



## **Minutes Ad Hoc Long Range Budget & Finance Planning Committee February 28, 2008**

Minutes of the Ad Hoc Long Range Budget and Finance Planning Committee held on Thursday, February 28, 2008, 4:00 p.m., in the Public Works Conference Room, Tempe City Hall, 31 E. 5<sup>th</sup> Street, Tempe, Arizona.

### **Council Members Present:**

Mayor Hugh Hallman  
Councilmember Onnie Shekerjian

### **City Staff Present:**

Mary Anders, PD  
Debbie Bair, Fire  
Mark Day, Sr. Budget & Fin Analyst  
Tom Duensing, Deputy Financial Svcs Mgr  
Molly Enright, Mayoral Aide  
Phil Falcosky, Tax Audit Supvr

Jim Gaintner, Asst Fire Chief  
Jerry Hart, Financial Svcs Mgr  
Wydale Holmes, TLC  
Jan Hort, City Clerk  
Don Jongewaard, Fire  
Cliff Jones, Fire Chief

Ken Jones, Internal Audit  
Jeff Kulaga, Asst City Manager  
Lawrence LaVictoire, HR Admin  
Gretchen Maynard, TLC  
Jeff McHenry, TOA  
Tom Mikesell, Lead Budget & Fin Analyst

Aaron Peterson, TLC  
Kerby Rapp, TSA  
Cecilia Robles, Dep Financial Svcs Mgr  
Bruce Smith, Tax & License  
Lynna Soller, HR Benefits Admin  
Sue Taaffe, SEIU  
Adam Williams, Sr Budget & Fin Analyst

### **Citizens Present:**

Mary Ann Miller, Tempe Chamber of Commerce  
Todd Skinner, Tempe resident

***Mayor Hallman called the meeting to order at 4:05 p.m.***

### **Agenda Item 1 – Public Appearances**

None.

### **Agenda Item 2 – Department Focus: City Clerk (follow-up)**

Jan Hort summarized the follow-up points from the previous meeting:

- Clarification of bond election statutes
  - The statutes provide that bond elections occur in November.
- When can sales tax elections be held
  - Sales tax elections can be held at any of the consolidated elections.
- Cost savings for November held elections
  - During the September/November cycle of even years, a savings of 52% per election held for an estimated savings of \$82,900 (which would be doubled for years of primary and general) could be achieved.
  - One of the changes is the permanent early voting list. If a person is on that list, they automatically receive an early ballot. We pay \$1.72 per early ballot plus \$.73 per registered voter. In even years for the Fall cycle elections, cost is \$.35 per registered voter with no cost for the early ballots.
  - A change to a Fall election cycle would require changing the City Charter and getting approval from the Department of Justice.
- Cost savings if microfilming requirements were eliminated.
  - Although costs are currently about \$14,814 in materials and personnel, it is unknown what the requirements for replacement of microfilm would be. It would no doubt involve new software determined by the Arizona State Library, Archives and Public Records. These costs would need to be added in.
- Cost savings if double-sided printing was used in Council packets.
  - With the proposal of producing only 12 packets, the savings for double-sided copying would be \$197 in material. There would be some increased cost in the actual processing of the packet, however, and she does not recommend pursuing it.
- Cost comparison of legal advertising alternative newspaper circulation
  - Purchasing performed a quick cost comparison of the different newspapers (some weekly newspapers) for public hearing notices, ordinances and resolutions. A savings of 50 – 65% may be realized to bring it in line to the currently budgeted \$72,000. (Costs have exceeded \$120,000 during the past several years)
  - It would be important to determine the target audience.
  - She also suggested getting an opinion from the City Attorney to make sure disclosure and transparency requirements are met.

Mayor Hallman noted that the most attractive option is savings on legal advertising.

**Agenda Item 3 – Department Focus: Fire (follow-up)**

Cliff Jones summarized the follow-up points from the previous meeting:

- Response comparison with bordering cities.
  - The responses into Tempe greatly exceed the responses going out of Tempe with the exception of Scottsdale.
  - Scottsdale, the most recent partner in automatic aid, is constructing a new station at Miller and McDowell, and this figure will equalize.

- Breakdown of calls
  - Between 1997 and 2007, total calls for service increased by 40%.
  - Fires are essentially equal, and that is the goal.
- Breakdown of EMS calls for 2007
  - 1,500 for motor vehicle accidents
- Calls to ASU in 2007
  - About 750 total calls
  - Considering the density and comparing to areas around ASU, that is consistent.
  - Call load is not unusual for either Fire or EMS
- Payment for Special Events
  - 160 special events per year requiring overtime for coverage.
  - Reimbursed – \$103,560 or 57%
  - Non-reimbursed and absorbed – \$78,300 or 43%
- Firefighters needed to impact overtime
  - Question was whether hiring more firefighters could lower overtime costs.
  - Hiring 3 additional firefighters would save about \$34K per year with benefits and overtime.
  - It would involve one person on each shift.

Mayor Hallman clarified that it would be one person per shift, but at this point it is one plus a certain number of hours.

- Audit of communication services
  - Direction was to look at the contract with Phoenix for emergency radio communication and dispatching services.
  - Each year the Phoenix representative meets with representatives from each city that participates in the automatic aid system.
  - Break down each city's costs and their respective percentage share by call is provided.
  - This has increased in recent years because for many years Phoenix did this as an add-on and the City was saving money for many years. Phoenix has been directed to recover costs. We are far under the cost of doing our own service. Cost effectiveness has been front-loaded by minimizing the number of stations and firefighters through cooperative fire and medical service.
  - Analysis of staffing, equipment and overall services indicates the automatic aid system remains highly cost effective.

Mayor Hallman noted the budget growth analysis for FY 04/05 to FY 07/08 shows that overtime has skyrocketed by 83%. It looks like the growth is in the salaries and benefits category.

There was a question about quantifying the 5-year plan for the future.

Debbie Bair responded that that isn't done at the department level but it would be built into the forecast. They don't do a year-over-year 5-year plan, but an operational 5-year strategic plan.

Jerry Hart added that although a 5-year forecast is prepared, they do not break that down by department.

A concern was expressed that this particular budget has skyrocketed for a lot of reasons and it would be important to get an idea of what will happen in the future to avoid negating anything the committee does.

Chief Jones responded, as an example, the Fire Department has people in Iraq and those are unscheduled leaves for twelve to fifteen months. That has been a huge cost increase.

Mayor Hallman asked whether the Public Safety Retirement System (PSRS) benefits (a different system than the general employee pool) has had a larger increase.

Chief Jones responded that it has gone up considerably, although he believes it has stabilized.

Mayor Hallman stated that ASRS went up 77% during this two-year period, and PSRS went up 101% and it is not showing signs of stabilization, even with the legislature spreading the unfunded portion over 30 years rather than 20 years. It is a result of unfunded mandates. It is only stabilized for some of the impact because of the changes made to push back the debt.

Mr. Hart added that the PSRS investments did not achieve returns as expected and that is negatively impacting returns and increased the size of employer contributions.

There was a question whether the long term projection takes into account what we project these items to be.

Mr. Hart responded that it does. Last year, the rate was 18.2% and effective on July 1, it will rise to 24.4%, with the expectation that it will continue to grow into the future.

Chief Jones added that the Fire Department has some relief with the fire system support tax which picks up some of that.

Mayor Hallman clarified that with the ASRS, employees match what the employers contribute. The PSRS is statutorily locked at 7.6% for employees, so the city's match continues to grow.

Mr. Hart added that any exposure to a stock market that is not doing as well will result in reduced returns, and that falls on the employer.

Mayor Hallman added that the 54% increase in PSRS goes from \$149K to \$1.8M or a 1139% increase since 2004. That will pick up 1.6M of the 2M increase in the budget. That is probably also true for the Police Department side. He directed Mr. Hart to have the same information available for the Police Department presentation.

**DIRECTION:** Provide the same information for the Police Department presentation.

Mayor Hallman suggested costing out a typical cost recovery in vehicle instances where someone is at fault. Would it also be appropriate to consider that the medical response to other situations is supplying a medical service? Once the medical service is provided, there's an ambulance that transports, etc., and he suspects it is the first responder that is not being paid for by the system.

Chief Jones stated that staff would like to look at this over the next several months in conjunction with the new ambulance contract. This would be a good time to consider this option.

Mayor Hallman added that it's not having the ambulance company reimburse, but it's how to get into the billing system to seek recovery of the medical services delivered. We would be billing to the ultimate billing person as opposed to going through the ambulance system.

Chief Jones added that it becomes a carefully marginalized line. In some European countries, if you call the fire department, you have to prove the fire was an accident. If you can't prove that, then you pay for the cost of fire services. Therefore, people don't tend to call the fire department until the fire is out of control. The insurance company clearly plays a role in fire department calls. They have had a discussion with some companies who bill insurance companies for fire department medical calls.

Ken Jones stated that there had been discussion at the last meeting regarding the budgeting of mediflex and the deferred comp being double-budgeted..

Mark Day responded that the deferred comp is not double-budgeted. The deferred comp portion is budgeted by Human Resources. The system automatically calculates mediflex and staff takes that amount and offsets the DROP or retiree stipend and nets it out.

Mr. Jones clarified that we aren't correctly showing the \$15 stipend for the retiree healthcare fund.

Mr. Day responded that the \$99,840 is sitting in #6664. The DROP amount was budgeted at \$25,265, but the actual expenditure is \$145,000. There are seven employees in the DROP program.

Mayor Hallman clarified that the \$89,390 in #6127 isn't actually an expense and shouldn't be shown.

Mr. Day responded that the non-union portion is about \$16,900.

Mayor Hallman further clarified that \$73,000 shouldn't then be showing.

Mr. Day responded that they could move that budget portion to #6664 and #6132. Item #6132 is for the IRA expense for the DROP participants. The DROP expense shown of \$25,000 isn't enough to cover the DROP.

Mayor Hallman asked for the real number that should be in #6132 IRA.

Mr. Day responded that they are estimating \$145,000.

Mayor Hallman clarified that it is short.

Mr. Day added that in the Deferred Comp at \$15 per pay period, it is budgeted at \$99,840, and they estimate it to be about \$51,500.

Mr. Hart stated that they will change how that is shown next year.

Mayor Hallman summarized that:

- Mediflex is showing currently at \$90,000 and you only need \$16,000, so that is \$73,000 extra.
- IRA is showing \$25,000, but it needs to be \$145,000.
- Deferred Comp is showing almost \$100,000, but it needs to be \$51,500. He asked why.

Mr. Day responded that is the \$15 per pay period that the City matches for the retiree healthcare stipend. The amount accounted for in Human Resources is for union employees, at \$50 per pay period. The \$51,500 is for union, but there are two programs. One program is the \$15 per pay period stipend, and the other is the \$50 per pay period for deferred comp.

Mayor Hallman asked that this get straightened out for next time.

**DIRECTION:** Follow-up on whether to seek to recover medical services costs.

**Agenda Item 4 – Department Focus: City Manager's Office**

Jeff Kulaga summarized that the objective of the City Manager's office is to effectively and efficiently implement leadership policy decisions made by Council and make sure the organization is working as best it can. For FY 07/08, the total budget is \$363,884 and 95% is personnel services for three employees. The 15% reduction target amount is \$90,000. If we were to subtract materials & supplies, fees & services and travel, it would still be short \$75,000, so it would be necessary to look to personal services. Wages budgeted at \$8,200 has historically been for part time and interns. That could be cut back by \$6K which would take it to \$84,000.

Mayor Hallman asked why the telephone costs are so high.

Mr. Hart responded that indirect costs are part of the allocation methodology to spread the cost for IT charges.

Mayor Hallman clarified that the total being reallocated back across the city is \$300K and asked how we are allocating and whether we fairly allocating to other funds.

Mr. Hart responded that we only allocate to all of the other funds.

Mayor Hallman clarified that #8320 Interactivity Credit is only the credit coming back for that which is applied against other funds. The net cost to this department is the \$363,000.

There was a question whether the \$88,000 for medical insurance is for three employees.

Cecilia Robles responded that it includes allotment for retirees as well. There was a recent retirement and that would be allocated there.

Mayor Hallman asked if salaries include a retirement contract.

Mr. Hart responded that it does not.

Mayor Hallman asked why healthcare is included.

Mr. Hart responded that if a retiree has a large amount of claims, it can drive up the cost.

There was a question regarding how that is allocated and whether it is based on claims in that pool.

Mr. Hart responded that it is. The City is self-insured with respect to PPO plans in which 70% of the employees and retirees participate. The other 30% of the employees are on Cigna.

There was a question about how claims would be tracked under HIPA laws.

Mr. Hart responded that it is in two pieces. This employee health insurance represents the City's subsidy of all current employees at 100% and 70% for their dependents. We have that same subsidy for retirees. Over the last few years, there has been a growing number of retirees continuing on with the City's health insurance plan. The increase is not only due to inflation (13%), but also an increase in the total amount of participants. Another piece is the employer subsidy for retirees. We go through a process to identify where these retirees retire from and, based on that, allocate appropriately the claims expense we expect. In this case, we are seeing an increase. All retiree health costs are allocated to the area they retired from. We don't budget the healthcare into one cost center. We do have a separate health fund where we do track total medical cost for employees, retirees and COBRA. Item #6123 represents allocation of that cost back to the departments for retirees.

There was a question that if there's nothing the department can do to that number, why would it be tracked back to the department.

Mr. Hart responded that it is done for an accurate assessment in order to portray the true cost of the workforce. There is a continuing cost linked to that area from which someone retires.

Mayor Hallman asked why we would allocate the medical but not the retirement expenditure. He added that we still need to deal with how the healthcare costs are going to be handled and there is a special committee dealing with healthcare outside of this scope.

Mayor Hallman asked about #7404 Local Meetings.

Mr. Kulaga responded that a monthly breakfast is held for new employees and honored employees.

Mayor Hallman asked if #8320 Interactivity Credit is being under-allocated.

Mr. Hart didn't think so but he will look at it.

**Agenda Item 5 – Department Focus: Human Resources**

Jon O'Connor summarized the four different areas in Human Resources: Administration, Support Services, Benefits and Services, and the Tempe Learning Center. He further summarized the five areas of the budget:

- Office operating budget (\$80,858)
- New Hire programs (\$87,000) (background checks for new hires and temporary employees, physicals, and drug testing)
- Employee benefits (\$1,378,319)
- Citywide programs (\$205,021) (unemployment expenses, TLC training, awards program)
- Personnel (\$2,009,792)

He outlined some cost savings proposals to reach the 15% reduction goal of \$579,300:

- Office operating budget – possible reduction of \$12,100.
- New Hire Programs – possible hiring freeze or slow down of recruitment for a \$13,050 savings.
- City-wide employee benefits –  
Tuition Reimbursement (\$690,000) - \$190,000 savings:
  - Currently \$5K is available annually for use by independent students for reimbursement or through educational partnership programs where cost is paid up front.
  - Currently \$690K in budget with no cap. This is a popular benefit with more than 200 employees currently utilizing it. More employees use the independent approach. It is covered under some of the MOU's as well, and a change may require renegotiation with the groups.
  - Could maintain the \$5K benefit and reduce the reimbursement to 80%.
  - Suspend or postpone academic partnerships for a year for \$200K savings per year.
  - Suspend tuition reimbursement benefit for one to two years.
  - Staff recommends suspending the partnerships.

Kerby Rapp stated that the partnership programs are not specifically stated in the MOU's, so it would be possible to act on the \$5K without renegotiating. Another option would be to possibly have tuition phased in (similar to Mediflex) with nothing the first year, and then gradually moving to full benefit.

**DIRECTION:** Review the option of phasing in tuition and return to the committee with analysis.

Councilmember Shekrijan asked about limitations regarding tuition reimbursement.

Mr. O'Connor responded that if an employee is reimbursed, he must stay one year. A cap could also be put on the amount that is budgeted and would be on a "first come, first served" basis. That was tried in Glendale, but it didn't work out well. Peoria is doing an 80% reimbursement. Tempe offers the highest level of reimbursement.



Councilmember Shekerjian asked for the rate of employees not completing the degree.

Wydale Holmes responded that because the City manages the partnerships, it is very easy to be successful and there is a 95% completion rate. Independent students are not as aggressive.

Ken Jones added that this was an issue originally. A lot of employees were getting a lot of reimbursement but not getting degrees. The people who take advantage of it are lower level employees. Tempe has one of the most committed workforces and we need to make sure we get our money's worth out of the employees before we allow the opportunity. This also saves money through the recruitment process. If we could increase the likelihood of the employee staying, it would be wise.

Councilmember Shekerjian asked, in terms of the independent student, whether there is a cap on how many semesters they can draw on it.

Mr. O'Connor responded that there is no cap.

Ms. Holmes added that the majority of independents don't take as many hours, and the expenditure rate is lower. Partnerships tend to maximize the \$5K, where the independent does not.

There was a comment that, for example, in the Fire Department there are classes required for promotion. Some people have no intention of getting a degree.

Councilmember Shekerjian stated, with the exception of public safety employees, she would like to see how many independents actually get the degree.

**DIRECTION:** Provide figures on tuition reimbursement.

- Deferred Comp Match (\$605,000) - \$250,000 possible savings
  - Different programs for each group with a total budget of \$605,000.
  - Staff recommends review of this benefit.
  - Options would need to be handled through negotiation process
  - Reduce the \$10/\$20/\$30 back to \$10, or reduce the \$10 per pay period to a \$10 per month, or suspend the match for one or two years.
- City-wide programs
  - TLC Training (\$81,521) – 15% reduction for \$12,228 savings in costs of administering programs, develop programs in house.
  - Awards (\$100,000) – potential of \$100,000 in savings
    - Anniversary bonus checks
    - Retirement bonus checks and retirement plaques
    - Possible reduction by eliminating bonuses although still provide recognition, or suspend all anniversary bonuses for one to two years, or reduce retirement bonus checks to \$250 and \$200, still providing plaques
  - Personnel (\$2,009,792) – 15% would involve loss of 4-5 positions.

Councilmember Shekerjian asked what was included in #6306 Education Supplies and why it jumps from \$3,197 to \$50,000.

Gretchen Maynard responded that there is \$26,500 in the current operating budget and that is used to pay for all of the software, media, supplies, and AV equipment. TLC is responsible for the classroom, but it is used by all internal departments and educational partnerships. The AV equipment is expensive. This is also used to purchase assessment tools and for boards and commission training. This was a one-time infusion and it will return to \$10 to \$12K.

Councilmember Shekerjian asked about #6514 Awards and Recognition. It shows \$105K in 05/06, but was budgeted the next year for \$52K.

Mr. O'Connor responded that the actual cost for 07/08 will be about \$100K.

Mr. Hart added that for 05/06 and prior to that, this account was under-budgeted, and that was addressed in 07/08.

Councilmember Shekerjian asked about #8315 Interactivity Credit and why there is a change in the revised 06/07 to budget 07/08.

Mr. Hart responded that he would bring that information back.

**DIRECTION:** Return with calculations of how interactivity is determined.

Councilmember Shekerjian asked if HR took a hit in 01/02 and whether those positions have been filled back in.

Mr. O'Connor responded that they have been filled.

#### **Agenda Item 6 – Department Focus: Financial Services**

Jerry Hart provided an overview of the Financial Services Department. The department consists of six divisions: Accounting, Budget, Risk Management, Central Services, Tax and License and Customer Services. Accounting, Budget, Tax and License, and Central Services are funded from the General Fund. Risk Management is funded from the Risk Management Internal Service Fund and Customer Services is funded from the Water/Wastewater Fund.

- Total revenues for FY 07/08 are budgeted at \$158,939,477 and is comprised of local taxes of 64%, intergovernmental of 31%, interest at 3% and other at 2%.
- The Tax and License Division is responsible for collecting the majority of the revenues for the General Fund.
- Local taxes include City sales tax of \$86.2M, primary property tax of \$10.2M, bed tax of \$3.3M, and franchise fees of \$2.7M.
- Total expenditures this year total \$4,639,581 and is comprised of personal services at 79%, supplies and services at 21% (including audit services, bank service charges and postage for the entire City), and internal services with a credit of \$557,427 (as a centralized finance function for the City, they support every fund, and this credit represents a chargeback of their services).
- General Fund staff has been reduced by 8 positions (15%) since FY 01/02.

Mr. Hart outlined proposed budget solutions. The target amount of 15% is \$772,000. He showed expenditure reductions of \$80K and revenue generations of \$3,547,214.

- Addition of a Rental Housing Specialist position to ensure proper licensing and reporting of single residential properties for a net revenue gain of \$203,118.
- Creation of a business occupational and professional license to generate \$100K of revenue.
- Increase of business license fee to generate \$100K of revenue.

**DIRECTION:** Mayor Hallman asked for an analysis of those fees and the cost to process those licenses to see if cost is being recovered.

- Charge Transit and Performing Arts share of Tait (General Fund) rebate. With the development of the IKEA site, the City is rebating a portion of the sales taxes generated by that site. The agreement called for a 50% rebate of the 1.8% sales tax. It has all been coming out of the General Fund, and if the Performing Arts and Transit funds pick up their fair share of that and the arrearage is addressed, an immediate transfer could be made to the General Fund from the Transit Fund of \$1M and from the Performing Arts Fund of \$211K. Those would be one-time transfers. It will be recurring through FY 09/10, and then we would begin collecting 100% of the sales tax.

Mayor Hallman added that on the revenue side of the monthly sales tax report, it is gross sales tax and it is not netting out the rebates.

Mr. Hart added that this has not been included in the forecast, nor has the 100% beyond 09/10 been factored in.

- Water Fund In Lieu Tax involves assessing to the Water Fund an in lieu tax much like SRP pays to all of the jurisdictions. Phoenix and Scottsdale do this. The \$500K figure could be reduced because some costs have been identified that are being borne by the Water Fund that probably should be in the General Fund, so it may be offset. There is a different point of view of legality, however, although Phoenix and Scottsdale are doing it.
- Currently a portion of the SRP In Lieu Tax goes into the General Fund and a portion into debt service fund. That money is unrestricted and could all go into the General Fund.

Mayor Hallman added that over the last ten years, approximately \$8M has been put into the secondary property tax fund and that money should be pulled back out and put into OPEB, for example, and would be a source of immediate funding for OPEB.

Mr. Hart added that removing that revenue stream from the debt service fund would have an impact on the CIP budget.

Mayor Hallman added that the secondary property tax is already over-funded by about \$10M, and that is un-spendable. The only way he would consider that is to have it go into supporting the other obligation because if it goes into O&M, it will be gone in one year.

- Bank service charges – All the merchant fees are budgeted in the City's general fund. This option suggests budgeting within certain funds the cost of these fees, such as

the Performing Arts for TCA, Water Utilities, Golf fund, and it would allow the bank service budget to be reduced by \$57K.

Mayor Hallman asked whether the credit card charges were already being charged to the specific funds.

Mr. Hart responded that they are being charged back indirectly. To the extent the actual cost of these fees can be identified, for example, for the water fund, that could be done.

Mayor Hallman clarified that those fund are being under-charged by that amount using the indirect method and less is being allocated to those funds. Why wouldn't we not want to charge back specifically to the department all of the bank service charges associated with that department rather than spreading it across?

Mr. Hart clarified that if he was speaking to the allocation of financial services costs, they are not allocated to other general fund departments, but only allocated to the other funds. If we were to do this, it would result in an additional need to budget \$40K per year to the golf fund.

Mayor Hallman responded that if the Rolling Hills problem is solved, it would result in a net savings.

Ken Jones asked if anything is charged back to the vendor at the pro shops.

Mr. Hart responded that to the extent that is factored in, yes, but he didn't know if that is factored into the agreement.

- Suppress Printing of Direct Deposit Advices. Employees now have the ability to access their paycheck stubs online. This would involve no longer printing the advices, except for special situations. It would save about \$2K on an annual basis. It adds a lot of wear and tear for the printer and a replacement printer is about \$7K.
- Elimination of three cell phones for a savings of \$1K
- Some wage money identified In Central Services could be off-loaded as a reduction.

Mayor Hallman asked where most of the postage is spent.

Mr. Hart responded that it included all court, Police Department, and Tax and License mailings.

Mayor Hallman clarified that all of the postage is in the Financial Services budget.

Mr. Hart responded that the only postage that isn't budgeted is utility bill mailing and election mailings.

Councilmember Shekerjian asked if there are some things that could be sent out via email.

Mayor Hallman suggested tax and license returns could potentially be sent by email.

Bruce Smith responded that they don't have the resources in the tax computer systems to do that and the consequences of people not receiving a physical return mailed out results in reduced revenue coming in.

Mayor Hallman stated that there should be a means to encourage electronic filings. That trend has occurred at the federal and state levels.

Mr. Smith added that the Risk Management Office and the City Attorneys are working on that. Tax and License is prepared to move in that direction once liability is determined. It would generate additional savings in the bank service charges.

Councilmember Shekerjian asked about line item #6654 Accounting, Audit. The actual in 05/06 was nearly \$60K but it jumps to \$111K.

Mr. Hart explained that it addresses the annual audit, plus an actuarial study done for claims. Recently we were required to have an OPEB evaluation done regularly as well.

Ken Jones asked about the uniform allowance.

Mr. Hart responded that the uniform allowance is for Duplicating department staff.

Mayor Hallman added that in looking at telephone costs, the City Manager's Office with 3 people had \$10K, Financial Services with 45 people has \$45K. He wondered how the formula works to get to that difference.

**DIRECTION:** Mayor Hallman asked Mr. Hart to provide the list of recommendations on a larger piece of paper.

#### **Agenda Item 7– Discussion and Recommendations**

Included under Items 4, 5 and 6.

#### **Agenda Item 8– Set preliminary agenda for next meeting**

Mayor Hallman stated that the next meeting will cover Public Works, Police, Courts and City Attorney, plus any follow-up from tonight's presentations.

***Meeting adjourned at 6:15 p.m.***

Prepared by: Connie Krosschell  
Reviewed by: Jerry Hart

---

Jan Hort  
City Clerk