0101-03-05

AGENDA ITEM 7

DATE 05-15-08

Tempe

Minutes
Ad Hoc Long Range Budget & Finance Planning Committee
April 24, 2008

Minutes of the Ad Hoc Long Range Budget and Finance Planning Committee held on Thursday, April 24, 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:
Chris Anaradian, Dev Svcs Mgr
Kathy Berzins, Dep Comm Svcs Mgr
Neil Calfee, Dep Comm Dev Mgr
Tom Canasi, Comm Svcs Mgr
Tom Duensing, Dep Financial Svcs Mgr
Jerry Hart, Financial Svcs Mgr
Shelley Hearn, Comm Relations Mgr
Dave Heck, Deputy IT Mgr
Ted Hoffman, Deputy IT Mgr
Ken Jones, Internal Audit
Jan Hort, City Clerk
Teri Metros, Dep Comm Svcs Mgr
Kerby Rapp, TSA
Adrienne Richwine, Dep Comm Svcs Mgr
Nikki Ripley, Comm & Media Relations Dir
Nancy Ryan, Rio Salado Mgr
Chris Salomone, Comm Dev Mgr
Amber Wakeman, Govt Relations Dir
Shauna Warner, Neighborhood Svcs Dir
Rich Woerth, Firefighters

Citizens Present:
John Benton, Citizen
Mary Ann Miller, Tempe Chamber of Commerce
Todd Skinner, Citizen

Mayor Hallman called the meeting to order at 4:08 p.m.

Agenda Item 1 – Public Appearances
None.

Agenda Item 2 – Department Focus: Development Services (follow-up), Community Development (follow-up), ITD (follow-up)

Development Services Follow-up
Chris Anaradian summarized that a Plan Review turn around study was done two years ago and staff conducted the study a second time. Information on level of service was added. The study shows a first review standard and a second review standard.

Mayor Hallman asked why Goodyear has a shorter time on TI's, with most of their TI's getting done in 7 days.

Mr. Anaradian responded that they don't have as many.

Mary Ann Miller asked for an explanation on the "greater than" indicator.

Mr. Anaradian responded that with a project over 200K sq. ft., there can be amendments to the building code, for example, and staff can't guarantee these times. For example, the goal is 20 days, but they can go over 20.

Ms. Miller asked if the times listed for the other cities are goal times or actual times.

Mr. Anaradian responded that the times listed are what the cities gave as their advertised standards. He could provide further detail on percentage of time that the standards are met.

Ms. Miller clarified that these are the City's advertised times, not actual times across the board.

Mr. Anaradian responded that if someone comes in today with a new commercial project that is less than 200K sq. ft., staff will tell them that they can get that done in 20 days on first review if the plans meet the City's standard for review. This is not an average, it is the department's advertised standard and the standard is met 90% of the time.

Mr. Anaradian further presented a list of different projects with the different rate structures for other cities in the community. This is simply plan review and building permit fees for each typical type of project, not including Engineering fees, water and sewer fees or impact fees. The rates are not consistent across the Valley. When the study was done two years ago, Scottsdale was the leader and Tempe was close to the median. Currently, Glendale and Goodyear increased their fees dramatically. Two years ago Council committed to keeping Tempe's fees at or just above the Valley median. At the last committee meeting, staff estimated (knowing that some of the cities were increasing their fees) that a 5% to 10% increase would keep Tempe close to the median. The answer is that it's not only the CPI index adjustment that will be made in July, but another 29% above that to bring Tempe up to the median. This is a policy question. Do we always want to be at the median? A 29% increase to building fees for an average building year would be about $800K.

There was a question whether the other cities would be increasing their fees.

Mr. Anaradian responded that they have asked the other cities what they will be doing for the next fiscal year, and this should be accurate for the next year.

Ms. Miller asked for an explanation on the numbers under Chandler, for example, and whether this represents the number of permits, etc.

Mr. Anaradian explained that these are dollar amounts paid to those building departments for that particular type of project.

Ms. Miller clarified that the graph shows the total coming in.

Mr. Anaradian clarified that the graph shows the total of each of the types of projects. It is not a weighted graph and it doesn't speak about revenue.

Mayor Hallman summarized that this shows an outcome very different from what was presented at the last meeting. The next place this should go is to the Council for a policy discussion. He clarified that this is an average of each type of project, and we don't know where the increases would have to be in order to hit the median.

John Benton stated that he understood this must have been predicated on a notion to try to adjust the fee structure to be competitive and to look at the relative advertised timeframe. From a budget standpoint, however, the issue becomes efficiency and results and this information should be able to be reviewed on the basis of how the department is performing relative to the other communities and at what level of efficiency. For example, if there are 50 people performing those jobs at a certain cost and achieving a certain level of activity vs. another community having a better level of service with fewer employees. He would be interested not in how we are doing on a schedule of values of advertised times, but how are we doing from the City's perspective of delivering those services at what cost.

Mr. Anaradian stated that his last presentation dealt with more detail, but this is just a follow-up on the fees.

Mr. Benton added that in working as a developer with different cities, the notion that you are at or close to median is satisfactory on the part of most people who are buying these services if they got their service in a reasonable time and if they are in the middle of the curve on cost.

Mayor Hallman stated that, in going to the Council level, it would be necessary to provide other pieces of information that would help the Council set fees, such as single residential to single residential, for example. Since you have taken one of each project, all you are saying is that if we match the median, you could move the money around and you would be at the median for each of these based on where the median is for each category.

Mr. Anaradian added that staff has achieved an above average level of service and we are below the average of the averages.

Mayor Hallman added that cost recovery is also examined regularly. When we are supplying actual services to a specific set of people as opposed to the general public, are we recovering the cost of supplying that service? In this case, the Development Services Department is not fully recovering cost and this is one way it could generate additional revenue that might help pay for its cost so the general fund is not funding so much of it. His recommendation is that this be added to the list as an additional item that came forward from Development Services, and that there is +/- $800K in fee changes on an annualized basis that could generate revenue to offset costs. That could help pay for the technology enhancements the department was looking for in the general fund, for example.

Ms. Miller added that there also needs to be a philosophical discussion on the idea that just because everyone else raised their fees, does that mean we should, too.

Mr. Hart noted that there is already an item on the list for plan review and building permit fees. He asked if this is over and above that.

Mr. Anaradian clarified that the CPI adjustment is happening and that is on the list. Staff thought it would be 1.9%, but it is 29% off. The CPI that was used was 1.9%, but to be competitive with the other cities it would put us into a larger fee increase.

Mr. Hart added that the line items are #14 and #15.

Mayor Hallman directed Mr. Anaradian and Mr. Hart to discuss how to adjust those numbers.

Mr. Anaradian clarified that the 29% is just the building side, not both building and planning.

Mayor Hallman asked if staff has done the plan review side.

Mr. Anaradian responded that they have not done that.

Mayor Hallman suggested preparing a similar schedule to determine how competitive we are with the other cities on the planning side, and rather than returning to this group, just add that to the list. Mr. Hart can adjust the schedules for the next meeting. He specified that on page 24, line items #14 and #15 show estimated changes of total revenues of $193,568 and $34,891. Mr. Anaradian is saying that just on the building side, instead of $193,568, it would be $800,000.

DIRECTION: Add the building permit fee to the list. Staff should prepare a schedule showing a rate comparison with the other cities for planning and add that portion to the list, as well.

Community Development Follow-up

Chris Salomone, Community Development, summarized the list of follow-up items.

1. *Federal Funding of General Fund.* Mr. Salomone summarized that the discussion was whether the amount that the federal dollars can absorb of our general fund is maximized. After reviewing this, staff believes that their administrative fee has been maximized to what is allowable in all programs. The department pays its share of all city across-departmental supplies and services and is audited consistently on all programs and contracts.

2. *Greater Phoenix Economic Development Council (GPEC).* Mr. Salomone summarized that the value of spending $65,000 annually to participate as a member city with GPEC is worth it if one business relocates in Tempe. A number have relocated over the years. The value of GPEC is hard to quantify. The value is in marketing the region, international trade missions, and occasionally receiving a "locate." His recommendation is to continue to participate.

   Councilmember Shekerjian clarified that she had asked for an actual list of companies that were located as a result of the City's membership with GPEC and companies in which staff had a hand in bringing them to Tempe. The vast majority of companies that she has seen have been brought here by City staff. Maybe that amount of money could go toward the salary of another staff member who could be recruiting.

   Mr. Salomone stated that there have been three companies in the last five years. He will provide the list. Staff is very effective.

   Councilmember Shekerjian clarified that he had requested cutting promotional materials that staff uses to recruit. In comparing the number of companies that staff has been able to recruit by using promotional materials over the last five years, it is far more than three. In particular, something like this membership may need to go for a few years. She would rather do that than cut resources and abilities for staff to promote Tempe and recruit businesses.

3. *City of Tempe Employee Parking.* Mr. Salomone summarized that staff had been asked to provide the amount being charged by ASU and other employers.

   Neil Calfee provided a handout showing ASU parking rates broken down by lot. It is based on a market issue. The closer the lot, the higher the cost. This year, they are charging $50 per space for employees and next year it will rise to about $65. They even charge for the Disabled All Access lot.

   For the City's parking facilities, there are three main downtown parking facilities:
   - Police/Courts garage – no charge;
   - Brickyard - 168 key cards at a cost of about $6600 per month or $40 per space paid out of the general fund per agreement. Those spaces are used for employee parking and it also provides night and weekend rights to that space. That contract is offset against revenues, so it is an adjustable amount based on what the garage generates in terms of revenue. The City pays the difference. Over time, if it contains cost, that garage may be able to pay for itself if revenues get high enough, although it wouldn't be any time soon.
   - Chase P2 Structure – 250 leased spaces from the owner. Half is paid out of the transit fund and the remainder is paid out of the general fund at $50 per space. The general fund hit for those spaces is $6250 per month, or a total of $12,500.

   Ms. Miller asked why part of this comes from the transit fund.

Mr. Calfee responded that this was the replacement parking for when the City took out the East Hill Lot for the new transit center. Transit provided interim replacement parking within that facility. When the new park-and-ride lot on Apache and Price is ready, that allocation for parking would be taken out of the transit fund. The City can then choose to lease to itself for additional parking or return it back.

Mayor Hallman asked about the Police/Courts garage. Do we use our own maintenance staff?

Mr. Calfee responded that is strictly the City's.

Ms. Miller asked whether the ASU lots are a 9-month permit or a prorated year-long permit.

Mr. Calfee responded that it is an annual permit.

Mayor Hallman asked how many Police/Courts garage spaces the City is using.

Mr. Calfee responded that the City uses about 170 general employee spaces.

Mayor Hallman stated that he would recommend to Council that we at least try to charge what we are spending on the spaces. That makes it unfair for those who get the covered garage that we currently own. He would think people would spend $50 or $60 per space to park at the Brickyard and less to park at Chase P2. Ironically, it is just the opposite in terms of cost.

Kerby Rapp stated that he would like to see what the other cities charge.

Mr. Calfee responded that Phoenix charges, but the other municipalities do not.

There was a question whether the seniority system is used for the parking.

Mr. Calfee responded that it is seniority as well as work location. Those on the north half of the campus would park at the Police/Courts garage, and those on the other half would park in the Brickyard.

Rich Woerth asked for clarification that at the point where employees would have a choice that there would be free parking at the park-and-ride lot so that no employees would be forced to pay.

Mayor Hallman stated that there is a $12M problem to solve. Every dollar we find here adds back into the resources we have to solve our employee salary and benefits problems. This doesn't even attempt to tackle OPEB. Every time the employee groups say no to some dollar that could be saved or to an extra revenue source, we must recognize that it comes out of employees somewhere.

Mr. Rapp added that compared to some of the things, this is easy.

Mr. Jones clarified that it is easy for an employee who has parking right outside the building where he works to say that this is an easy option. He would want to see employees given some option of parking at a distance place and riding in for free.

Mayor Hallman added that parking is available at the Pyle Center and Library and the Orbit could be ridden in at no charge. He suggested handling it the way it was proposed six years ago, which was to put those spaces up for bid and use the appropriate systems to say how much employees are willing to pay for them. We can even get into the issue of pay equity and those kinds of things and set a price based on salaries. Certainly, department heads could be expected to pay $50 a month to park. At the Brickyard, we had tried not to use it for employee parking, but rather to put it on the market, and if employees want to participate in the market, it would at least cover the City's cost. But today, those 168 spaces are costing $6600 per month. It is important to recognize that every dollar we are saving goes back into employee salaries or benefits.

Mr. Rapp clarified that every dollar saved here comes from the employees.

Mayor Hallman added that there are 588 employees who are getting a benefit at the expense of everyone else.

Mr. Rapp added that is true simply because of where they are assigned. If Human Resources were to move to Rural and Southern, then the parking would not be an issue. We have systematically in-filled the land around the downtown to take away the parking opportunities.

Mayor Hallman added that it has generated, just this year alone, a 10% increase in the fees and costs so that that 10% is making up for the 6% loss in retail sales. He asked for a general consensus to put this on the list to let Council decide.

DIRECTION: Add the employee parking item to the list.

4. *Business License Fee.* Mr. Calfee summarized that issue came up in the last meeting and the question was asked what other communities do. There is an entire range of possibilities. For example, Mesa and Phoenix do not charge business license fees, Gilbert charges $30, and Scottsdale looks at a $12 application fee and a sliding scale of fee based on number of employees. Other regional cities have large fees. Staff is considering a moderate fee that would generate approximately $350K of new revenue and it would also facilitate better business tracking.

Mr. Benton felt that this sends the wrong message to businesses relocating. It's just another thing on the list when a business is looking at relocating.

Mr. Rapp added that the question would be whether this community is business-friendly or whether it has a whole menu of fees. It's a philosophy.

Mayor Hallman clarified that line item #8 "business occupational and professional licenses" for $420K is different from the licensing concept for licensing professional businesses. This is in addition to line item #8.

Ken Jones added that if someone has a sales tax license in the City of Tempe, they are paying a renewal fee every year.

Mayor Hallman added that the only ones not licensed are non-retail sales tax paying groups.

Mr. Jones added that there is less than 50% compliance and this ends up taxing the honest people and still not getting a license fee from the people who are not complying. One of the things you want to avoid as a government is imposing something you can't enforce and it is nearly impossible to find every haircutter or every service individual.

Mayor Hallman clarified that the City has a sales tax license that is imposed, and the professional businesses that aren't currently licensed are those we don't know much about. New regulations have been implemented to allow home-based businesses of a variety that don't have customers, etc., to operate without a permit, a use permit, or any kind of activity, and sales taxing on rentals was recently changed to eliminate the exemption for one rental. This is at least consistent so we know where these businesses are and can get to the landlords and owners, etc., when necessary. He suggested putting it on the list to investigate.

Mr. Rapp asked for clarification that this proposed fee is only for business organizations that don't currently have sales tax licenses.

Mayor Hallman responded that it would be.

Ms. Miller clarified that it is for everyone because right now it is a flat fee for someone with a sales tax license.

Mayor Hallman clarified that this is to get a flat, simple fee that really is a registration of the business to pay its cost with a little extra revenue. He would look closely at how that would impact our ability and he would ask the Chamber of Commerce to provide information on how offended businesses would be either in relocations or in conducting business in Tempe.

Ms. Miller responded that the Chamber will do that. She would agree with putting it on the list.

Mr. Hart added that this revenue estimate does not include cost of enforcement which would fall upon Financial Services, and Council recently added a staff member for purposes of enforcing rental housing, and they would have to do the same thing here.

Mayor Hallman added that it would be important to look at the nets on that.

DIRECTION: Add business license fee to the list.

5. *City of Tempe Property Inventory.* Mr. Salomone summarized that this came from a discussion of the valuable City property in certain areas of the City, such as the second floor of the Orchid House where we have a condominium ownership. We are building office space in the parking garage next to City Hall and yet we are leasing expensive office space. The City has set up a cross-departmental strike force to look at some of the issues such as the Pyle Center and other opportunities. Staff needs more time to do this and the process will take a long time and will involve many employees.

   Mayor Hallman asked Mr. Salomone to schedule an update for this committee if the committee is still meeting, otherwise schedule it for full Council.

   Ken Jones added that Glenn Kephart has a schedule to provide the information the committee needs for immediate decisions, but the approach is that rather than doing a stand-alone survey of what we have and where people are, we will actually create a database so it is an ongoing process. At any given time, Council or the City Manager can have an inventory of property.

Information Technology Follow-up

Ted Hoffman summarized that staff was asked to return with information on the cost of service provided to the City Court by IT, particularly the new application which is shown under "Future Situation" on the handout sheet. The top portion of the sheet shows the "current situation"; none of this is charged back to the Court.

Mayor Hallman summarized that this group is looking for ways, especially in the Court, to charge fees on top of fines to help pay for operating the public safety and justice system so that those who are customers of the Court pay the full cost of their obligations. The difficulty in a fine situation is that whenever a fine is imposed, the state gets 80% of the amount of the fine on top of it. If we were to impose a fine of $100, the fine is actually $180 and the state gets $80 of it. That is not true for fees whereby appropriate fees to be charged as part of that system can be identified. There was also a question about the Water Utilities Department.

Mr. Hoffman responded that the Water Utilities Department is paying for the positions of Business Analyst and Sr. Programmer Analyst, but the list also shows the additional expenses they do not pay.

Mayor Hallman asked for the philosophy for not charging the Water Utilities Department.

Mr. Hoffman responded that it just hasn't been done.

Mayor Hallman asked about Transit.

Mr. Hoffman responded that Transit is not charged.

Mayor Hallman asked staff to prepare a spreadsheet for Transit as well, and also look at the Golf Fund and TCA. He suggested adding to the list the Water Utilities and the Court pieces as potential sources of fees.

Mr. Jones clarified that all of the IT costs are billed out through interactivity throughout the year. There is some net difference between charging them directly vs. charging them indirectly.

Mayor Hallman added that it would be important to determine whether there are negatives and positives and determine the net figures.

Mr. Benton added that the magnitude of fees and fines appear to him to be a regressive tax in looking at the cross section of the people coming in and out of the courts building. It's one thing to get a traffic ticket for $200 when you are a manager, but it's another thing to get that $200 ticket when you are a single head-of-household.

Mayor Hallman clarified that if a fine were set at $200 and instead could be cut to $100 with the fee associated with it at $50, we have just aided that problem and solved our problem at the same time. Instead of increasing what someone has to pay, with the state picking up an additional 80% on top of it, we could solve some of these problems and adjust things to be a little less of a hardship.

Mayor Hallman added that this will tell us whether or not our bases for charging is the appropriate way to do it. It is not clear whether the number of terminals or number of phones is the correct bases on which to charge. That's why we ought to look at actual costing for those separate divisions.

Mr. Hart added that this reflects the direct cost of the individuals directly involved in providing these various services, but it doesn't reflect the overhead costs. He will pull the interactivity charges for Courts, Water/Wastewater, TCAA, Golf and Transit to see if they allocate the direct cost and whether or not the model being used for allocation gets us close to the right amount.

Mr. Hart also noted that the budget office has an interactivity document that explains all of the procedures and he can provide that to the committee.

Mayor Hallman added that if the models don't reflect every dollar available out of those funds, the models can be changed.

Agenda Item 3 – Department Focus: Community Services

Councilmember Shekerjian stated that when the downturn occurred in 2001, there were many cuts that took place in different departments. Some of those departments have backfilled and replaced people as economic times have improved. Overall, it is important to take that into consideration.

Mayor Hallman noted that Parks and Recreation split from Community Services and it is hard to compare FY 2005/06 to FY 2006/07 because there are now two departments. Community Services took a huge hit in that downturn.

Councilmember Shekerjian added that it is important to keep in mind that some departments continue to be leaner than others and they shouldn't take a second hit.

Councilmember Sherkerjian left the meeting.

Tom Canasi introduced the Community Services Division Heads: Teri Metros, Library Services; Kathy Berzins, Social Services; Adrienne Richwine, Cultural Services. He summarized the department and its operations. The department's goal is to look for cost savings and efficiencies while working to ensure the integrity of the services our citizens have come to expect and deserve.

- Cultural Services Division – TCA, Historical Museum, Percent for Arts, Arts programs, classes and events.
- Library Division – Children's and Teen services and programs, materials circulation, computer access center, adult services and programs.
- Social Services Division – CARE 7, Counseling, Partnerships, Diversion Services, Escalante and North Tempe Centers, Kid Zone
- Quick Facts:
  - 17 facilities staffed and/or monitored.
  - Partnerships developed with 3 school districts with 25 neighborhood schools.
  - 8 citizen boards/friends groups.
  - Over 1.5 million people served every year.
- Stretching Operational Dollars
  - Hours of volunteer services exceed 125,000 hours last calendar year valued at $2.5M
  - $1,148,922 programming grants and donations received this fiscal year
  - 3 Friends groups facilitated and supported
  - Use of part-time temporary staff to support operations, handle peak loads and avoid overtime
- Budget by the numbers
  - General Fund Operating Budget – FY 07-08 $12,643,103
  - Projected Revenue – FY 07-08 $4,551,650 (36% of expenditures are offset with revenues)
  - Project Net Fiscal Impact to General Fund – FY 07-08 $8,091,453
- Cost Savings/Revenue Opportunities
  - 1% of the capital budgets go into the Arts Fund. Recommendation is to suspend the general fund Percent for the Arts Program (already presented to Council). Based on last year's allocation from the general fund, that would be a cost savings of $550,000. Monies still come from the Water/Wastewater Fund and Transit Fund and Water has a significant capital process.

    Mayor Hallman added that there was a very large increase in the capital expenditures for Water/Wastewater which then created a surplus in the fund and it looks like the next 5-year CIP for Water/Wastewater is about $220M.

  - Pay 100% of the Public Art Coordinator salary out of the Percent of the Arts Program budget (already presented to Council) for a savings of $76,178.

  - Pay 20% of the Cultural Services Administrative Assistant salary out of the Percent for the Arts Program budget (already presented to Council) for a savings of $10,904.

- Pay 15% of the Community Services Manager position out of the Arts Fund (already presented to Council) for a savings of $28,000.

- Increase Library collection agency fee from $10 to $20 which would generate $36,000 in revenue. Currently, there is a 4-week check-out policy, and if an item is not returned, an additional 70 days is granted. Once it is sent to a collection agency, a $10 processing fee is charged. Staff recommends raising that fee to $20.

  Mayor Hallman asked for the cost recovery fee to the agency.

  Teri Metros responded that out of $10, the agency is paid $8.95.

- Increase Library out-of-county Library card fee from $30 to $40 which would generate $2,000 in revenue. About 200 people use this.

- Arts Instructional Program fee increase by an average of $3 per class which would generate $120,000 in revenue. These are the classes that take place primarily at the Vihel Center. The current fees vary depending upon the class, but an average increase would be $3. This is based on an 80% participation which is achievable. Also, a scholarship program allows people to participate when they cannot afford to pay.

  Mayor Hallman asked for the current amount of the scholarships.

  Adrienne Richwine responded that it is minimal.

  Mr. Canasi will provide information on total current revenue.

- Potential Option: The Leisure Opportunities brochure is sent quarterly to all citizens through a direct mailing. The brochure is currently mailed to about 70,000 households. Over the last couple of years, an electronic registration system has been implemented. One option would be to mail it on a request-only basis and/or to past class participants. This option would eliminate the mass mailing and encourage web-viewing of the brochure. The savings would be $43,000, mostly in postage. The disadvantage is that it makes it more difficult to get the word out about opportunities. This would take some time to implement. (This item was presented to Council and there was a concern.)

  Ms. Miller commented that the Chamber of Commerce looks at this issue as well. Other organizations have started mailing a post card as a reminder that the newsletter/brochure is available.

  Mr. Canasi added that they would continue to have reminders in the water bill to advise that the brochure is available. The other issue is the digital divide for those that don't have computers.

  Vice Mayor Hutson suggested putting notice in the water bill that a request card will be sent by mail.

Mr. Benton asked whether the same format could be used with ads for third parties. People get motivated to participate because of the brochure and it might be important to continue to have it and rather save money by having private sector participation. It is a targeted market and there would be advertisers who would consider it appropriate.

Mr. Canasi responded that that has been considered. The problem would be with policing who is advertising and what is being advertised. He added that it would be possible, however, to look at advertising pages and/or things that could be added.

Mayor Hallman added that it might be possible within the bounds of the First Amendment to restrict it to things that fit with this brochure. It would be necessary to work with the City Attorney's Office on those things.

Mr. Canasi added that the brochure is the source for generating much of the revenue.

Mayor Hallman suggested conducting a small survey of, for example, 600 households to determine the percentage of use. A permanent list could then be developed of users, so that regular users continue to get it, but it could be a little more targeted. That might save significant dollars. Staff needs to find out how many are participating and what revenue is being generated for these programs.

Mr. Canasi responded that most of the revenue from Parks and Recreation and from Community Services is generated from this brochure.

Vice Mayor Hutson added that once third party advertising is sold, the mailing rate changes.

Mr. Canasi added that pages are added four at a time, so the cost for publication will increase. He stated that staff will do a cost benefit analysis.

- Increase DVD overdue fee from $.25 to $.50 per day.

  There was a question about increasing the DVD overdue fee from $.25 to only $.50 per day.

  Mr. Canasi responded that it could be increased to $1.00 per day. Other libraries are charging $1.00.

- Implement an out of county Library Computer Use Card fee of $10 per year. It is currently free.

- Charge $2 for Adult Open Gym at Escalante Multigenerational Center which would generate $10,000 in revenue.

  Mayor Hallman asked how it is determined that someone can use the open gym.

Kathy Berzins responded that a membership form is filled out at no cost, and there are probably 20% to 30% non-residents.

Mayor Hallman asked what is being done at the North Tempe Multigenerational Center.

Mr. Canasi responded that generally programs are run by the Boys and Girls Club during those evening hours. At Escalante Center, there has been a demand to have open gym. There were problems initially but they have been remedied. One option would be to implement a fee.

Mayor Hallman stated that he gets complaints that at the North Tempe Center the facilities are not available to the public because they are heavily scheduled by a third party agency that does charge a fee.

Mr. Canasi responded that staff is working with the neighborhood association to create some family presence at that Center.

Mayor Hallman clarified that there is no open gym at the Westside Center.

Mr. Canasi did not know.

Mayor Hallman suggested adding all three Centers as questions to see how we might follow up and have usage of those facilities.

- Negotiate a new Interlibrary Reciprocal Borrowing Rate with the Maricopa Library District. The current rate is $29. Every $1 increase would equal an additional $6,000. Based on a $5 increase in the rate, $30,000 would be recognized. Mr. Canasi noted that this has been presented at the previous Ad Hoc Committee and they were able to get an increase from $20 to $29 over two years. There might be potential for an increase over time. Staff would like to see what can be done to get help for all the libraries. We have a differential between Tempe residents who go to adjacent cities and get a library card as compared to people from other cities who come to Tempe. We are a net positive.

Mayor Hallman asked for an explanation of the personnel increase from 2006/2007 to 2007/2008. Why are there 11 positions that disappear from Cultural Services?

Mr. Canasi responded that might have been personnel moved to the Arts Center. The $17M shown on page 5 includes the TCA. It is not solely general fund, but includes the arts tax. Page 6 is specifically general fund dollars.

Mr. Hart and Mr. Canasi will look into that.

Ms. Miller asked why #7401 through #7404 Travel and Other Expenses will be so much less.

Mr. Canasi responded that they do not authorize much travel. If there are some extra dollars as the year progresses and there is some travel and training of value, they will authorize that.

Mr. Jones asked Mr. Hart for clarification that risk management charges (#8313) are budgeted within departments. He thought those got allocated like interactivities.

Mr. Hart clarified that it is an interactivity charge. They do budget risk management.

Mayor Hallman asked why that is so high.

Mr. Hart responded that it is a result of historical claims.

Mayor Hallman asked about #6720 Freight, Moving & Towing.

Mr. Canasi responded that is for the museum.

There was a question about #6514 Awards & Recognition.

Mr. Canasi responded that it includes the volunteer recognition program and the annual volunteer luncheon for 250 to 300 volunteers.

Mayor Hallman asked about #6672 Contracted Services.

Mr. Canasi responded that about $75K is from the Library for catalog downloading of records, collection agencies, etc. About $45K is for diversion services to handle peak loads, and about $105K for Kid Zone for facility rentals, buses for summer trips, etc.

Mayor Hallman clarified that those tend to be offset by revenues.

Agenda Item 4 – Department Focus: Community Relations

Shelley Hearn summarized that the department is small, but it provides a lot of service via communication to the public. The department consists of 18 full-time and 4 part-time staff members and there are three divisions. She introduced Amber Wakeman from Government Relations, Shana Warner from Neighborhood Services, and Nikki Ripley from Communication Media Relations.

- Communication and Media Relations
  - Manages media relations efforts for high-profile city issues and informational news stories.
  - Provides support to councilmembers.
  - Graphic design services across all City departments.
  - Tempe 11 staff.

- Government Relations
  - Federal – track and secure federal funding for Tempe projects.
  - State and other local agencies – track and lobby bills that affect the City, as well as manage contract lobbyist.

- Neighborhood Services

- Work closely with all neighborhood associations and homeowners associations to manage their issues.
- Work with departments to resolve neighborhood issues.
- Operate the neighborhood grant program.

- Mayor and Council Office
  - Staff helps to serve the City's elected officials.

She addressed the question brought forward by Councilmember Shekerjian regarding the effect of the 2001 budget cuts on this department. Five positions and one intern were cut. The Neighborhood Services Division cut one position. The front desk support staff was cut, although two part-time staff currently cover that function. One Council Aide was cut, but that position has since been filled. One Public Information Officer position was cut, but Nikki Ripley now manages the division as well as serves as the PIO for the City. A Management Assistant position was lost in Government Relations. The intern position was a paid, full-time with benefits, graduate level position from ASU. That position varied through the years as to the level of support. The department has regained the one Council Aide and one Administrative Assistant which would have been equivalent to the front desk support. Since then, that position has elected not to return to the City, so that position has been frozen. That is not shown in the cost reduction because she would like to revisit that structure in the future.

She continued that Community Relations is not the typical department. It is a catch-all for many things so there will be high areas within the budget that can't be changed without direction. She outlined the recommended cuts, all from funds that were not utilized:

- Communication and Media Relations - $25,000
  - Promotional items
  - Contracted services (reduce video technicians/outside photography)
  - Operation and Maintenance (reduction in equipment needs)
  - Insight Bowl (game tickets not being utilized)
- Neighborhood Services – no cuts
- Government Relations - $3,500
  - Memberships and subscriptions (cancel Yellow Sheet)
  - Local meetings - reduction
- Community Relations Administration - $15,200
  - Duplicating (not utilized)
  - Outside printing (not utilized)
  - Membership and subscriptions (share resources)
  - Sports Authority (no longer staffed)
  - City sponsored events (prioritize)
  - Local meetings (reduce visitor drink options to water, tea and coffee)
  - Travel expenses (not utilized)
- Mayor and Council - $4,300
  - Outside printing (not utilized)
  - Miscellaneous supplies (not utilized)

Mayor Hallman added that some of these were already adopted by Council, but he suggested adding the entire list. He asked for the list of #7099 Miscellaneous City-Sponsored Events for

the next meeting. It shows a budgeted amount of $25,000 but an actual of $51,649. #7022 Maricopa Assn. of Governments shows the exact prorated share of the fee. He asked about #7056 Holiday Decorations.

Ms. Hearn responded that those are the decorations on the light poles. That is no longer in this budget and has been transferred to Public Works.

Mayor Hallman noted #7059 Tempe Sports Authority is creating a separate agency, and that line item shows $7,500 which is different from the $3,000 shown in the recommended cuts.

Ms. Hearn responded the $3,000 refers to the staffing. The remainder would be moved into #7099 Misc. City-Sponsored Events.

Mayor Hallman asked if she would propose that #7099 stay at $25,000 including whatever that event might be.

Ms. Hearn responded that it would stay at $25,000.

Mayor Hallman asked if staff tracks whether or not people actually attend those sponsored events.

Ms. Hearn responded that staff does track that.

Mayor Hallman noted that #8307 Telephone Costs seemed high.

Mr. Jones responded that it is every telephone line including fax machines.

Mr. Woerth asked about line item #7004 Arizona League of Cities and why it is so expensive for 2006/07.

Ms. Hearn responded that it because of the payment schedule. They ended up paying it on the front end. That money might not be spent in this budget.

Mayor Hallman clarified that the money was pre-spent for 2007/08, so although it shows in the 2007/08 budget, it will come out as a "0" on the actual.

Ms. Hearn added that it is due in July.

Mayor Hallman clarified that would be true unless they are paying for next year's out of this year's budget.

Ms. Hearn added that the money could go back this year and they would need to wait to pay it next year until July 1.

There was a question about #7019 Fiesta Bowl Sponsorship.

Ms. Hearn clarified that the Fiesta Bowl line item should not be on the budget and that dollar amount should go into Insight. She also suggested moving the Williams Aviation contract from #6672 Contracted Services to another area.

Mayor Hallman responded that it will still be a general fund item, but it is not really out of this budget. It is part of the environmental budget, but that is currently in Water/Wastewater, so that's the reason it is still stuck in here.

Vice Mayor Hutson asked about #6701 Cell Phone Charges.

Ms. Hearn responded that many of the employees have their own personal cell phones. She does not have a cell phone, but has a Blackberry. For Mayor and Council and Community Relations, it is about $15,000.

Mayor Hallman asked if the City buys cell phones for the assistants.

Ms. Hearn responded that it does.

Mr. Jones noted that there is no city-wide cell phone policy so every department has their own policy.

Vice Mayor Hutson clarified that IT was supposed to come up with a policy and bring it to the FEVA committee.

Ms. Hearn expects that her staff will have a way for her to communicate with them since there are emergency situations. They do not provide cell phones for the admin staff and it is based on need.

Mayor Hallman asked why #6130 Elected Official Retirement decreased by $5K.

Mr. Hart stated that he would check.

Mayor Hallman summarized that staff should follow up with the pre-paying of the Arizona League of Cities and get a full report on the $51,000 in #7099 to try to keep it at $25,000 this year.

Agenda Item 5 – Discussion and Recommendations
This item was included with Items 2, 3 and 4.

Agenda Item 6– Set preliminary agenda for next meeting

- May 8 – Parks & Recreation Review and follow-up on Courts/Police, Community Services, Community Relations and Human Resources
- May 29 – TCC / Diversity and recommendation review
- Possibility of June meeting

Meeting adjourned at 6:25 p.m.

Prepared by: Connie Krosschell
Reviewed by: Jerry Hart

Jan Hort
City Clerk