



Minutes Ad Hoc Long Range Budget & Finance Planning Committee May 29, 2008

Minutes of the Ad Hoc Long Range Budget and Finance Planning Committee held on Thursday, May 29, 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
Councilmember Onnie Shekerjian

Council Members Absent:

Vice Mayor Hut Hutson

City Staff Present:

Ginny Belousek, Diversity Spec
Travis Dray, Dep Parks & Rec Mgr
Tom Duensing, Dep Fin Svcs Mgr
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
Kathy Nugent, TCC
Nathan Porter, SEIU
Mark Richwine, Parks & Rec Mgr
Cecilia Robles, Dep Fin Svcs Mgr
Sam Thompson, Dep Parks & Rec Mgr
Shawn Wagner, Rec Supvr
Steve Wise, TCC

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 4:05 p.m.

Agenda Item 1 – Public Appearances

None.

Agenda Item 2 – Department Follow-up: Parks and Recreation, Diversity, Tempe Community Council

Mayor Hallman distributed a memo received from Travis Dray regarding the McClintock High School Weight Room and the Adult Fitness Program with information requested by the Council's Tourism and Recreation Committee.

Parks and Recreation

Mark Richwine responded to questions raised at the previous ad hoc meeting.

- **Other communities' policies for sports field allocations for youth organizations and the facility room rentals**
 - In a field allocation comparison, a mix of communities require some degree of residency to be eligible for block scheduling for youth sports organizations.
 - Information was not received from Scottsdale, but they do not require a percentage of residency.
 - Those cities that do require a percentage of residency are predominantly in the East Valley (Chandler, Gilbert and Mesa).
 - Some cities charge for lighting and some don't charge.
 - In facility room rental comparison, Tempe is the only community requiring residency (not a percentage of residency, but that the organization has a responsible party who is a resident).
 - All other cities make their facilities available on a priority basis, the first being for city programs, then for city-affiliate programs, then for general public.
 - The other communities (similar to Tempe) generally program and schedule the facilities for internal uses, with not a large amount of space available for outside groups.
 - Although Tempe does have a number of groups that meet at the Pyle Center, they are by far the minority in terms of total time allocation.

Mr. Richwine added that staff still has additional work to do to be able to put together a more detailed recommendation for future consideration for both youth sports allocation scheduling as well as facility room rental comparisons. He suggested that any recommendation for fees be deferred until staff can return with a more complete recommendation.

John Benton added that seasonality of the fee structure needs to be considered.

Mr. Richwine responded that the other communities consider seasonality to be the season for that particular sport. For example, Mesa and Chandler will define the season for a particular sport, and if someone chooses the fall season for soccer, they would not be eligible for any free scheduled fields in the second season in the spring. With the Little League season in the spring, they receive an allocation of free fields. If they wanted to play in the fall, that would be out of season and they would pay the regular rate for using the fields. It's not seasonality in terms of cost of providing the facilities, but it is based on a limited resource allocation. There are some organizations that would choose to play year around if the facilities were made available.

Mayor Hallman directed staff to compile a recommendation based on the group's discussions that would come to the Council as part of the further recommendations. This topic will be forwarded to the Council for discussion.

Councilmember Shekerjian added, regarding the McClintock High School Weight Room and the Adult Fitness Program, that she understood the history of why there was not a cost recovery, but at this point, providing participants with gym memberships would be cheaper.

Mayor Hallman clarified that Ken Jones had proposed that staff go back to the participants and ask them if they want to pay.

Mr. Richwine responded that staff is in the process of doing that.

Mayor Hallman asked what an equivalent gym membership would be.

Mr. Richwine stated that staff would determine that and would try to look at facilities in the same proximity of McClintock High School. The City employs one of the School District staff and that is consistent with the summer program that the City has run for over thirty years at the high school. District staff is employed because the City is using district facilities and equipment and it is the District's request from a liability standpoint.

Councilmember Shekerjian stated that she had had three children at Corona del Sol, and they have had summer gym memberships because there were no gyms open to them in the school district. The school district must not get the word out to the students. She felt it needs to be made cost recovery.

Diversity

Rosa Inchausti responded to questions raised at the previous ad hoc meeting.

- Itemized list of events and promotions
 - The total cost is more than the department is budgeted.
 - They try to get sponsorships with the larger events to offset the expenses.

Mayor Hallman asked for the total budget for the Tardeada.

Ginny Belousek responded that the Tardeada costs \$55K, the City contributes \$20K, and the remainder is paid through sponsorships.

Mayor Hallman clarified that the number shown on the list for the Tardeada should actually be \$20K for the City's cost. That is a very cost-productive event, and the Boards and Commissions Dinner and the Insight Bowl Thank You Breakfast have a higher cost. How many people attend the Insight Bowl Thank You Breakfast?

Ms. Belousek responded that about 300 people attend.

Mayor Hallman stated that typical turnout for the Boards and Commission Dinner is about 500, but it has political edges on it.

There was a question about the "Who's Your Neighbor Brown Bags."

Ms. Belousek responded that only dessert is provided and that's why the cost is reasonable. Attendance ranges from 50 to 175.

Councilmember Shekerjian asked about the "Healing Racism Forums."

Ms. Belousek responded that this is a new program through a partnership with Maricopa County Community College District, the City of Phoenix, and ASU, as well as other cities.

Ms. Inchausti added that it is a regional effort with conversations regarding racism.

Ms. Belousek added that as a new member in the partnership this year, the City was charged with paying for the video taping. About 200 people attend those forums.

Mayor Hallman asked staff to be prepared to speak to Council with some ideas for making the Boards and Commission Dinner more productive for the community, because there is this sense that people depend on that dinner and look at the dinner as an important element of the culture in Tempe. There are many who would be indifferent to having it changed. The socialization is the important part; a large percentage of participants do not stay for the program.

Mr. Benton added that a lot of organizations are getting away from dinners and going to cocktail parties instead. There is more interaction.

Councilmember Shekerjian suggested having the program first and socialization afterwards.

Mayor Hallman stated that this will be forwarded without specific recommendation, and the Council should consider how to help reduce the budget appropriately. Staff had been asked to move all of these concepts to one budget place, and the placeholder for the event portions should be in Community Relations. What would that reduce this list to?

Ms. Belousek responded that the Boards and Commission Dinner and the Insight Bowl Thank You Breakfast would be moved to Community Relations and everything else is appropriately in the Diversity Budget.

Mayor Hallman clarified that the Boards and Commissions Dinner and the Insight Bowl Thank You Breakfast would be moved into the Community Relations budget. Financial Services staff was directed to forward other events to Council for consideration of consolidation and prioritization.

Tempe Community Council (TCC)

Kate Hanley summarized responses to questions raised at the previous ad hoc meeting.

- Detail on the Expenditures tied to Budget
Ken Jones summarized the expenditures included in the City Budget 2007-08.
 - Salaries of \$686,906 are cash to TCC.
 - Employee Related Expenses of \$330,105 are cash to TCC.
 - The budget line item, there is \$60K shown for #6672 Contracted Services. That is a pass-thru to Boys and Girls Club to operate the Westside Center.

- Other Fees and Services of \$26,155 are cash to TCC.
- Total of \$1,103,166 is cash distributed to TCC in quarterly increments.
- The agency payments, which are on the City budget, are broken down as follows:
 - Communities to Schools \$100K, Open Horizons \$9,500, and Tempe Shared Living \$105,006 are operated by TCC. That amount is paid directly to TCC to operate those programs.
 - Other agencies are given quarterly checks, totaling \$643,723.
 - Special Projects for \$56K appears on the City's budget as #7090 Special Projects and is money that is distributed to TCC.
- The \$2,220,762 matches the City's budget.

Mr. Jones outlined the reconciliation of the City's Budget for TCC and City Funding Included in TCC's budget:

- TCC backs out of their budget the \$643,723 that is distributed directly from the City to the agencies.
- TCC budgeted \$120,006 to Shared Living, and the City only gave TCC \$105,006, for a \$15K difference.
- TCC budgeted \$10K for Tuition Reimbursement. The City doesn't give the TCC that money, but within the last few years, the City has made that available to them, and they estimate that their employees may take advantage of up to \$10K. They submit their request and the City pays that directly to the employees.
- SACA funds do not come out of this cost center in the City's budget. They come directly from the Police Department.
- TCC estimates \$25K for their EITC program, and the City didn't budget anything for that.
- TCC estimates \$3K from the City for their volunteer recognition program.
- The amount for balancing is \$207.
- Total TCC reconciling items is \$560,930 for a total City funding included in TCC's budget of \$1,456,465, which ties directly to TCC's overall agency budget.

There was a question about the internal charges and whether that shows on the TCC budget.

Mr. Jones responded that it is in the in-kind expenses. The exact number isn't there, but it ties to the amount the City pays TCC. It was included because the City doesn't give TCC that money.

Mr. Benton asked if there was a way to reformat the way the TCC accounts for itself so it is more seamless.

Ms. Hanley responded that their budget is prepared consistent with the requirements for submittal to the United Way. It may serve a purpose for clarity, however, to make sure that it is reflected in this way. The confusion is that the TCC gets outside money.

Mayor Hallman clarified that there is a City side of cash in/cash out of \$2.2M. He asked if the \$643K Other Agencies, plus the Communities in Schools, Open Horizons and Tempe Shared Living, ties back into the schedules that the City Council gets for its action with respect to the TCC.

Ms. Hanley responded that it does.

Mayor Hallman further clarified that it is the third party agencies, as well as the agency's own \$100K, \$9,500, \$105K and \$56K, with the caveat that the Shared Living is really an outside agency.

Ms. Hanley agreed, and added that the Communities in Schools distributes the grants to the recipients.

Mayor Hallman clarified that Communities in Schools has a staff member who works for TCC. The other agencies and Shared Living do not. He was puzzled why that is accounted for separately as if it is paid to a third party agency any more than we don't account for the cost line item for the Cinderella Affair, for example.

Ms. Hanley stated that that is being changed to be more consistent. They wanted them to go through the agency review process, but because of clarity, they agree.

Mayor Hallman clarified that the \$100K will be showing, not as a grant to Communities in Schools, but as what?

Ms. Hanley responded that it will still show in its category, but it will show along with the expenses.

- TCC Staffing Levels by Year and Project

Ms. Hanley summarized staffing levels.

- In 1999, staffing was at 25.5 FTE's.
- Between 2000 and 2001 with the first Head Start grant, staffing was reduced from 14 to 9 in Open Horizons. Again in 2002 with the second grant, all staff was reduced that worked directly for TCC, and it is now in the scholarship mode.
- In 1999 for Shared Living, there were 1.2 FTE's, and in 2006 to 2007, the partnership was begun with Foundation for Senior Adult Living, and they took over the day-to-day operation. The .2 custodian is still a TCC employee.
- Retired Senior and Volunteer Program which was transitioned to the Mesa Senior Center after hosting it for ten years, had 1.5 FTE's in 2002 and in 2003, it was transitioned.

Mayor Hallman clarified that the two fundamental lines are Communities in Schools and the TCC Core Staff. The rest are third party operations that we staffed up and then spun those staff off. That means we went from 10.3 in 1999 to 11.5 since 2003.

Councilmember Shekerjian asked about the \$100K under Communities in Schools staff. Does that include benefits?

Ms. Hanley stated that it does.

Councilmember Shekerjian clarified that the cost of benefits for that position is not under Salaries and Benefits.

Ms. Hanley responded that it would be, but it would be coming out of that allocation.

Councilmember Shekerjian clarified that the cost to have that person with benefits and salary is \$100K.

Ms. Hanley agreed. There is some remaining, and that is distributed through the grant process.

Mayor Hallman clarified that within its operation, the TCC is operating the EITC program and Cinderella Affair, and Shared Living is on a contract so it is like the third party agencies, except to the extent TCC has the janitorial piece. Open Horizons is entirely on a contract.

Ms. Hanley clarified that TCC does a lot of the coordination with the school district, and actually works with other entities to help provide and direct those services. The TCC coordinates the three separate daycare providers and Head Start.

Mayor Hallman asked if that was all done at one location.

Ms. Hanley responded that it is at multiple locations. There is one on the Compadre Campus, the Westside, on the campus of Church of the Epiphany, and a program in Guadalupe.

Mayor Hallman asked if that is an agency that people would consider Open Horizons.

Ms. Hanley responded that the childcare component is considered Open Horizons and they are Open Horizons providers.

Mayor Hallman clarified that there is no staff member who is coordinating this. TCC still provides the overview organization. TCC is still the clearinghouse for the entire childcare operation. He continued that TCC also operates the Don Carlos Awards, the Mayor's Disability Awards, and agency review.

Ms. Hanley added that the preplanning work that goes into the agency review process and the monitoring of the grants once Council has acted is also handled by TCC. TCC becomes the monitor of those funds.

Mayor Hallman clarified that there are three parts of the agency review and distribution of proceeds. The proceeds we are speaking about are the \$643K that is disbursed to third parties. How much of the staff's time and effort is put into that entire agency review process?

Ms. Hanley responded that staff would investigate that.

Mayor Hallman stated it would be ultimately helpful for Council for prioritization and cost/benefit analysis purposes.

Mr. Hart clarified that besides monitoring the \$643K, the TCC also monitors the \$230K of CDBG funds.

Lorraine Bergman clarified that staff time is spent to do that. The money doesn't flow through that, but does TCC allocate staff time to do that?

Mayor Hallman added that it would be helpful to show all the things TCC is doing, including CDBG contract monitoring, the grant monitoring, agency review and the monitoring of how

those monies are disbursed. It is amazing the time, effort and money spent monitoring contracts. Frequently it exceeds the value of the contract itself. When we are in the position where the City is giving away \$643K in resources to third party agencies but we are spending four staff members' time to monitor whether they are spending it wisely, that may not be a very cost effective use of the resources.

Ms. Bergman added that TCC's budget is misleading that way. TCC has semi-control of the \$643K, so TCC is touching nearly \$3M and the City is giving nearly half of it, but only a third of TCC's budget is for staffing.

Mayor Hallman asked if there are other ways where the TCC is operating in that function.

Ms. Hanley responded that for the Twenty-first Century school grant, for example, Kyrene School District was the fiscal agent but the money went to all three districts. TCC included staff time to do the required evaluation.

Agenda Item 5 – Discussion and review of all recommendations

Mayor Hallman presented the 2008 Proposed Budget Solutions List. Many of the items were forwarded to Council and put into the budget process. He stated that there is an estimated \$1.2M surplus at the end of this year and the next year's budget is in balance.

Mayor Hallman continued that these are the items that have been presented to Council for conversation, and of that, rather than making final decisions on the list, estimated that it needed to eliminate \$4.2M of recurring expenditures. The list currently has \$5.5M. Although these have been presented to Council and Council has agreed to \$4.3M in reductions, the specific reduction final list has not been formulated. On the non-recurring side, Council agreed to \$1.3M and was presented with \$1.9M in non-recurring. Of these items, Council has agreed in concept that it will select from those lists already presented for that amount to meet budget. To the extent we recommend more than that, money is freed up for reallocation to other programs and priorities. Council specified that it will go back through the committee process at that point if necessary.

#1 Increase Prosecutorial Fee – City Attorney

#2 Decrease available funding for Rule 11 State Mental Hearings – City Attorney

#3 Reduce newspaper advertising of services to 1 day – City Clerk

#4 Reduce number of complete Council packets – City Clerk

#5 Reduce training and seminars – City Clerk

#6 Reduce wages – City Manager's Office

#7 Line Item Adjustments – Community Development

These were acceptable. Mayor Hallman added that #7 was adjusted from \$76,100 to \$15,500.

#8 Business Occupational and Professional Licenses – Community Development

#59 Create Business Occupational and Professional License – Financial Services

#60 Increase Business License Fee

Mayor Hallman stated that this was moderately controversial. The trade-off was not to add new licensure, but to increase those already subject to licensure.

Mr. Benton asked for clarification that #60 was adopted.

Mayor Hallman explained that Item #60 and #8 are essentially the same, except that it was recommended by one department and then Community Development recommended it at a much higher rate.

Mr. Hart clarified that Item #60 is just an increase in the existing licensing fees collected from those currently subject to the license. Item #59 and #8 were new licenses, but that contemplated licensing services.

Mayor Hallman clarified that it does not reflect the net of costs incurred to hire the staff to administer the program. Community Development's idea was to base those licenses on whether it is income or number of employees, whereas Development Services idea was a flat fee. The business license fee is actually part of Financial Services.

Mr. Hart clarified that the current fee was \$25, and that the \$100K that listed for Item #60 was contemplated with an increase of \$5.

Mayor Hallman clarified that the agreement was that we would not try to license new businesses that were not currently subject to license. The concept between #8 and #59 was a trade off against #60 and the agreement was to increase the amount of sales tax licensing that already exists, rather than adding a new license fee.

Items #8 and #59 should not go forward to Council.

#9 Employee Paid Parking – Community Development

Hallman summarized that there had been a presentation and discussion at Council on parking generally and pushing forward to get opportunities for parking. Given the friction and complete disarray of the parking system, this may be the wrong time to address that. He recommended that new parking facilities not be made available, except for fees. Employees can stay where they are, but if they want to upgrade, they will have to pay.

Councilmember Shekerjian clarified that the discussion about employee-paid parking was that the parking that was closer would be of a premium. There would be parking available further out.

Mayor Hallman clarified that at the Council level, there was a conversation that the City actually pays for the parking at the Brickyard at a cost of almost \$50 per space. Those employees who park at the Brickyard are actually costing the City \$50 each per month. Is there a desire to move forward with a recommendation to make the parking system cost neutral?

Ms. Bergman asked if that parking is reserved.

Mr. Jones responded that it is reserved on the first level, and unreserved on the lower level.

Councilmember Shekerjian added that Council talked about doing something similar to what Phoenix does.

There was a question about the number of spaces.

Mayor Hallman responded that there are about 168 spaces in the Brickyard and it is based on seniority.

Mr. Jones added that he agreed as long as the Mission Palms parking lot is taken into account. It doesn't cost the City, but an opportunity is lost there. That parking is as valuable as the Brickyard parking but we just happen to be paying for one and not the other. If the cost is spread equally, it no longer costs \$50, but it costs everyone \$25.

Ms. Bergman added that it becomes a bigger issue when light rail comes on line and there are other options, and maybe it could be considered.

Mayor Hallman asked if it would be the recommendation that this continue to be considered as parking and light rail comes on line. This is an area where we need to recommend that we look at what other cities are doing, get a full analysis of all the downtown parking available, how much it is costing the City, and keep in mind a "premium" concept and if an employee wants to park in the Brickyard, it should cost something. That would help carry the cost of the entire parking issue.

Councilmember Shekerjian added that a comprehensive parking plan needs to be implemented. She suggested having a Council committee work on developing a master plan for parking, knowing what lots are coming on line in the next few years and developing a consistent way to handle employee parking.

Ms. Bergman asked if all the Brickyard spaces are used.

Mr. Jones responded that they are not allocated on a one-for-one basis. It is an estimate of how many are going to be used. Access is granted to more people than we have allocated space.

Ms. Bergman added that since the employee recognition program was cut, some spaces could be awarded to employees based on performance.

Nathan Porter added that employees want to keep the status quo. As new parking comes on line, that should be a fee situation.

Councilmember Shekerjian added that everything saved out of this goes toward making sure we are able to take care of the salary issues and market study timing, etc. Ultimately, it goes back to the employees.

Mayor Hallman stated that he would still recommend that all senior staff pay for their parking. It also happens they are the ones on the seniority basis who get the premium parking, and it also happens that our City Attorney's Office has the pass parking in the basement because we own the second floor. Our sanitation workers already have free parking at the Priest Yard. Firefighters park at the fire stations. The Police get to park in the Police/Courts building. When you get down to it, it is our senior staff. There are only 160 spaces in the Brickyard, and there are only 180 in the Police/Courts. A lot of employees are parking at the Chase Garage, the lot on 6th Street, and the lot out on 5th Street and walking in. They are subsidizing the people who get to have the premium spaces. Do we want to forward to Council that we ought to try to recover costs of the operation of the parking facilities the City pays for? It is \$9K per month. He suggested that the union representatives collect feedback from the membership.

Mr. Hart added that in this situation, employees have an option to park somewhere where they don't have to pay a fee.

#10 Eliminate GPEC membership – Community Development

Mayor Hallman recommended that this go forward to Council for final discussion. He would recommend postponing the GPEC contract renewal vote until Council can vote on whether to go forward after looking at the numbers.

#11 Contracted Services (6672) reduce video technicians/outside photography – Community Relations

#12 Promotional items (6515) – Community Relations

#13 Operation & Maintenance (6420) – equipment needs – Community Relations

#14 Insight Bowl (7019) – unutilized game tickets – Community Relations

#15 (6716) – Cancel Yellow Sheet – Community Relations

#16 Local meetings (7404) reduction – Community Relations

#17 Duplicating (6755) not utilized – Community Relations

#18 Outside Printing (6753) not utilized – Community Relations

#19 Memberships/Subscriptions (6716) share resources – Community Relations

#20 Sports Authority – no longer staffing – Community Relations

#21 City Sponsored Events (7099) – prioritize – Community Relations

#22 Local meetings (7404) reduce – Community Relations

#23 Travel Expenses (7403) not utilized – Community Relations

#24 Outside Printing (6753) not utilized – Community Relations

#25 Miscellaneous Supplies (6599) not utilized – Community Relations

#26 Suspend General Fund Percent for the Arts Program – Community Services

#27 Pay 100% Public Art Coordinator salary out of Percent for the Arts Program – Community Services

#28 Pay 20% Cultural Services Admin Asst salary out of Percent for Arts Programs – Community Services

#29 Pay 15% Community Services Mgr salary out of Arts Fund – Community Services

#30 Increase Library collection agency fee – Community Services

These were all acceptable. Mayor Hallman added that #19 was adjusted from \$500 to \$1,000 recurring savings, #20 was reduced from \$3,000 to \$2,500 recurring savings, #22 was increased from \$2,000 to \$3,000 as a recurring savings, and #23 was reduced from \$6,000 to \$5,000 recurring savings.

#31 Increase Library out of county Library card fee – Community Services

Mayor Hallman clarified that the only issue is that this needs to go through the County to get it done, but it should go forward.

#32 Arts Instructional Program fee increase – Community Services

Mayor Hallman added that it may be controversial, but we are trying to get cost recovery and it should go forward.

#33 Leisure Opportunities Brochure

#34 Implement out of county Library Computer Use Card fee – Community Services

#35 Increase DVD overdue fee – Community Services

#36 Charge \$2 for Adult Open Gym at Escalante - Community Services

#37 Negotiate new Interlibrary Reciprocal Borrowing Rate with County – Community Services

#38 Photo Radar Enforcement – Courts

#39 Cut unfilled Management Asst position – Development Services

#40 Reduce Travel Budget (not training) – Development Services

#41 Summer and Holiday Events – Development Services

#42 General Non-Personnel Costs – Development Services

Go forward. He added that #33 has been adopted with an adjustment that staff would ask people if they wanted to receive it in hard copy or receive a notice. The uncertainty is how much the recurring cost reduction would be.

Mayor Hallman added that two additional Community Development items were discussed and moved on to Council without being added to the list: Those are increasing the code violation fines and fees (\$30K) and sale of rights of the four electronic display panels (\$12K) and they were adopted.

#43 One time fee increases – Building Fees 5% (est) – Development Services

Mr. Hart added that the concept for #43 was to move to the market median and staff's estimate was that annual revenue would be approximately \$800K. The recommendation at Council was the market median.

Ms. Bergman cautioned that just because surrounding cities may be incompetent and have to raise fees to cover their costs doesn't mean Tempe should.

Mayor Hallman added that the immediate competitors for Tempe are significantly higher and their recommendation was somewhat below the median to make sure we don't lose our competitive edge.

Mr. Benson added that from a building perspective, the planning fees are not what is affected, but rather the impact fees.

#44 One time fee increases – Planning Fees 5% (est) – Development Services

Mr. Hart added that the committee directed staff to do a similar analysis on the Planning side. Staff stated that by moving to more of a market median, the Planning fee revenue would be between \$50K and \$100K.

#45 Eliminate Contract Hearing Officer Position – Development Services

#46 Reduce amount of Contract Plan Reviewer Services by 90% - Development Services

#47 Temporary Plans Examiner Position – Development Services

#48 Reduce Premium Pay – Development Services

#49 Temporary Building Inspector Position – Development Services

Go forward

#50 General Office Supplies (6201) reduce – Diversity

#51 Events & Promotions (6629) reduce - Diversity

#52 Postage (6704) reduce – Diversity

#53 Memberships/Subscriptions (6716) – reduce – Diversity

#54 Duplicating (6755) reduce – Diversity

#55 Training/Seminars (7401) – reduce – Diversity

#56 Local Meetings (7404) reduce – Diversity

#57 MLK Brunch Sponsorship – Diversity

#58 Rental Housing Specialist (add through budget process) – Financial Services

Mayor Hallman added that the Committee had stated that Council would get all of the different line items from the different offices for purchasing tables, appropriately moving the Boards and Commissions Dinner and Insight Bowl Thank You Breakfast, as well as prioritizing and considering other ways in which to reduce costs. All of these items were on the list where it adds up to \$5.5M and only \$4.2M needs to be adopted.

#61 Arrears, plus June 2008 payment (Transit) – Financial Services

#62 Recurring through FY 09/10 (Transit) – Financial Services

#63 Arrears, plus June 2008 payment (Performing Arts) – Financial Services

#64 Recurring through FY 09/10 (Performing Arts) – Financial Services

Already moved forward

#65 Water Fund In Lieu Tax (net difference) – Financial Services

Mayor Hallman explained that this is as much an adjustment of where money is currently. That tax has been allocated to secondary property tax fund for quite awhile. It may provide the means to move secondary property tax back out of secondary, which would only be available for capital expenditures and which we have an excess of right now, and instead re-characterize the secondary property tax fund we have as money that has been saved up in this SRP In Lieu Fund. It could be moved to primary basis which then allows us to move money from the capital accounts back to the O&M accounts. It is a one-time move, but the reason this has not yet been adopted is the idea that among other things, this may be a source of significant contribution toward OPEB. The City Manager has it closely connected to OPEB. Should we leave that alone? Do we charge our water company a property tax? It doesn't currently pay property tax on its properties. The reason the \$500K is there is because we charge SRP an in lieu property tax for its facilities and we don't charge our own water utility for that.

Mr. Hart added that there are some significant legal issues surrounding that. The City Attorney's Office feels we should not pursue this.

Mayor Hallman directed that it be taken off the list because it is not legally possible.

#67 Interactivity Charge for Bank Services Charges – Financial Services

#68 Suppress Printing of Direct Deposit Advices – Financial Services

#69 Reduce wages – Financial Services

#70 Cell phones (3) – Financial Services

Already done by Financial Services.

Ken Jones clarified that the \$57K for #67 is charged back to the Enterprise funds. He suggested that the next time the Golf contract is renewed, the enterprise fund should not only be charged, but it should also be included in the Golf contract so we get it from the vendors. All of the costs are currently run through our credit card machine even when they are buying merchandise from the vendors.

#71 \$10 fee for moving citations - Fire

Mayor Hallman recommended continuing to move forward. Council has to be careful in addressing this because there is still some controversy on the photo radar. One photo radar

unit is on Rural Road north of University and south of Rio Salado where the road is at 35 mph, although every other indicator is that it is a 45 mph road. This still needs to be sorted out. We need to reduce the sense of unfairness before we come forward with something like this that might enhance that feeling.

#72 ASU

#73 Charge for services for currently non-reimbursed special events - Fire
Move forward

#74 Fire Safety User Fee - Fire

#75 Raise Sales Tax for Fire/EMS Services - Fire

Mayor Hallman stated that there is no political will to merely put in a tax to get money.

#76 Fire Prevention permitting and inspection fee increase – Fire

#77 Line item adjustments (materials, supplies, fees, etc) – Human Resources

#78 Line item adjustments (New Hire Program) – Human Resources

Concerning #76, Mayor Hallman noted that we need to do a better job getting fire inspection working with the Development Services Department. He is still getting high numbers of complaints about fire inspection processing. He didn't disagree with the fee increase, but it needs to reflect service level.

#79 Tuition Reimbursement Reduction – institute Mediflex structure – Human Resources

#80 Tuition Reimbursement Reduction – Postpone academic partnerships – Human Resources

#81 Tuition Reimbursement Reduction – Establish subsidy cap – Human Resources

Mayor Hallman noted that Council has taken this one on specifically and #80 was adopted and #79 and #81 were not.

#82 Deferred Comp Match Reduction – Human Resources

Mayor Hallman noted that this is in the labor contract, so it can't be changed.

#83 TLC Training Reduction – Human Resources

#84 Employee Award Program Reduction – Human Resources

#85 Increase PC Refresh Program from 3 to 4 years - IT

#86 Eliminate Radio Refresh Program for 3 years – IT

Mayor Hallman noted that these have been done. Item #84 was adopted and reduced from \$100K to \$75K of recurring savings

Mr. Jones cautioned, in regards to implementing #84, the employee who reaches a 25th milestone on June 30th will get \$250 and the one on July 1st will get "0". There are still departments with budgets for employee recognition. This has not hit the employees yet.

Mayor Hallman asked if an alert to this one should be brought prior to IRS.

Mr. Jones added that the entire amount could be recovered by sweeping the funds out employee recognition in the departments.

Mr. Hart clarified that as a part of the budget balancing plan, when staff took this forward, everything on this list that was a proposed expenditure reduction was taken out of the budget for 2008-2009. That had to be done to balance the budget. On the revenue side with a total of

\$5.5M and with \$4.3M of that being recurring revenue, only about 75% of that amount was budgeted for next year. The \$25K left in there is only for the service award for employees that retire during the year. No longer will employees get the service milestone for every five years.

Mayor Hallman summarized that the consensus was to recommend that Financial Services pull that together in place of this item at \$75K. See what it would generate.

#87 Evaluate existing service & maintenance contracts – IT

#88 Light fee for youth sports – Parks & Recreation

#89 Increase fee for general field rentals - Parks & Recreation

#90 Increase beer permit fees for residents - Parks & Recreation

#91 Establish beer permit fees for non residents - Parks & Recreation

#92 Increase music permit fees - Parks & Recreation

#93 Establish film permit fees - Parks & Recreation

#94 Establish room rental fees at Pyle Adult Center - Parks & Recreation

Mayor Hallman noted that #87 was adopted by IT. We already have beer permits, and should they be increased?

A suggestion was made to make the permits available on line.

Mayor Hallman summarized that increased fees for general field rentals (#89) for people already paying fees was acceptable and #91 to establish beer permit fee for non-residents was acceptable.

Mr. Hart clarified that there had been a concern about doing that for non-residents.

Mayor Hallman clarified that #91 should not go forward.

Mayor Hallman stated that, concerning the music permit fee (#92), the group had discussed the option that when a facility is rented, there would be just a single fee that would include this. The film permit fee (#93) was acceptable. The room rental fees at the Pyle Center (#94) and a light fee for youth sports (#88) were controversial. These should be forwarded to Council without recommendation to consider the policy issues.

Sam Thompson added that when staff looked at the light fee and looked at the organizations (AYSO, Little League), those agencies usually have an “everybody play” policy and they also come from a wide spectrum of economic categories. The teams such as Tempe PROS are million dollar non-profits and they probably do have the funds.

Mayor Hallman added that for the discussion at Council level, staff needs to start drilling down further to determine how to distinguish among the different users so that those who can pay, will pay.

#98 Transfer appropriate admin costs to Rio Salado Fund – Parks & Recreation

#99 Transfer appropriate admin costs to Municipal Arts Fund – Parks & Recreation

#100 Eliminate Papago/Salado Tourism Association – Parks & Recreation

#101 Eliminate SCENE

Mayor Hallman summarized that #100 should go forward, if only as a means to squeeze Scottsdale or Phoenix to pay their fair share. He asked what hazards would exist in doing #98 and #99.

Mr. Hart added that there is money coming in.

Mayor Hallman added that the Rio Salado Fund is getting \$2.4M per year from the Rio East sale which covers almost all of the costs. The Fund has been recovering typically between \$800K and \$1.2M per year, so at the moment the Rio Salado operation is generating a surplus. He would suggest tagging it for all the expenses out of the general fund to get money back out. As a general matter, can we just make transfers of any surplus funds?

Mr. Hart responded that could be done. He clarified that #99 should specify Performing Arts Fund.

#102 \$15 fee for alarm renewals – PD

#103 \$3 fee for pawned item tickets – PD

#104 DEA Taskforce Participation – PD

#105 Cable TV – PD

#106 Reduction in Outside Printing – PD

#107 Transition 17 detective vehicles from take home status – PD

#108 Elimination of weekend OT motor enforcement – PD

#109 Line item adjustments – Public Works

#110 Transfer 2 FTE's to Solid Waste Fund – Public Works

Mayor Hallman stated that the Police Chief was adopting #104.

Mr. Hart added that at last week's meeting, the Police Department was to come back with a breakdown of the number of alarms for commercial (#102) and we don't have that information yet.

Mayor Hallman clarified that it will go forward based on the comments at the last meeting.

#111 Fantasy of Lights partnership – Public Works

Mayor Hallman stated that this has not been done because a partner hasn't been found to pick up the \$95K.

#113 Materials Testing – Public Works

#114 Plan Review – Public Works

Mayor Hallman stated that #113 was acceptable, #114 has been adjusted to \$100K and that is acceptable, and #115 is going forward through Public Works with City Attorney review. This deals with underground parking garages actually going into the public rights-of-way under the streets. A deal was just done on 7th Street for the proposed hotel where we are selling them the underground rights.

Mayor Hallman added three additional items: Digital Format for Supplement to MAG is \$1500, non-departmental was \$200K, and Tempe Professional Development Club was a reduction of \$5K.

Mr. Hart stated that he will provide an updated recommendation list.

Agenda Item 4 – Set preliminary agenda for future meetings

No further meetings.

Meeting adjourned at 6:10 p.m.

Prepared by: Connie Krosschell
Reviewed by: Jerry Hart

Jan Hort
City Clerk