



Minutes Ad Hoc Long Range Budget & Finance Planning Committee May 22, 2008

Minutes of the Ad Hoc Long Range Budget and Finance Planning Committee held on Thursday, May 22, 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
Debbie Bair, Fire Mgmt Asst
Ginny Belousek, Diversity Spec
Brenda Buren, PD Supp Svcs Dir
Andrew Ching, City Atty
Travis Dray, Dep Parks & Rec Mgr
Tom Duensing, Dep Fin Svcs Mgr
Molly Enright, Comm Rel
Kate Hanley, TCC
Jerry Hart, Financial Svcs Mgr
Rosa Inchausti, Diversity Mgr
Ken Jones, Internal Audit
Jan Hort, City Clerk
Jayson Matthews, TCC
Jeff McHenry, TOA
Nathan Porter, SEIU
Rick Rager, Dep Court Mgr
Mark Richwine, Parks & Rec Mgr
Cecilia Robles, Dep Fin Svcs Mgr
Nancy Rodriguez, Dep Court Mgr
Marc Scott, Asst Fire Chief
Sam Thompson, Dep Parks & Rec Mgr
Shawn Wagner, Rec Supvr
Jeanette Wiesenhofer, Court
Steve Wise, TCC
Rich Woerth, IAFF

Citizens Present:

John Benton, Citizen
Lorraine Bergman, Citizen
Sarah Funke, New Times
Mary Ann Miller, Tempe Chamber of Commerce
Todd Skinner, Citizen

Mayor Hallman called the meeting to order at 4:15 p.m.

Agenda Item 1 – Public Appearances

None.

Agenda Item 2 – Department Follow-up: Parks and Recreation, Courts/Police

Parks and Recreation

Mark Richwine summarized the requested follow-up from the previous meeting.

- Six-year summary of revenues
 - He pointed out that the same year of the renovation project at Diablo Stadium (FY2006), there were also flows in the river, so the numbers are reduced in Non-Spring Training Stadium Rental and Registration Fees which correlated to activities that were at the Lake. Building and Facility Rental includes the other property at Diablo Stadium that would have typically been rented out.
- Breakdown of organizations affected by the proposed light fee
 - He presented the operational expenses for lights at all of the properties for CY 2007. Tempe Beach Park is paid by Public Works and the amount is not shown, but it should be approximately the same as Clark Park.
 - The total expense is approximately \$350K for lights at the premium athletic fields.
 - He also provided a list of all organizations that benefit from having those facilities available. Based on their 2007 allocated hours, the estimated revenue at the proposed fee is \$328,335.
 - He stated that a \$10/hour fee would have impacts on many of the organizations. Staff's strategy was to try to find creative solutions to share the burden with groups that currently don't pay anything. Patterns of use would change for many of the organizations.

Mayor Hallman clarified that the current rental fee is before the light fee.

Mr. Richwine explained that the current fee is applied to non-youth group organizations, and those are all the youth groups that use the fields. City of Tempe sports would be both youth and adult and they have not previously included the light fee within their fee formula for determining the registration for those programs. Any adult organization or single use rental currently pays that \$10/hour fee. Only youth groups and City of Tempe programs are not paying that fee.

Councilmember Shekerjian asked for the percentage of those youth groups that are residents.

Mr. Richwine responded that, for example, the Little League groups choose their boundaries based on the community, so although they have not furnished rosters, they would have a high percentage of residency. The soccer organizations are the other largest component on the list. YMCA is probably at about 50%, and the other soccer organizations (AZFC, Boca Soccer, Fiesta Bowl Soccer Tourney, Southbank Soccer, PROS Tempe Soccer) are probably between 30% and 45%. The organizations with open boundaries typically have lower residency. Tempe probably has the most liberal reservation process in the Valley. Most of the other cities have youth sports coalitions that limit the number of fields and hours that are available to youth sports organizations, and most of them require a percentage of residents to be eligible for membership in the group. The Tempe Elementary and Kyrene School Districts are served and both have a percentage of the student population residing outside of Tempe.

Councilmember Shekerjian stated that the fields are listed at \$344,869, and then when broken down by groups it shows \$328,335. What makes up the difference?

Mr. Richwine responded that not all of the usage of the fields is exclusively youth groups or the City of Tempe.

Mayor Hallman clarified that currently non-youth, non-charitable organizations are charged a fee.

Mr. Richwine clarified that any non-youth group is charged.

John Benton clarified that the City of Tempe has adult sports program that aren't charged a specific light fee.

Mr. Richwine agreed. That has not been a part of their fee formula in the past. Staff is looking at a way to incorporate that as part of the fees and additionally whether some of that cost should be passed on to other groups.

Mayor Hallman clarified that if the organizations on the list were charged the \$10, it would generate \$328K. There are still other organizations that aren't on this list that are being charged and that should be considered.

Mr. Richwine continued:

- General Field Rental Fee Information
 - Currently, the rate is \$10/hour, and staff is recommending moving that to \$15/hour.
 - He provided a breakdown of what other communities are charging (West Valley communities were not included). The standard is \$15/hour. Tempe's fee was last adjusted in 1982 when it went from \$8 to \$10/hour. This would be for non-youth uses on the premium fields.

Mayor Hallman asked for the current revenue generated by the current rate.

Mr. Richwine responded that it will be rolled into the Land and Building Facility Rental number, but the overall portion for lights is not significant (\$3,558). So much of the existing use is allocated for City of Tempe programs and activities and youth sports activities, which are first

and second tier priorities. The next tier is the outside groups and organizations that don't fit into those categories and with the premium fields, there isn't much time left.

Mr. Benton clarified that by aggregating this, there is \$328K of expense for lighting. What percentage of that is being utilized by non-residents?

Mr. Richwine responded that it would be a large portion of that because there aren't residency requirements for teens who register within the City of Tempe sports programs. The youth sports tend to have a high percentage of residents, but adult sports may have a significant portion of non-residents who work in the community. For the youth groups sports organizations, with the exception of Little League, many have a higher percentage of non-residents.

Mr. Benton asked for clarification that of the non-City of Tempe youth sports, are they mostly residents or non-residents?

Mr. Richwine responded that they are mostly non-residents.

Mr. Benton asked if that was including Little Leagues.

Mr. Richwine responded that it would not include the Little Leagues, but would include AYSO (Arizona Youth Soccer), for example.

Mr. Benton clarified that the Little Leagues have big numbers.

Mr. Richwine responded that after the City of Tempe, the two biggest numbers are AZFC, PROS and YMCA. The YMCA is about 50% Tempe residents. The soccer organizations are in the 40% range.

Mayor Hallman asked staff to look at the community standards for resident participation and to think about a standard for resident participation. If the program falls below that standard, there should be recompense to the budget for the services supplied to non-residents. We could at least look at a policy, even if it is a youth sports program, that they would be paying the City. We might see, just as we have seen in the neighborhood parks, a fairly heavy influx of people because other cities are not that generous.

Mr. Richwine agreed that was a fair assessment.

Mayor Hallman asked if the Committee should be forwarding to Council the request to set a policy to get rosters from organizations to monitor what we are subsidizing for other cities' residents.

Mary Ann Miller stated that might just cause inaccurate reporting.

Mr. Richwine added that there are organizations, such as the soccer groups, that have state requirements. They are chartered organizations through a state affiliate and they must submit certified rosters to the state. Those rosters have been requested in the past and they would provide accurate information. The Little League organizations, based on their charters as well, have not been willing to provide rosters because their national organization has requested they not share that information. It could be requested again, however.

Mayor Hallman added that the Little Leagues have a much higher comfort level. They are predominantly residents because of their own restrictions.

Councilmember Shekerjian asked what is AZFC.

Mr. Richwine responded it is the Arizona Football Club.

Councilmember Shekerjian clarified that it could have many non-residents. She asked about TAC Sports.

Mr. Richwine responded it is Tempe Athletic Conference, which is Tempe Elementary School District, and KAC is Kyrene Athletic Conference.

Jerry Hart asked if the National Youth Sports would fit in.

Mr. Richwine responded that they utilize a lot of the City's facilities, but they do not utilize the premium athletic fields. They are not willing to provide the City with certificates of insurance and some of the other requirements, so they are not issued permits from Parks and Recreation. That doesn't mean their organizations don't use City fields, but the premium athletic fields are not scheduled.

Ken Jones clarified that the City currently charges \$10/hour for the field lights only to non-City, non-youth use, and we know that the fields cost about \$344K to light. How much of that is currently recovered?

Mr. Richwine responded that if the fee were increased by \$5, it would generate about \$3,500, or about \$7K per year.

Mayor Hallman suggested developing a policy that would reflect that while the City is happy to subsidize non-profit youth sports activities, that very subsidy is drawing people from other places because they don't get that treatment elsewhere. Secondly, there is a tendency for overuse of City facilities because they are made available more easily, not only to our community, but beyond our community. He suggested asking for more information at this level and getting information from other cities on how they are charging youth organizations and running a system based on residency and then bringing that back at a later meeting.

Mr. Richwine added that it might take some time to acquire that information because many of the organizations are not in their seasons, so they might not have rosters, but information can be gathered from the other communities as to how they process their applications for use of their facilities.

Mayor Hallman stated that would be helpful to this group. It isn't as necessary to actually get to the numbers as much as this group's recommendation to Council on consideration of using a resident/non-resident approach.

Mr. Richwine added that staff would like to move forward for the City of Tempe programs, particularly the adult programs, of including the light usage within the fee formula that has not

been previously incorporated. Whatever this body would choose to do with youth fees, that portion would then be deferred until such time there is an action on youth programs.

Mayor Hallman added that this group doesn't have authority to make the final decision, but that recommendation should get to the Council at an Issue Review Session sooner than later. Should it go back to the Finance Committee?

Vice Mayor Hutson suggested taking it directly to IRS.

Mayor Hallman asked if that is different from this change from \$10 to \$15/hour on the lights?

Mr. Richwine responded that both could be done. The fee increase from \$10 to \$15/hour will still require Council action.

Mayor Hallman summarized that the recommendation is to move forward both on the increase from \$10 to \$15/hour, and an adult use fee charge associated with use of the lights for the premium fields.

There was agreement.

Mr. Richwine continued:

- Request to sell beer permit to non-residents.
 - This is requested because currently the Code is structured that only Tempe residents are eligible to purchase a beer permit for City parks.
 - Many of the facilities are considered somewhat regional in their context.
 - This doesn't generate much revenue, but it would provide an opportunity for a little more revenue at some facilities.

John Benton stated that this would create an environment where using the City's parks becomes more attractive to non-residents. Currently, a non-resident can't get a beer permit.

Mayor Hallman asked for the standards Phoenix uses for Encanto Park, for example.

Mr. Richwine responded that staff did not research other cities. He did believe they limit their permits to residents, as well. Some cities don't even offer permits and consumption of malt beverages is prohibited. In all cities, it is a prohibited act without a permit.

Councilmember Shekerjian asked for the cost of the permit.

Mr. Richwine responded that it is \$5 for a single ramada, \$10 for group ramadas.

Mayor Hallman asked if cost of processing the permits is recovered.

Mr. Richwine responded that staff could look at the cost for all administrative functions, but generally, the fee is for "nuisance and control."

Ms. Miller asked how many are found without a permit.

Mr. Richwine didn't believe it was a heavily-cited offense, although it probably happens on a high frequency basis.

Councilmember Shekerjian asked for the permit fees in other cities.

Mr. Richwine responded that Tempe's fees are consistent and some are higher in the \$10 to \$25 range. Some cities have \$100 permit fees for larger facilities.

Mayor Hallman clarified that staff's point is that this is not an effort in cost recovery as much as regulatory compliance. Are officers put on notice that alcohol is being consumed, and if not, does this really accomplish anything?

Mr. Richwine responded that notification is not given to the Police Department. Last year, total income from beer permits was about \$4,500. The City has 48 park properties and with a ballfield permit or ramada reservation, pretty much every one of them includes a beer permit.

Mayor Hallman clarified that it is being processed at the same time so there is a marginal cost issue as well. It doesn't sound like the notice does much for the City.

Mr. Richwine responded that most of the individuals who get a permit are fairly responsible.

Mayor Hallman added that if the permits are being handed out and nothing else is being done with the information, it is really just another piece of paper to process for the fee. It does give us the opportunity to cite people for consuming alcohol outside the permit process. Should we just be adjusting the rental rates of the ramadas and include in that application process a question about consuming malt beverages with no additional fee? It might drive to more drinking, but the marginal cost is pretty small. We are really setting up the opportunity to stop people who have not gotten a permit.

Mr. Richwine agreed. This whole process started out originally because there was no requirement for permits, and then there was a permit for groups of five or more, and we found that people were forming themselves in groups of four or smaller. Gradually, we just transitioned into requiring a permit for the consumption. It is only available to Tempe residents.

Mayor Hallman asked if there was consensus to forward on to Council the idea of allowing non-residents the right to apply for beer permits.

It was generally agreed not to forward this to Council.

Mr. Richwine continued:

- Detail on the Film Permit Fee
 - Currently, there is no film permit fee. This would only apply to a request for commercial filming in the City of Tempe. Parks and Recreation currently manages that because many times they occur on City property and they go through the special events process.
 - Staff is requesting to apply the same permit as charged for special events for these types of requests.

- If it is done far enough in advance, it is \$35. Most are not done in advance, so the fee would generally fall at \$50. About 24 are issued each year.
- Pyle Center Users
 - He provided information on the utilization of the various rooms in the Pyle Center. If the room is used in the evening between 5 p.m. and 9 p.m. (peak demand hours), staff considers that to be utilization. Saturdays were looked at differently.
 - The Center is actively used by the community. At the time of application, they do request that the group furnish a roster. There's no guarantee that the roster accurately reflects those who are attending, however. They are only sure for the homeowners associations.
 - The Center has been open since 1980 and since that time, no fee has been charged for general use during regular business hours. Fees have only applied during after-hours use or on weekends when the facility is otherwise not open to the public.
 - Currently, the City is the only agency from a parks and recreation perspective in the Valley that doesn't charge a nominal fee for the use of the facility for some groups. Many cities do not charge homeowners' associations for annual business meetings. Most fees only apply to non-profit groups or for commercial use. By the City's ordinance, the facility is not made available for commercial use because if it is going to be used for commercial purposes, it has to be approved by Council.
 - Staff is recommending a fee of approximately \$5/hour. It is more of a nuisance fee than cost recovery and it would generate about \$35K per year based on current knowledge of the groups. It is possible that for some groups that fee would be a significant burden.

Councilmember Shekerjian asked if staff has considered a tiered approach, for example, groups that are 100% Tempe residents would be free, and groups that had 50% or more Tempe residents would have a particular fee, etc.

Mr. Richwine stated that staff could look at that, and if this body would not recommend advancing a fee, staff was looking at opportunities for those who have the exclusive use of the facility currently at no charge, as opposed to recommending reductions or eliminations of services.

Councilmember Shekerjian added that it costs money to maintain that building.

Mr. Richwine stated that a group is charged for the use of a ramada in a park with no air conditioning, no custodians, and no building maintenance technicians, but yet they can use indoor facilities at no charge. He added that the primary user of this facility, however, is the City of Tempe.

Mayor Hallman asked for the percentage of use by the City of Tempe.

Mr. Richwine responded it would probably be close to 50%. Some of the groups that have not provided roster information deal with confidentiality issues.

Mayor Hallman asked if there was agreement for staff to return with information on what other cities are charging for the use of these kinds of facilities. He suggested looking at the possibility of some kind of resident/non-resident use rate.

There was agreement.

Mr. Richwine continued:

- McClintock Fitness Facility
 - There are no other adult programs that fall into the same category.
 - That particular service has about 12 regular users and the program costs about \$6K per year.
 - The School District does not charge for the use of the facility, but it is a staffing cost.

Mayor Hallman stated that the recommendation was to close the program.

Mr. Jones asked if consideration had been given to charge a fee. How much are we paying per hour for the instructor?

Mr. Richwine responded about \$12/hour.

Mr. Jones added that if \$12/hour is collected, then it breaks even.

Mr. Richwine thought it was six people per day, plus six people that come in a couple of times each week.

Mayor Hallman directed staff to determine interest in continuing the program on a fee basis. He suggested asking the School District about a cost/benefit analysis because they are supplying a facility as well as the excess utilities costs.

Courts/Police Department

- Cost recovery fees

Vice Mayor Hutson summarized that this has been researched for over a year and he has been working with the Chief Ryff and Brenda Buren. This proposal might have some good ideas, but over 200 man hours have been invested, and the surface has just been scratched. He recommended considering consultants who specialize in this area. The cost of that would probably be in the \$30K range, and it might be a more efficient way to get this done. He would not support using staff for over a year to do this.

Mayor Hallman summarized that this has to do with the cost recovery elements associated with running the criminal justice system and it had been deferred from the last meeting. Given the level of detail in the report, he agreed with Vice Mayor Hutson. The level of complication associated with making the adjustments would probably require some fairly significant ongoing work. It makes sense referring this to the Finance Committee to lead a process to make the decision about whether to look at this. We need to figure out the downsides and where those experiments have been run successfully elsewhere.

There was a request for clarification that it included Fire as well.

Mayor Hallman responded that it does include Fire in terms of the cost recovery issue.

Vice Mayor Hutson added that it brings in Public Works as well.

There was consensus that, given the complications, the entire concept be referred to the Finance, Economy & Veterans Affairs Committee for further discussion, potentially with the recommendation that a consultant be brought in to find out how to make a system like this work.

- Alarm Permit
 - Brenda Buren summarized that the Police Department had recommended implementation of a renewal fee. Every year, the alarm users are asked to renew their information. All of the other cities have an annual renewal fee and Tempe does not. There had been concerns expressed and staff had been asked for additional information about the comparison to other cities of number of false alarms

Mayor Hallman stated that this is useful information, and it shows that by adding the \$100 incremental fee every time there is a false alarm, the number of false alarms dropped. The year we moved forward to do that, there were over 14,000 false alarm calls.

Ms. Buren added that the number has decreased 43% since that time, and revenue has increased 175%.

Ken Jones added that rather than charge another renewal fee and possibly keep people from signing up and not registering their alarms, he suggested reducing the number of “free” false alarms to be in line with other cities. Currently, we issue two, and that generates \$168K by reducing that to one, thereby penalizing the people with the false alarms, rather than charging more for people who just want to come in and register. If it were a choice between the two, he would recommend reducing the number of “free” false alarms.

Ms. Buren added that the City used to offer five, and when it was reduced to two, it was great. They also heard from citizens that they don’t want their alarm system anymore, because they are concerned about the false alarms.

Mayor Hallman stated that we are better off having alarm systems than not by having someone remove their system because they get charged \$50 for that second call, and \$100 for the third, etc. Phoenix has increased its initial permit fee to \$15 with a renewal fee of \$15. He suggested putting the permit fee to \$15 and leave the renewal out, since our goal is to get compliance with the permit program. False alarms have only dropped 43%. Is there a reason to increase the fine paid by those who have false alarms after the first two? What would be the result if the third call was \$60, for example. He asked staff to run the numbers to see if that generates the additional revenue to offset the costs of the various programs, but by the same token, the goal is to get incentives running in the same direction so we reduce the number of false alarms.

Rich Woerth asked whether it is the same for residential or commercial.

Ms. Buren replied that it is. A large commercial facility will have multiple permits. Staff has not looked at the difference between commercial and residential.

Mr. Hart asked if other cities were making a distinction between residential and commercial.

Ms. Buren replied that they do not.

Mayor Hallman asked staff to return with a breakdown of the number of alarms permitted for commercial and the number for residential, a breakdown of the annual number of first, second, third, fourth, and fifth false alarm calls. We need to determine if we will lose people out of the system with a renewal fee, when all we want them to do is stay in the system. Also provide a breakdown of permitted vs. non-permitted calls.

Agenda Item 3 – Department Focus: Diversity

Rosa Inchausti summarized the recommended reductions:

Office Supplies	1,000
Events & Promotions	28,500
Postage	50
Memberships and Subscriptions	800
Duplicating	1,000
Training and Seminars	1,000
Local Meetings	6,000

The largest reduction would be in Events & Promotions. The recommendation would be hold the board and commission dinner biannually rather than annually for a savings of \$28,500. With three-year terms, commission members would still be recognized.

Concerning the board and commission dinner, Mayor Hallman noted that the dinner's main purpose is to thank those who are retiring from their board or commission. He felt the percentage of those who have retired attending the event has decreased greatly.

Ginny Belousek responded that last year, many people didn't stay for the awards because of the weather. Typically, most of the plaque recipients attend.

Mayor Hallman asked if there would be a danger of losing people if it was held every other year with the three-year terms.

Ms. Belousek stated that they would be expected to come back a year after they have retired.

Ms. Inchausti added that they would also propose cutbacks in postage, memberships and subscriptions, duplicating, training and seminars and local meetings. The local meeting account is also used for purchase of sponsorship tables in recognition of community partnerships.

Mayor Hallman asked why those are not run through Community Relations. This is the only department that buys tables independently from Community Relations. If those resources were pooled with the larger Community Relations budget, it would have a smaller impact on the Diversity Department specifically.

Ms. Inchausti stated that they would appreciate that.

Mayor Hallman suggested seeing why we are not pooling that and then prioritizing the places the City is spending its money on those kinds of support items. We need to differentiate

between sponsorships and attendance. The charitable organizations or others might ask the City for a sponsorship purchasing a table. The table is acquired and then people are solicited to come to the event. It is a rare instance where it is done in the reverse.

There was a comment that some of the tables in Public Works or Transportation are more that the speaker is there and it is an attendance as opposed to a sponsorship.

Vice Mayor Hutson added that Shelley Hearn in her presentation for Community Relations stated that the City has virtually quit buying tables. Instead, it is determined who from the Council or which department heads want to go, and if there are enough people, they will buy a table, otherwise they buy individual tickets.

Mayor Hallman suggested that all of those items be pooled so that priorities can be set through Community Relations Department for support of various organizations.

There was agreement.

Ms. Inchausti continued with proposed revenue with MLK Brunch Sponsorship of \$10,000. She stated that the proposed recommendation for revenue was recommended by the Mayor to create sponsorship funding. That is to keep the cost down.

Mayor Hallman explained that the City's MLK Brunch has a minimal cost to it so it was opened to everyone. The current charge is \$5. The idea would be to get some sponsorships that would offset the cost on the City's side.

Ms. Belousek added that the sponsorship packet has been created and a presenting sponsor has been lined up.

Mayor Hallman asked about the \$1,000 reduction in General Office Supplies.

Ms. Inchausti explained that the office was created with two employees in 2002. One full time admin and a part time ADA specialist were added. The only monies that have been increased over the years have been for salaries. No operating budget has been increased. An additional one-time ADA funding was requested to help upgrade the facilities for ADA compliance.

Mayor Hallman noted that Personal Services is \$378K which is \$281,900 in salaries and another \$96K in fringe benefits. Item #6629 Events & Promotions has \$150K actual in FY 06/07, and about \$60K of that is the boards and commission dinner. That leaves about \$90K.

Ms. Belousek responded that amount is for the MLK, Tardeada, Women in Networking, Gay/Straight Alliance, Fiesta Bowl Thank-You Breakfast, Who's Your Neighbor, etc.

Ms. Inchausti added that the department was created during the down-sizing. Ms. Belousek's position in Parks and Recreation had all the events.

Mayor Hallman stated that this is another example of pushing these back into a sensible budget location like Community Relations so we prioritize sensibly at the Council level. He asked Mr. Hart to compile that recommendation and figure out how that can be presented to Council.

Ms. Inchausti added that other events include the Diversity Dialogues program which is done twice a year, Community Conversations, and Tempe Talks.

Mayor Hallman asked staff to provide a breakdown of line item #6629, event-by-event and the cost associated with it, as well as any revenue offset.

Councilmember Shekerjian asked how many of those events could have a higher participation if it was a brunch or lunch as opposed to dinner?

Mayor Hallman added that changing the board and commission dinner to something less formal has been discussed and he suggested doing something like a barbeque in Tempe Beach Park that is a little more family-friendly, cost-effective.

Ms. Belousek responded that the majority of the cost of the event is not the food, but rather the invitations, programs, plaques, table and chair rentals. The rental is the biggest part.

Mayor Hallman stated that there are places to hold it that are already furnished or use a different approach. The MLK dinner is a good example with the change to a brunch with a \$5 donation.

Ms. Inchausti added that a lot of the corporate neighbors have sponsored tables for folks who cannot afford to buy them. There's a lot more participation and community involvement.

Mayor Hallman summarized that staff would return to give detail on the events, the budget items associated with them so that information can be used to forward a recommendation to Council, including reorganizing the budget items to move more of it into Community Relations and prioritize among the things that the City is doing to make sure we are supporting the right organizations.

Agenda Item 4 – Department Focus: Tempe Community Council

Kate Hanley summarized that the TCC is a private non-profit organization in partnership with and to serve the needs of the City.

- Tempe Community Council's mission is "Connecting those in need with those who care" and has served the community for 36 years.
- Poverty is over 18% in Tempe, significantly higher than all of the surrounding cities to north, east and south, and comparable to Phoenix.
- The TCC is involved in planning, developing resources, and collaboration and connection.
- The TCC advocates for the most vulnerable citizens and success depends upon effective partnerships.
- The TCC serves the community at large.
- The TCC is actively involved in developing new resources to address more problems, such as the H2O utility donation program, the Tempe Community Foundation, and non-profit grants.
- The TCC is volunteer and community driven.

Ms. Hanley continued that the budget, some of which comes from the City and the rest is raised, is \$2.1M and includes the money that TCC raises for its operations. The biggest area of support received from the City is wages and benefits, but a more modest amount comes for operations. There are three categories:

- 6000 category includes salaries, benefits, fees and services.
- 7000 category includes the human service dollars that go out to the agencies that are recommended to Council.
- 8000 category is the in-kind internal services.

Mayor Hallman summarized that the City supplies \$2.2M in resources. Among the entire budget, what is the total amount of money coming to the agency from all sources?

Jayson Matthews responded that it is \$2.1M. Of the actual line item budget of \$2.2M, \$858,229 is the human service agency review budget and only some of those funds come back into the agency through some of TCC's projects.

Mayor Hallman clarified that the agency gets an amount of money in the door from many different sources. Is there a financial statement that shows that?

Ms. Hanley stated that they brought that to the group last time to show all of the fund sources. Basically what they get from the City are salary, benefits.

Mr. Hart added that the City makes those distributions directly to the agencies and that is not included.

Mayor Hallman clarified that they receive the agency's budget of \$2,164,309 and then the City, in addition, puts in money that goes to agencies that TCC has recommended.

Ms. Hanley agreed.

Mayor Hallman clarified that the chart showing the \$2,164,309 is all the money that comes into the TCC's hands. Does Communities in Schools raise \$269,650?

Ms. Hanley responded that is a revenue.

Mr. Mathews added that the Communities in Schools applies for grants through the agency review process.

Mayor Hallman stated that the City has a line item for this agency where the City is paying for salaries, benefits, and the money that the City puts into the agencies that the TCC reviews, and the City then hands them the dollars. The internal services charges are charged against this line item because the TCC has a building, utilities, auditing, etc. The City provides the services without charging the agency. The money that is coming out of the City flows in a couple of ways. First, all of these programs are having their staff paid for by the City.

Ms. Hanley clarified that Open Horizons does not.

Mayor Hallman added that with Open Horizons, for example, the agency spends \$53K, but there is a contracting group that actually runs Open Horizons.

Ms. Hanley agreed and at some of the sites there is secured funding from outside sources so they are totally independent from any City dollars.

Mayor Hallman asked whether ASU, for example, supplied direct payments to Open Horizons that didn't flow through the agency.

Ms. Hanley responded that they are not in partnership with ASU anymore.

Mayor Hallman clarified that ASU used to write checks to the agency or did they write checks to Open Horizons directly.

Ms. Hanley responded that those staff members were on the ASU budget.

Mayor Hallman asked if Open Horizons was being run as an independent agency.

Ms. Hanley responded that part of the time it was under their umbrella, and now it is more independent.

Mayor Hallman clarified that the Open Horizons budget item in the chart shows the cost that the agency writes checks for or expends money on for that program. It is not actually carrying the cost of the program, as much as supplying to the specific beneficiaries a scholarship to get their children into daycare. Does this chart show expenses or revenues?

Ms. Hanley responded that it is both.

Mayor Hallman clarified that the TCC doesn't get money from Open Horizons, but it pays money to them. What about Shared Living? Does the TCC get money from them or pay to them?

Ms. Hanley responded that the TCC collects the rents for Shared Living, turns those over to Financial Services, where they go back into the general fund. It is not deducted from the grant that the City gives for Shared Living. There has been discussion about changing that, but there has not been support to do that yet.

Mr. Hart asked for the actual recovery rate.

Mr. Mathews responded that it is in the \$60K range. Those are funds that go back in to the general fund.

Mayor Hallman clarified that instead of a revenue number, this is an expense number. So the \$137,585 is what the agency is spending on that program. What is the money spent on?

Ms. Hanley responded that it is spent on utilities, food, staff, cable, bottled water, etc.

Mr. Mathews added that there is also some subsidy for the rent itself. It is a low income housing service.

Mayor Hallman clarified that the agency is covering the cost for that and it is being run by a third party under contract.

Ms. Hanley stated that they are working with a partner to transition that to be independently run.

Mayor Hallman clarified that the agency would be funding this then through agency review. Whatever the costs are for Shared Living, the agency review would come out of the City's agency review budget. For Communities in Schools, that is an expense item, not a revenue item and that is the cost of running that program,

Mr. Mathews responded that it is.

Mayor Hallman noted the Special Projects, including the Earned Income Tax Credit, Unity Grants, and Cinderella Affair, and those represent costs associated with running those programs. He asked if there is a chart that shows the revenues that come back to TCC from either the operation of these programs or from grants. The cost of running agency review is in here, but it is really under the TCC Core Programs where the Disability Awards and the Don Carlos Awards are run. What about the Affordable Housing?

Ms. Hanley stated that the TCC hosted the Homeless Task Force and then as a follow-up, they put together a committee to advocate affordable housing.

Mr. Mathews added that Councilmember Ellis asked TCC to staff and lead a follow-up committee in partnership with the City.

Mayor Hallman asked staff to provide a full list of all of the programs and all of the items funded through the agency out of the \$2,164,309 because this doesn't include that half of the chart that says TCC Core Programs for \$1M. He asked if it includes all staff costs, or are staff costs allocated through the other part of the chart?

Ms. Hanley responded that they would be allocated throughout for those that they staff.

Mayor Hallman summarized that for Communities in Schools, for example, Lynette Stonefeld's salary is included in that number. He asked for a breakout of each of these items on the chart and what those costs are for each one. It is always confusing to tie the City's investment in dollars back into the agency. In addition, he asked staff to supply the committee with the revenue side of the budget. For example, Ms. Hanley stated that Shared Living generates rent, but there's no revenue item there. On the City side, we need to figure out what revenues are coming out of the operations of this agency that aren't showing up on TCC's books, because we don't want to have a more dim view of the total amount of resources that are being generated by the agency. That way, TCC can see all of the revenue sources outside of the City's money and that would help us see which programs are carrying themselves. It would also help us understand how this budget fits. It's not very effective to go through the City line item budget because most of it is coming out in terms of salaries (\$1M in salaries and benefits), and then \$1M in agency review costs, and what is in between is the agency review costs, which is a Council decision every year. That leaves salaries and fringe benefits. General Office Supplies and Fees & Services is an \$86K line item, and then with #8301 Technology, there is a technology cost item added at \$189K that wasn't in the budget previously.

Mr. Hart stated that he would investigate that.

Mr. Jones added that he didn't think this can be treated like another budgeted line item. We don't record these numbers. Whatever these numbers are, the City just gives the TCC the total. We might as well just take the bottom line and say we are going to give the TCC this much to operate. The City doesn't issue payroll checks.

Ms. Hanley added that the dollars the City gives for salaries and benefits are directly tied to that.

Mayor Hallman added that these line items don't show up on the City budget, but the TCC has taken the City line item budget protocols and matched it.

Mr. Jones added that he has compared it to what the TCC provides to the Corporation Commission. The salaries don't necessarily match.

Mayor Hallman added that was why he asked for a breakdown associated with each of these so we can start matching it up. Some of the salaries are paid by grants and we just don't know where they are.

Mr. Jones added that the expenditures shown from #6201 through #6999 are not all the expenditures of the organization.

Mayor Hallman added that was the problem the last time around. The two charts don't match. They double count revenues in the financials, and in some, we don't have the source of revenue or expense. Some of these expenses aren't shown because they are not expended by the agency. The City is spending \$203K on in-kind contributions for internal services that don't show up in the agency's budget completely. We need to break it down into the constituent parts so we can look at it.

Ms. Hanley stated that the TCC has an annual audit and she will provide that.

Mayor Hallman asked Ken Jones to pull together the information in a budget format that would help the Committee recognize all the programs that are run, the costs associated with them, and the revenues generated by them. It would also be helpful to see all the sources of funding.

Ms. Hanley added that in looking at cost recovery for some of their programs, she hoped it would be looked at in the context of the particular people that are served.

Ms. Hanley continued with a summary of the revenue streams currently supporting human services. They conduct the agency review process and the bulk of those funds are from the general revenue area, but also other public funds that get included in that process, such as the Community Development Block Grant (CDBG), Seized Asset Community Awards (SACA), H2O, and the required revenue that is disbursed from the Tempe Community Foundation (TCF), and also a general revenue contingency amount that came from the year before, but was expended this last year. The TCC has also been able to leverage additional dollars into the community through the Earned Income Tax Credit (EITC) program which generated \$1.1M. TCC volunteers provided hours of service valued at \$158,351. The Communities in Schools has leveraged an additional \$1.6M. These dollars don't necessarily run through the TCC books. The TCC doesn't want to be the fiscal agent for large federal grants. For example, the Twenty-

First Century grant was a multi-year grant that ran through Kyrene's books because they were set up to do all of the compliance.

Councilmember Shekerjian clarified that Kyrene applies for a grant and they receive the money, but what was Communities in Schools' involvement in that.

Ms. Hanley responded that Communities in Schools typically writes the grant and pulls the people together. Twenty-First Century money was a collaborative effort of multi districts that would come together to work on similar themes, so, for example, Lynette Stonefeld got permission from each of the school districts, pulled the appropriate people together, wrote the grant proposal, and then when it was granted, Kyrene agreed to be the fiscal agent so they disbursed the money to the other districts.

Councilmember Shekerjian clarified that they didn't write the grant themselves.

Ms. Hanley responded that they don't have grant writers. Tempe Union just hired a grant writer for the first time in ten years. Typically, the federal grants are very complicated.

Councilmember Shekerjian stated that when she was on the Kyrene School Board, the Communities in Schools was relatively new, but we were applying for federal grants long before she was on the school board. How did they do that?

Ms. Hanley responded that some of the grants based on poverty rates go directly to the schools and are standard. For a long time, the schools have been involved with those grants. TCC works with the discretionary grants to leverage dollars. Independently, the districts are not very attractive to the big federal grants, but collectively, we are.

Ms. Hanley continued with leveraging of City of Tempe human services funding. The TCC worked with Mary Ann Miller a few years ago to encourage nonprofits to become a part of the Chamber of Commerce because they really do leverage a lot of dollars.

Ms. Hanley continued with the requested 15% operating budget cut. Since the operating funds that can be easily identified are \$26,155, the 15% would be \$3,923. She pointed out that there has been no increase in those funds in three years and the TCC staffing has remained the same.

Councilmember Shekerjian clarified that she is only looking at one line item.

Mayor Hallman added that the \$2.2M is the base budget from the City of Tempe's perspective.

Councilmember Shekerjian clarified that Ms. Hanley's idea of the 15% isn't 15% of the operating budget, but rather a small portion of the \$2.2M.

Ms. Hanley stated that staff was looking at it as TCC being a department and what the City provides as operating dollars.

Mayor Hallman clarified that every department has used their entire budget as their base which includes salaries and benefits. It would be \$360K, but the unique nature of TCC is that of the \$2.2M, \$1.2M is just payments to third party agencies. So that really doesn't apply. The rest is

salaries and we have been recognizing that, except to the extent we are looking at all employees. Many departments have come in with their employment rates for the last seven years so we could see where they have made reductions in employees in prior downturns, for example. Some departments have had no recovery of those personnel. Coming back, it would also be useful to look at total employment for the agency beginning in FY 2000/01 forward to date. That would help us see how the agency staff has been cut to match the reductions in available resources.

Ms. Hanley stated that they would bring that information back, but staff has remained level.

Councilmember Shekerjian added that some departments have made severe cuts and did not backfill. We need to make sure we acknowledge that as we go forward.

Mayor Hallman added that a few positions have been eliminated as a result of this process where the cost/benefit analysis of that position didn't make sense. In addition, the committee has found places where third party revenue sources have been found to fund certain positions. Thus, where we couldn't find a cut, we could find a resource or revenue generator that would provide the resources. Getting that kind of information would help the committee brainstorm ways to do that for TCC as well.

Ms. Hanley added that TCC feels it is imperative to diversify the fund base. The needs will continue to increase and costs will increase. They have done considerable planning for the future and have taken on growing the endowment. They had a goal of \$100K, and they only appealed to former board members. They asked them to provide support and endorse TCC going in this direction, and they had the ability to match it with \$100K, so they provided \$230K to the foundation with the help of Team Tempe.

Mayor Hallman clarified that they actually raised \$130K and got the additional \$100K match.

Ms. Hanley continued that the work with the Tempe Community Foundation is at the core. They know that government needs to be there for those who cannot care for themselves, so they hope that the long term loyal support of the political leaders will remain. When individuals see governments stepping forward and encouraging the community, a wonderful response is seen. They have had a positive response to the re-launch of the Tempe Community Foundation.

Mayor Hallman asked, besides Team Tempe, if there were other events and concepts for funding.

Ms. Hanley responded that the "Hearts and Heroes", with both Police and Fire were partners, did very well. Staff is rethinking how to strengthen it and incorporate the Don Carlos event into it.

Councilmember Shekerjian stated that with revenue generating ideas, the committee has looked not only at ways in which departments can become leaner, but also how money can be generated for the general fund. She asked Ms. Hanley if she was talking about revenue generating ideas in terms of being able to increase the amount that is given out from TCC or from the point of view as a way of supplanting what the City gives so that they are not completely reliant on City funds.

Ms. Hanley responded that they would hope the government support would not be withdrawn and that the new dollars would be generated from people wishing to help. She also has dreams that the foundation grows large and strong and there would be a need, for example, for a Northside Multigenerational Center and with some large gifts, the Foundation could pay for a section of it. This model has worked successfully in St. Louis. People are less likely to generously step forward to help when they feel that government isn't helping. Her hope is that it would not be withdrawn and that it will leverage support from others.

Mayor Hallman stated that the use of Team Tempe, for example, was his response to the idea that the City not charge events in Tempe Beach Park because we were already subsidizing many of those events and find a way instead to use those events to raise money. Some portion of that could be used if we generated enough funds to supplant the City's general fund monies with a permanent source. That's also why the Foundation was founded so it could grow an endowment that could start supplying resources. Although we are still looking at tight budget times, most everyone at the table knows the first formal hearing on the adoption of the operating budget for next year was held. With the things this committee did over the last four months, those ideas got forwarded. That said, we did some things we didn't want to do and that's why we are still trying to generate resources for cuts and additional revenues so we can go back and backfill places where we didn't want to make changes. In this instance, we still have the TCC fundraising ideas. Ms. Hanley mentioned the "Hearts and Heroes" could potentially be combined with the Don Carlos Award. That is an example of where the cost of running that program could actually be reduced and resources could be freed up to go back into agency review. These resources are being generated to enhance the TCC's opportunity for agency review dollars, but we still have to face the realistic issue of cutting. He asked where the agency is in terms of incorporating the staff into the City of Tempe staff and lending them to the 501(c)(3) to then operate the programs. The agency review would continue to take place independently as it does now, with the 501(c)(3) board and volunteers making those recommendations.

Ms. Hanley responded that they have never let go of that idea. Mr. Hart's staff needs to do a new study. They have also been working with the City Attorney and the City Manager on a strategy of how that could be done cooperatively. It is a positive way to save some City revenues.

Mayor Hallman added that the TCC was created as a means to have the review of social service agencies take place outside of the political environment. Other revenue is also being generated. We are still in the hunt for a matching sponsor for the H2O program. The display panels at Diablo Stadium and Insight Enterprises will generate revenues that will come to TCC as additional sources of revenue to help keep up with the pace of increasing costs for the third party agencies without having to increase general fund costs.

Agenda Item 5 – Discussion and Recommendations

This item was included with Agenda Items #2, #3 and #4.

Agenda Item 6 – Set preliminary agenda for future meetings

- May 29, 2008
- Full list of ideas and concepts
- Follow-up with Parks & Recreation, Diversity and TCC.

Meeting adjourned at 6:20 p.m.

Prepared by: Connie Krosschell
Reviewed by: Jerry Hart

Jan Hort
City Clerk