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

MINUTES OF THE
GLENDALE CITY COUNCIL WORKSHOP SESSION
Council Chambers – Room B3
5850 West Glendale Avenue
December 17, 2013
1:30 p.m.

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

ALSO PRESENT: Brenda Fischer, City Manager; Julie Frisoni, Interim Assistant City Manager; Michael Bailey, City Attorney; and Pamela Hanna, City Clerk

CALL TO ORDER

WORKSHOP SESSION

1. PAVEMENT MANAGEMENT PROGRAM UPDATE
   PRESENTED BY: Stuart Kent, Executive Director, Public Works
   Christina Betz, Deputy Director, Public Works

This is a request for City Council to receive an update on the Pavement Management Program for the City of Glendale. Staff is presenting a five-year plan on the Pavement Management Program which was developed by IMS Infrastructure Management Services, L.L.C. (IMS). The update will include a summary of overall conditions of the city's road network, as well as a plan to maintain the road network for the next several fiscal years. Staff is seeking Council guidance and approval with regard to funding and implementation of the Pavement Management Program.

Mr. Kent said their presentation will focus on the overall health of the street network in the city and will provide recommendations on how to spend approximately $43.2 million over the next 6 years. He said a guiding principle in pavement management is to maintain appropriate treatment at the appropriate time.

Ms. Betz explained how streets are classified and how many there are in the city. She said the pavement management program is to complete street maintenance on a routine basis

before streets have deteriorated and require more costly maintenance and repairs. She next discussed the pavement life cycle curve and discussed the various pavement condition levels/performance over time. Ms. Betz explained the pavement condition index and the maintenance costs per mile. She provided pictures of streets in various stages of the pavement condition index.

Mr. Kent explained the pavement condition index distribution of the city streets, with 85 percent of the streets in fair to very good condition. He said he could not compare the city's streets to other cities as each city uses different methodology to determine the pavement condition of their streets. He said all the streets collectively average out to a 72, which falls in the high end of the fair range. Mr. Kent then explained the spending history and proposed funding for street maintenance from 2009 through 2019 fiscal years. He said the variation in costs for each fiscal year is directly related to the type of work that is done. He explained each rehabilitation plan for FY 2014, 2015 and 2016-2019. He went over the proposed rehabilitation plan from FY 2014 through 2019 and the cost by grouping the streets based on their pavement condition index. He said the worst streets will not always be fixed first due to the fact the other streets will deteriorate more significantly in the time it will take to fix the streets in the poorest condition. Therefore, they will improve a combination of streets with a high need for repair as well as improving those streets with a lower immediate need for repair. Mr. Kent also explained the budget analysis versus the pavement condition index over the next five years.

Councilmember Sherwood wanted to know how Glendale compares with other cities at this time. Mr. Kent said when the recession started; one of the first things cities stopped doing was repairing the streets. He said Glendale has always tried to tie any improvement project with any projects that were scheduled to be done on a street at any given time. Councilmember Sherwood said the city has spent about $22 million over the last five years, including this fiscal year, on roads and he said the proposal today is to double that amount over the next few years. He said he appreciates how conservative they have to be because of the city's financial situation, but the project costs proposed are just a small portion of what is needed. He complimented Mr. Kent for getting the most roadway for the dollars they have to spend. He said they have to go for the HURF funds to help pay for these improvements. Mr. Kent said they have reviewed the use of the HURF funds with Mr. Duensing to insure the money will be there. He said there are several HURF related projects that will be paid off; using those funds to make the road improvements may be feasible. Mr. Kent said this is a fluid process and the numbers will be reevaluated in the spring.

Councilmember Alvarez asked if the Ocotillo District fell in the poor or very poor range. Mr. Kent said there are streets throughout the entire city that fall into those categories. He said no one district is worse than any other. She asked what the percentage of the streets in her district are rated. Mr. Kent said he did not have those specific numbers, but would gather that information. Councilmember Alvarez also asked how many miles they were going to improve in the Ocotillo District in FY14. Mr. Kent said they would gather the information for each district and will provide that to each of the Councilmembers.

Vice Mayor Knaack asked how long a street would last if there was no maintenance. Mr. Kent said it might last a little longer if it was a residential rather than an arterial street, but if it was built to standard, after about 25 years, the street would be in the poor range. Vice Mayor Knaack said the city as a whole is getting older and it just depends on how old the streets are. She said the plan is well thought out and approves of the plan.

Councilmember Martinez thanked Mr. Kent and his staff for this comprehensive report. He said they can do a lot of things for the residents and they will never hear a word about it, but once the streets start getting bad, they will hear about it. He said based on the index used, it seemed a fair way to address the problems they have. He said they spent quite a bit of money on the study that was done, almost a million dollars, and he would support going forward as the item had been presented. Mr. Kent said the study did not cost $7 million. Councilmember Martinez said it cost about half a million. Mr. Kent said he just wanted to correct the figure on the record.

Councilmember Chavira said Mr. Kent has a delicate balancing act with the costs of these projects. He asked if the $1 million per mile cost that Mr. Kent mentioned was for complete reconstruction or to just bring the roadway up to a certain standard. Mr. Kent said that $1 million cost was the cost of a typical overlay on an arterial street. He said a residential street might cost a little bit less.

Mayor Weiers asked if the city of Phoenix assisted with the cost of repairs on Camelback Road because that street is shared between the cities. Mr. Kent said the cost to repair Camelback Road is totally Glendale's responsibility.

Councilmember Chavira thanked the staff for all the hard work they put into this presentation.

Mayor Weiers said there was consensus to move forward with this item.

2. <u>COMMUNITY DEVELOPMENT FEE WAIVER/REBATE DISCUSSION</u>
PRESENTED BY: Brian Friedman, Executive Director, Community and Economic Development and Dave McAlindin,

Staff is seeking guidance from Council to bring forward to a future voting meeting a proposed amendment to Glendale City Code Chapter 2, Article I, Section 2-3 that provides authorization for the City Council to waive or rebate Community Development fees upon a finding that the waiver or rebate is in the best interest of the City of Glendale; and, delegates its authority to the City Manager to administratively waive or rebate up to $50,000 of community development fees. Staff recommends that City Council adopt an amendment to the existing ordinance to be utilized as an economic development tool.

Mr. Friedman said in the past, waivers up to $50,000 have been issued based on signature authority limits and it is important to expressly authorize this in the city code. Mr. Friedman provided an overview of the waiver/rebate option for the Council, how it is used as an economic development tool, how it is used by other communities and added this proposal would not include any development impact fees.

Mr. McAlindin discussed the impact of this item and said it would allow the city to respond quickly to attract and retain jobs and provides for a significant return on investment. He discussed the dollar amount of fee waivers since 2010, the number of jobs that have been created and ongoing annual revenue. He said past waivers have resulted in a 20:1 return on investment. He also said a due diligence process would be created which would provide analysis of the jobs created and retained, salaries and the amount of revenue generated. He also explained an independent third party review will continue to be utilized to substantiate the economic and fiscal impacts to the city. A recommendation would be submitted to the city manager if the suggested fee waiver or rebate is $50,000 or less or to the Council if the suggested fee waiver or rebate is over $50,000. This will allow for continued quality development, increase general fund revenue streams and support citizen services.

Councilmember Chavira said he is in favor of this item. He said it is a great tool to keep the city competitive

Councilmember Hugh asked how much the neighboring cities are willing to do. Mr. McAlindin said each city has different waiver programs. He said the proposed process is the best one to respond in a competitive situation. Councilmember Hugh said it shouldn't be that difficult to get approval with a waiver of under $50,000. Mr. McAlindin said in a competitive situation, a company is looking to make a decision very quickly. With items taking a month to get heard on the agenda, that time is essential to be able to work with a company trying to make a decision by going directly through the City Manager. Mr. Friedman also said they are typically successful within the first 24 to 48 hours with a company looking for an immediate answer. He said with this streamlined process, the city has won before any other city has had a chance to compete to win.

Councilmember Alvarez asked for an explanation of the process for Peoria and Phoenix. Mr. McAlindin explained the process. Councilmember Alvarez asked if this was available for all businesses and wanted to know who makes the decision on who gets what. Mr. Friedman said the return on their investment with this program has reached as high as $6.8 million ongoing. He said they will look at any business that makes sense, as we are looking for a return on their investment.

Councilmember Sherwood said the numbers speak for themselves. The city needs to act quickly and bring the projects in. He said they need that latitude to get these projects to the city.

Councilmember Martinez agreed this is a good idea and will give the city an edge in the competitive market. He said the history of the Economic Development Department shows this has been successful. He said with the figures presented, they have a great return on investment.

Vice Mayor Knaack agrees with the other Councilmembers. She said they need to be on top of the decisions and they have to have the flexibility to make these decisions. Glendale needs to be the one who gets the new business.

Mayor Weiers said there is consensus to move forward with this item.

3. GENERAL PLAN UPDATE AND PROPOSED STEERING COMMITTEE
PRESENTED BY: Jon M. Froke, AICP, Planning Director

Staff will introduce the General Plan Update and request guidance from Council to create a Steering Committee for the General Plan. The city's General Plan is required by state law to be periodically updated and the Planning Division is beginning this process. As part of the General Plan Update, the Planning Division desires to be assisted by a Steering Committee of interested citizens and stakeholders in the community.

Staff is seeking guidance from Council to continue with the formation of a Steering Committee for the update of the General Plan.

Mr. Froke provided a history of the General Plan and the current General Plan 2025 which was adopted by voters in 2002. He said the General Plan is required by state law and serves as the official policy statement of the city to guide development. He also said it guides new development and must be updated every 10 years. He said many valley cities have recently completed their General Plan updates or are in the process of doing so. He also discussed the General Plan Land Use Map for the city which shows land use designations. He said they are updating the General Plan. He said they want to reflect current development, including Loop 101, Loop 303 and Northern Parkway. It will recognize the sports and entertainment district and further the city's partnership with Luke Air Force Base. Work on the General Plan will continue through most of 2014. Council and voter approval will be required and will be on the ballot for the November 4, 2014 election.

Ms. Perry explained the importance of establishing a Steering Committee for support of the planning endeavor and staff is seeking guidance of forming this committee. She said recruitment will be processed by the Government Services Committee (GSC), with a total of 14 Council appointees. An additional 7 members, consisting of business and community leaders will be selected by staff and recommended to GSC for appointment. Total members of the steering committee will be approximately 21 members.

Mr. Froke said the committee will work with staff and a planning consultant to assist with this update. The Planning Commission will also work heavily with this project.

Councilmember Chavira said even though this is required by law, this project will help guide development in the city, and the steering committee will help head the city in the right direction.

Councilmember Martinez asked when the steering committee needed to be in place. Mr. Froke said it would be ideal to have the members in place in February. Councilmember Martinez said there is always a dropout rate for this type of committee and asked how the selection process worked in the past. Mr. Froke said the end number was about 35 total citywide. Councilmember Martinez asked when they started the process the last time, if

they asked for recommendations from the Mayor and Councilmembers. Mr. Froke said it was actually staff-driven. Councilmember Martinez asked Mr. Froke what he would recommend. Mr. Froke said he suggested nominations of 5 to 10 nominees per district. Councilmember Martinez said they have been struggling in the past to come up with nominees and need to get the word out.

Vice Mayor Knaack asked if they are going to be able to use current boards and commissions members as nominees. Mr. Froke said that was the intent and it would be helpful.

Councilmember Sherwood stated hopefully they will have a good response. He asked how realistic it was to think this could come to a vote in November. Mr. Froke said this is very aggressive. The Planning Department is very small and tries to provide excellent customer service. He said they think they can get it on the ballot next year. Councilmember Sherwood suggested putting it on the ballot in 2016 and said they shouldn't have to do a special election in 2015 for it. Mr. Froke said he appreciated the comments and said it may be difficult to get this done, but he said right now, they expect to have it done in 2014.

Mayor Weiers said there was consensus to move forward with this item.

4. <u>REVIEW OF ORDINANCE AMENDING GLENDALE CITY CODE, CHAPTER 2, ARTICLE III, DIVISION 2, SECTION 2-68 (CLASSIFIED AND UNCLASSIFIED SERVICE), AND REVISING HUMAN RESOURCES POLICIES 201, 513, AND 514</u>
PRESENTED BY: Jim Brown, Executive Director, Human Resources and Risk Management

Staff is requesting Council consideration for recommended changes to Glendale City Code, Chapter 2, Article III, Division 2, Section 2-68 (Unclassified and classified service) as well as changes to Human Resources Policies 201 – Employment; 513 – Discipline; and 514 – Grievances in order to align these policies with the revised code.

Mr. Brown said this is a follow-up discussion. He said these proposed changes would also impact Human Resources policies. This was taken to the city's Personnel Board, who recommended that unclassified service apply only to exempt (salaried) positions. Mr. Brown provided an overview of the definition of unclassified service and said these positions must be responsive to the city's appointed officials in order for appointed officials to successfully carry out the goals and objectives of the City Council. He then discussed the recommended unclassified service expansion to include the Assistant City Manager or Deputy City Manager positions. department directors and assistant department director levels, all positions in the City Manager, City Attorney, City Clerk, Council Office and Mayor's Office and will include employees in introductory or probationary periods of employment. He said there will be no impact to employees currently in these positions and this will only impact employees who move into these positions after the ordinance goes into effect in February 2014. This does not impact City Court employees and grants more authority to the City Attorney and City Clerk for employees in their departments. Unclassified employees are still protected by state and federal employment anti-discrimination laws. Mr. Brown reviewed with council examples of unclassified positions

in several Arizona cities. He said that expanding the unclassified positions would give appointed officials an opportunity to build a staff base that is more responsive to carrying out Council goals and objectives.

Councilmember Alvarez said she is totally against this. She said the city has always been very fair to their employees and she did not think that employees would want to come to work for the city without any rights at all. She said managers have gotten rid of employees in the past for no reason. She said employees have suffered enough with no raises and all the changes over the years. She said this is not necessary.

Councilmember Chavira asked if this pertained mostly to upper level management. Mr. Brown said that was true, with the exception of in the appointed official offices. Councilmember Chavira said this does not affect the employees as a whole, just the employees mentioned by Mr. Brown. Mr. Brown said that is correct.

Mayor Weiers clarified this did not just affect appointed officials; it also affected employees in elected officials' offices.

Vice Mayor Knaack said every city she has spoken with has a different philosophy on this issue. She said she is not comfortable with this. She said this sends a very unsettling message to the current city employees. She said she would not agree to this for employees below the assistant director level. She said her office employees know their jobs thoroughly and assist the Councilmembers so much. She is not comfortable with this big cultural and philosophical change right now.

Councilmember Hugh said he agreed with both previous comments. He asked Mr. Brown how many employees fall into this category. Mr. Brown said about 80 employees would be affected by this change right now. Councilmember Hugh asked what rights employees have now. Mr. Brown explained the rights employees have at this time, which includes the right to grievance and the right to appeal any punitive action. Councilmember Hugh asked how employees would be better off without these rights. Mr. Bailey said they are talking about organizational changes for the betterment of the organization. He said in his position as an attorney, he is now personally responsible for those employees in his department, which include the attorneys and administrative staff. He can be held accountable for violation of those ethical violations. He said he needs the tools that allow him the opportunity to address those issues in a timely manner to protect the organization. He said they are moving toward creating a more professional organization that can address more contemporary issues over the long term. Addressing Councilmember Hugh's question, he said this harms no one right now, but in the future, the organization will have a more contemporary structure that can address issues as they arise. Councilmember Hugh asked what is wrong with the due process the city has now. Mr. Brown said the due process works well, but in the appointed officials' offices, it moves authority of employment to the city manager. This ordinance change would address those issues.

Councilmember Martinez said this topic is a good example of how he misunderstood this change. He has no problem going down to the assistant director level. He said the previous issues they had with employees have been corrected, but this is going beyond what is

necessary. He said he has a problem with this broad of a change at this time. He said the system that is in place at this time seems to work. He said the employees also need to be protected. He quoted an excerpt from an employee message that said, "This change in classification would affect me and I don't think it is fair. Either we do it for all nonexempt employees or don't do it at all. This reclassification of the position will only make me want to leave sooner since there is no reason to want to advance within my department. If I were to take any type of promotion or position change, I would fall into this category." He said this might be appropriate at a different point in time, but with everything that has happened recently and all that is going on within the organization at this time; this is not the time to make a change like this. He said this would impact a lot of employees. He said he cannot support this at this time.

Councilmember Sherwood said if you are doing your job, this should not be a concern. He said this just gives flexibility to the appointed positions that allows them to make changes if required. He said this is not set up to make huge changes in these offices. He said regarding the concern about taking a promotion within the department, if the employee is getting a promotion, they probably don't have to worry about the changes. He said this just gives the department flexibility to fix a problem if one occurs.

Councilmember Alvarez said this does not benefit the employees. She said the employees do not have the contacts that the upper level employees have. She said they want to keep good employees. This change is not good for the organization. This is a decision on fairness.

Vice Mayor Knaack said this is not an emotional decision, but coming in as a new Councilmember, she could not imagine not having that staff person there to assist and guide them in their first months on the job. She said this needs to be transitioned in, not just taking a huge step into something new. She asked if an employee could file for unemployment if they are let go from the city. Mr. Brown said they could certainly apply for unemployment, but that determination is made by the state. Vice Mayor Knaack said citizens from Councilmembers' districts are appointed to the Personnel Board and the Personnel Board recommended changes to the policy and the ordinance, but said the changes should be limited to exempt positions only.

Councilmember Martinez asked if someone is fired or dismissed, could they apply for unemployment. Mr. Brown said any employee who is terminated can apply for unemployment through the termination date. Councilmember Martinez asked if an employee is let go for cause, it was his understanding they would not get anything from unemployment. Mr. Brown said that was correct, but they could certainly apply for it through the state.

Mr. Brown wanted to point out that this does not impact existing employees and would only impact new or promoted employees after February 2014.

Councilmember Alvarez said that would discourage new employees to come into city employment, knowing they have no rights. She said many employees have been here a long time and they want new employees to stay a long time. She said she does not want to

be part of a Council who will do this to employees who have stayed and have been loyal to the organization. She is totally against this item.

Councilmember Chavira asked Mr. Bailey to expound on this item just for the attorney's office. Mr. Bailey said this may be a good time to step back away from this.

Ms. Fischer said since there is significant concern about this issue right now, it would be prudent thing to do step back and discuss it a little bit more before bringing it before Council now.

Councilmember Sherwood said he felt there would be consensus for the director, deputy director and assistant director positions right now. He said they could look at positions in the attorney's office and other positions at a future point.

Ms. Fischer asked for Council direction on whatever their desire would be on this issue.

Councilmember Alvarez asked if this affected the Fire and Police Departments and was advised it did not because of their union. She said the next step might be that the lower level employees form a union. She is voting against the whole thing and is not in agreement with this.

Councilmember Chavira said the chiefs are considered management and are not protected.

Councilmember Martinez said he heard there was consensus to not go ahead with this. Councilmember Sherwood said he heard previously that Councilmember Martinez had a problem with the unclassified positions.

Mayor Weiers asked if there was consensus to table this for now. Ms. Fischer said it might be best to table this for right now and do some more research. Mayor Weiers said there is no consensus to move forward.

5. <u>COUNCIL ITEM OF SPECIAL INTEREST: MONTHLY ARENA REPORTS</u>
PRESENTED BY: Tom Duensing, Executive Director, Financial Services

The purpose of this item is to provide Council with a detailed review of the Monthly Arena Revenues and Expenditures reports. This item was requested at the October 1 and November 5, 2013, City Council Workshops.

Mr. Duensing provided a brief background of the Arena Management Agreement. He said this information relates to the management agreement for Jobing.com Arena only and does not include activity for the Arena/Westgate area such as debt service. He discussed the Westgate area map and explained how the reports are broken down into revenues, expenditures and a section that reports the number of hockey and non-hockey activities during the month. He said the revenues are reported as they are received and expenditures are reported when they are paid. Mr. Duensing said there are multiple types of revenues received directly by the city and received from the arena manager. He

explained when various payments are received and various ticket surcharges. He also provided and discussed a summary of the financial information.

Vice Mayor Knaack said she appreciated the information and said it is a little soon to make any judgments.

Councilmember Chavira is also happy to receive this information.

Mr. Duensing said the Follow Your Money is more or less real time information. He explained differences between the arena reports and the Follow Your Money figures.

6. FY12-13 YEAR-END FINANCIAL RESULTS
PRESENTED BY: Tom Duensing, Executive Director, Financial Services

The purpose of this item is to provide Council with a review of the financial results of Fiscal Year 2012-2013 (FY12-13) and provide staff with feedback on the presentation of the actual Comprehensive Annual Financial Report at a possible future Council Workshop.

He said the city has contracted with a new independent auditor. He also explained several of the legal compliance steps the city has to comply with. He briefly explained the Comprehensive Annual Financial Report (CAFR). Mr. Duensing reviewed financial highlights, which included the fund balances for the FY13-14 annual budget and the fund balance in the five year forecast. He also discussed the general fund, transportation fund, and enterprise funds. He provided information regarding planned fund balances and actual fund balances and the highlights of the special revenue funds, enterprise funds and the general fund.

Vice Mayor Knaack commented it would be a good idea to talk about the CAFR when it has been completed and go over the highlights as this has never been discussed in a workshop before.

7. GENERAL FUND FIVE-YEAR FINANCIAL FORECAST, COUNCIL ITEM OF SPECIAL INTEREST: DISCUSS CURRENT REVENUE PROJECTIONS
PRESENTED BY: Tom Duensing, Executive Director, Financial Services

The purpose of this item is to provide Council with an updated General Fund Five-Year Financial Forecast. This item also addresses a Council item of special interest and discusses current revenue projections which were requested at the August 20, 2013, workshop.

Mr. Duensing said this is the first step and the five year financial forecast sets the stage for the upcoming budget process. He said they will come back every year with a five year forecast. He said they are forecasting a structural deficit, but it is a manageable issue. He said a forecast anticipates revenues and expenditures over the next five years. He also said they have built in a 5 percent contingency which is calculated on anticipated revenues. Mr. Duensing next briefly discussed the revenue forecast, which includes modest sales tax growth rates, an expiration of the temporary sales tax and moderate state-shared revenue

increases. Next, he went over expenditures, which included debt service support, operating and capital costs for the arena and Camelback Ranch, Super Bowl support, salary adjustments, health insurance increases, ASRS/PSPRS increases and 5 percent contingency funding. He spoke about the general fund structural deficit which is forecasted at approximately $14 million from FY 14-15 through FY 16-17 and approximately $30 million from FY17-18 through FY18-19. He provided additional information on the general fund structural deficit and the general fund forecast for operating revenue and expenditures.

Ms. Fischer said they need to look at the long and short term issues regarding rebuilding the ending fund balance. She said this needs to be a part of Council's considerations as it would allow the city time to respond to another significant recession. It was not a single decision but a series of events that created the city's deficit and it will take a series of decisions to get out of it. She explained the dual approach in both short and long term planning recommended by staff to address the structural deficit.

Mr. Duensing next explained where the money goes, including personnel costs, supplies, services and capital outlay, contractual expenditures and the contingency fund. He said personnel costs is the biggest expense. He also said other cities would not fund the level of debt service that is funded in Glendale.

Councilmember Martinez asked about the contingency and the 5 percent. He said the chart didn't seem to show 5 percent and he asked what that represented. Mr. Duensing said that represented about 5 percent which is about $8.6 million.

Mr. Duensing next addressed the structural deficit can only be solved by increasing revenues, decreasing expenditures or a combination of the two. He said he would like Council input on how quickly they want to address this structural deficit and went over some short-term and long-term options.

Mr. Duensing explained the interfund loan process between enterprise funds and the general fund. Ms. Fisher said best practice cities do interfund loans and use a variety of methodologies. She said they were proposing a comprehensive study of interfund loans next year.

Councilmember Martinez said they have talked about one of the short-term options of liquidating assets in the past, but asked if they could get a comprehensive report of what assets the city has that could be put on the market. Ms. Fischer said they would look at this, but it would take some time, and they would definitely look at this option in a dual approach.

Mr. Duensing explained some long-term options, such as seeking new revenue sources, current property and sales tax levels and reevaluating and renegotiating current contractual obligations and debt structure.

Ms. Fischer said a series of decisions has brought the city to where it stands today. She said it will take a dual approach to solve the budget problems. She said some of these decisions will take months to implement. She said if Council approves a dual approach, staff will

schedule budget workshops to discuss options and potential solutions. Staff believes this is manageable and requires a strategic approach.

Mayor Weiers said he hoped Council will agree to put virtually everything on the table.

Councilmember Sherwood agreed with Mayor Weiers' comments. He said this is the first time they have had a realistic look at the numbers in a very long time. He said there are opportunities for improvement.

Councilmember Chavira said this is long overdue and this is a great opportunity. He said they need to act now with the dual approach.

Councilmember Alvarez asked what they recommended for expenditures with Camelback Ranch. She said it is costing the city a lot of money and no money is coming in. Ms. Fischer said today they are not prepared to go into any detail in any specific way, and just wanted to present the challenge today and get an agreement on the approach to be taken to resolve some of these issues. Councilmember Alvarez said it was a fair question, but there is not going to be anything at Camelback Ranch other than expense. She said it was a big mistake and they need to look at it. Ms. Fischer said it is a series of decisions that got the city in this position and it will take a series of decisions to get the city back on the right track.

Councilmember Martinez said with respect to Camelback Ranch, it is a contractual obligation and it is not going away. Those expenses have to be paid one way or another. The problem is how they are going to pay everything. He recognized there are costs that are not going away anytime soon. He said there are some cities that have an employee incentive program. He asked if the city had anything like that. Ms. Fischer said the city did not have a formal program at this time, although it had been discussed. She said they might need to look at alternative service delivery in the budget discussions. She said this will take time and courage and will impact the workforce and the citizens.

Vice Mayor Knaack said she is optimistic and is positive. She said employees have been giving their suggestions through the Innovate program for a while now. She would also like to see a list of the city's assets.

Mayor Weiers said he hoped the Council has the courage to make the difficult decisions that need to be made. He appreciates the support of the Council.

Ms. Fischer confirmed council consensus on implementing a dual approach.

CITY MANAGER'S REPORT

Ms. Fischer introduced Vickie Rios, the new Assistant Director of Financial Services, and Terri Canada, the new Budget Administrator.

COUNCIL ITEMS OF SPECIAL INTEREST

There were no items of special interest.

ADJOURNMENT

The meeting was adjourned at 4:22 p.m.