



Minutes Ad Hoc Long Range Budget & Finance Planning Committee May 8, 2008

Minutes of the Ad Hoc Long Range Budget and Finance Planning Committee held on Thursday, May 8, 2008, 4:00 p.m., in the Public Works Conference Room, Tempe City Hall, 31 E. 5th Street, Tempe, Arizona.

Council Members Present:

Mayor Hugh Hallman
Vice Mayor Hut Hutson
Councilmember Onnie Shekerjian

City Staff Present:

Mary Anders, PD Fiscal/Research Admin
Louraine Arkfeld, Presiding Judge
Brenda Buren, PD Supp Svcs Dir
Travis Dray, Dep Parks & Rec Mgr
Tom Duensing, Dep Fin Svcs Mgr
Jerry Hart, Financial Svcs Mgr
Shelley Hearn, Comm Relations Mgr
Ted Hoffman, Deputy IT Mgr
Ken Jones, Internal Audit
Jan Hort, City Clerk
Carol Martsch, SEIU
Gretchen Maynard, TLC
Jeff McHenry, TOA
Gene Obis, IT Mgr
Rick Rager, Dep Court Mgr
Mark Richwine, Parks & Rec Mgr
Cecilia Robles, Dep Fin Svcs Mgr
Nancy Rodriguez, Dep Court Mgr
Mark Stodola, Court Mgr
Sam Thompson, Dep Parks & Rec Mgr
Shawn Wagner, Rec Supvr
Shauna Warner, Neighborhood Svcs Dir
Jeanette Wiesenhofer, Court
Rich Woerth, IAFF

Citizens Present:

John Benton, Citizen

Lorraine Bergman, Citizen
Mary Ann Miller, Tempe Chamber of Commerce
Todd Skinner, Citizen

Mayor Hallman called the meeting to order at 4:11 p.m.

Agenda Item 1 – Public Appearances

None.

Agenda Item 2 – Department Follow-up: Human Resources, Community Relations, Community Development, Information Technology, Courts/PD

Human Resources

Gretchen Maynard addressed the inquiries made during the previous TLC presentation.

- Tuition benefit structure compared to Mediflex benefits structure would project an annual savings of \$63,923.
- Suspension of tuition benefit for all employees would project an annual savings of \$690K, based on average annual past usage.
- Postpone some or all academic partnerships for maximum savings two fiscal years; maintain \$5K benefit for 3 partnerships/independent students for a savings of \$249,940 annually. The employees who are least able to front the money for tuition are more likely to utilize the Associates program, and that is the cheapest degree for the City to fund upfront. The Associates program uses approximately \$40K per year for an average class size of 20. The average amount for a class size of 20 for Masters and Bachelors programs is in excess of \$100K.
- Continue \$5K benefit with 80% subsidy cap for a savings of \$108,862 annually.

Mayor Hallman asked if there would be reason to divide those categories or again look at a progressive reduction of the subsidy associated with income.

Ken Jones stated that Jon O'Connor had indicated that since the Associates program will be starting up in July and the Bachelors and Masters programs wouldn't start until January, there is a built-in savings.

Ms. Maynard clarified that as the education partnerships on all three levels come to a close, they prefer to start partnerships at the same time and end them at the same time. A Request for Proposal for all three levels of partnerships was released. They have received those proposals and the TLC Advisory Board subcommittee is in the process of reviewing them, so this is a good time to make a decision.

Mr. Jones clarified that a recommendation had been made to postpone the partnerships and based on what Ms. Maynard has said, there would be no real need to postpone the Associates program because it is relatively inexpensive. Postponing the other two would save considerable money.

Jerry Hart clarified that the amount saved annually by postponing the Masters and Bachelors programs would be \$250K.

Ms. Maynard clarified that it would be approximately \$100K per partnership.

Mr. Hart added that originally \$190K had been identified for postponing the Masters and Bachelors programs.

Mayor Hallman asked whether any of the four proposals should not be put on the list for final consideration. It appears the Associates program needs to go forward, and this would probably not make it through the process before that decision must be made. It sounds like \$40K for the Associates program is something we would continue to do.

There was a question about the recommended 80% for a subsidy cap.

Ms. Maynard explained that the 80% subsidy would mean that the City would only reimburse 80% of what a student submits for reimbursement. Based on the 2007 totals of what was reimbursed to employees, it would save approximately \$100K.

There was a question if there had been consideration to do that on a declining rate based on course grade. The incentive would still be there but it would be based on the grade earned.

Ms. Maynard responded that undergraduate levels are reimbursed for a “C” grade or better. For the graduate level, the requirement is a “B” grade or better.

Mayor Hallman clarified it could be 100% for “A”, 80% for “B”, and 60% for “C.” He asked if this would include all the programs or only the Bachelors and Masters programs. The concern would be the risk of eliminating people taking a shot at an Associates Degree if they haven’t been in school for a long time, for example. He would hate to reduce the opportunity of someone seeking higher education.

Rich Woerth asked about those taking mandatory classes in order to be able to promote.

Mayor Hallman asked in those instances whether there is a minimum performance standard for the promotion.

Mr. Woerth responded that the requirement is to pass the class.

Ms. Maynard added that for any mandatory class for employees, the cost is absorbed operationally by the individual department.

Mr. Jones clarified that there is a difference between mandatory to maintain a position and mandatory to be able to promote. There’s nothing mandatory about getting a promotion and that is not covered by the budget.

Direction was given to continue to move forward and the committee will deal with the Bachelors and Masters programs in the larger context. Add the Mediflex structure for tuition, postponement of academic partnerships for Masters and Bachelors programs, and subsidy cap to the list and adjust the numbers accordingly.

Community Relations

Shelley Hearn returned with information on the five questions received during the last meeting.

- Fiesta Bowl line item:
The funds in this line item will be moved from Fiesta Bowl 1214/7019 to Insight Bowl 1214/7018.
- Arizona League of Cities and Towns annual dues payment:
The invoice for League annual dues comes in toward the end of the fiscal year, and the dues for fiscal years 06/07 and 07/08 were both paid out of fiscal year 06/07. For this fiscal year, none of that money is being spent. The annual dues for fiscal year 08/09 in the amount of \$72,753 will be paid out of the 08/09 budget.
- Excess funds spent in 1219/7099 – City-sponsored events for fiscal year 06/07:
Staff went to Council to request \$25K to support the International Baccalaureate (IB) program at Tempe High School. The amount was deposited into the sponsored events and the budget was increased by \$25K, and it appeared they were over by \$25K, but they were over only by \$1K.

Mr. Hart clarified that the budget line item information shows the original budget adopted by Council. It doesn't reflect contingency transfers.

- List of City-sponsored events:
Ms. Hearn distributed a list of City-sponsored events. The City-sponsored event account (7099) was created in 2005 to track tables purchased to support organizations in the community. The list includes purchases from both #7099 and #7404 to create a total that is representative of purchases for all tables, seats and sponsorships. Currently, one person is responsible for purchasing all seats and tables and for taking them out of the appropriate account.

Mayor Hallman clarified that the new protocol involves keeping track of who is showing up. The list shows "RSVP", but he asked if that verifies who actually showed up.

Ms. Hearn responded that there's no way to know that. They have also adopted the policy that she doesn't purchase tables any longer, but purchases seats unless enough Councilmembers commit that they would like to attend.

Mayor Hallman clarified that the line item doesn't capture all of those kinds of events and those kinds of purchases in the past. He asked if it does currently.

Ms. Hearn responded that it does. For this year, they are still under budget on both, but they have a lot more in #7404 because during the first part of the year, there was still some of that confusion. She added that line item #7099 was created at one time just to keep track of sponsored tables, but it created confusion.

Mayor Hallman clarified that it is line items #7404 and #7099. Given that there is better control over #7099, is there an opportunity that the local meetings item will go down significantly?

Ms. Hearn affirmed, and noted that some adjustments have been made to local meetings. Also, she intends to move Sports Authority event money into #7099 so those tables will be purchased from that account as well.

Mayor Hallman added that between those three line items, he suggested looking at this year's experience and see what the total is between those two and see what that budget item might be adjusted to.

Community Development

Sheri Wakefield-Saenz returned with a list of Greater Phoenix Economic Council (GPEC) locates from 1999 to 2008. Also included is a 5-year snapshot of locates assisted by GPEC. About 5,000 jobs, \$68M capital investment, and \$40M in new payroll were created.

Councilmember Shekerjian stated that she was surprised that Quantum Paper appears on the list. GPEC didn't assist in recruiting them to Tempe, and she wondered what other companies City staff invested the effort to recruit. City staff has worked diligently with many of the companies on the list. She would like a list showing what companies GPEC was responsible in steering to Tempe. She would not like to see \$64K of tools that staff uses taken away as a result of cuts when it is City staff that has been so effective in getting companies here. She didn't see the benefit of GPEC in terms of \$64K.

Ms. Wakefield-Saenz responded that it is not easily quantifiable. It is common in the relocation process that everyone plays different roles. Quantum Paper was at the GPEC annual dinner as a guest. GPEC could have any level of involvement, including meeting them at a trade show, hosting them at a dinner, etc. The other elements of GPEC's relationship are a little easier to quantify and are shown in the elements they are working on a regional basis.

Councilmember Shekerjian asked where Indy/Mac Data Center is located.

Ms. Wakefield-Saenz responded that they have a data center on Warner.

Mayor Hallman also questioned GPEC's role. Is Quantum Paper moving ahead?

Ms. Wakefield-Saenz responded that they are already in the facility.

Mayor Hallman agreed that it would be great to turn \$65K over to our own staff, given that the results staff achieves in getting people here in combination with the TCVB, the Chamber, our offices and ASU is stellar.

Mary Ann Miller added that from the other standpoint, \$65K will give part of a person. Can a person cover all the meetings the GPEC goes to? GPEC probably didn't have a big hand in bringing anyone from the list to Tempe, but they may have at least put the Valley in front of them so that they started looking at Tempe.

Councilmember Shekerjian clarified that the issue was taking \$50K out of the budget for materials.

Ms. Miller wondered if we would be able to touch these folks and get them to look at the Valley and Tempe with that amount of savings.

John Benton stated that this is like institutional advertising. It is hard to get a cost benefit analysis on a relatively small amount of money. He agreed that there is an overall presence that GPEC has outside the State of Arizona and he would be inclined to say that an isolationist posture in Tempe would not generate good long-term benefits. GPEC is an asset to the community-at-large.

Mayor Hallman added that there was a significant company in Tempe who asked to get a GPEC seat. He resigned his position in GPEC and gave it up in favor of that company. That company resigned from the Board, deciding it wasn't worth their time or effort and are re-deploying their time and resources. That is a statement about that company's view of GPEC's effectiveness. He proposed putting this on the list to see what happens.

There was a question whether the other valley cities are members.

Ms. Wakefield-Saenz responded that there are 20 members.

Mr. Benton added that the risk we have with all the other communities participating is not that we opt out and GPEC moves on and we get some residual benefit, but the worse scenario is that we opt out and we are singularly focused out of any discussion. There are more unintended consequences by not participating.

Councilmember Shekerjian clarified that when she has attended the League of Cities and Towns meetings and talked with other people from the Phoenix area, they all talk about pulling out of GPEC. She felt GPEC needs a wake-up call. It is probably good for them to know that we are looking at the value we are getting. She thought it is good to put it on the list just for that reason.

Mayor Hallman clarified that GPEC needs to support Tempe and the East Valley and recognize that Tempe has unique assets here with very little sense of result. Tempe has the very first bio-tech building in the State, built by the private sector, sitting on the Lake, and between GPEC and the Department of Commerce, they still can't figure out where that building is when they go out to make presentations in other parts of the country about what is going on in Tempe.

Vice Mayor Hutson added that he met with the company that built that building, and they didn't get any support from GPEC. He talked about this a couple of years ago and nothing has changed.

Lorraine Bergman added that it should be put on the list with the intention of taking it off, but it shouldn't be put on the list to create a look at Tempe. The list should not be used as a means to make a point.

Councilmember Shekerjian clarified that the list will get it whittled down one way or the other.

Mayor Hallman stated that he leans toward cutting it after four years of the same experience. City staff does a great job.

Ted Hoffman returned with a cost of service comparison between direct cost and interactivity charges for Courts, Water/Wastewater Fund, Golf Fund, and Transit Fund. The Courts are pretty close between the direct cost method and interactivity charge method because they are not a big user of infrastructure. There is a huge difference in the Water/Wastewater Fund because they are a large user of infrastructure.

Ms. Miller asked for clarification whether the list of direct cost is accurate.

Mr. Hoffman responded that the direct costs are accurate, however, that's not all of the costs. There are hundreds of different line items to figure out the exact direct cost per area.

Mayor Hallman stated that it appears we've squeezed about as hard as we can to push costs out into the other places.

Courts/Police Department

Mayor Hallman suggested bringing this group back to the next meeting so everyone can analyze the data.

Louraine Arkfeld pointed out that Attachment C shows a list of a number of accounts that do have cost recovery through the Court.

Mary Ann Miller added that there are very few people who are doing this, and those that are, aren't doing it successfully.

Judge Arkfeld responded that it is very difficult to do, and if we are going to go ahead with this, it would be wise to bring an expert in to analyze it.

Police Chief Tom Ryff added that this is a lot to put on the table here and it will be difficult at this point for the Police Department or any other department to move forward with this recommendation. It is difficult to devote the resources to this issue.

Mayor Hallman proposed that staff return to the next meeting for further discussion.

Agenda Item 3 – Department Focus: Parks and Recreation

Mark Richwine summarized that Parks and Recreation is the third largest general fund department. Its mission is to create and connect the Tempe community through people, parks and programs. Staff looked at four key objectives:

- Conduct a comprehensive review of departmental operations
- Develop Activity Based Costing models for programs and maintenance
- Develop strategy for cost savings and revenue growth
- Minimize impact on the services provided to the citizens of the community

The department was created in 2005 and last year was their first fiscal year as a department. This is probably one of the few departments that spreads across many different funds in the City. They have the Golf and Cemetery Enterprise Funds, as well as the Rio Salado, Performing Arts and Transit Special Revenue Funds, and the General Fund comprises the largest part of the organization.

Concerning the General Fund, full-time personnel at \$7,694,519 comprises 48% of the General Fund allocation, and part-time and contract labor are heavily used. Part-time services at \$2,051,115 comprises 13%. The second largest portion of the budget is Fees & Services at \$3,758,985, or 24%. There are 98.5 employees. He noted that the Right-of-Way, Median & Open Space Contract Maintenance Supervisor manages over 13M sq. ft. of maintained area within the City. One individual is responsible for the Volunteer & Safety Programs, including OSHA compliance, safety training, and works with all volunteer efforts. Their entire capital improvement project program is managed by one individual. One individual is dedicated to serving the needs of the residents through scheduling and allocation of space in athletic fields as well as coordinating with group users for special events. The Parks & Recreation Department is the largest consumer of volunteer services in the City. Approximately 1,300 volunteers contributed over 56,400 hours of service to the department and the community in 2007. That is equivalent of over 30 full time employees and has a value over \$1M. The department also relies heavily on partnerships with organizations.

Parks Services' responsibilities include:

- 48 public parks
- Diablo Stadium Complex
- Benedict and Tempe Sports Complexes
- 2 Golf Courses
- 13M sq. ft. of right-of-way, median and open space landscaping
- Double Butte Cemetery
- Administration of CIP projects
- Park redevelopment plans
- Park volunteer programs
- Employee safety programs
- Coordination of field reservations and tournaments

Parks Services General Fund Budget allocation is \$7,984,822. Full-time staff represents 51% of the budget and Fees & Services Utilities comprise 25% of the budget. Staffing level has decreased from 73 in 2002 to 60 in 2008. Additions and Enhancements from FY 02 to FY 08 include over 1.8M sq. ft. of right-of-ways, medians, and open spaces, Diablo Stadium renovation, Tempe Sports Complex Phase II, 6th Street/City Hall Park, and the Elias Rodriguez House.

Recreation Services' responsibilities include:

Aquatic Programs and Facilities

- Kiwanis Recreation Center Campus
- Special Events
- Diablo Stadium Complex
- Town Lake Boating Program
- Community Interest Programs & Activities
- Adapted Recreation
- Community Center Management & Operations
- Youth and Adult Sports
- Community Outreach
- Administration of over 50 contracts

Full-time Personnel Services comprise 46% of the budget, with Part-time Services at 25%. Full-time staffing levels have decreased from 44.5 in FY 2002 to 38.5 in 2008. Additions and Enhancements from FY 02 to FY 08 include Westside Multigenerational Center, Tempe Sports Complex field and skate park, Tempe Beach Park Cox Splash Playground, Diablo Stadium renovations, and 6th Street Park Fountain.

He added that the Parks & Recreation Department revenue has grown 16% since FY 2002. The decrease in FY 2006 was due to renovation to a project at 48th Street and Alameda, and although they were able to retain spring training operations, they lost a full year of revenue for non-spring training at that particular site. The increase between FY 2006 and FY 2007 is due to fee increases and an adjustment to the revenue policy. They actually took in \$2.4M in the last fiscal year and the projection for FY 2008 is \$2,353,123. There are 459 participants in the fee assistance program, and in 2007, these participants received the equivalent value of \$63K in services.

Mr. Richwine highlighted the recommended budget solutions.

- Light fee for the user groups for youth sports of \$10 - estimated revenue of \$328,334
- Increase fee for general field rentals to \$15/hour – estimated revenue of \$3,558
- Increase beer permit fees for residents to \$10 - estimated revenue \$4,908
- Establish beer permit fees for non residents - estimated revenue of \$1,800
- Increase music permit fees - estimated revenue of \$225
- Establish film permit fees - estimated revenue of \$1,000
- Establish room rental fees at the Pyle Adult Center - estimated revenue \$36,000
- Increase program registration fees – estimated revenue \$54,837
- Increase permit and rental fees – estimated revenue \$9,691

Mr. Richwine added that staff recommends transfer of appropriate administrative costs of maintenance around the Rio Salado area to the Rio Salado Fund, estimated at \$89,916, and transfer of appropriate administrative costs for maintenance of the TCA, estimated at \$44,287, to the Municipal Arts Fund. He also added a proposal to eliminate the adult fitness program at McClintock High School for a reduction of \$6,193.

Mayor Hallman clarified that on the Rio Salado side, he is looking at the Enhanced Services District Fund, which would mean there would be some pushback on the Enhanced Services District allocation formula.

John Benton clarified that this would be a transfer from the General Fund to a non-General Fund.

Mayor Hallman explained that the goal for the General Fund is to find those places outside of that fund where there are revenue sources that aren't having the same kinds of difficulty. The Arts Tax is supplying significant additional revenues for the Arts Fund. The Transit Fund currently has lots of money. Water/Wastewater Fund is more lucrative than the General Fund. The Rio Salado Fund is generated by the assessments charged. This would come in on the O&M assessment side as part of that fund. The City has to pay into that fund about 45% to 50%, so that comes back out of our General Fund.

Mr. Benton asked what kind of magnitude is that \$89,916 in terms of the Rio Salado Fund.

Mayor Hallman responded that it is about 2.7 total. It is a small number, but the City has to pick up about half of that back into its ownership share. Also, he has concerns with the idea of having the Rio Salado operations segregated from the Parks and Recreation and Development Services, with the programmatic issues of running programs on the Lake and the Rio Salado group has connections there. He would advocate having Mr. Richwine and Mr. Salomone look at eliminating that as a separate division and integrating it into Parks & Recreation.

Mr. Benton agreed. It is such an integral part of the fabric of the community now, why are we segregating it?

Mayor Hallman stated that the political problematic piece has been taking the Rio Salado Commission apart and putting the Rio Salado members who want to do parks and recreation things on the Parks Advisory Board, and taking the development-oriented people and putting them into the development side and getting rid of the staff time to staff that.

Mr. Benton agreed.

Mayor Hallman recommended merging the Rio Salado Division into its constituent parts of Parks and Recreation and Development Services, with the intent that the Commission be moved in that direction as well.

Ken Jones asked about the field rentals. They are rented to youth soccer, softball and baseball groups to come in and fill the hotels, and if raising the rental fee means that goes away, that would not be productive. Phoenix gives free field rentals to any non-profit.

Mr. Richwine responded that they rolled those fees into the special events process, and they have never had anyone resistant. Staff is recommending a \$5 increase on the rental fee.

Mr. Benton asked for an example of a light fee.

Mr. Richwine responded that the Little League organizations in the City, for example, do not pay for their field use. The City pays for the lights every time they have an evening game and it costs the City approximately \$10/hour. The organizations would be told that if they want to play their Little League games in the evening at one of the premium fields, they will be required to pay \$10/hour. He would have to return with specific information, however.

Mayor Hallman asked Mr. Richwine to return to the next meeting with a breakdown of how the fields are currently used.

Mr. Benton added it should include a breakdown of the \$328,334, and what it will cost the Rio Salado Little League, for example. On numerous occasions, the Tempe Sports Authority made specific grants to the Rio Salado Little League because they didn't have enough money to operate.

Mr. Richwine added that this process has been difficult; if staff didn't bring anything forward, they would be bringing forward reductions of programs and services. Little League may have

been a poor example. There are also soccer organizations, club baseball and softball, and many organizations that get the exclusive benefit of using those premium fields.

Mr. Benton asked to see who those youth organizations are and how much it will actually cost them.

Mr. Jones asked about the elimination of the adult fitness program at McClintock High School. It was his understanding that this is not youth or seniors, so it should be cost recovery and he didn't understand how eliminating a program would save money.

Mr. Richwine stated that they were asked to provide that program, which operates Monday through Thursday during the school year from 6 – 7:30. They have not charged for the usage.

Mr. Jones suggested instead of eliminating it, could it be cost recovery?

Mr. Richwine stated that it could, but it has very limited use and that is why they recommended eliminating it.

Mr. Jones asked if there were other programs like that that are not cost recovery.

Mr. Richwine responded that he didn't believe there were, but there is also a significant overhead expense just in administration.

Mayor Hallman directed that if there are other programs where adults aren't put on a cost recovery basis, he would like to know what those are and who asked for them.

Mr. Benton asked about how much of the light fee would be going to City programs because it seems that would be a wash as far as the budget goes. If other City programs are being charged, then it really isn't a budget savings.

Mr. Richwine responded that currently if it is not incorporated into their fees for programs on the Recreation side, it is just a direct expenditure without any revenue.

Mayor Hallman clarified that if it is a City program, they will incorporate that in as a cost, and now it has to be cost recovery if it is adults. Let's get a breakdown of what this really is.

There was a question about the fee increase from \$10 to \$15.

Mayor Hallman added that if it is a sponsored, produced event and someone is spending \$46,000 on it, having them spend \$46,040 is probably not a deal-killer.

Lorraine Bergman asked about fees for using the Diablo Stadium for events, such as RV shows, and whether those could be increased.

Mr. Richwine responded that they could, but sales tax from those tends to be lucrative. The fees are \$1,000 for setup and \$1500 per day for the actual activity, plus sales tax, and if they want food and beverage, that runs through the concessionaire and they get a percentage back on that. This is in line with other stadiums. Also, the number of events has decreased.

Councilmember Shekerjian was interested in seeing the youth sports breakdown, but also the room rental fees at the Pyle Center. There are groups that meet there that couldn't afford to meet publicly anywhere unless the City offered them those rooms. She had a concern about charging residents for those rooms. Are there many opportunities for outside groups to come into the Pyle Center?

Mr. Richwine responded that there are not.

Councilmember Shekerjian asked about line item #6629 Events/Promotions and the difference between budget and actuals.

Mr. Richwine explained that during the course of the year, there are allocations made by Council. Staff brings forward contracts for Ironman and Rock 'n Roll Marathon, for example, and during the last couple of fiscal years, as those annual renewals were brought forward, it has been use of contingency funds to cover cost of City services. In those examples, the money will be placed in their account and they will reimburse the departments that provide City services, and although it is not an actual adopted budget amount, it is approved with contingency and will be reflected in an actual expenditure.

Councilmember Shekerjian asked about line item #7092 Oktoberfest, which shows \$9K budgeted, but the actual was \$41,500.

Mr. Richwine responded that when that contract was approved for Sister Cities, the departments that provided support for that event submitted all of their costs to Parks & Recreation, Parks & Recreation then submitted it to Budget, Budget placed it in Parks & Recreation and Parks & Recreation disbursed it back to the departments. It wasn't budgeted because the specific cost was unknown since it was the first time the event was going to be held under the contract approved by Council.

Councilmember Shekerjian asked about line item #6629 Events/Promotions. In general, if you don't know what it's going to cost, why do you have any money budgeted?

Mr. Richwine responded that some of the money is for internally-produced events and those are fixed items in their budget.

Mayor Hallman clarified that for the last two cycles it was set up in attempting to keep the budget as tight as possible, and in the last round we ended up with allocations that came out of contingency that are like supplementals. This is to try to keep people from viewing this as a permanent line item. This is the case with TCC currently, but we have had a \$200K contingency item so that it doesn't become an automatic supplemental in the budget.

Councilmember Shekerjian asked about line item #6672 Contracted Services with \$702,207 budgeted and \$1,149,379 actual.

Mr. Richwine responded that it goes for a large number of different things. The main reason it is over is because all contract sports officials are paid from contract services. For the past fifteen years, this has been done through a temporary employment agency as a way to avoid potential claims for workers compensation. That is about a \$300K expense out of our sports budget on an annual basis. In addition, there are a variety of contracts for tree maintenance and also

contracts with temporary employment agencies for seasonal projects using contract labor. We also use contract labor at Diablo Stadium for events, and for the fish stocking program at Kiwanis Lake. As we have moved forward, we have made adjustments in those contracts to fit what we have. Last year was our first fiscal year as a department, so we discovered some things and have made corrections. Additionally, salary savings as a result of vacancies, we were using temporary service employees to fill those vacancies and we will no longer be doing that.

Mr. Benton clarified that the FY 07/08 budget shows \$799,825, but the Actual would be \$1.3M.

Mayor Hallman clarified that in looking at #6010 Salaries, \$5,093,204 is budgeted, and the actual is \$4,562,804. That differential is about what Mr. Richwine is talking about with permanent employees being replaced. Is that typical?

Mr. Jones clarified that they budget salaries, but all of that money is absorbed in vacation, sick and holiday pay.

Mr. Richwine added that they are taking measures to correct that item.

Mr. Jones clarified that #7030 Scene-SWC Ed/Na Environ doesn't get funding from the City anymore and it will be removed from the list.

Mr. Richwine added that the Southwest Center for Environmental and Nature Education got put in their department. It used to be a non-departmental expense and then it was allocated out to the departments and they ended up with it.

Mr. Benton asked about #8307 Telephone Costs and #8308 Equipment Maintenance Capital Outlay Cost.

Mr. Hart responded that for #8308, the 07/08 budget should reflect a reduction in capital outlay needs for that particular year. This is also due to the split of the departments.

There was a question about #6420 Operation & Maintenance Costs and #6521 Event Interactivity.

Mr. Richwine responded that with #6420, the biggest impact is that a lot of those expenses, especially for the Parks side, go for landscape maintenance supplies and equipment. Diablo Stadium has been significantly more expensive to maintain in terms of consumable supplies as opposed to what it was previously.

Mr. Hart added that they were not allocated additional funding for that enhanced level of maintenance.

Mr. Richwine added that the expenditures reflect reality, what's budgeted does not necessary reflect reality.

Mayor Hallman asked if the actual for 07/08 is known.

Mr. Richwine stated that it will not be off by the same magnitude, but it will be over what was budgeted. They are making it up by making sure they don't spend money in other areas. They are hopeful that at some point in the future, they will receive an allocation based on what they are actually spending through the supplemental process but until that time, they just continue to make adjustments with other line items.

Councilmember Shekerjian asked how he knows there will be money when he is spending the money. How do they know there will be a supplemental?

Mr. Richwine responded they don't know there will be supplemental, but they are looking at it from a bottom-line perspective. The City has authorized him to spend this amount of money to do these things, and he recognizes that he has been given new things to manage, which means that he has to adjust old things to put it toward the new things to make it all work. Concerning the #6521 Event Interactivity, they collect from the producer of the event all of the City service expenses for that event, and then they remit it back to the departments who provide the service.

There was a question about #6514 Awards & Recognition.

Mr. Richwine responded that it is largely for the youth and adult sports for trophies and awards.

Todd Skinner stated that it would be helpful to see the sources of revenue on the budget sheets.

Mr. Richwine referred him to the revenue allocations chart which shows gross aggregates.

Mr. Skinner asked for a history of revenue.

Mr. Richwine added that as a department, they have only one year of history but staff will work on that.

Mayor Hallman asked about #7403 Travel Expense.

Mr. Richwine responded that they do not budget anything for travel. They try not to spend travel dollars, but they do have some additional travel. Many staff have certifications that need to be maintained, and they will appropriate for that. It varies every year, but they try to limit travel to within the Valley.

Mayor Hallman asked about #7017 Papago/Salado Tourism Association. Tempe has been carrying this. Do we know if Scottsdale and Phoenix have stepped up to the plate?

Mr. Richwine responded that Scottsdale is equivalent to Tempe's contribution, and the direct cash contribution by Phoenix is less, but they provide a lot of in-kind support.

Mayor Hallman proposed that this be put on the list. That has been an organization that has not just been unhelpful, but hostile to our efforts to get the Papago Park master plan going. The offices are in the City of Tempe's Arizona Historical Society Museum building, supplied by the City of Tempe. He continues to see Scottsdale and Phoenix getting a lot of cooperation and Tempe gets nothing but hostility.

There was agreement to put it on the list. Mayor Hallman summarized that everything proposed goes on the list and directed staff to return with:

- Breakdown of the organizations affected with the light fee for usage of the premium fields;
- further detail on increasing general field rentals;
- further detail on beer permits (in seeking donations from the region to support the projects at the Lake, there was significant pushback in the first year, and depending upon the dollars, that might be something to be cautious about);
- detail on film permit fee (who is paying that);
- detail on the Pyle Center users;
- any other adult programs in the McClintock category that don't pay.

He further directed staff to talk to Chris Anaradian and Chris Salomone about what difficulty we would have in moving \$90K over to the Rio Salado Fund. There was general agreement to find out what could be done to merge Rio Salado into Development Services and Parks & Recreation, including the Commission responsibilities.

Mr. Richwine asked if the merger issue is a request of staff, or is it more of a policy consideration. He didn't know if they as staff are prepared on how it could be done. Boards and commissions are probably a little beyond their expertise.

Mayor Hallman clarified that staff should come back with a sense of how that division would be divided up and whether or not there is overlap in terms of managing those parks. From the Enhanced Services District, they manage Tempe Beach Park up to just past the amphitheater where it goes into the Rio Salado.

Mr. Richwine agreed from an administration standpoint. They do provide full support for all the maintenance activities on land as well as on the water, as well as 100% of the programming and management of all of the activities. The activities and maintenance, therefore, have no boundaries. It is the administration where there is a separation. For the most part, Rio Salado staff does all of the administration and the park planning and development, and Parks & Recreation provides technical assistance and support. Rio Salado also does capital projects and project management. The relocation of the restrooms and the renovations to the Splash Playground, for example, are Rio Salado staff.

Mayor Hallman asked staff to look into this option.

Agenda Item 4 – Discussion and Recommendations

This item was included with Agenda Items #2 and #3.

Agenda Item 5– Set preliminary agenda for next meeting

- Add a meeting on May 22nd for TCC and Diversity.
- Wrap-up on May 29th.

Meeting adjourned at 6:20 p.m.

Prepared by: Connie Krosschell
Reviewed by: Jerry Hart

Jan Hort
City Clerk