

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



**GLENDALE CITY COUNCIL WORKSHOP SESSION
Council Chambers
5850 West Glendale Avenue
December 18, 2012
9:00 a.m.**

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

ALSO PRESENT: Horatio Skeete, Acting City Manager; Jamsheed Mehta, Interim Assistant City Manager; Craig Tindall, City Attorney; and Pamela Hanna, City Clerk

WORKSHOP SESSION

1. AD-HOC CITIZEN TASK FORCE ON WATER AND SEWER
PRESENTED BY: Craig Johnson, P.E., Executive Director, Water Services

The Citizen Task Force on Water and Sewer has completed the established meeting schedule and has formulated a comprehensive report for the Council's review and consideration. This is for Council information and discussion.

Mr. Johnson presented Mr. Michael Ashcraft, the professional facilitator, and Councilmember Elect Gary Sherwood, who was selected by task force members to be their spokesperson.

Mayor Scruggs expressed her appreciation for the tremendous amount of time the task force members put into the task force. She asked that those members present stand and asked that Mr. Johnson to introduce them.

Mr. Johnson introduced Steven Rex, Bobby Garland, Theodora Hackenburg, Ron Short, Bob Stratton, Gail Meyers, Rod Williams and Bob Steiger.

Mayor Scruggs thanked them for their work over the last many months and for being here today. The City of Glendale appreciates you very much.

Mr. Johnson said in January of 2012, a Resolution was adopted establishing the task force. The task force began to learn the various functions required to run a water services organization for the community and to make recommendations to the City Council. There were 55 task force members appointed originally and 44 task force members completed the process and finished the report and made recommendations. With such a large group and with so many tasks to complete, Mr. Ashcraft assisted in developing a task force focused on desired outcomes. This helped the group remain on task. Several discussions were held to discuss the focus of the task force and the impacts and value of water to the community.

Mr. Johnson said the process was consensus driven and through 11 meetings, they discussed a wide variety of topics, including water resources planning and sustainability, water and wastewater treatment, water distribution, wastewater collection, storm water management, urban irrigation, billing and customer service and financial planning. The task force also toured the Pyramid Peak Water Treatment Plant and the West Area Water Reclamation Facility. At the West Area Water Reclamation Facility, they placed field units there so they could see the equipment and talk to the technicians on how they perform their jobs. The meetings held were all professionally facilitated by Mr. Ashcraft, who has facilitated these types of events numerous times. He helped guide the committee to policy recommendations.

Mr. Ashcraft spoke about two things always occurring in any grouping of people. He said task orientation helps us take action on issues. He said the other thing that occurs is the process by which we use the resources, abilities and talents of people to help focus that energy on the best decisions possible. The service he provides focuses exclusively on the process. The tasks belonged to Mr. Johnson and his staff, as well as the citizen stakeholders brought into the process. He has worked with groups like this, there is a lot of energy at the beginning of the process, but this energy evaporates over time. Out of the original 55 members, 44 members stayed through the entire process, which is 80%. They brought their best ideas forward for the community they cared about. The 50 recommendations that the task force reached a consensus on are wide-ranging, deep and powerful. Although the task force didn't agree on everything, they understood the needs and expectations of stakeholders and the stakeholders understood the complexities and systems that they are constrained by and how they operate. From that understanding, they were able to reach a consensus. He complimented the staff and Kerri Logan, specifically, for their work.

Mr. Johnson followed up by saying they developed a number of important issues to address. They categorized the areas they wanted to address into five focus areas. They used these focus areas to prepare the final report and to break down the recommendations for City Council so they could see what recommendations were made. The majority of the recommendations supported current business practices of the department. Mr. Johnson turned the presentation over to Gary Sherwood, the task force's chosen speaker, for more discussion on the recommendations.

Mr. Sherwood spoke about a conversation he had with the Mayor in 2010 about his water bill being more than his electric bill. The Mayor made note of that and when Mr. Johnson came on board in 2011, a task force was formed. The process was very thorough and all the task force members provided input and were very engaged. During the process the task force members spoke about the professionalism of the staff. The task force members learned a lot about the City's water use, which is very complex. The most important area discussed by the task force was the financial planning, billing and customer service area. Regarding rates, the task force members believe water and sewer rates should be based on the cost of services. There is a balancing act between providing quality services and customer service and trying to keep rates as low as possible. The task force believed the City should continue to do this.

Mr. Sherwood said the next two recommendations were very important to the task force. They wanted to recommend the creation of an ongoing water and wastewater commission to advise Council. This will give citizens an opportunity to provide input on policy recommendations to Council. The second recommendation is regarding the use of the water and sewer enterprise fund. The task force learned that the City's water and sewer is an enterprise operation, which totally relies on water and sewer user fees. The task force was advised of \$15 million from the water and sewer enterprise fund that was placed in escrow for possibly payment to the NHL. Although it was stated that this was a loan to the general fund and arrangements would be made for paying the loan back to the water and sewer enterprise fund with interest, the task force members felt that the water services enterprise fund should be used strictly for water service operations and should not be used to supplement other City funds. The task force recommended to Council that the water and sewer enterprise fund should be used for only water and sewer operations and overhead and shall not be transferred to other City funds. Programs to educate the community should be continued. The task force recommended the City should continue to maintain partnerships that provide the City a stronger voice in water resource matters. The City members in AMWUA help the City explore opportunities to enhance water resources accountability. Regarding operations and infrastructure, the task force felt that the City had modern water and sewer treatment facilities and wanted to reinforce the need to continue to keep these facilities up to date and maintained. Regarding employee development, retention, safety and productivity, water services is a highly regulated industry. Keeping staff adequately trained is imperative, as well as keeping pay competitive with other cities.

Mr. Sherwood praised Mr. Ashcraft and the services he provided to the task force. He also said if the City was run like the water services department, the finances would be much more manageable.

Mr. Johnson said providing staff support for the task force was a learning experience for the staff. They learned about the specific concerns of the public and were able to share their knowledge and expertise in the services they provide. He thanked the task force members and staff for their contributions.

Councilmember Martinez thanked Mr. Ashcraft and members of the committee. He said having a water services advisory commission is an excellent idea.

Councilmember Clark asked a question about water loss and how they planned to minimize water loss in the future.

Mr. Johnson said water loss is an issue that every water agency deals with. He discussed how hydrants are flushed every day to make sure they are in working order for Fire personnel, broken or leaking valves and line replacements in older areas that have leaking lines are addressed. He said under state conservation statutes, they want to maintain less than 10% of lost and unaccounted for water. The City is currently at 6.5% to 7%. Mr. Johnson said they stay right on top of the problem every day.

Councilmember Clark asked if water services had any specific plans to bring the water loss down.

Mr. Johnson said there is no specific active program other than what the department is doing right now. He said an evaluation is needed to see the cost of reducing this a few percent and to see what the return on the investment would be. They have not performed that evaluation.

Councilmember Clark asked if they intended to do such an evaluation.

Mr. Johnson said that was one of the recommendations and they will do this.

Councilmember Clark said 6.5% to 10% water loss is costing taxpayers' money. She thought evaluating this would be a proactive step. She asked how many gallons of water were used every day.

Mr. Johnson said on average it was about 55 to 60 million gallons a day.

Councilmember Clark said 2.5 million gallons would be 5% and that was a lot of water to lose every day. She also asked about water meters and what the department was doing to insure they were accurate.

Mr. Johnson said they have new software and hand held readers to help get more accurate readings. There are also safeguards in the program to insure accuracy. On the larger meters, they have regularly scheduled updates and evaluation.

Councilmember Clark asked why the margin of error was set so high at 250%.

Mr. Johnson said the meter readers are very experienced in reading the meters.

Councilmember Clark asked why was the 250% figure used as the alarm to check things out.

Mr. Johnson said he did not know where the 250% came from as it has been that way since he has been here, but he would check on it and provide additional information to Council.

Councilmember Clark asked about employee development, retention and productivity and the final recommendation to evaluate staffing levels to insure accurate funding is available. She asked why establishing a retention program wasn't being considered.

Mr. Johnson said both were very important, but the employees are certified and that group of certified people is very small in municipal operations. They have to make sure the employees are properly certified and have appropriate responsibilities for their pay grade. One of the problems they have is once the employee has been trained and is up and running, they will look for other opportunities. He said they try and keep their employees by doing internal recruitments.

Councilmember Clark asked about the program of retention and cross-training.

Mr. Johnson said he did an assessment in 2011 when he came into his position to see how to keep the people already in place. If an employee gets a promotion which requires a higher certification, they are offering to pay for two other certification tests, to help get them appropriately trained, also assist with tutoring and helping them through the process. They are also trying vertical and horizontal cross-training.

Councilmember Clark asked what Mr. Johnson planned to do to make cross-training and retention more robust.

Mr. Johnson said he put it on the goals for the deputy directors and superintendents to improve training and take care of the employees. He is also always looking for opportunities to retain employees and allow them to move up and around in the organization through internal recruitments.

Councilmember Clark asked about public involvement. She said the committee recommended greater enhancement of opportunities for citizen engagement. She asked what the cost was for these.

Mr. Johnson said the department has to look at cost to benefit relating to the goals they are trying to achieve. He said their conservation sustainability office is one of the leading organizations for public involvement. Through public involvement and with the task force they have learned a lot, getting feedback from the task force.

Councilmember Clark asked for an example.

Mr. Johnson said the conservation sustainability division is a good model and they are going to expand that model and are taking some issues and inserting them in this program to make the programs even better. They have reworked their website and it is much more user friendly with a lot of information available.

Councilmember Clark asked about the recommendation to create the water services advisory commission. She asked what staff's reaction was to that recommendation.

Mr. Johnson said he supported that recommendation. Some members from the task force have already volunteered and he would like to continue a relationship with them. If Council recommends it, he would bring forward a reasonable schedule for a commission to meet.

Councilmember Clark asked about the cost of staffing a task force.

Mr. Johnson said they have current staff to do this and could handle that with no issues.

Mayor Scruggs said she would like to follow up on the discussion of the water advisory committee. She raised this issue as an item of special interest and it really grew out of tremendous citizen unrest over not just one year, but a series of years how the city's rates for water and sewer service were growing and were becoming something many thought were a hardship in terms of their monthly expenses. The idea was to create an awareness of what goes into forming those rates, but to also give the citizens a voice in what they felt should impact policy decisions regarding future rates for water and sewer service. She expressed her disappointment and surprise at the recommendations which get around to just about everything other than the citizens having a greater voice in this whole matter. Much of it is on very technical issues and things that the department was already doing. The people in the water department are the technical experts. The water and wastewater commission is the one recommendation that goes back to what the purpose of this whole exercise was. That was to include the public in a much greater and open way in rate development, which affects everybody in the City.

Mayor Scruggs continued that she was not comfortable in the response that if somebody tells you to start a water services advisory commission, you will look at it. She would have hoped that as the Executive Director of the department, if that is the correct title, that you would take this and start the initiative and start to create this water and wastewater commission or water services advisory commission and bring this forward early in January or February to the new Council as something that the citizens have asked for. They didn't spend nine months of their lives to just let this all go into a situation of we should work on sustainability, and all the things that are going to be done anyway. This is the meat of it right here. It is how you get the citizens involved and what is the process going to be and where do they fit in the whole matter of bringing rate increases forward. She expressed her disappointment that there is very little in here that has to do with the citizens, but she recommended that Mr. Johnson bring this to the next Council with a recommendation from the staff that this is the right thing to do. Then the next Council can work on the framework of exactly what the responsibilities of this commission were.

Mayor Scruggs said she wanted to explain about some of the topics that were discussed that she didn't see showing up anywhere that were kind of interesting. She asked for an explanation on the blue dots and red dots. She asked if blue dots meant she was interested in it and red dots meant she was not.

Mr. Johnson said that was correct. In their small group discussions items of interest came up and each group would signify their support, they would put a blue dot on it.

Mayor Scruggs said there weren't many red dots really, when you get right down to it. An area that shows up throughout the task force's comments is the protection of utility funds to prevent the two times staff went to the enterprise funds to pay the NHL from happening again.

Mr. Skeete said that was correct, but that was not from water services.

Mayor Scruggs asked what fund that was from.

Mr. Skeete said it was from sanitation.

Mayor Scruggs said this one dealt with water and sewer. She thought what the public is saying is the money should be used for its intended purpose and since there doesn't seem to be an ability for that to be policed or to be monitored in house, there should be something submitted to the citizens of Glendale as a Charter amendment that enforces that. She commented that she didn't see any discussion of that showing up anywhere. She asked if Mr. Sherwood would you like to discuss that item.

Mr. Sherwood said that was one of the items that the task force did not come to a consensus on, whether it is a Charter amendment, an Ordinance or a Resolution. He said several of them pointed out this was an item of concern, but they did not know which direction to go.

Mayor Scruggs said there wasn't a consensus on whether it should be a Charter change, Ordinance or Resolution. Would you say there was consensus that there should be some mechanism put in place?

Mr. Sherwood said yes.

Mayor Scruggs said it was unfortunate that it did not make it as a recommendation. Again, this speaks to the heart of why this whole committee was put together in the first place. It was that people were concerned and are concerned still, that action is taken and concern for the same actions being repeated. She found it very disappointing this did not come forward as a recommendation that there should be some mechanism. She understood that a committee of citizens that are meeting once a month and they come up with something that is going to be in law forever, but the fact that our citizens are asking for something should have been reflected and should be part of the discussion of the future Council. She expressed her disappointment that it did not show up.

Mayor Scruggs asked to hear about the conversation regarding urban irrigation. That has been a hot topic on the Council and certainly is with the citizens and yet, again, there is no recommendation on that. She asked Mr. Sherwood why there was no recommendation on urban irrigation.

Mr. Sherwood said that Mayor Scruggs picked the two items that the task force did not come to consensus on. He said the financial planning is a recommendation that needs to be attended to, but they did not know which way to go. There was a lot of discussion that the irrigation users

should not be supplemented by anything other than users paying for that with a caveat that said they needed to protect the historic area. He said there were too many other things that interfered with coming to a consensus on how they would handle this. He said there were several irrigation projects and they all differ quite a bit, even in terms of what the residents pay. The task force did agree that it should be paid by the users, but with a caveat to protect the historical preservation areas.

Mayor Scruggs asked if he would say that this was a topic on which all or a very large majority of the members agreed attention needed to be given.

Mr. Sherwood said yes.

Mayor Scruggs asked if there was an area for these two topics that she brought up where the committee of 44 agreed that there needed to be discussion leading to a resolution, but did not know what it was. She did not see them pop up anywhere.

Mr. Sherwood said there was a slide under financial planning and customer service which said the water and sewer enterprise fund shall be used for only water and sewer operations and overhead and shall not be transferred to other city funds.

Mayor Scruggs said it stopped short of saying that they recommend there be some sort of legal mechanism implemented to accommodate that. Is that what you see? Where did the urban irrigation issue show up?

Mr. Sherwood said there was a strong desire to have the water and sewer commission and that would be one of the things they would address up front as one of their goals.

Mr. Johnson said because there was no consensus on the urban irrigation, there was no recommendation for that. He said last year during the budget process, they no longer had any full time employees working on the irrigation systems as that has all been contracted out. The City saved \$68,000 by going out on contract. They are still under water on that contract. They will probably be bringing forward suggestions on how to make that better.

Mayor Scruggs said she understood there was no consensus, but she would have hoped that the facilitator would have encouraged the inclusion of something that there was unanimous agreement that there needs to be something done to include that as a recommended future topic and that there be work done by staff and engagement of the water commission and the citizens in how to resolve it.

Mr. Johnson said although they did not make a recommendation on this, they will follow through it.

Mayor Scruggs said she thought people are looking for something that says they heard me and there is going to be something done. She thought that is what the citizens were pressing for in the first place. In reading some of the notes, she noted the commission's struggle with some of

the things Council struggles with including where you say one thing and then you have a conflicting statement somewhere else. You want everybody to pay the enterprise funds to collect the money needed to pay for the services that are rendered, but at the same time, you want to give discounts to people who engage in water conservation efforts. Of course, that is something you struggle with forever and ever, because you want to reward those who are conserving water but then that puts a greater burden on the system so you can't have everybody paying fairly. Another thing is let's encourage people to pay electronically to free up the costs of staff and so forth and give incentives, but yet we are going to hear something today about where we are going to start charging people a transaction fee if they pay electronically.

Mr. Sherwood said that it was a recommendation that the customers should pay for that.

Mayor Scruggs said the conversation goes back and forth, so she thought that was a very healthy part of the exercise, that things from the outside seem so simple, just do this, but when you examine it more fully, you see there are results or consequences to some of these actions. The group tackled a lot and she understood why there was a lot of lively discussion and voices raised, but everybody sang kumbaya at the end. She thought those are the primary things that this began because the citizens were not happy. This began because the citizens have a level of distrust in City government and how rate increases are passed and definitely a lack of understanding as to how it all comes together. She commented she would have liked to have seen recommendations that focus more on the citizens than on the great staff work. She agreed with Mr. Sherwood. She was not going to say it is the best department in the whole City, but you can say that until you sit up here on this dais. She agreed that the professionalism is just outstanding and very well appreciated and respected. A lot of these recommendations really go to what they already do and however she would have liked to have seen something more for the citizens to grab hold of and say yes, it is going to be a model in the future that they could really feel good about and participate in. Thank you.

Mr. Sherwood agreed with the Mayor on the process. People who have never engaged in this process before now have a better understanding of what it takes to get through the issues. He also said many of the recommendations are already being done. It was an affirmation. When he started with the process, he thought it was probably all federal regulations that were causing these to go up and it was. One of the main things to come out of the discussions was information like what not to put down garbage disposals. The commission or a board would be the key element to come out of the task force. He said the task force will be ambassadors to the citizens going forward and staff would support a board and commission to keep the citizens engaged.

Mayor Scruggs said she he brought up the public awareness and involvement and she would like to go back to that too. It was community education and outreach programs, under that section. On some of the things Mr. Sherwood said, just as you were talking that short time, she thought the topics and areas that would be of a lot of interest to the citizens if they had an opportunity to understand it in a format that they could go back and look at. Look at how much time you invested in this effort. Most people aren't going to get to do that. She suggested that Channel 11 be used more, as long as Channel 11 stays in business, instead of some of that programming that is all about entertainment, make it more about education. She recalled the recommendation may

have been given to Marketing previously. Just in the short time Mr. Sherwood has talked, the two or three times he spoke, he probably touched on five or six different areas of interest, all the way from the turkey down the garbage disposal to the arsenic levels. We can use our communications abilities to really give information to people that they can use in their daily lives, not to just entertain them or say look how much fun, come to Glendale because you are going to, whatever. The types of things you went through, Mr. Johnson and Mr. Ashcraft, in this process, break them down into manageable topics. Really, our citizens want to know that type of information, just as the 44 who worked on this committee wanted to know. It is very interesting, it is useful and it is how behaviors change. That is why they start teaching kids in school about recycling. You have to give the information to change the behavior and changes in behavior can only be good for the City's utility system. She commented she was impressed with how easily Mr. Sherwood talked about these different topics that most people really have never thought of before, but they are ingrained in him now and we can pass that on. That community education piece could really be beefed up and I think a lot of good can be done from that.

Councilmember Alvarez agreed with the Mayor. She said people were expecting a City Charter change to be one of the recommendations. She said they felt they had not been heard. She said they need community education. She talked about the drainage system and how it is hurting the neighborhoods. She asked if that was part of Mr. Johnson's job.

Mr. Johnson said storm water management is part of their responsibility. They work with the Engineering department who does overall flood control planning and installation of flood control systems. Once they are installed, the Water and Sewer department is responsible for maintaining those. Over the last year, they have three full time people who inspect and clean all of the catch basins in the City. He said this has helped as there were no incidents with the recent rain the City received.

Councilmember Alvarez asked about older neighborhoods where water is supposed to drain but there is no place for the water to go.

Mr. Johnson said there are areas within the City like that. He will coordinate with Engineering to check the status on those areas. He said the Northern Avenue drain line helped protect downtown so water would go over the curbs on Glendale. He said everything that is captured up north and diverted out to the west helps protect downtown. He did not have any knowledge on the systems in place south of Glendale.

Councilmember Alvarez said that is where the problem is at, especially if you don't have a street and no drain. She said the Fire Department cannot get it and have to walk to the house. She has two issues right now where there is no street, just dirt.

Mr. Johnson said he would be happy to make an appointment to meet with Councilmember Alvarez to discuss that issue.

Mayor Scruggs asked if people faced those unpaved streets. Is that what you are saying, there are unpaved streets? The Mayor commented she thought the city went through years ago and completed pavement everywhere.

Councilmember Alvarez said the Fire Department knows they are there because the Fire Department and ambulance cannot get to the front of the house. They have to walk in order to get to the person who may have an issue.

Mayor Scruggs asked if Mr. Skeete was aware of this, because the reason she remembered it was the city had to comply with certain dust control measures. One of those was pavement of streets and she remembered the city being told that all of our streets and alleys were paved in the City. This was several, many years ago. Now you are saying there are streets that people actually live on that are not paved.

Councilmember Alvarez said they went on a tour to look at the streets and it wasn't just one.

Mr. Skeete said they have seen pictures that Councilmember Alvarez has given to them and they are investigating every one of those. He said there are areas where streets were developed, but they are now currently private driveways. They are not publicly owned.

Mayor Scruggs verified they are not public owned streets?

Mr. Skeete said they are leading to houses, but they are not publicly owned streets.

Councilmember Alvarez they have an address and the mailman walks to deliver their mail. She said one of them is very close to the school and there is no pavement.

Mr. Skeete said he has asked Mr. Kent to investigate the ones he has seen and the information he received was they were private driveways.

Councilmember Alvarez said it doesn't look like a driveway to her. She said the Fire Department can't get to the front door. They had to park on the street that led into what looked like an alley, but it wasn't. The post office delivers mail and they pay taxes. Every storm, those residents have to get sandbags.

Mr. Skeete said he needed to gather more information about this.

Mr. Johnson said they finished a block of instruction and there was an item of interest and questions that the task force asked. They got together and put up questions and items of interest. When this was done, the group came up with a list of issues they felt were appropriate.

Councilmember Alvarez said when people get into a commission, they really like it, but they don't know what is going on. She said they need to do a little bit of training on this.

Vice Mayor Frate thanked the commission members who took part. The ten individuals from the Sahuaro District stayed through the whole process and participated. He said conservation and education should always continue. He said citizens can control their usage, but some won't change their habits. Staff is always on the cutting edge of technology. He mentioned security that is now necessary at the water treatment facilities, which came with maintenance costs. Those on the task force are now ambassadors and can share their knowledge with citizens. He believes cost was on the minds of the commission members. He hopes that the task force members have been enlightened as to a lot of the issues. He said it is good to hear that Water Services gives internal employees the opportunity for advancement to help keep good people.

Councilmember Knaack thanked the task force for their efforts. She was disappointed more people weren't interested in getting involved as water is a very complicated issue. She said Mr. Johnson has done a fabulous job and she knew how dedicated he is. She said it is important for citizens to understand that Glendale is part of a bigger picture and the City needs to plan for water for hundreds of years in the future. She said this task force is a first step and does support a water commission. She agreed that Channel 11 was a good information resource for the public. The fact that the task force didn't come to consensus on some items was a reflection that there are many issues that need to be addressed. She said the City needs to be careful about the quality of staffing. She said the City is going to lose staff to other cities if they start scrimping on training and hiring.

Mayor Scruggs thanked everyone for the presentation and their hard work.

2. PROPOSED BUDGET REDUCTIONS AND REORGANIZATION STRUCTURES
PRESENTED BY: Sherry Schurhammer, Executive Director, Financial Services
Horatio Skeete, Acting City Manager

Staff is seeking guidance from Council regarding the implementation of the proposed budget reductions identified in the materials included with this Council Report. These reductions will be implemented during the last six months of Fiscal Year (FY) 2012-13, with the full year ongoing impact of those reductions realized for FY 2013-14. These reductions are required to address the structural deficit that is explained in the Background Summary

Mr. Skeete said this is a follow up item as an organization moving forward. In September 2012, he presented a series of scenarios when faced with the sales tax initiative being passed. During these discussions, there were underlying discussions about the five year sunset of the sales tax and how it would be necessary to make adjustments during the five years to accommodate the process of adjusting the base budget position to sustain the City. Scenarios and the issues confronting the City were presented. One of the scenarios was if the sales tax initiative passed, the City would immediately have to make between \$25 and \$29 million in cuts. The sales tax initiative did not succeed and they are now addressing some of the other scenarios due to the five year sunset on the sales tax. Included in the discussions was the renegotiation of the arena management agreement. That was completed a couple of weeks ago. This was for the management fees and anticipated capital improvements associated with that agreement. Also included in the discussions were the refinancing opportunities to refinance outstanding debt in an

effort to maximize the savings achieved by low interest rates in the market. Most of that process has been completed. The sale of the bonds last week produced a \$43 million net present value savings and an \$8 million cash flow savings. Those were built into the scenarios.

Mr. Skeete said they are now presenting staff recommendations of the first phase in the process of eliminating the sales tax out of the base budget. They will be presenting a \$6 million cut scenario which was selected out of the \$21 million in cuts presented back in September. Police and Fire will not be impacted in the \$6 million. Several options will be presented, although they are not the only options available. If the Council is not comfortable with the proposals, it will provide Mr. Skeete an opportunity to look at alternatives. He would like feedback to finalize a budget presentation for the January 8th evening meeting to act upon.

Ms. Schurhammer said Mr. Bolton would start the discussion to provide context for the part of the City's budget being discussed today. Then there will be a summary of the general fund departmental reductions that are proposed, with the exception of Police and Fire, which is a separate agenda item. Executive Directors are available for each of the departments proposed reductions.

Mr. Bolton said there are 51 funds within the operating budget and the total operating budget for all the funds is \$347 million. The general fund is \$125 million and if you include water and sewer, that is about 50% of the operating budget. They would be focusing on the general fund of \$125 million today. The salary component of the general fund is about \$97 million. The next biggest piece of the general fund is non-salary items, about \$23 million. The next item listed is required, which are internal service premiums and general fund lease debt. It is the interest and principal for lease debt. Those also include premiums paid for risk and workers' comp. The next figure shows the general fund budget with police and fire, which is about \$75 million. The remaining 40% of the budget is distributed among the remaining 17 City departments. The \$6 million in cuts being discussed today will cover the non-public safety departments that make up the other 40% of the general fund budget.

Ms. Schurhammer shows the reductions proposed. It shows that \$4.5 million of the proposed \$6 million reductions are on the salary side, which totals 64 FTEs. Just over the 39 FTEs are currently vacant or about to become vacant. There are 4.5 positions that are proposed for transfer out of the general fund into two other funds. Ms. Frisoni and Mr. Kent will address those FTE transfer specifically when they discuss their departments.

Mayor Scruggs asked why do you keep saying that Police and Fire are excluded. She has seen them on the agenda as a separate presentation and they call it a realignment of services, but the positions that they are cutting; they are reducing their budgets tremendously from other than the public safety sales tax. You can call it a realignment of their department, but they are reducing FTEs and they are reducing their general fund operating funds. She asked again why do you keep saying we have \$6 million general fund reductions without Police and Fire.

Ms. Schurhammer said the \$6 million that is proposed does not include what Police and Fire are proposing as part of a separate agenda item.

Mayor Scruggs said she knew, but Council gave direction to go find the money and don't touch Police and Fire. So, you put it in a separate item and call it a realignment of the department. The Chief's comment is oh well, we need to realign. It all comes out to the same thing and she noticed some of the things that are in here, especially in Police, were the very things they offered up in order to meet the \$1 million that the city was not going to get from the sales tax increase because we excluded the purchases of \$5,000 and up. So, in order to have any semblance of honesty in the budget, that amount of money was removed from expected revenue and now we are back at it like the gas thing. That was something that was offered up. We weren't going to use that much gas and now they are saying oh we are going to use more gas. She commented she didn't understand, just because it was being called a different item, why staff was saying Police and Fire are excluded from any cuts. Actually, if you add in what they are doing, there is more than \$6 million in expenditures reduced. Just explain how Council was supposed to accept it because it is a second item that Police and Fire are not being touched.

Mr. Skeete said the general fund budget for public safety units is not being reduced. The \$6 million being presented is \$6 million in reductions in the base budget of the departments reflected in this group. The budget for public safety, which is about \$75 million total, remains \$75 million. In the third item on today's agenda, there is not a reduction of any of that \$75 million total budget, but rather a realignment of those expenses within those budgets to fund the anticipated cost of operations that was not accurately described in the original budget finalized in June. The total amount of the budget remains the same. The Chiefs have recognized after 6 months of operation that there are certain line items and activities in the budgets that have greater than anticipated costs than when the budget was put together. They are proposing a realignment of those expenses to allow for the expenses in the items that they see are more active than some of the others. The first item is a reduction of the base budgets of the remainder of the operations by \$6 million. The 3rd item on the agenda, which will be presented by Police and Fire Chiefs individually, is a redistribution of the amount that was allocated to them at the beginning of the year. In order for them to do the redistributions, they are making strategic decisions about what their needs are today compared to what they thought they were in June when the budget was adopted. They are making the recommendations of how those budgets are going to be realigned to achieve a more manageable operation.

Mayor Scruggs said thank you. The explanation started at \$75 million and ends at \$75 million. She could understand that and that is why staff was saying there are no cuts. She commented that the very fact that there are going to be positions eliminated, including sworn positions, says that they are underfunded, so, in effect; they are having budget cuts, so that other activities can continue on. When you take away sworn and civilian positions, because those are very important also, in effect, we are cutting their budget from what it needs to be in order to deliver the services to the public which is what the public expected when they supported the demise of Proposition 457. We can call it what it is, a reduction in service. Thank you for explaining that the \$75 million stays in place and that is why we say we haven't touched them.

Councilmember Martinez said the Mayor had a good question. Police and Fire would still have some sort of realignment, and this information will identify priorities.

Councilmember Clark discussed said the \$6 million in cuts being discussed today comes from 40% of the budget. That totals approximately \$48 million, so they are cutting \$6 million out of \$48 million, or 1/8th of all the other budgets.

Ms. Schurhammer said that the budget would decline from approximately \$48 million to approximately \$42 million, and it is on an ongoing basis.

Councilmember Clark said she wanted to make that point because public safety is critical, but all the other basic services the City offers to citizens is coming out of the \$48 million so that is where the cuts will continue to come from. She said the City got into trouble because they paid salaries out of the risk management funds. This time they are transferring CVB employees out of the general fund into the CVB fund. Her question was is this legal?

Mr. Tindall said his office had worked closely with Ms. Frisoni and they reviewed the state statute and what these employees do is consistent with what is allowed under the state statute. They believe it is appropriate from a legal standpoint.

Councilmember Clark said the state statute specifically recognizes somewhere in it that employees in furtherance of the duties of the state statute may be paid out of that fund.

Mr. Tindall said he didn't remember the exact wording of the statute, but he recalled that it talked about operations for tourism purposes and their interpretation is that operations would include those employees who are necessary to conduct the operations of what that tourism tax is being collected.

Councilmember Clark said she is concerned that they have started to do this again. She is not sure this is a good idea and she would like to see something in writing because she is not convinced this is something they should be doing.

Mr. Tindall said he would be happy to provide a written opinion.

Mayor Scruggs commented she didn't think the issue here is whether it's legal or not. You can read anything to make the answer you want. It is a total diversion of funds in a way that deceives the public. Once again, it was a tax that was passed for a specific purpose and it was to expand CVB marketing, according to what the staff wrote, and expand sales initiatives, but what it is going to be used for is to pay for the same exact thing they have now. She stated she received the letter. She wasn't sure if the rest of the Council also received the letter from Linnie Green, saying Council had to do this because they were not doing enough and advocating for it. Not to keep everything the way it is right now, but to expand. I know Ms. Frisoni has all of her statements and she is going to tell me all the hoteliers say it is a great idea and the City Attorney says it is legal. It deceives the public. She stated that staff should go back to when this tax was presented and the purpose for which it was presented. Certainly, she talked about it quite a bit because she didn't approve the other tax, but she voted for this one and she explained why because it was going to take the city to another level to do things that were not being done now

because the city was losing out on business coming to the City because Glendale did not have the same ability as the other CVBs to incent that kind of business that was going to help the City. It was completely explained at the time. Councilmember Clark is concerned with the legality of it; the Mayor stated she was concerned with the ethics of it and the commitment to the public. She commented she was part of the public. The reason that was given to her and why she voted for it has changed and she saw this once again as one more deception going down that same road. Council will talk about it when it comes. She commented she knew what she was going to hear and it just gets back to where is your conscience. We will go back to the order of where we were.

Ms. Schurhammer said next was the elected and appointed officials group. Each department is shown individually, although the City Manager, Intergovernmental Program and Internal Auditor were grouped together because they are small budgets.

Councilmember Clark said as you go through this grouping, she mentioned the Mayor's staff and Council staffs have been reduced. She said there are no reductions in City Clerk Staff and Intergovernmental Staff. She said no matter how small the department; there should be a reduction in staff.

Ms. Schurhammer first talked about the Mayor's Office. The Mayor's Office gave up 25% of its overall staffing, with the elimination of one staff position. Excluding the Mayor's position, the staffing in the office went from 3 to 2, or a 33% reduction. This office also reduced its non-salary budget by 41% or about \$12,300 since FY10. That means only \$17,000 remains in the non-salary budget for the entire year. Given the past reductions and the very small remaining budget, no additional reductions are proposed at this time.

Vice Mayor Frate asked about the positions that remained. .

Ms. Schurhammer said one position was eliminated, so two staff positions remain. One is being filled through a loaner from another department, but it is a temporary fill in. It has not been officially recruited for.

Vice Mayor Frate said he remembered the staff that were there and they moved on. He asked if that was when it was decided to reduce the staffing or was that something that staffers saw coming.

Ms. Schurhammer said it was a reduction that was offered up at the time and it was offered up after the adoption of the budget as part of the adoption of the two tier rate, and the position was vacant at the time it was offered up.

Mayor Scruggs said the \$17,000 non-salary budget covers all of the office supplies that are needed; this covers the internal premiums paid for the telephones.

Mr. Bolton said it does not include any of the premiums.

Mayor Scruggs said so then it covers the office supplies and what?

Ms. Schurhammer said it was office supplies and copier maintenance if you had a copier.

Mayor Scruggs said the only statement she was going to make is if she goes to lunch with somebody, she does not put in and get reimbursed. There are certain things it would be perhaps embarrassing to the City if the Mayor does not attend some function where all the other Mayors attend, it usually has the Councilmembers and it usually benefits the City, so that would be paid. She stated she does not collect mileage or a car allowance. People think that money is just being spent like crazy. She commented she put in one mileage reimbursement thing since February 2010. She just does not submit anything for any expenditures that have to do with meetings that involve food, refreshments, anything like that. That is her own personal credit card, so this \$17,000, and you are free to reduce it if you want, but she just wants people to understand that this doesn't go for her to do something. She continued that she sometimes buys the snacks when she has community conversations. Sometimes it is bought using the budget, but there is no money there for going out and having a grand old time. She continued that she attends one conference a year, which is the League of Arizona Cities and Towns, which is critical to our City. So, when that is out of town, she submits for hotel expenses for that.

Ms. Schurhammer said next was Council Office reductions. This is the Council Office budget that funds the day-to-day expenses of the overall office. It shows that one filled position is being offered up as part of this proposed reduction. The non-salary is also being reduced from about \$15,700 to a little less than \$13,000. This means there will be a total of \$13,000 to operate the Council Office. This non-salary reduction is on top of the prior year ongoing reductions.

Councilmember Knaack explained in the Council Office that they have a budget for professional development; they have constituent communications and have \$15,000 a year for projects, which several Councilmembers have given up in the last budget year. As with the Mayor, Councilmember Knaack has only turned in for a reimbursement for the League of Cities of Towns. If she attends AMWUA meetings, she pays her own mileage. She said those are things they can do because they do get a salary. She said the Council budget should be looked at all together and they don't need all the money in the Council budget.

Ms. Schurhammer said Ms. Krey said the constituent communication is handled out of the district budget, not out of the overall office budget.

Mayor Scruggs said that's not in here anywhere. She said the question is why they are always left out. The Mayor's Office always has everything out there, including constituent services. Another thing that's in that \$17,000 is the Mayor's Youth Advisory Commission, because they raise some of their own money and we park it there. She asked why is it that you always take the Mayor's Office budget and everything, constituent services, but the Council Office, you only ever talk about the part that relates to the staff, but not the Council budgets.

Ms. Schurhammer said she misunderstood. She thought it was part of the overall Council Office budget, not part of your district.

Councilmember Knaack said it comes out of that office, but it is never addressed. She is just pointing out that there are some.

Ms. Krey said each of the six districts gets approximately \$18,000 in discretionary funds and \$15,000 in project funds annually. They are talking specifically about the Council Office budget, which is a separate budget. That budget is being reduced by \$3,000 to approximately \$12,683. This budget includes things like office supplies for staff, boards and commissions plaques, pins, training, special contractual, and food services which is being eliminated. Ms. Krey said she has managed the office budget since 2007.

Mayor Scruggs said your chart shows in FTEs you include the six of them in your FTEs, but when you talk about non-salary budget, you only talk about the non-salary budget of the 7 who are not elected officials.

Ms. Krey said that is correct.

Councilmember Martinez commented on the Council budget by saying three of them gave up their \$15,000 for neighborhood projects for the current fiscal year and 60% of their discretionary budget, which includes professional development, miscellaneous, cell phones, constituent communications and offsite telephone. He said Mayor-Elect Weiers was in the audience but believed he made a comment to the effect that in most organization there is some low hanging fruit where cuts can be made. Based on the information being presented today, Councilmember Martinez believes that the fruit has pretty well been picked off, except for the Council Office. He said for next fiscal year, the \$15,000 for special projects should be eliminated totally, which would be \$90,000. He suggested for the \$18,000 discretionary budget, it could easily be cut to \$9,000, and that would be another \$54,000, for a total of \$144,000 from elected officials that could go back into the budget for something else.

Mayor Scruggs addressed Councilmember Martinez saying she thought this would be a good time for Mr. Skeete to say what it is he is listening for because Councilmember Martinez was talking about the development of the next year budget and Mr. Skeete was looking for direction on what to bring January 8th, because these are presented this way does not mean necessarily that these are what everybody wants to come on January 8th.

Mr. Skeete said if they were to use the example Councilmember Martinez just presented as a basis for the explanation. If they were to use the discretionary funds that Council has available where Councilmember Martinez suggested that they take 50% of the discretionary funds per Councilmember. If today, Councilmember Martinez had already spent more than 50%, then they would be cutting the remainder of the budget for the remainder of this fiscal year, but they would be using that 50% marker as a baseline marker for the introduction of next fiscal year's budget. Even if they could not bring all of the savings they anticipate by the reductions, because the City is 50% into the fiscal year and those funds are not spent evenly across the year, the cuts they are proposing are the basis for next year's base operating budget. He said they will take as much as they can get this fiscal year in the fund balance by reducing the remainder of the fiscal year. The reductions they are proposing now are the baseline reductions that they are going to introduce in

next year's budget. The 50% next year would be the starting position for the discretionary funds in the Council districts.

Councilmember Martinez asked would that include a total elimination of the neighborhood projects.

Mr. Skeete said yes that would be the case.

Councilmember Knaack said the message that she and Councilmember Martinez have been trying to get across for the last couple of years is they need to do this. The Council Office is not untouchable. They need to make as many reductions in the Council Office as the other departments are asked to do. She said the Councilmembers want to be part of the solution too.

Councilmember Alvarez agreed that the Council has to be a part, and that is why she voted no to spending \$320 million over the next 20 years because it is not going to help the staff. She said she has an area that is very bad in her district, some have no streets, and she believes it is important they use their funding to help the people that deserve it more. She said she has never used one penny of the discretionary money. She doesn't charge mileage, phone or anything. She always reimburses the City when she uses her card.

Councilmember Martinez said the Council is here to give direction and he said if there is consensus, he would like to go ahead and give direction for those cuts as he mentioned earlier.

Councilmember Alvarez said she agrees with the consensus, but she is saying for the future, but it doesn't affect the budget now.

Mr. Skeete said the budget is included the remainder of this fiscal year is anticipated to be about \$6.5 million.

Councilmember Clark said up until now, she has resisted cutting Council budgets, but thinks the City is at the point where nothing is inviolate anymore and she would support Councilmembers Martinez and Knaack in their requests to reduce each individual Councilmember's budget by 50% and to eliminate the Council's \$15,000 discretionary spending all together.

Vice Mayor Frate said he has been one of the Councilmembers who returned the \$15,000 in discretionary funds. He thought it was right then and thinks it is right now. He asked how they can be an example to the other departments that have been cutting and cutting. He supports elimination of the \$15,000 and 50% of the \$18,000.

Councilmember Alvarez said this elimination is for; it wouldn't be eliminated this year until next year, and asked if it would be discussed in budget.

Mayor Scruggs said if there was enough left to take this year, it would be this year.

Councilmember Alvarez said the next budget will be taken care of by the new people coming in.

Mr. Skeete said the next fiscal year's budget would be presented after January 15th when the new Council is seated.

Mayor Scruggs said she thought what they are asking is if there enough money. There is going to be some stuff that is going to be pulled out today that staff has recommended that people don't like. They are going to want it taken out and there is going to have to be other stuff put in to make up for what is taken out. So, what they are saying is if they have in their individual budgets money that exceeds whatever they are talking about, she guessed if there was any capital improvement money, it's gone and if there is any money that exceeds 50% of whatever their Council operations are, you sweep that out and add it in to make your \$6 million. Is that what you are saying?

Councilmember Clark said she doesn't have her budget in front of her. She doesn't know to what extent she has spent the council allotment. She said the last thing is for her budget to be in the red. She said they can sweep whatever is left, but she doesn't have the budget in front of her to know what amount is left.

Mayor Scruggs said and they wouldn't do that. Ms. Goad just sent her an email as to what the \$17,000 non-staff is for the Mayor's Office. It is travel/conferences for Mayor and staff, which we are not doing, office supplies, copies, postage, cell phones for Mayor and one staff, mileage for Mayor and staff, Mayor's Youth Advisory Commission. That is the one thing; she didn't know how much is the Mayor's Youth Advisory Commission. Is it about \$2,500? Two thousand. We can't take their money from them. Community conversation expenses and travel activities related to Luke, which have really decreased, so she was going to suggest that you please talk with Ms. Goad and see if you can take 10% of the remaining \$15,000. Leave the teens' money alone. Take 10% out of what's left there, because her office was not spending the mileage. She commented she was saying 10% because she just doesn't know what they have. She knew that they have to buy new stationery for the new Mayor, new business cards. There are certain things that have to be done, printing-wise. She didn't think it is that much money, but she was going to offer that.

Councilmember Knaack said for her budget, she had constituent communications, which was usually a biannual newsletter. She said she doesn't think it is necessary anymore with email and the internet. She said they can send all that out weekly and they don't need that constituent communications and that's \$8,000 right there. She said they reduced it by 60, and she has a remaining balance of almost \$3,300. She doesn't need it. She said it needs to go back. She said times are different and they need to change with the times.

Mayor Scruggs said that really is a good point. When was the last time when any of us did anything by email? We do everything we do, our invitations to events by email; we do everything by the internet. You post things on your page. That is really a very good point. We are zipping right along here.

Ms. Schurhammer next talked about the City Manager's Office, Intergovernmental Programs and Internal Audit. The reductions to these three areas total \$171,000 in non-salary expenses and \$8,000 in salary related expenses.

Councilmember Clark said Intergovernmental needs to lose a FTE. She said there may be no support on Council for it, but even with the small departments, they need to look at things like that.

Mayor Scruggs said she thought there was some backup information on that.

Mr. Skeete said he appreciated the suggestion that an employee from Intergovernmental Programs be cut. When he presented the \$20 million cut and going through this phased approach of reducing the budget by the amount necessary to keep the City in balance over the next five years, they evaluated the resources they had and the needs they had and they selected not to include the one cut offered up in the original \$20 million by the Intergovernmental department for purposes of transitioning operations and recognizing that in the next phase of cuts that would be one that would happen. He said during the process of cutting some of the other things that Intergovernmental department gave up was a reduction in the contract for the protection of Luke and also the elimination of the contract for federal governmental lobbyist. He said it was strategic to keep this department as full as possible for this fiscal year to try and develop a system to replace those federal government lobbyists with some mechanism in place for the future to try and capture some Washington dollars that may or may not be available.

Mayor Scruggs said she thought one of the things, Mr. Skeete, is not thinking of telling everyone is that what kind of gummed up the works is one of the Mayor's staff members left and a member of staff from IG temporarily filling that position until the new Mayor comes and decides what they are doing. So, she understood giving up another position when one position was eliminated was not going to work and that is why the decision to defer the elimination of one position was made until after everyone gets in place, but that may be incorrect, but that was her understanding.

Mr. Skeete said that is correct and was part of the consideration. He said from a long-term strategic standpoint, the fact that they were cutting out the federal lobbyist meant they wanted to give themselves an opportunity to phase in a new strategy with the current staffing levels.

Councilmember Clark said to make note there are many cities throughout the valley that have been operating with one IGA. It may be time for Glendale to look at creating similar strategies that allow the City to operate with one IGA as well.

Mayor Scruggs said eliminate car allowance. She thought Council dealt with the car allowance, back to City Manager debt car allowances, a long time ago. She asked if Mr. Skeete had eliminated all car allowances or are there other people in the City still getting car allowances? Were you the only one left? This was one of Councilmember Clark's favorite subjects for a while.

Mr. Skeete said in the budget we are currently in, all the executive director positions car allowances were eliminated, however, the four appointed officials were not eliminated. Mr. Skeete gave up his option to collect the car allowance when he was appointed as Acting City Manager; however it remained in the budget. He recommended it be eliminated from the budget. That would leave only the other appointed officials receiving the car allowance.

Mayor Scruggs said three people in the whole City. Mayor Scruggs asked Pamela Hanna, City Clerk, if she received a car allowance.

Ms. Hanna said yes, it was never cut.

Mayor Scruggs asked Mr. Tindall if he still received one. Mayor Scruggs said well the judge's is different because she is appointed for a term.

Councilmember Clark said they might not be able to touch the judge's car allowance.

Mayor Scruggs asked Mr. Skeete, you have not been collecting it, but it is still in budget as an expense item, is that what you are telling us?

Mr. Skeete said that was correct.

Mayor Scruggs said but you haven't been collecting it.

Mr. Skeete said he has not been collecting the car allowance and is proposing it be eliminated going forward.

Mayor Scruggs said thank you.

Councilmember Clark said at the time of performance reviews of appointed officials, she hoped that Council would look at those car allowances. She said if the City Manager is not getting one, and they are only down to two or three people, she didn't see why it couldn't be eliminated.

Councilmember Knaack asked if they could take the car allowance away right in the middle of the year or if it had to wait for their reviews.

Mayor Scruggs said well there weren't contracts, but the judge goes under a total different process where everything is set at two year intervals, so nothing can be touched over there. So, Council could ask the other two appointed officials if they would voluntarily give theirs up as Mr. Skeete has.

Vice Mayor Frate said the City Attorney should give his legal opinion.

Mayor Scruggs said yes and he's next to give his budget.

Mr. Tindall said he would not give a legal opinion because it involves him, as there would be a conflict. He said he hadn't thought about it. He said it is a contract discussion that should have taken place when they discussed contracts.

Councilmember Clark said that would be next year when it would occur.

Councilmember Knaack said she agreed with Mr. Tindall. To throw this at them right now in the meeting is not really fair and they should have the opportunity to consider it.

Mayor Scruggs said that would probably be the best because you have the whole organization here who have their jobs at stake and people saying they would hold on to theirs is the same as this Council budget conversation that has been going on forever.

Ms. Schurhammer said the City Attorney's Office is giving up one vacant position and the ongoing savings totals about \$107,000.

Ms. Schurhammer said the City Clerk reduction total \$17,000 in the non-salary budget and it is to several different items.

Councilmember Clark said since 2009 the City Clerk has held on to six positions. She thinks in the spirit of what is occurring, a position needs to be reduced in the City Clerk's Office. She said no one should go untouched.

Councilmember Knaack commented that the City Clerk's Office is a mandated service and that office has to have enough employees to do the job. She said she can do the job with one less person, but that is a discussion that needs to be had with the City Clerk regarding what is required for that office.

Councilmember Clark said that is a rationale for every department. Every department feels they have essential, mandated services, but as reductions have occurred, they have adapted and modified practices to adjust to the loss of a position. She thinks this department is no different.

Councilmember Knaack said many of these positions are vacancies.

Councilmember Clark said whether it is a vacancy or a removal, it still requires that department to adjust how they operate.

Councilmember Martinez said the Clerk's office has taken on additional duties. They have given up some things.

Ms. Hanna said they did lose a half time person who did the scanning for the Court since reductions have started. In her 18 years with the City, Ms. Hanna said all of the departments have grown substantially. The Clerk's Office has not grown substantially, but has grown in the workload they have taken on because they continue to add services for the organization and for the citizens. Ms. Hanna said if she could have cut a person, she would have done that already.

She has spoken to the Council and in public about this before. All of the duties in the Clerk's Office are statutory. There are no employees in the Elections Department, and the Clerk's Office puts on an election every two years. They do this because the employees in this office are cross-trained on everything they do. The Clerk's Office has been cut to the bone in other areas; even some duties that are statutory have been reduced. It is not fair to ask a department that hasn't enlarged its staff to cut staff when duties cannot be completed and the law cannot be followed if more staff is cut. This office has taken on the Council Workshops which was formerly staffed by the City Manager's office. The Clerk's Office has also taken on redaction of public records which was being done by the City Attorney's Office. As other departments have reduced staff such as the City Manager and City Attorney other required duties have fallen to us. We are qualified to do these additional duties but it is not possible with less staff.

Mayor Scruggs said to Ms. Hanna, I support you, totally. Thank you for your presentation. Yours is a voice that is seldom heard and Mayor Scruggs believed the functions in the Clerk department are really not well understood. So many of them happen out of sight and people don't really realize what all is done in the City Clerk's Office. She thought Ms. Hanna had given an excellent summation and you are right. There are statutory duties. You are also correct that you have assumed a lot of additional work. Just the public records requests fulfillment alone is one person by itself, but yours is a department that if the functions are not performed accurately and timely, there is legal trouble for this City. That is not well understood, so she believed it was an excellent summation. She suggested that the Clerk Department put it on their website as to what exactly goes on. Mayor Scruggs supports the Clerk Department totally.

Councilmember Alvarez said Ms. Hanna has always provided support to other departments and she completely supports the staff Ms. Hanna has.

Mayor Scruggs said she apologizes for bringing up the awkward subject of the car allowance, but it just really looks pretty bad when everything's in and you just think about it. It is inappropriate, she supposed, to bring it up, but a lot of people are hurting out there and they are wondering why certain things happen and certain things aren't. But, thank you for an excellent presentation. She asked if there was any other information for the Clerk Department reduction.

Mayor Scruggs recessed the meeting for a lunch break, asking that everyone return at 1:00 p.m.

Mayor Scruggs called the meeting back to order and asked Mr. Skeete to introduce the next section.

Mr. Skeete said Ms. Schurhammer will present the Community Economic Development Group reductions.

Ms. Schurhammer said the first department was Community Economic Development Department. This department is comprised of the Planning, Building Safety and Economic Development divisions. They are offering up two vacant FTEs for a savings of \$161,000. They propose reductions to their non-salary budget of \$273,000.

Ms. Schurhammer next discussed the Parks, Recreation and Library Department proposed reductions. The offered 22.4 FTEs, totals \$1.6 million in annual savings. Of the 22.4 positions, 19.4 are vacant, which means 3 are filled positions. For non-salary reductions, the proposal is to reduce the non-salary budget by \$130,000.

Councilmember Alvarez asked how many employees has this department lost within this budget year.

Mr. Strunk said in FY11/12, there were 163.4 employees. For the current year, there are 106.88 employees. Mr. Strunk said this was for the balance of FY13 and into FY13/14.

Councilmember Alvarez asked how many employees.

Mr. Strunk said they were proposing another 22.4 reduction and of those 22.4 positions, 19.4 are currently vacant, which leaves 3 filled positions they will lose.

Councilmember Alvarez said you have already closed the Community Center, O'Neil and Rose Lane. She asked if they had services there.

Mr. Strunk said Glendale Community Center is still actively open and they staff that with non-profit groups, which have worked out well. Related to the elimination of GRASP general fund portion of the department, they would be letting staff go at both of the sites.

Councilmember Alvarez said they are still paying for utilities and all of that at the Community Center.

Mr. Strunk said they are paying for water and electric and any incidental maintenance.

Councilmember Alvarez said for the non-profit, the seniors are still there in the morning, and said the teenagers are there at 5:30.

Mr. Strunk said it actually begins at 3:30 and goes to the 8 to 8:30 time frames.

Councilmember Alvarez asked if he had checked that lately.

Mr. Strunk said he has been there at least once a month for the past four or five months.

Councilmember Alvarez said she has gone twice and said there are activities, but they are later on for the older kids. She said at 3:00, she checked around that time. She is concerned about the little children, they are like plants. If you don't take care of them when they are starting to grow, then they won't grow very well. She questions that. She thought the three centers are in really needy areas and areas that don't have parents. They have single parents that are working. She didn't disagree that they should outsource with a nonprofit, but the nonprofit needs to pay utilities and all of that, because it is quite expensive in the summer. She doesn't think there needs to be favoritism refereeing to the kids at O'Neil and the kids at Rose Lane. She said if you

are going to provide for the Community Center, she wanted Mr. Strunk to look for other nonprofits to take care of the other kids. She doesn't agree that one center will be open to satisfy a group. She said Parks, Recreation and Library are the most important services the City had and they are paying for them, because they pay taxes. She said even the kids who go to college need the libraries. They don't want the City to become an area that offers nothing, especially with the young kids. All the layoffs are reflected in the communities. You see the kids playing ball in the street. She said people worked hard to have the centers. She said they need to protect the neighborhoods. She said they need to look at all three centers.

Mr. Strunk said they are all in agreement that they want to find some type of alternative service if the City is unable to provide that. When this was last discussed in workshop, there were questions about what they were going to do with those facilities. The intent at this time is to bundle those together and have someone come in and run those facilities to provide services. He assured the Council that just because they lose revenue in one spot, doesn't mean they can't get it back somewhere else. His hope was that they can get something new to the Council later on this spring. They will keep going until they get some good results.

Councilmember Alvarez said but in the meantime, the children have nothing. She doesn't want to be a rubber stamp as a Council person and just approve. This is causing a hardship on community, on people that do pay taxes. The services Parks and Recreation provides are just as important to her as Police and Fire, because the kids are going to be out in the streets and create problems for the Police and Fire. She said it is a bad situation and a bad decision. She said this is our future, but it seems that other things are more important than the people that live here and the people that have been paying taxes forever. She suggested that there is a need in all the neighborhoods in the north and south Glendale.

Vice Mayor Frate thanked Mr. Strunk for going out and looking for partners. He said the facilities still seem to be maintained at a high standard. He knows things will be tough, but they are being more creative to use what they have available. He said he can't downplay the three people that will have to go. He said the people in Mr. Strunk's department have figured out a way to work smarter and establishing and building partnerships will help. He talked about the CAP office obtaining a \$5,000 grant, which allowed 50 families to get a \$100 gift certificate for the neediest people. He commended Mr. Strunk and his staff on all they had done.

Councilmember Alvarez agreed with Councilmember Frate and said no employee is at fault or can be criticized. She said the taxpayers are the ones going to suffer because they did not do a good job. She said Mr. Strunk and his staff got a bad deal. Some members of the Council and the administration thought some things were more important than the people.

Councilmember Hugh asked Mr. Strunk about the summer recreation programs for the youth.

Mr. Strunk said those were programs that were about three budget cycles ago. He said they are provided by nonprofit providers in the community. They rent the fields and facilities and host the leagues that way.

Councilmember Hugh said back when it was running, how many youth participated in the summer programs.

Mr. Strunk said he did not have a number right now.

Councilmember Hugh said he knows that the program is completely gone, but it was a great program for the kids to participate in. He said the nonprofit on Ocotillo; the Glendale Youth Project is doing a fantastic job with the youth listing the football teams, girls' softball, and dance, at no charge.

Mayor Scruggs asked where they got their funding from.

Mr. Strunk said they raised funds all by themselves. He said they initially started out with a large benefactor that got the program started. They have been applying for available grants. The CEO of the organization is a local resident that donates a lot of his time. They are a registered 501(3) (C) and initially got a large grant from an out of state benefactor and he wanted to redirect that into the neighborhood and this is a part of his mission.

Councilmember Alvarez said Carlos Meza is doing a very good job, but it is mainly the older. They need something there since 3 o'clock because the kids are just walking the streets. Mr. Meza has a job so he can't be there all the time. He donates a lot of time, but they can't be responsible for the recreation there unless they have funds. Doing car washes and all that does not take care of it.

Mayor Scruggs asked to hear about the positions that were moving into the HURF fund.

Mr. Strunk said this fund had traditionally been part of the general fund, and it was split out earlier this year. This funds the rights of way division, which has been his responsibility since July of 2011. That is all the streets, all the litter, all the trees between the sidewalk and the fence. They have 11 FTEs authorized in that division, but there are currently 8 employees. Since May of this year, he has had an individual in Parks Maintenance, who previously was the CIP coordinator, overseeing that group. They have no senior leadership in that group. This person has been doing that job since May of this year. The intent of the write up was to simply state they are going to have that person solely and exclusively be the manager of the rights of way division, which is HURF funded. The other portion is they have an irrigation technician in the rights of way division for all the irrigation in the rights of way for the city. They need a backup person just because of sickness or other emergency. They have an individual who has those skills in the Parks Maintenance area and with Council approval, that person would stay in their department, but would be paid for out of HURF. Their only focus will be rights of way. They will not co-mingle funds and they have strict protocols in place to not blend the two funds together.

Mayor Scruggs asked for background information about how long the HURF fund has been funding the rights of way division.

Mr. Strunk said that is a historical question, and possibly Mr. Kent could answer it.

Mayor Scruggs said it would be more than 10 years.

Ms. Schurhammer said it has probably about 10 years or more, but they would have to check budget books to confirm.

Mayor Scruggs said this has been a normal use of HURF funding in this City for a long time.

Mr. Strunk said yes.

Mayor Scruggs said trying to follow the in and out of the HURF funded rights of way division will either stay the same or pick up one more person, really this extra irrigation person.

Mr. Strunk said if everything is approved, it would be two individuals. He said they are authorized to have 11 employees and they would go to 10.

Ms. Schurhammer clarified that it refers to a position, and it is actually the employee who is moving from a position from the general fund into an existing vacant position in the HURF fund. They are not moving the FTEs. She wanted to clarify this is different than what has been proposed in Communications and Public Works, which is actually the transfer of a position from one fund to another fund.

Mayor Scruggs asked how this was different.

Ms. Schurhammer said because it is the employee. They are not moving the authorized FTE, the position. It would be like Mr. Strunk vacated his position in the general fund and accepted a position in the HURF fund that already existed and was vacant. In that case, the employee is just moving.

Mayor Scruggs said but he is saying there is a net increase of two.

Mr. Strunk said that was a bad choice of words. They are authorized for 11 FTEs in that division and they current have 8, so the intent is to place two within the 11, so they are still one short of the authorized amount. Then the general fund portion of it would be eliminated. He said everything they do is HURF related and rights of way related. There is no co-mingling of anything with the general fund.

Mayor Scruggs said this is of interest because the city was always complaining about the HURF funds being taken away by the legislature and tapped, and the city was not able to do some of the road projects that they wanted to do and so many things in Transportation that the city wanted to do. When she read the city was moving folks into that fund, but staff was saying this is historically how it has been handled in the City of Glendale. That significant portion of the HURF fund is taken up with salaries for people who maintain the rights of way.

Mr. Strunk said that is correct.

Vice Mayor Frate asked if this also includes the graffiti removal.

Mr. Strunk said that is a separate area that Mr. Kent will cover, but that is his recommendation as well.

Mayor Scruggs said that will be something new, adding the graffiti removal.

Mr. Strunk said Mr. Kent will talk about that.

Mayor Scruggs said she understood that.

Councilmember Alvarez said on the HURF funds, is this something that is legal.

Mr. Tindall said his office has worked with the departments that are moving the funding with the positions and believe it is consistent with the law.

Councilmember Alvarez asked if they have proof this is legal, is it in the guidelines.

Mr. Tindall said he was not sure what she was asking. He said his job is to provide their best legal assessment of the situation and his opinion of the legal statutes is that it is consistent with the statute.

Councilmember Alvarez said so you have that on paper. She said in the past there have been questions and they heard I believe or I assume. She just wanted to make sure that it is within the law. She said when she worked with federal programs; they had to have the law in front of them. She said the City is in enough trouble now; she doesn't want to go on someone telling her they believe that is correct. She wants to see it.

Mr. Tindall said he will prepare a legal opinion and give his assessment. His recommendation to the department has been to contact the state and be assured that their assessment is the same as Mr. Tindall's. He said they do not work on assumptions and do have the law in front of them when they make these assessments.

Councilmember Alvarez said she would like to have something more than just an option from the City. This way they won't have more of what the City is going through now. For her satisfaction, she would like to go the extra step. She doesn't want the City to be liable. She said in the past they have assumed that this is okay and it wasn't.

Mr. Tindall said his office will provide a written opinion, and the departments will have to contact the state to confirm the legal opinion of the city's legal staff is consistent with the state.

Mayor Scruggs said she thought the relief of the legislature that cities were not using are proceeds from the lottery they way they were intended to be used was one reason why legislation

was passed that removed the city from receiving distributions from the lottery and so these kinds of questions that she is asking have validity because the city has paid the price before.

Ms. Schurhammer said as far as current uses of HURF revenue, the City is required to and does report annually to ADOT how the HURF revenues have been used in the prior fiscal year. They do that once a year when they do the Comprehensive Annual Financial Report. They have complied with that law and provided the report annually as required.

Mayor Scruggs asked what the city was doing with it so far. It covers current uses and proposed uses later. Is there anything else in this section that anybody would like to talk to Mr. Strunk about?

Ms. Schurhammer said Communications Department is proposing the elimination of two filled FTEs and the transfer of 2.5 FTEs from the general fund to the revenue that is generated from the additional 1.6% bed tax that was approved in June of 2012. This transfer would be the movement of 2.5 authorized positions, FTEs, from the general fund over to the CVB fund. The changes would amount to ongoing annual savings of \$343,000 in salary and an additional \$243,000 in non-salary.

Councilmember Knaack asked Ms. Frisoni to explain how the employees were going to be moved so they know it is proper and legal.

Ms. Frisoni said she totally understood the Mayor's question.

Mayor Scruggs said and you understand she is asking you a question totally different from my position. My position has to do with ethics and honesty.

Ms. Frisoni said she understood and she did not want anyone to think that they would ever propose something illegal or dishonest or unethical in any way. It was important to her that Council understood how they came to do this. When the bed tax idea was first brought to Council, the hoteliers themselves brought up the idea originally. It was not an idea the City came up with. They said let's use this additional funding to help support our tourism initiatives. With Council's support, they increased it from 3.4% to 5%, with the additional percentage designated to additional tourism funding, marketing, advertising, being used for attraction of events and things that would help the hoteliers. That was about a year and a half ago, summer of 2011, when the hoteliers first came to the City. Six months ago, the City is in a much different position than they were a year and a half ago. When a small department such as Marketing has to cut \$600,000 out of the budget that is a large chunk of money for a small department with 30 employees. They sat down with the hoteliers who brought the idea to them initially, and asked what we should do. Do they suggest that the tourism department is eliminated, do we cut it down. It is currently operating 6 days a week with 2.5 staff members. She said she didn't know any way to cut it down and continue to do what they do. With the full support of the hoteliers, they put it on the list 6 months ago. She would have never brought it forward 6 months ago had they not had the hoteliers' support. In a recent conversation with Lynn Green, the manager of the Renaissance Hotel, she said this is a no brainer. They need to continue the efforts of the

tourism division. They have since met with the legal department to make sure their proposal was legal. She said most CVBs are funded this way in most other valley cities, bed tax funding supports CVB. She said the City is a little different because they are a city department, so there has been general fund and bed tax dollars. The decision 6 months ago came down to do they want to continue the efforts that they have been successful in doing, raising occupancy in hotel rooms, bringing more events to Westgate. The hoteliers said yes, they are supportive and they need to continue the efforts of the CVB. She thought it was important that Council understood the background of this. This was what their department came up with in consultation with the legal department. She would like to continue the work they are doing with the staff they currently have, but just a separate funding source.

Councilmember Knaack asked if the tax money from the CVB stayed in the CVB and none of it goes into the general fund.

Ms. Frisoni said the 3.4% is already designated to the City, to the general fund and the things the 3.4% has always paid for. What is different is the 1.6% is the portion that is designated to the CVB. She said her budget estimates this year on the money that is going to bring in are around \$350,000 to \$500,000. All of that money was planned to go for advertising, marketing and bringing people here. There is enough generated every year to support the efforts, and staffing of the CVB and additional advertising and marketing efforts.

Councilmember Clark asked how much the salaries would be that will be taken from the CVB.

Ms. Frisoni said the full amount of the Tourism office is \$223,000.

Councilmember Clark said if they make \$350,000 and you take \$223,000 in salaries, there is \$127,000 left for marketing and promotion. Her next question was how many CVB's are supported by general fund dollars.

Ms. Frisoni said she would have to check the figures, but most of them are supported by the tourism initiatives. There is a CVB in Flagstaff that is partially city funded. She did not know what percent. She said the great percentage of all CVB's are funded by tax dollars.

Councilmember Clark asked if Glendale, through its general fund, supported the CVB and how much.

Ms. Frisoni said the City currently supports the Tourism Department which runs the CVB.

Councilmember Clark said she was asking just about the CVB, not the Tourism department.

Ms. Frisoni said it supports the staffing. The staffing of the CVB is general fund dollars and those employees are the individuals who run the CVB.

Councilmember Clark asked if the CVB's revenues are now going to support the people who work for the CVB, why not spin that off as in independent group. She asked why does it have to stay as a City function.

Ms. Frisoni said they have not looked at that scenario yet and what it would mean for the employees. She said it would be fully supported by bed tax dollars.

Councilmember Clark said if the CVB is being supported, including staffing, through tax revenues, she asked why it needed to remain a City department or have any relationship. She said it becomes like the Chamber of Commerce, which operates independently. She said it is time to take a look at that.

Ms. Frisoni said they could look at that, but there were benefits in having them be a City department in terms of the priorities of the City as opposed to the priorities of the CVB and the Tourism center.

Councilmember Clark said if the City is not paying for it, they have a right to determine their own priorities.

Ms. Frisoni said her intention in bringing this forward was that they stay a City department.

Councilmember Clark said many cities have independent CVB's and they must realize some benefit from that. She suggested strongly that as a model that other cities have used, perhaps it is time for Glendale to adopt this.

Ms. Frisoni said they will look at it, but there is a threshold that needs to be met when a CVB breaks apart from the City and becomes self-sufficient and what it would take to sustain that.

Councilmember Clark said it is self-sufficient now because the only City support now is the employees being paid out of the general fund. That will no longer be the case and it will be self-sufficient when that act occurs.

Ms. Frisoni said she will look into that.

Mayor Scruggs said she doubted Ms. Frisoni would look into that, but if that happened, then the entire 5.4% could go there. Ms. Frisoni was just talking about the increase. She addressed Ms. Frisoni, about this being brought forward 6 months ago. Mayor Scruggs expressed exactly the same concerns, reservations and opposition as she was expressing in this meeting. Ms. Frisoni was told to come up with some reductions for your entire department. To say that a department of 35 is small is really stretching things. The city has many other departments come up here that are much smaller and have had much harsher reductions. Ms. Frisoni could have gone somewhere else in her department to meet those reductions, but chose to take a new funding stream that was presented to Council.

Mayor Scruggs continued that it was really interesting, in the space of less than a year, Ms. Frisoni's rationale and Lynn Green Shiverler's rationale has just gone 180 degrees. Mayor Scruggs commented she did not support a tax increases. She did not support the general tax increase. Lynn talked the Mayor into supporting this bed tax. Lynn said it will provide the city the means to compete for events and activities that the city was losing now, because other communities, other CVBs offer incentives to bring them in. The city has no money. There is no money in the CVB. The entire CVB idea was sold to Council one way, that it was going to be self-sufficient. It is not self-sufficient. It hasn't really built membership from outside of Glendale. There are 117 members or something. Mayor Scruggs continued it hasn't really done what it was proposed to do, but it is very expensive and it is not self-sufficient. Lynn was explaining to Mayor Scruggs how it would be so wonderful that the city would have this extra money that could then be used incent those activities and events that are choosing other places, because there is just the cost difference to be made up. That is what brought up the brown bag lunch, the Jehovah's Witness and how they wanted to rent Jobing.com Arena, but Jobing.com Arena is too expensive and the general manager has told these people they bring their lunch in brown bags and they don't spend any money. But, anyway, Mayor Elect Weiers, Councilmember Hugh and Mayor Scruggs had an opportunity to meet with these fine folks from the Jehovah's Witness. The group learned a tremendous amount about this event that the city was not going to get because it doesn't make money for the NHL. It doesn't make money for the NHL, so they told them to go pound sand. What does he get that was here in 2003, 4, 5, 6 and 7 brings in 15 to 17,000 people each day for three days that use 4,000 room nights? Mayor Scruggs stated she thought that was what the CVB was supposed to be doing is bringing in those room nights. They very honestly and openly said yes, we do bring our lunches in brown paper bags and we bring extra for anybody who wants to come in, because while this is going on and while we are in your arena that is our house of worship. The group doesn't want commercial activity going on at the same time, so they bring their lunches in, but they eat out the rest of the time. They even buy food in stores to make those lunches. The important thing is they use 4,000 room nights.

Mayor Scruggs commented the city asked what was the problem here. Their normal fee that they pay is \$5,000 a day, but the arena manager wants \$35,000 a day and they want an ingress day fee. So the city asked what happens in other cities. That was very interesting. Mayor Scruggs directed viewers to go on You Tube and you will see newscasts, not promotional materials made up by Jehovah's Witness people. The viewers would see just like Channel 12 news at night or Channel 5 news from Honolulu, Hawaii, talking about what these Jehovah's Witness conferences do for their tourism and their economy. Toledo, Ohio was another one. There were many, but these were the two that they showed, and how that made the difference for some businesses, whether they were going to make it that year or not. Another thing that they would like to do is they would like every so often they have this major get together. Instead of 400 all over the United States, they bring one big one and they are talking to University of Phoenix Stadium about that and they are going to bring something like 70,000 people. Mayor Scruggs continued that because of the arrangement that has been chosen for the Arena, where the operator looks at whether it helps their bottom line, does it help that hockey team cover their losses, or bring in revenue or not. That is how they make their decision. The arena is turning away what brings revenue for the city. That's what the additional bed tax was supposed to be for. That was the big discussion Council had back in June when that bed tax came forward, that now the city would

have money to help close the gap on places like this. In fact, some cities actually cover the fees themselves, just because of the revenue these large groups bring in. The group doesn't use any public safety; they don't require any public safety services. They actually clean the facility themselves, even though it has been cleaned. They don't cost the city money in services, but they bring money in. She continued that number one, she objects because this whole entire bed tax thing was presented to the Mayor by Ms. Frisoni, but first by Lynn Green, with the purpose to bring additional revenue so the city can compete for events. That is going by the wayside and now it is being proposed to do exactly what the city already has. She stated she felt that is what she thought was dishonest. It is not what was represented and it gets right back to what has been going on here. There is a pot of money over there, just go grab it because I need it over here. That is what has been happening that is coming up more and more and more. We dealt with it at the Council meeting last Tuesday night where suddenly we are moving people that did billing and collections that were put over in an enterprise fund over in 2008 or 2009, and now we are bringing them back and we have to pay the fund back. All of this has to stop. She addressed Ms. Frisoni, you were asked to cut your budget. You chose, instead, to go take money that was going to be for a purpose that was going to help the city grow more money in this City, and protect your budget. She understood, and Lynn Green is not an elected official of this City and so it is nice that she agrees with you, but she doesn't answer to the citizens. Mayor Scruggs stated she thought it was a misuse of the money. She will continue to believe it is a misuse of the money. She believes that Ms. Frisoni should keep the funding that is in place right now, add the new bed tax to do what it was intended to do to make more money for this City, not to just keep things whole the way that they are. Mayor Scruggs stated she would continue to not support this use and she would continue to state that she believed it is a diversion of funds that is inappropriate.

Vice Mayor Frate said he got information from the Jehovah's Witness as well. They said they would like to come to Glendale on the condition the city doesn't provide any public safety. Vice Mayor Frate commented the group wanted to provide their own public safety and medical, although he doesn't like that idea. They would stay in the hotels for only one guaranteed night. He said he hoped they did answer the questions about traffic safety and those other things when the Mayor had the meeting with them. He said they were going to submit a proposal to use the facilities in 2013 or 2014, and they were very up front by providing all their demands. He said the liability of a group providing their own security and traffic safety in a venue like that might not be a good idea. He said the Mayor spoke highly of Lynn Green when this idea was first brought up and Lynn Green is supportive of this.

Ms. Frisoni said their department reached out and met with every hotelier in town. They understood this was an option on the table. It allowed them to have the CVB with no diminishment of services. She said the hoteliers believe the CVB has been very successful for them. Because of that, they completely support this change. She said she understood this is not what they planned a year and a half ago, but many things are not the same as they were a year and a half ago. This is an option on the table that allows the CVB to continue the work they are doing.

Mayor Scruggs said they were not offered any options. In other words, Ms. Frisoni can take the money from somewhere else in her department. If Ms. Frisoni had given them the option of continuing as it is and adding the \$350,000 as was planned, their answer could have been very much different, so they were not offered a choice. Mayor Scruggs commented that Ms. Frisoni told them this is the only way cuts could be made in her budget. Mayor Scruggs addressed Vice Mayor Frate and asked about his comments if he hadn't met with the group. She was confused by what Vice Mayor Frate, said because you said you did not meet with these people, but yet you have a laundry list of things they said.

Vice Mayor Frate said they sent an email.

Mayor Scruggs said she did not save their email. She commented she had a meeting and did not print out their email. Mayor Scruggs asked Councilmember Hugh if he heard anything different but what they said to her is that they provide their own certified first aid staff. She believed what they were trying to say is that they are not a drain on resources. Mayor Scruggs commented they talked to her about not requiring police presence because of the type of organization they are. They at no time said they refused to let Glendale Police be there. They at no time said they refused to have Glendale Fire Department provide service.

Vice Mayor Frate said they said they did not want to pay.

Mayor Scruggs said they at no time said that they refused Glendale public safety or Glendale transportation. If you want to talk about paying, well we've got some really interesting situations that go on regarding who gets paid and who doesn't.

Vice Mayor Frate said they refused to pay. That was their submittal.

Mayor Scruggs said she wished she had that email here to read.

Vice Mayor Frate said maybe he misread it.

Mayor Scruggs asked Councilmember Hugh about the three gentlemen that met with them and if he heard them at any time say that they wanted to be their own little capsule in the world and nobody from Glendale should touch them.

Councilmember Hugh said no, they talked about participating with the City itself. With the amount they want to bring with the next convention, it would take every hotel room the city has in the City and that's where they would drag their followers to go. It is open to the public. Their members don't pay. There is no charge for the followers to attend this. He said when they talked about the police, they were a family-oriented event, and religious services, and typically have no problems. They talked about how they dress appropriately for their religious service, in suits and ties, and that is how they behaved. He said they do go out and have breakfast, dinner and visit other events in the community. Councilmember Hugh continued that they talked with him about being good neighbors, visiting the City. He said it sounded like a nice event to him. He said the

Jehovah's Witnesses didn't say they didn't want the police, they told him they didn't think it was necessary.

Mayor Scruggs said they just said they were not going to be a drain on city services. They were here for 2003, 4, 5, 6, and 7. Did we have mayhem in our streets or in our arena? Were our police and fire precluded from providing services? They were here all of those years, okay. At no time did they say they would only guarantee one room night. They said that they contract with the hotels to make sure the hotels provide rooms for them and that they direct their members to stay in the hotels of the city in which they stay. As he said, they direct how much their members, they tell them how much to leave for tips for the maid service and so forth. That is why they are so welcome. You can make fun of Toledo, Ohio, but how about Honolulu, Hawaii. Are you going to say that's a God forsaken place that nobody goes to, so of course they are fortunate to have them? She commented that she did not print off this email and she was very sorry that this group, who are people who live among us, are being treated poorly. In fact, Mayor Elect Weiers said one lives across the street from him, wonderful people. When they said what was said to them by the arena manager and when they said how they were treated when they walked into the Glendale CVB she questioned why they wanted to come back to Glendale. They have been treated so poorly, but yet they think the facility is wonderful, they like the whole Westgate area and there is so much to do.

Vice Mayor Frate commented he did not say that, that to his recollection they said they did not want to fund police, fire or any public safety. That is totally different from what the Mayor was saying.

Mayor Scruggs said when events come to town; does the city ask them to fund public safety? Is that how it works? Or is it something Jim Foss decided he should pass along.

Ms. Frisoni said she cannot speak about the Jehovah's Witness, as they dealt with the Arena and Lynn Green over the past years. She has had no dealings with them.

Mayor Scruggs said they came over to the CVB and they were told we don't meet with people without an appointment.

Ms. Frisoni said she had not heard that.

Mayor Scruggs said in regards to other events that come to town, does the city ask them to pay for fire and police if they, if Justin Bieber is coming to the Arena, does the city ask him to sign a contract for police and fire, to pay for them.

Mr. Skeete said public safety for any activities at the Arena and Stadium, is the responsibility of the Stadium. The City does bill the Arena for some costs of managing those events. He is unaware of what they do to pass that cost on.

Mayor Scruggs said she thought these people have been subjected to enough embarrassing conversation as it is. Closing point is if we had an arena manager that was truly interested in

managing the venue and making the most of it for the City of Glendale, bringing in activities, events and groups, would actually result in revenue to the City, versus a group that was interested in their bottom line, we would not be arguing about this in the first place.

Councilmember Martinez asked if there was a certain point where the CVB could be self-sufficient.

Ms. Frisoni said they do have some of that information compiled, but she did not have it with her.

Councilmember Knaack said she appreciates everything that has been done on Channel 11, where they are now focusing less on entertainment and more on the meetings. She said Ms. Frisoni did her due diligence in reducing staff and budget there and she appreciated it.

Ms. Schurhammer said next was the Neighborhood and Human Services Department. This department has proposed elimination of 2 vacant FTEs for annual savings of \$279,000, as well as proposing reductions in non-salary items totaling \$265,000.

Councilmember Clark made a comment about all the vacant positions that were being eliminated. She said she has asked many times in the past about the vacant positions being eliminated as soon as they became vacant. Departments are now coming forward and eliminating the vacant positions that should have been done a long time ago. She said they are cuts, but not real cuts. She said departments should continue to look at the way they are doing business and delivering services to see if there are any costs savings from there. She said as a service driven organization, the only way to really cut is to cut positions, but she thinks there is an exercise in validating positions that are already vacant and all the departments are doing is juggling the books and not making substantial cuts. She said when a position becomes vacant, unless the City Manager determines it's critical, it should just be gone. She would like to see actual cost savings derived from the way the City does business.

Councilmember Hugh asked how the bed tax was presented in June, since he was not here at that time. He asked if it was approved to attract people, not to pay salaries.

Mr. Skeete said the tax was presented to enhance existing services, not to replace any current services. He said it to be used to supplement the services provided by the Tourism department. He said that triggered a letter from the hotel group to withdraw their support from the bed tax if it was going to be used to support existing services rather than services currently being offered. He said that is the reason they approved the bed tax only if it was not used to cover existing services, but rather to enhance services. The 1.6% tax raised would be used to enhance existing services.

Councilmember Hugh asked how long the tax had been collected.

Mr. Skeete said the tax went into effect in August.

Councilmember Hugh asked if it was possible to change the original purpose of the tax.

Mr. Tindall said the statute would allow for the type of expenditures that are being discussed to be made from that tax.

Councilmember Hugh said it didn't appear to him that was what the tax was for when it began.

Mayor Scruggs said that's exactly right. She had never heard one thing about this until she received a letter from Linnie Green where she was obviously upset. The Mayor commented that she called Ms. Green and found out this had been something that had been in the works and talked about for a year and a half and now she was being told that because of the City's bad financial position they still wanted to use the tax, but it was going to be built into the budget to support what was already here and that is what started the whole thing forward. That is why this is a diversion of money and it is not keeping with the purpose. She wasn't sure what email was received from Mr. Burnside or anyone else in Jehovah's Witness, but the Mayor's secretary was watching this upstairs, so she got the email that went to Councilmember Alvarez, Councilmember Knaack and Councilmember Martinez. The email says "we were by your offices yesterday and dropped off some information regarding two potential conventions of Jehovah's Witnesses we would like to hold in your City for the summer of 2014. One would be 35,000 plus and the other for 33,000 plus. It could be these numbers would be broken up into smaller events for four weekends. Each event would be for three days long, starting with Friday and ending Sunday. We have spent the last couple of days surveying the local hotels about their open dates and have found them with empty rooms during that time of year. The hotels seem very interested about our coming. For example, the Renaissance offered 300 of their 320 rooms. In the packet I left, there was a chart showing the economic impact to your community. I have attached it with this email". The Mayor stated that was the packet of information she had in front of her. She continued with the contents of the email "the event is free and open to the public and there is no cost to anyone who attends. Our delegates are families and will not impact your City's services in any major way. We would very much like to make a brief presentation about our events to you and what our conventions could mean economically. Please let me know of any questions you may have. I look forward to hearing from you." The Mayor concluded there was nothing about refusing to pay for anything. That was the extent of the email. Thank you for clearing up how the whole bed tax situation came about and that they were adamantly opposed to it being used in any way, other than to augment services. The Mayor commented that the hotels were given an opportunity to choose, would you like to have the 223 plus the 350, she thought they would choose that versus the 350 just covering the 223. That would require some changes in Ms. Frisoni's department that she prefers not to make, so that is why we are where we are.

Councilmember Hugh said the police comment was that the police later talked to the promoters of it saying we don't know why we are here, you don't need us. It was just a compliment of just how well-behaved they are.

Councilmember Knaack said she thought in the arena agreement, they have control over so many events that the city could do. She asked why that wouldn't fall under a city event.

Mr. Tindall said it could fall under a City event and the new agreement is written to address procedurally how that would occur in a more outlined fashion, so that if a completed application is received and they decide they can't put the event on for economic reasons or for any other reason, then they pass it on to the City and the City can then designate it as a City event. He thought there were 4 to 6 events so it would be a City event and the City could do whatever it chose.

Councilmember Knaack said this is something the City could look into then.

Mr. Tindall said when that provision was written, the circumstances of this event were used as the model.

Councilmember Knaack said she would like to pursue it.

Mr. Tindall said he would like to pursue it too.

Councilmember Clark said the Jehovah's Witness attended annually from 2003 to 2007. In 2009, when Moyes declared bankruptcy, the NHL took over and has been managing the arena ever since. Their method of operation may not reflect Hockey Partners' method of operation because when it was privately run before, Jehovah's Witnesses were welcome. She said when Mr. Jamison's group takes over the arena, they might welcome having the Jehovah's Witnesses there, but they won't know until the agreement is completed.

Mayor Scruggs said the point is these people are searching now for their convention. It is like any other group, your National League of Cities. They go and find places to meet two and three years in advance. They have to lock all of this down so their members know. If we had the CVB funding available that we were supposed to have, we could assuage Mr. Foss with his situation by covering that difference there, and then if something could be worked out with Mr. Jamison in his benevolence, the money could come back, but they are looking for decisions now. They are not looking for something six months down the road because they have to make their plans. Like Councilmember Hugh was talking about. School board conventions, which are also of a very large size, but they don't show up three months ahead of the event and say hi, can I have a convention here and this is the space I need. So, this is about if the money was available and being used the way it was intended, versus going to cover costs that are already being covered, then we would be able to accommodate these people and they would have assurance that they could hold the event here. It could be worked out later with Mr. Jamison, if that agreement goes into effect.

Councilmember Knaack said she still didn't see why they couldn't pursue it now.

Mayor Scruggs said because the money is being spent for salaries instead of these things.

Councilmember Knaack said they could pursue this with the Jehovah's Witness. The City can pursue those dates as the City owns the Arena and if the Coyotes are here or not, the City has a certain amount of leeway. She suggested they pursue it and see what they can do.

Mayor Scruggs said she would agree with that direction. Okay, you have a consensus on that.

Councilmember Clark said there is nothing wrong with checking it out.

Mayor Scruggs said you would think not.

Vice Mayor Frate said well the taxpayers will pay it now.

Mayor Scruggs said but you approved that tax for this very purpose. You are not taking it like some of these things are taking services right away from our citizens. This tax was approved for this very purpose and it's assessed at hotels to people who stay at hotels. It is not the same .7% that everybody in the City pays and yet they are still going to have reduced services.

Ms. Schurhammer next talked about the Public Works Department, which now included Field Operations and Engineering. Proposed reductions include 22 FTEs, totaling \$1.1 million in annual savings. Of the 22 positions, 13 are currently filled, 7 are vacant and 2 are positions that were moved from the general fund to the HURF fund. This is related to graffiti and Mr. Kent can address that.

Mayor Scruggs said you are going to cut 22 positions, 13 are filled, 7 are vacant and 2 are going to move into HURF.

Ms. Schurhammer said the proposal is to transfer the FTEs from the general fund to the HURF fund.

Mayor Scruggs said she wanted to hear about the HURF fund, of course. Now here is where the citizens will pay. This is an area with all of these positions with people losing their jobs.

Mr. Kent said in making these reductions, he looked at what services could be minimized and what could not, or what would have more negative effect on the community. At one time, the City had four graffiti positions who worked 7 days a week. They now have 2 people and they work 5 days a week. In the original proposals several months ago, he talked about moving 1 person to HURF and eliminating 1 position. With the approximately 14,000 graffiti removals done yearly, it wasn't the best use of the resource. He researched what were acceptable maintenance items and costs funded through HURF. After checking with several other communities, as well, he found some funded this through HURF and some did not, it just depended on how those communities were using those funds.

Mayor Scruggs said are you going to get an opinion from ADOT as Mr. Tindall indicated to Mr. Strunk, that he should get an opinion from ADOT to make sure. Are you going to do that also?

Mr. Kent said he was in the process of contacting ADOT also to get an answer. He said graffiti removal services costs, to include workers, paint and vehicles, costs approximately \$180,000 per year. The reduction is for \$162,000. He said about 90% of everything they remove is in the right

of way. They held back that 10% of the month, \$18,000 for graffiti that is not in the right of way, if they have to reimburse HURF or those costs would come out of the general fund, because they would clearly not be a HURF related expense. He said the 7 vacant positions include one Deputy Director, two custodians, one senior civil engineer, one service worker from cemetery, two vacant building maintenance worker positions. The remaining 13 positions to be laid off are filled and include 10 custodians, 2 downtown security positions created as a part of the downtown beautification program, and 1 secretarial position. He said the custodians who do the work for the City do an excellent job. He looked at options of privatizing the service, with service levels remaining the same, at, or significantly below cost. The cost of this is about \$280,000, which is a significant resource. He looked at the custodial service that provides custodial services to all facilities in Maricopa County for the County governments. They work on everything from jails, commercial buildings to rental buildings. For that amount of savings, he believes this is part of his recommendation to the Council.

Councilmember Alvarez said on the custodial positions, the City checks up on their record. She spoke to them and they don't mind as we have to have a good person working for us.

Mr. Kent said the current custodial staff, just like every other City employee does go through a background check before they are hired. Their performance is monitored as well. If they receive a complaint about either the nature of the cleaning or something is missing, a contractor would still be submitted to those same background checks before they enter City buildings. They are screened beforehand.

Councilmember Alvarez asked how long the 12 custodial people have been with the City.

Mr. Kent said the most senior has been with the City about 22 years, and some might be within the last 2 or 3 years.

Councilmember Alvarez said the people that have more contact with the public are the people the City is going to lose. She said with everything that is happening there isn't going to be any security and she doesn't see how employees are comfortable with that. They have uniforms and are in the front. These don't constitute a lot of money. It seems the person that earns the least and people that have been here for a long time and just need a little more time to retire, seem to be the people who are getting laid off. She asked why are they cutting people who make \$11 an hour instead of the one making \$203,000 per year.

Mr. Kent said he can't speak to other departments, but one of his deputy directors was on the list and would be laid off if they hadn't found another job. He said he had to look at a comparable service and the cost of that.

Councilmember Alvarez said she doubts that the custodial staff being laid off are going to have a hard time finding a job right away. She said a lot of people have left that had the higher positions.

Mr. Kent said the company that they looked at to do the cleaning is very interested in talking with each of the City employees getting laid off to potentially work for them. It may not be at the same wage they have now, but they understanding that those employees have worked for the City for a number of years, they have done a good job, they know these buildings, they know the people in these buildings and they recognize the easiest transition for them is to bring as many of those City employees forward as are willing to do it. Those employees have to make a choice if they want to work for that private contractor at whatever the salary and benefits are.

Councilmember Clark wanted to clear up Councilmember Alvarez's comments about the security guards inside City Hall as those positions aren't being eliminated. The two security positions being eliminated are positions roaming downtown.

Councilmember Alvarez said it would be dangerous to do without the security guards that work inside City Hall. It would be hard to rely on police officers who might be far away when they are needed here. She said we already know the custodial staff and we know their work and they don't take that much money.

Councilmember Martinez said the current contract company is willing to interview the current city custodial employees for jobs with that company. He wanted to make sure we do everything to help those employees.

Mr. Kent said that is how they will proceed as soon as Council gives direction on this. He said ISS was very interested in meeting with those employees because they know the buildings, they know the routines. They can help identify the sensitivities with the job because they know the operation.

Councilmember Martinez said the contract company must have a range they pay their employees and with the experienced staff we have; ultimately they would consider bringing those employees in at a higher starting rate of pay.

Mr. Kent said he hoped that the ISS would be fair to the laid off City employees.

Councilmember Alvarez asked Mr. Kent to speak with ISS about the cap pay range for those employees and benefits.

Mr. Kent said he would provide that information to Council. He said he has worked with HR and developed a separate job center where all employees that were laid off could come out, look at resume skills, meet with ASRS and our benefits people to discuss their options. He said that this process will continue with this round of reductions as well.

Councilmember Knaack said this item is giving her grief, but she knows this has to be done. She has suggested privatizing certain things within the City and now it has come back to her. She said hopefully those close to retirement have some options. She hoped there would be some way to keep the two security out of beautification as well. She said as a downtown business person,

they check around her own business, as well. She said their presence is a deterrent. She thinks they are necessary to the downtown area and other businesses feel that way.

Councilmember Clark said this might be an idea for downtown merchants where there are dues or fees as there is for the CVB and using that funding to pay for the security to walk downtown. She thinks everyone looks to the City to provide everything for them and it might be time for the downtown merchants to look what they could absorb themselves.

Councilmember Knaack said that is a wonderful thought, but the reality is that a lot of the businesses down here can't afford it. She said her goal has been some sort of business district down here. The business community is starting to get together do some positive things. She said that is the ultimate goal.

Councilmember Clark said many other cities had their own independent downtown merchants' association that absorbed marketing costs and things like security for their downtown.

Ms. Schurhammer next went over the Internal Services Groups, which has three departments. For Financial Services, they propose 3 FTE reductions, 2 of which are vacant. Those positions total \$221,000 in salary and \$203,000 in non-salary cuts.

Councilmember Martinez asked if this included the customer service in the Billing Department.

Ms. Schurhammer said it includes the general fund portion. Part of the first floor area is funded through water and sewer funds and part is funded through the general fund. The whole operation deals with monthly city services, which is the water bill, which also includes sanitation services. It also handles city sales tax. Those employees are cross-trained so they can fill in as needed where vacancies occur. The 3 FTEs are from the general fund and there are 2 FTEs in the water and sewer fund that will be eliminated as part of this due to award of a contract to a third party vendor for collection of past due accounts. There were 3 filled positions that were let go, 2 were in the water and sewer fund and 1 was in the general fund. Those employees have already been let go and they are utilizing the third party vendor now.

Councilmember Martinez asked if he called billing and someone answers the phone, he asked who funded those employees.

Ms. Schurhammer said that person is funded through the water fund.

Councilmember Martinez said he had made a billing call and the message said he had to wait 3 minutes. After a short time a message came on that he had to wait 12 minutes. This went on for a while and he was still waiting at 12 minutes. One constituent waited 43 minutes. He said it is important with citizens getting notices that their water is going to be turned off and are under a lot of stress, they have to wait to get an answer. He asked Mr. Skeete if they had the phones and setup to answer these calls and was advised the city does, but there weren't enough people to answer the calls. He said we need to find some bodies to help alleviate this.

Vice Mayor Frate asked if Mr. Skeete had looked into a new phone system to alleviate that problem.

Mr. Skeete said the City did have a new phone program now and there are only about 6 attendants on the phones at any given time during the day. He said they are aware of the problem and are advocating for the sure pay and use of the internet to pay the bills. They are also researching use of automatic tellers to receive some of the payments in place of the drop box to provide customers with alternatives. He said they are working on a comprehensive plan, which may include additional customer service agents to bring to Council.

Vice Mayor Frate asked if they are still evaluating this process.

Mr. Skeete said they are evaluating all of the options at this point and try to see what is the right mix to bring forward as a recommendation. He said it is beginning to look like they are going to have to add more customer service representatives to change the response times.

Ms. Schurhammer said Human Resources and Risk Management departments were next. The proposed reductions include 3 vacant positions, totaling \$323,000 in annual savings to the general fund. There is also \$23,000 in non-salary savings.

Council had no questions for Mr. Brown regarding Human Resources and Risk Management.

Ms. Schurhammer spoke next about the Technology and Innovation department. Two currently vacant positions were offered up totaling \$170,000 in savings as well as \$15,000 in non-salary reductions.

Vice Mayor Frate asked Mr. Murphy if we had the adequate staff and safeguards in the event of a cyber-attack.

Mr. Murphy said they are doing the best they can with what they have. They have been successful in keeping the City safe up until now. They are aware of many attempts to get into the City system and have been able to stop the attempts. There are security people in place and they need to maintain those security people.

Vice Mayor Frate asked if there was anything else the City can do to help.

Mr. Murphy said the City gets about 700,000 emails a month and about 60,000 of those are valid. The rest of them are either spam or a malicious attempt. Part of their strategy is to continually educate people on how to stay safe.

Ms. Schurhammer said last is a non-departmental area. The division budget includes no employees. It is used primarily to capture expenses not attributable to any particular department. Two expenses charged to non-departmental have included things like unemployment claims and citywide memberships such as League of Cities and Towns and Maricopa Association for Governments. A proposed reduction of \$134,000 is recommended in a professional contractual

line item. That has been primarily used to cover some overages they had on unemployment insurance and some other items.

Mayor Scruggs asked if any organizations memberships would be eliminated.

Ms. Schurhammer said none have been proposed. She said she could provide a list of memberships that are paid out of that fund.

Mayor Scruggs asked if cutting any of those memberships were already part of the cuts.

Ms. Schurhammer said it was not. The last item up was the City Court. They recommended 1 FTE that is currently vacant, for savings of \$98,000 as well as \$80,000 in non-salary expenses is proposed.

Mayor Scruggs asked about an email sent by Judge Finn recently saying it is the Glendale City Court's turn to go through a review process at Superior Court that happens from time to time.

Judge Finn said the Supreme Court has notified them that they are going to do an operational review. There was an operational review done in 1995, one that preceded her appointment in 2001 and they have been identified for another review in January of 2013. She also added that the cities of Buckeye, Surprise, Avondale, Peoria, and El Mirage have also recently had Operational Reviews completed or scheduled..

Mayor Scruggs asked if the types of reductions that the Judge has been forced to make in the City Court, would be what was reviewed, assessed and commented on by this Supreme Court organizational review.

Judge Finn said they are looking at functions so that the Court complies with both the City standards and the Supreme Court standards. They will look at processes. All the reductions she has identified this year are already in effect. The position that is vacant was relinquished several months ago. The changes in the calendar have eliminated pro tem judges, some of whom have worked for the Court for 12 years. That calendar went into effect last week. She said their filings are down and this is a sustained trend. She said in 2008, they had 5 full, operating courtrooms and now they will have 3.5 operating courtrooms.

Mayor Scruggs said so are you saying that you are comfortable in what has happened thus far and what you are offering up now, this FTE that has been gone since May and now it is being removed, and reducing your professional, contractual line item budget by 80%. Are you comfortable in the changes you have made and will be made with this latest budget reduction? Are you comfortable there will not be a problem with the Supreme Court organizational review to where these would need to come back in?

Judge Finn said with the reductions being offered now, she is comfortable with them. It is her responsibility as presiding judge to use City resources appropriately. Staff has been reduced 27% since 2009, their operating budget has been reduced 23% and they have now reduced their

courtrooms by 30%. They are pretty consistent with reductions occurring at all levels which include the operating budget, employees and use of judges. The main things being cut now are judges, even though they are not full time judges. With the current volume, the Court cannot operate properly if even one more person leaves

Councilmember Knaack said it is amazing Judge Finn's and the Court's organizational skills. She asked if Judge Finn has a secretary.

Judge Finn said Chief Burdick loaned them a secretary, but he needed the secretary back, and they do have a request in to fill the secretary position. She said that is the only vacant position they feel they cannot operate without it.

Councilmember Knaack asked about Judge Finn's car allowance.

Judge Finn said she is covered by Article VII of the Arizona Constitution which says her compensation cannot be affected during her term. Her term is up March 25, 2013. She has already submitted her letter of intent for reappointment. Her interview with the Judicial Selection Advisory Board is scheduled for January 28th. It is her intent not to request the car allowance be continue.

Vice Mayor Frate thanked Judge Finn for the monthly Court updates and how she has educated the Council about the Superior Court, how decisions are made and how it affects the City. He said the Council would not know this if the Judge did not enlighten them.

Councilmember Clark addressed Mr. Skeete and asked about the number of reductions of FTEs since 2009, they now have less people that have to be supervised. She asked Mr. Skeete if he has looked at the issue of span of control and the number of supervisorial positions that are now required within the organization.

Mr. Skeete said that is one of the areas that the HR department is reviewing and will bring forward. Mr. Skeete said they have no written policy that sets forth how this occurs and they are in the process of developing that policy so they can apply it consistently across the organization, rather than in a random way. He said through that request there would be reclassification of employees.

Councilmember Clark said that is needed with the reduction in force and the number of employees doing the supervising and the employees supervised.

Councilmember Knaack said they voted on a balanced budget months ago and asked Mr. Skeete how the city is in the position that they will have to make \$6 million in cuts.

Mr. Skeete said the proposal for the \$6 million in cuts is a systematic cut that needs to be applied. They are going to lose an average of about \$25 million in five years. If they wait for 3 years to try to make the systematic cuts, after getting used to living on \$25 million, the amount of the cuts will be far greater than the \$25 million in revenue that would fall off at the end of five years. This is an attempt, as a 2 step process, to allow for less than the \$25 million in cuts if they

do it early. The earlier they implement the base reductions in the budgets, the less they have to do in the long run. If they take this base budget into the next fiscal year, the city will go from this year's starting at \$2 million budgetary fund balance to a \$12 million budgetary fund balance. The following year, they propose additional cuts that will take the city to a number higher than \$12 million. At the end of the 5 years, the number is about \$45 million in fund balance. This gives the city 3 to 5 years to allow for natural growth in the Glendale economy and to assess what other adjustments need to be made.

Councilmember Knaack said she asked because when they kept the tax, people assumed there would be no cuts. All along, she knew there still had to be cuts.

Mayor Scruggs said the adopted budget was structurally imbalanced to begin with. It was structurally imbalanced to begin with and then added in a \$320 million obligation. The public thought they were not going to have cuts because there were signs all over towns that said protect police and fire, vote no on 457. So, all the literature that was put out by the unions and all the signs, and everything, said you are going to be saved and kept whole if you keep this tax in place, but that was not right because the structural imbalance existed in the first place based on years of other decisions along the way. Then, you added in another \$320 million obligation. He is saying there are going to have to be another tax increase or an extension of this tax increase. Read the Moody's report, it says the same thing. The structural imbalance is not being corrected in any way, shape or form. The people heard today about the services we are going to lose and it was pretty easy today because most of these positions were already vacant. The service wasn't being provided in the first place. They are still going to lose a lot and this is just the beginning. There are going to be huge cuts.

Mayor Scruggs commented about other cities she has read about, the turnaround where their general fund balance is building. Ours isn't building. Council was told several weeks ago that we were already operating in the red. This \$25 million, if you actually get that much in taxes is just a Band-Aid on a very serious problem that had been developing for a few years as it is being revealed to us now. There were a lot of Band-Aids that were being put on here and there and so you tried to fix it with this tax increase, but then added additional obligations on top of it. The public needs to know the cuts are only going to continue. This is just scratching the surface. They are going to be much, much deeper and much worse. She believed they thought there wouldn't be because of the advertising of the opposition groups, that's pretty much what they said.

Councilmember Clark said Mr. Skeete has made it very clear that the city's revenues did not meet expenses and the \$25 million in increased sales tax revenue. Right now, the city is trying to get to the point where the expenses and revenues match. The \$25 million was only to give the city time to make the cuts necessary. She said part of the city's problem is they are carrying a tremendous amount of debt. She said at some point, the city is going to have to look at how they are going to meet all the debt they have incurred.

Vice Mayor Frate said he had a meeting with Mr. Skeete who told him the bonds were sold. Everyone is talking about reductions, but no one is talking about revenue. They are seeing

revenue growth and he thinks some of the projects coming in next year will help in 2014. He said property values are starting to go back up. Property around the Loop 101 is being purchased and millions of dollars are being invested. He is optimistic that Glendale has a bright future and he can see it by people investing in the city.

Councilmember Alvarez said when Mr. Skeete told her about the bonds, she was very happy. She was happy to hear that Mr. Lynch had a lot to do with this and helped the city get the bond. She is happy the economy is going up, but still thinks the investment in the Coyotes is a bad one. She asked over and over what profit the city has made since the Coyotes have been here. Mr. Skeete told her none. Renting to someone who has not bought the team yet is a bad investment. She said the city could go bankrupt and is not sure of anything. She is not happy to pay back because people made mistakes.

Mayor Scruggs recessed the meeting.

Mayor Scruggs reconvened the meeting commenting that the next item needed to be done by 5 p.m. as the Police Officers will be taking 50 children shopping at Target.

3. FISCAL YEAR 2012-13 MID-YEAR ADJUSTMENTS TO PUBLIC SAFETY BUDGETS

PRESENTED BY: Debora Black, Interim Police Chief
Mark Burdick, Fire Chief

The purpose of this report is to present City Council with an overview of the Public Safety departments Fiscal Year (FY) 2012-13 mid-year budget to discuss anticipated shortfalls and recommendations for corrective action. This is for Council information and discussion.

Mr. Skeete said Item 3 has resulted in a number of reclassifications and possibly recruiting. This reorganization is not a result of the \$6 million reduction that is needed structurally. The police and fire departments had some structural deficiencies within their budgets. They inadvertently cut the fund inappropriately over the last two years. Some of the changes are increases in costs in public safety. He asked both chiefs to take a look at the budgets as they were adopted at the beginning of the fiscal year, work with the union representatives and present an alternative to reflect the need for services in those departments. The numbers are not changing. They continue to be represented at the same level of funding as was approved at the beginning of the year, but some of the line items were inappropriately aligned and need to be adjusted. There are some significant structural changes that have to be made.

Chief Black said the operating budget out of the general fund is \$50 million and they will be reallocating funding from 7 vacant civilian positions from the general fund to deal with the deficits. Relating to the public safety sales tax, the operating budget is \$14 million and they will be reallocating funding from 3 vacant civilian positions to correct those deficits. The presentation will address the Police Department's operating budget reallocation that will be

distributed to cover a gap in budget versus expenditures in the amount of \$1,043,000. The changes identified will be implemented during the last 6 months of FY13 with a full impact of this realized in FY14. The overages are occurring in 3 primary areas, overtime, shop and fuel and temporary pay. The FY13 budget allocation for overtime across the general fund and public safety sales tax fund was underestimated for the year. The situation is also complicated as overtime has become necessary to assure adequate staffing is available in critical areas such as Communications and Detention. The current trend for spending and overtime requests are projected at an overage of approximately \$598,000 by the end of the fiscal year. Fuel and shop charges are projected to be over budget approximately \$269,000 by the end of the fiscal year if spending remains at the current pace. Fuel and shop charges were reduced as part of the Tier 2 reduction exercise for FY13 by \$270,000. This should not have been done. This decision was based on an evaluation of data for that time period. Based on current expenditures, that amount needs to be restored. Temporary pay for contract workers has a projected overage of approximate \$176,000. Three contract workers providing technical support for the CAD/RMS project account for this overage. These positions will need to be accommodated in long term budget planning.

Chief Black said the plan to balance the police FY13 budget is to use salary savings and to eliminate selected vacant positions. The police department has a salary savings of \$624,000 for all funds. Elimination of seven vacant civilian support positions in the general fund and three vacant civilian support positions in the public safety sales tax result in a \$583,000, which is available for reallocation to cover the overages beginning in FY14. The responsibilities for these eliminated positions have already been reassigned to staff. The decision about retaining the remaining vacant positions is pending a reorganization planning process. The majority of the vacancies are expected to remain unfilled for the remainder of FY13 and salary savings will continue to accrue. A complete review of staffing for essential services involves all levels of police department management. The details of this plan will be provided in conjunction with the FY14 budget.

Councilmember Knaack asked how many actual sworn officers the city has.

Chief Black said with expected vacancies over the next few weeks, there are 391 police officers at all ranks, exclusive of vacancies. Chief Black said there were 406 positions exclusive of vacancies.

Councilmember Knaack asked how many civilian positions there were.

Chief Black said there were 138.5 FTE across both funds and there were 20 vacancies.

Vice Mayor Frate asked the Chief if she was going to eliminate any of the 406 sworn positions.

Chief Black said they are evaluating staffing throughout the organization, because they do anticipate reduction as the City goes through the phases. She said it would not make sense to fully staff the department and then have to look at layoffs in the future. The presentation today does not assume any reduction at all in sworn staffing.

Councilmember Knaack asked if the police department was hiring any police officers right now.

Chief Black said she was not actively hiring until they know what the sustainable number is. She said there are police officers that are leaving for other jobs or retiring. As the number goes down, they are looking at other officers to provide core essential services.

Councilmember Knaack asked if they had reserves.

Chief Black said they do carry a fund balance in the public safety sales tax and she has not hired police officers out of that reserve because it is not sustainable. She said there was \$6 million in that fund.

Councilmember Knaack said she understands it is one time money, but she thought it could be used if they were desperate for police officers.

Chief Black said it is a discussion they had, but it is not well-advised because it is not sustainable beyond a couple of years.

Mayor Scruggs thanked Chief Black.

Chief Burdick said over the past several years, budget reductions have created a need for the current year realignment and reallocation of budget dollars. They have looked at overtime expenses, shop and fuel costs and other areas that have impacted the budget, as there has been overspending of \$1,082,002. The current operating budget is \$25 million. Some adjustments have been made over the years, along with reallocating the funding from positions to address this issue. They will be required to make reductions of 8 positions in the general fund to come up with \$554,914 to be reallocated and \$527,088 in the public safety sales tax, for a grand total of \$1,082,002. To make the adjustments, they are eliminating 3 administrative positions, which will shift the responsibilities to remaining administrative staff. They are going to eliminate 3 positions within the crisis response program, one of which is a retirement and the other 2 are currently filled positions. That will leave 1 in the crisis program, which takes that program back to 2006 levels. They will eliminate 3 vacant firefighter positions, 2 captain positions and 1 will be eliminated upon retirement in March. They are also eliminating a position in fire resource management which will be put their information technology support with the IT department. They are also reducing the community services budget.

Vice Mayor Frate asked if they are going to wait until the fiscal year and see what they can do, like the police department.

Chief Burdick said a discussion was held whether they remain vacant without funding or were eliminated. Based on Council discussion, it was determined they will not maintain the vacant positions and they will be eliminated.

Councilmember Knaack asked if the captain position was vacant or if will be vacant in March.

Chief Burdick said two of the positions were vacant and one will be vacant in March. As that position becomes vacant, it will be eliminated.

Councilmember Knaack asked if those were the only sworn positions that were being eliminated.

Chief Burdick said three firefighters and three captains, so it will be 6 sworn positions.

Councilmember Clark asked if they will all be vacant when they will be eliminated.

Chief Burdick said they will be vacant. He said 14 positions will be eliminated in total, 6 sworn and 8 civilian. He said 3 are either vacant currently or are due to retire soon, 5 will be eliminated to reallocate budget dollars.

Councilmember Knaack asked them to explain the structural process.

Chief Burdick said when you look at year over year costs; you get a structural deficit when you are not bringing in the revenue to pay the established costs. In this case, the department has overspent the budget in the past few years which indicates they don't have enough money to pay their bills.

Councilmember Knaack asked where did they get the money to pay.

Chief Burdick said they have used the public safety sales tax as they had some fund reserve in that, but they have spent that down in the last 2 years to maintain services at the levels they are today. This year the balance is gone, so they have no choice but to make adjustments if they were to maintain the same level of service.

Councilmember Clark asked if the operating agreement overages came to \$1.8 million. She asked if that was the total for all 3 areas, overtime, shop and fuel and operating agreements.

Chief Burdick said that was the total for all three of those. He said these are examples of things they have to maintain to run the fire department.

Councilmember Clark asked what was the total amount of overtime overage.

Chief Burdick said they know it usually costs them about \$1.2 million or \$1.3 million. He made the decision to reduce the overtime funding to \$720,000 and that is where they have used the fund balance to carry them over the last couple of years.

Councilmember Clark asked if using additional staffing at the stadium was covered by overtime. She also asked if part of that overtime was attributable to things like that.

Chief Burdick said yes and no. They have a budget allocation in special events under the arena and stadium. They do get reimbursement for that. He said the original agreement was set up that

it was a straight time reimbursement so they got reimbursement for all their employees being in the arena. After going back to Council, they got a supplement approved for halftime/overtime and that was placed in the budget. That was quite a few years ago and over the years that has not kept up with rising costs. The stadium agreement, they did a blended rate, blending that with Southwest Ambulance, so they get back a rate from the stadium that they take part of that money to make them whole and give part of it to Southwest Ambulance to make them whole. What has happened over the years, costs have increased and those funds have eroded. The impact of those 2 areas on the overtime budget has not been that large.

Councilmember Clark said she would like to see those numbers when the Chief has them available. She asked what the shop and fuel overages were.

Chief Burdick said last year they were looking at reducing the budget. They knew they had already reduced a lot of things in a lot of areas and made a decision to reduce about \$208,000 out of shop and fuel. Mr. Kent did speak with him about this, because they can look what has been done in the past. The total number for shop and fuel is expected to be over around \$280,000.

Councilmember Clark discussed specific numbers regarding overtime, shop and fuel and operating agreements.

Mayor Scruggs said somewhere it says it is \$554,914, does that sound right?

Chief Burdick said that sounded correct.

Mayor Scruggs said she was kind of struck by the similarities of all this. There seems to be a whole lot of angst over what is going on in Fire. Your \$554,914 overage in overtime is very similar to the Police department's \$598,000 in overage for overtime. You have \$280,000 overage for fuel and shop and they have \$269,000 overage in fuel and shop. It is interesting how closely they track, even though your department is quite a bit smaller than their department. She asked why Council didn't have any questions about these numbers when they showed up in PD because they are pretty much the same things.

Councilmember Clark agreed they were very similar, and asked since Fire was so much smaller of a department, why were the numbers so similar.

Chief Burdick said he could not explain the overtime because their overtime is what it is. He said the shop charge is because the shop came back to them both and estimated what their year after year costs were and Chief Black recognized the reductions she identified were very similar. Shop has trended the costs out over the years and they have a pretty good idea of what those costs are. Both police and fire made reductions in their area thinking they could manage reductions. He said the shop was right and police and fire were wrong. The costs the shop estimated were on track because of the diesel fuel costs and repair costs which they averaged out. On the overtime, over the last few years, fire's staffing overtime goes up slightly because of the costs that increase, but it goes up about \$1.2 and now they are at \$1.3 million to constantly staff their units every year. That cost they have been aware of. Chief Burdick reduced the budget by \$500,000 a

couple of years ago in an attempt to manage within that amount. He stated that unless he browns out a truck and starts putting trucks out of service that is the cost. The fixed cost for them is about \$1.2 million a year and that is what it costs for fire to run the trucks they have today.

Councilmember Clark asked about shop charges for vehicles. She said the shop says they offer a service that is comparable to the private sector. She asked if either Chief Burdick or Chief Black assigned anyone to run some comparable numbers or estimates to say a fire truck breaks an axle and what the shop charges are compared to a private vendor. She asked at what point do they say that the private sector can deliver the same service at a cheaper rate.

Chief Burdick said he has had discussions about this for several years. He said it was not on the heavy equipment, but it was about the smaller vehicles they run. He said he could go to one of the dealers or Jiffy Lube and they thought they could get a better price. They shop has looked at their operations and they have reduced charges to them. They are in line with what the private sector is doing. On the heavy equipment, they have provided a better rate than what the private sector would provide. Working with the shop, they get some control. If they outsource this, you are put in a line and wait your turn.

Councilmember Clark said this makes her feel a little better about retaining shop charges for vehicles and equipment.

Mayor Scruggs said she recalls Mr. Kent sent Council a new rate schedule since the last time this was discussed even further, not sure if they should be referred to as reductions, but different ways of pricing it out that makes it easier on the budgets. She addressed Chief Burdick that she was thinking and perhaps it was incorrect and this is not a judgmental thing, but for both Police and Fire there was a need to reduce the projected revenue for the fiscal year budget, this current fiscal year budget, to reflect the two tiered sales tax, both departments came up with reductions. There was a short turnaround to get it printed, and she thought both departments came up with their reductions in fuel and shop and overtime. It may have seemed prudent at that time, but it was as much a hope as it was a solid feeling that this can actually be done. She didn't want to put him on the spot and ask him to answer that, but she was sensing that this is sort of like the two tiered tax revenue reduction meeting coming right back to us and it was not achievable.

Chief Burdick said they did look at this and rather than using overtime again, they looked at who was leaving and without going into a layoff scenario and what they could reduce. The decision was their shop and fuel, a \$280,000 reduction. The firefighters are not making unnecessary trips, it is just due to their operating schedules, and they run into maintenance and fuel issues.

Mayor Scruggs said it demonstrates that there is a structural imbalance and it needs to be righted, because your costs just aren't going to go down. They are just not, unless suddenly there's never another traffic accident in the city or there's never another person who goes into cardiac arrest. Your costs are what they are and that structural imbalance has to be righted at some point, even though it will take from someplace else. She was referring to both police and fire. The services you render, the costs just aren't going to decrease. She asked about a rumor she heard that somebody went in and in order to appease AZSTA, or somebody, changed the payments or how

much money the city would be paid for police and fire services at the stadium. Do you know anything about that? Do you have as the Chief, or does Chief Black, have any input into what those rates should actually be?

Chief Burdick said they have been in negotiations since September 11th, when Assistant Chief DeChant met with Global Spectrum, to deal with their contract. It was expiring in November of this year and they began negotiations with them. They did provide Global Spectrum a number that they needed. In the stadium they have a blended rate and are in partnership with Southwest Ambulance there. They charge them a rate that is not as high as they would normally because they split the cost out with Southwest Ambulance. To explain, if Fire's rate was \$40 per hour and Southwest's was \$20, they would charge \$30, with Fire getting \$15 and Southwest Ambulance getting \$15. They finally reached an impasse. They could not reach agreement on the number they proposed. They did agree, Southwest stepped up and provided the bridge to get through this season. They only had two games and Fiesta Bowl left. They will continue to provide the service. The gap they are trying to negotiate is about \$10 per hour. Southwest Ambulance is going to work with them to make up that gap, either through staffing or reimbursement.

Mayor Scruggs said so this gap you are talking about does that mean instead of \$40 an hour, it should be \$50?

Chief Burdick said \$42 an hour is what they are asking.

Mayor Scruggs asked does \$42 an hour really cover our costs.

Chief Burdick said they worked that through the budget department and were able to come up with that blended rate, including an increase that Southwest Ambulance needed also.

Mayor Scruggs said so that would be \$42 an hour and that would be for however many people that are there at the function, time and a half and benefits and everything? Well, that's hard to believe, unless you are sending brand new people, firefighters less than a year.

Chief Burdick confirmed it was \$53 an hour is the cost and \$43 an hour is what they were going to charge them.

Mayor Scruggs said \$43 an hour makes up everything from the firefighter to the paramedic to the captain who needs to be there because there has to be a captain, all of that together comes up to \$53 an hour.

Chief Burdick said the blended rate when you average out the rate, fully loaded, benefits, everything, all assignment pays, is \$53 an hour.

Mayor Scruggs asked Chief, how many people, say at a Fiesta Bowl Game, how many of your personnel would be there?

Chief Burdick said about 15 people.

Mayor Scruggs said and \$53 an hour is the cost for those 15 or \$53 an hour times 15.

Chief Burdick said it would be \$53 an hour times 15. That's for our people. Southwest Ambulance would be the lower rate.

Councilmember Clark said asked if that was for a minimum of 4 hours.

Chief Burdick said that would vary. He said they have worked events for many years and they have refined the process. They made changes at the beginning of this year by deploying people differently than they normally did. They move the people with the crowd. They have excellent service delivery. He said he doesn't have the people to reassign to that location. He said they are staffed for the trucks and they don't have the people to move in there, so they have to use overtime. He said Southwest Ambulance is up against the same thing, they have to pay overtime for those events. He said they will begin negotiations after the first of the year and see if they can come up with a new contract.

Mayor Scruggs said and the police have all left, but do you know if they are in contract negotiations too? Did their contract end at the same time?

Mr. Skeete said the police contract was written slightly differently and they were able to get an extension on their contract. They will also begin negotiations at the beginning of the year.

Mayor Scruggs asked the new of 2013.

Mr. Skeete said yes.

Councilmember Knaack said she wanted to discuss the issue of the crisis response team. She said she didn't think they could have a crisis response team with only one person. She is concerned about this. She asked if there was something they could do there.

Chief Burdick said they have reviewed this and it was ultimately his decision on what program could be eliminated or reduced. They had nowhere else to go. He said there is frustration as well. They have interns that they have IGAs with. Two positions that are to be eliminated do have the qualifications that allow them to do the interning with ASU, U of A and they will have to cross that bridge when they come to it. He did not know who they will get to fulfill those agreements, but he is comfortable they understand the budget issues.

Councilmember Knaack said she did not like this. She asked about the volunteers and asked who was going to manage the volunteers.

Chief Burdick said it would fall back on the current manager.

Councilmember Knaack asked if just one van would be running.

Chief Burdick said it was a very valuable program and it does provide relief to the firefighters and police officers when they stay on scenes. He said they may have to go back to 6 or 7 years ago when they were not able to staff it 24 hours a day. Per the IGAs when they intern with the city, they have to provide 24 hours of volunteer time a week, some for 9 months and some for a year. That is a lot of time. Because the department maintains a balance of about 15 interns, they can keep that unit up 24 hours a day and 7 days a week. There are also about another 40 regular volunteers, not interns, and they supplement that throughout. They can count on the interns because they have to put in that volunteer time.

Councilmember Knaack asked if there was any other way. She said the crisis response team alleviates so much of the firefighters and officers' time. She thinks crisis response is part of the fire department and is needed.

Vice Mayor Frate asked what the crisis response salaries are.

Chief Burdick said with the three leaving, the 6 month salary savings is \$95,000, so about \$30,000 each.

Councilmember Clark said it is not like crisis response is disappearing off the face of the earth, it is just the amount of professional, paid is diminishing and they have to rely on volunteers more.

Chief Burdick said the point is not to eliminate the program, but to keep the one person funded and maintain them with the volunteers.

Councilmember Clark said it won't be as robust as it was in the past. Someday, it can be more robust again. It has been pared down to meet the needs of today.

Chief Burdick said they are reallocating the dollars to meet the needs of today. The workload is there, and this is a valuable service.

Mayor Scruggs said in reality, Councilmember Clark, would remember when there was no crisis response. It is very valuable and very important. Council has heard of a lot of very important and very valuable services that have been eliminated or are going to be eliminated and as has been stated here several times during this, it is what it is. It's important. People are not having the CAT teams. They are going away from Glendale PD. Those are important. Councilmember Alvarez is worried about the kids not having a place to play, and so forth. There didn't used to be anything called crisis response until maybe 10 years ago. It started sort of as a volunteer position and then she was volunteering and then she became a paid staff person. Mayor Scruggs commented she knew a lot of the Glendale Civic Pride Ambassadors got involved and people went through the fire academy so you built your cadre of volunteers and then you began building your cadre of paid staff. So, as Councilmember Clark said, the opportunity is still there and just like Mr. Strunk is trying to find ways to keep recreation programs going through partnerships, you probably will to. She guessed that the person was staying would probably be devoting their time to building those partnerships too. As you go through this total reorganization process and

realignment process, will be ongoing. It's not done right now. There is still more work to do. Mayor Scruggs commented departments have to prioritize and hopefully it can be built back in the future and maybe it can be built back in another way or through volunteers and partnerships. She wished the city had so much more. Council could also remember when the city didn't have much in the way of hospitals to really do anything with.

Councilmember Knaack thinks crisis response is one of her passions. She understands cutting back and hopefully it will come back.

Vice Mayor Frate said his only concern would be to keep the passion of the volunteers so they stay in the program. He said so many of the people have been helped by that team and the team is there when there is no one else. It is not an easy job to do and it takes specially trained people to do that kind of work.

Mayor Scruggs said that concludes everything for the meeting.

Councilmember Martinez commented there have been concerns expressed about levels of management reduction and FTEs as opposed to other jobs. In their materials, it shows 2009 levels and there have been reductions in upper and middle management.

Councilmember Clark commented on the tragedy in Newtown, Connecticut. She hoped everyone remembered the victims and survivors in their prayers during the holiday season.

ADJOURNMENT

The meeting was adjourned at 5:11 p.m.