frate recommended the Council hold a special meeting on Monday the 23rd at 8:30 a.m. Councilmember Clark seconded the recommendation.

Mayor Scruggs asked for all those in favor of meeting at 8:30 a.m. on Monday April 23rd with no breakfast, please vote yes. Everyone voted yes. Mayor Scruggs adjourned the meeting.

ADJOURNMENT

The meeting was adjourned at 8:58 p.m.