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**Minutes  
Ad Hoc Long Range Budget &  
Finance Planning Committee  
January 31, 2008**

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

**Committee Council Members Present:**

Mayor Hugh Hallman  
Vice Mayor Hut Hutson  
Councilmember Onnie Shekerjian

**City Staff Present:**

Mary Anders, PD  
Tom Duensing, Deputy Financial Svcs Mgr  
Molly Enright, Mayoral Aide  
Jerry Hart, Financial Svcs Mgr  
Julie Hietter, TSA  
Jan Hort, City Clerk  
Ken Jones, Internal Audit  
Carol Martsch, SEIU President  
Jeff McHenry, TOA  
Cecilia Robles, Dep Financial Svcs Mgr  
Adam Williams, Sr Budget & Finance Analyst  
Tom Mikesell, Lead Budget & Finance Analyst  
Mark Day, Sr. Budget & Finance Analyst

**Citizens Present:**

Lorraine Bergman  
Todd Skinner  
Mary Ann Miller  
Dianna Nanez

*Mayor Hallman called the meeting to order at 4:00 p.m.*

**Agenda Item 1 – Public Appearances**

None.

**Agenda Item 2 – Review of previous committee recommendations**

Mayor Hallman summarized that nearly all recommendations from the previous Ad Hoc Long Range Budget and Finance Planning committee were adopted.

Jerry Hart presented the list of recommendations from the previous committee that was forwarded to Council. Over the course of its evaluation, in December of 2005 the committee whittled the list down to a list that was forwarded to Council for actual consideration. Council decided at its April 6<sup>th</sup> Budget Session to accept some of the recommendations for implementation, not to implement some recommendations, and to refer some to committees.

Vice Mayor Hutson clarified that all items referred to the Finance, Economy and Veterans Affairs Committee (FEVA) were brought back to Council and were approved.

Mr. Hart continued that the committee developed a total of about \$7M in recommendations, but the total implemented was about \$3M. In addition to the list the committee developed, the committee also accepted a list from each of the employee groups, which were ultimately rolled into the list, and at the December 5<sup>th</sup> meeting, the committee decided to send the items shown to Council for consideration.

Todd Skinner asked if it was known whether the desired impact on revenue or expenses was achieved.

Mr. Hart responded that for the items representing budget cuts directed by Council, the desired results were achieved. After Council gave direction in April of 2006, those items were eliminated out of the budget, and in terms of the revenue items, results were also achieved. For example, information from Development Services reflects that the fee increases that went into effect realized revenues estimated. A decision was recently made to require a license for all rental properties in Tempe, and staff has confirmed that that funding is coming in. He would have to look at each recommendation specifically to determine if the levels were achieved. For example, concerning the prosecutor fee for \$375K, only \$250K has been realized. He added that with the exception of those that were referred to committees, all were implemented, but due to the timing of the rollout or whether an ordinance was required, all have been implemented or are under way. To be able to verify whether we have achieved the amount is questionable, however.

Vice Mayor Hutson added that some took six months to implement, so there might only be a half year's income.

Councilmember Shekerjian asked for explanation of "R/NR."

Mr. Hart explained that it means recurring or non-recurring.

Mayor Hallman clarified that these lists were the result of the department-by-department analysis. He asked if the committee should look at the budget adjustment since FY 05/06. He suggested looking at FY 04/05 first. If they are sorted by department, as each department comes in, the committee can cross-match what they are currently proposing with what was previously proposed. He would suggest using the first list which is more extensive.

Councilmember Shekerjian suggested specifying on that list what was implemented and what was not implemented.

Mr. Hart added that in FY 04/05, there were no supplementals. The adjustments were primarily compensation-related. For the next meeting, he will bring the more comprehensive list to include TEC, citizens, and employee groups.

Mayor Hallman clarified that as the committee goes through the departments, we will see all the different ideas that already came up and we may decide that some of them are now needed.

**Agenda Item 3 – Review of budget adjustments since FY 05/06**

Jerry Hart presented two reports: General Fund Budget Growth Analysis: FY 05/06 to FY 07/08 and General Fund Budget Growth Analysis: FY 05/06 to FY 07/08 (adjusted for ongoing contingency commitments). The reports summarize all of the changes to the budget from the FY 05/06 General Fund Budget through the current fiscal year.

Mr. Hart summarized that the General Fund Budget Growth Analysis reports show that the FY 05/06 adopted budget was \$138,273,504. All of the adjustments are then listed to show how the FY 06/07 budget was developed. Budget adjustments which have occurred since the beginning of the current fiscal year are also shown, ending with the FY 07/08 budget.

Mr. Hart stated that the base adjustments totaled \$16,452,494. Most of that is personnel-related. In that year, employees were moved through the salary ranges, and the City made the decision to go from the 50<sup>th</sup> percentile to the 75<sup>th</sup> percentile in terms of how Tempe compares to the other cities. The market survey resulted in approximately 90% of the salary classifications moving. When that happened, those employees previously “topped out” or nearly “topped out”, were eligible to receive as much as a 5% increase in pay.

Mayor Hallman clarified that salary ranges were set on a market analysis of eight competitive communities. The City had always wanted to be at the mean and median, and then we moved it to the 75<sup>th</sup> percentile. That went back to the protocols that existed until during the last recession when it was moved down to the 50<sup>th</sup> percentile during a budget tightening, and then moved back up.

Mr. Hart continued that everything below that on the report is essentially the operating budget supplementals approved by Council during the 06/07 budget process. This is a process used to determine the budget for the FY 06/07. That year, 61 positions were added, with 34 of those being added to the General Fund. Some added items were one time non-recurring; ones shown that represent positions are recurring.

Councilmember Shekerjian asked for explanation of the “non-Departmental” category.

Mr. Hart responded that category is where all of the funding, for example, for TCC, for the Insight Bowl sponsorship, Sister Cities, etc., is budgeted.

Mayor Hallman asked to be provided a list of what is included in that category.

Mr. Hart added that this category also includes staff's estimate of the fiscal impact to the General Fund based on the market surveys. The market survey is generally not completed until July/August and in terms of predicting the impact, an estimate is made. That estimate is placed in the non-departmental category until the impact is known and then that fund is appropriately reallocated.

Mayor Hallman asked why we end up looking at the budget numbers instead of the actual expenditures for the past years.

Mr. Hart responded that it was his understanding that the committee wanted to see the changes in the budget. These reports show the changes in the adopted budget from year to year, but staff can provide the actuals.

Mayor Hallman added that it is important to see what baseline we are really starting with.

Councilmember Shekerjian added that the percent of change is important to know, but it would be really helpful to see the actuals.

Mayor Hallman added that it would be helpful to see the actual expenditures. The report shows the actual dollar change and percent of change, but we also need to see where we actually spent the money.

Mr. Hart stated that he will provide a budget-to-actual comparison and actual-to-actual comparison.

Councilmember Shekerjian clarified that the market survey is done and the goal is to stay within the 75<sup>th</sup> percentile. She asked if it only adjusts up. What happens if the market survey shows that because of downturns, everyone else is holding steady or have had to make cuts. How does that work in terms of our market survey and how we react to that?

Mr. Hart responded that since it has been implemented, that hasn't happened. In the event the comparison suggested that we should lower it, employee wages would be frozen at that level.

Councilmember Shekerjian clarified that essentially, the market survey is 75<sup>th</sup> percentile or above. There's never been an indication that we would lower someone's salary.

Mr. Hart responded that he didn't believe it was ever the intent to do that.

Mayor Hallman clarified that the policy is that no one has ever taken a cut, but we have frozen salaries. That typically occurs at the top of the department. We may have to consider that if other cities don't give COLAs based on their calculations, we are not going to see ranges moving. We still have this 5% automatic STEP increase, however, and should that still apply? If we were to say that the STEP increase is based on the fact that our STEP increase program was a proxy for the COLAs and merit raises, etc., shifted into this program, is 2% or 3% or 4% appropriate? Even if we implemented something like that, how much does that save in the base adjustment? The ranges probably aren't going to move, but within those ranges, people who are not topped out of their range are going to continue upwards, and that is why the base adjustments would continue unless we do something about that.

There was a question that traditionally assuming that everything was frozen and position classifications have not increased as policy exists today, would individuals that do not get an increase be eligible for a one-time bonus?

Mayor Hallman responded that was a one-time adjustment to reflect the downturn period where there were no adjustments. He suspects we will be facing the same issue.

There was a question whether the other cities know they are being surveyed.

Mayor Hallman responded that most don't rely on market surveys. Most of the other cities are based on their cost of living adjustment. We have abandoned cost of living adjustments and said we weren't going to put into an automatic COLA based on some calculation of general inflation. We said we would survey our surrounding cities and adjust our salaries based on their adjustment. If there is no cost of living adjustment due to the COLA-based formulas, our survey won't go anywhere.

Mr. Hart continued that although this growth analysis is useful information, the second report shows the actual figures. In looking at the section of the report that shows the total change, for example, in Mayor and Council, there was an 11.2% change in the budget from FY 05/06 through FY 07/08. The City Manager shows 18%, primarily representing the addition of the Assistant City Manager position. Community Relations shows 16.5% change. That gives a sense of the more significant changes in terms of dollars and percent. The last column provides the percent of total change for \$37M, of which the Mayor and Council represented only .1%.

Mayor Hallman clarified that this calculation is based on the notion of percentage to budget.

Carol Martsch asked about "Public Works – General." The percent of change is 30%, yet the total change is 6.1%. Is that because the last time we did this process we came up with a lot of fee increases?

Mr. Hart responded that this is all expenditures. Parks and Recreation was a department recently created by taking pieces out of Public Works and Community Services. That explains the percentages and dollars changes.

Mayor Hallman further clarified that in terms of examining all three of those departments and figuring out how that should be split up, there is still significant increase in Public Works, for example. The 6.1% change is because its share of the budget is still relatively small compared to the other departments, so that's why Mayor and Council can say their budget only changed by .1% because it has a very tiny budget. It grew by almost 12%, but of the total budget changes, it was only .1%. We still need to come up with 15% cuts or revenue enhancements to make all of this work. We also need to recognize the places where revenues are generated that offset those expenses. For example, Development Services grew in its budget and probably in its actuals, but its revenues also grew significantly because we loaded onto that department all of its costs that it then had to push out to its customers, so its revenues likely increased to some significant degree. As a result, the committee needs to recognize that the budget increase necessarily means that its expenses exceeded revenues. It may have actually generated its own revenue to cover that increase, so its real cost to the General Fund might have been a change of zero or less. Relative to FY 04/05, the FY 07/08 net cost to the General Fund was probably closer to zero than it was three or four years before.

Councilmember Shekerjian asked for clarification of what goes under “Contingencies.”

Mr. Hart explained that Council has a policy to set aside 2% of General Fund revenue as a contingency. In looking at FY 05/06, that contingency was only at \$1.2M. That was specifically done because of the tightness of the budget and Council basically suspended that 2% policy in an effort to help balance the budget for that year. In subsequent years when things got better, we resumed the full appropriation for the contingency.

There was a question whether the increases in Police and Fire were one-time enhancements.

Mayor Hallman responded that in this year’s budget there is a plan to add an additional 10 Police positions and 21 Fire positions. That’s what is reflected in the report. The last page shows it went from \$173M in FY 2007/08 to \$175.5M FY 2007/08 adjusted. Those are recurring, so every year, they are now added to the base budget, plus the inflator that might be associated with them for the healthcare costs and range adjustments.

There was a question whether they are now adequately staffed.

Mayor Hallman responded that this probably gets them to a position where they think they are adequately staffed. They may even come back with recommendations of where they might eliminate if needed.

Mr. Hart added that the Police Department came forward with a reorganization plan and that plan did authorize adding 10 positions this year, and an additional 10 positions that would be part of the supplemental process for next year. It is 41 in this year if we add the last supplemental. The others became part of the base budget.

Councilmember Shekerjian asked if the contingencies are spent or rolled over.

Mr. Hart responded that lately the contingencies have been spent. Staff is working on an analysis of where we have been spending contingencies. This year, we started out with a contingency of about \$3.5M and that is down to about \$600K. He summarized that:

- In FY 02/03, there was a contingency of \$2.5M, of which \$660K was spent.
- In FY 03/04, there was a contingency of \$2M, of which \$1.6M was spent.
- In FY 04/05, there was a contingency of \$1.1M, of which \$462K was spent.
- In FY 05/06, there was a contingency of \$1.2M, of which \$600K was spent.
- In FY 06/07, there was a contingency of \$3.1, of which \$2.8M was spent.

Councilmember Shekerjian asked what happens to the money that was not spent.

Mr. Hart responded that it falls back into the General Fund balance.

Mayor Hallman added that the FY 02/03 contingency was \$2.5M, and 26% or \$669K was spent. In FY 03/04, of the \$1.6M that was spent, how much was put into capital vs. O&M? Over various periods of time, the Council would use the contingency as a source for capital.

Mr. Hart added that historically the contingency has been for one-time non-recurring expenditures, but there has been a change recently. The Police Department and Fire Department were taken out of the contingency for this year and then it became a base budget item for next year.

Mayor Hallman asked what additional information would be useful. The budget supplementals aren't necessarily identified as non-recurring or recurring. It would be helpful to split this out to identify what grew permanently and how we might roll that back.

Tom Mikesell presented the background page from the budget review book.

Mayor Hallman asked staff to provide that information to the committee members. Just add the actual amounts, and keep the budget numbers. It will help to see the directions people moved during the budget year. We are also talking about working out the non-department into the specific subgroups so we can see how those worked as well.

**Agenda Item 4 – How other municipalities are responding to budgetary challenge**

Jerry Hart presented a report that shows what Phoenix, Mesa, Glendale, Scottsdale and Gilbert are contemplating which gives a sense of what is under consideration.

Mayor Hallman asked for an explanation of "new recurring spending."

Adam Williams responded that Glendale and Scottsdale are considering this as part of their budget process.

Mayor Hallman asked about "Evaluation of Personnel Services Costs."

Mr. Williams responded that is mostly fringe benefits, overtime, vacation pay, etc.

Mayor Hallman noted that the "Department Budget Reductions" show their target reductions. Glendale and Scottsdale are not contemplating any, but Gilbert is. "Severance Packages" show that Phoenix and Mesa are contemplating giving them, and Glendale and Scottsdale are not.

Mr. Williams clarified that Glendale and Scottsdale said that as of right now, that is not part of their plan.

Mayor Hallman added that Mesa and Phoenix are encouraging people to take early retirement or severance packages. He understood that "Internal Services Cost Evaluation" is like we did last time whereby the City looked at whether the General Fund was properly charging transit and other third party sources of funds.

There was a question as to the kinds of deficits the cities are looking at.

Mr. Williams responded that Phoenix is looking at a \$70M deficit. The others haven't published any numbers. Scottsdale is breaking even, their revenue estimates are down about \$7M, but they have a lot of savings.

Mayor Hallman stated that we are starting earlier than we did last time. In the 2001 recessionary period, Tempe anticipated that recession and we started in April or May of 2001 and by October had adopted revenue enhancing and expense reducing actions. The other cities had not even started contemplating that until their budget cycles started and they recognized that the revenues were continuing to fall and that's why there were headlines about deficits. His expectation is that Tempe's revenues are not wildly positive, but they are slightly ahead of last year's. Scottsdale's, Mesa's, and Glendale's aren't. We hit the increase in revenue over the last three years, and our budget expenditures matched that. Glendale did not get retail out until the last year or so. They may have projected those increases in revenue and started to match their budget to it, but they didn't move their budget up to the higher level as much. He suspects there is some relief from not having grown the budget on the expense side as much as we did.

Mr. Hart added that the next sales tax report will reveal a truly December number.

#### **Agenda Item 5 – Department Focus: Internal Audit**

Ken Jones presented a summary of the Internal Audit budget. Of their budget, 92.1% is spent on personal services, 2.8% is spent on supplies and services, and 5.1% is spent on internal service costs. Last time, they gave up \$10K. There are no administrative positions. Of the \$14,120 for supplies and services, 10% is allocated to a copier lease which is shared with the City Clerk and the Diversity Departments. Staff size was reduced by 20% (one person) in the last down-sizing process and none has been added. They have had no supplementals. They have no City-issued electronic equipment and there has been no out-of-state travel. From FY 05/06, the budget increased by 10% and that was all in personal service. The 15% of the budget represents \$75,093, and that cannot be achieved unless personal service costs are reduced. He didn't recommend cutting any staff.

#### **Agenda Item 6 – Discussion and Recommendations**

Mayor Hallman summarized that the department is called Internal Audit, but they have done a lot of external auditing. Through the audit of the 126 external contracts, money was found. He asked Mr. Jones if he thought there is value in continuing that process and not just random auditing. Should we continue going through each of those external relationships? Also, the trend we have observed in the change order process seems to be coming out of our contracting. We end up doing a procurement process, have a contract, let them, and then on any given agenda, there seems to be change orders that keep coming through for very large amounts of money not just on material supplies, but on construction contracts and services contracts. One wonders if we shouldn't think about actually staffing in a way to have some chance in reducing those kinds of continuing flows. They seem to be significant.

Mr. Jones responded that they have looked at several things that would generate immediate revenue or expense savings. Staff has put together a manual on fraud. There is actually a fraud examiners contingent out there and they estimate an organization loses 5% of their annual revenues to fraud. If that amount were applied here, it would equate to about \$28M. Some of the most fruitful audits have come from this. Our previous City Manager wasn't big on the idea of creating a "tattletale" agency. The new City Manager felt that this could be done in conjunction with a suggestion program where employees are rewarded, not necessarily calling it a fraud hotline. A simple tip, for example, was that someone's water bill was adjusted. We

looked at it and found \$2.5M in under-billed and under-collected revenue. We fixed those things and that money is being collected every year now that wouldn't have been in the past. We do a lot of audits on risk. We are proposing that we work with the City Manager to implement a customer-friendly, employee-friendly ability to report those kinds of things.

Mayor Hallman added that in the last process, the committee had talked about an employee rewards program. It was recommended not to implement one. Rewards would come out of cost-savings. We are looking for ways to save money and do our jobs better.

Mr. Jones added that there is an employee suggestion program, but the City Manager kept that informal, too. He forwarded suggestions he received and then Mr. Jones contacted them. He didn't advertise them. We don't want to return to the old days where we were rewarding someone for giving an idea. What we have now is that if it proves fruitful, and Cecilia can actually remove money from a department's budget, the person will be considered for some reward.

Councilmember Shekerjian added that she was impressed that the City had an internal audit department. It's good to have a proactive way to look for those kinds of things that can add up. It needs to have a face to it to reflect what we are looking for, however. She hoped that we would be able to communicate that so we don't get beaten up for the fact that we are actually finding things.

Mr. Jones added that it would be rolled out to the unions first. It isn't a way to tattle on your fellow employees, but it's a way to ensure that the money being set aside to pay salaries and keep the City afloat is being guarded.

Carol Martsch added that occasionally disgruntled employees will say things are going on. She has no way to check on those things, so she thought it would be a good idea.

Mr. Jones responded that probably the biggest challenge with a small staff would be to keep up.

There was a question as to whether this would be for internal and external.

Mr. Jones responded that it could be done both ways. There's a way to create an 800 number where people can anonymously report from the outside. There are actually a lot of citizens who report things that don't actually know staff. The most fruitful information comes from those with the most knowledge of the organization and they happen to be internal. He wouldn't anticipate that we would see an initial external rollout. That would require more staff.

Mayor Hallman asked how valuable it would be to have staff look at, for example, collection of the sales tax on rentals.

Mr. Jones responded that the rumor is that a position recently vacated in Tax and License and they are looking at hiring an auditor to do rental tax audits. In the City Charter, he is listed as the Taxpayer Problem Resolution Officer. Occasionally, he is contacted by members of the public who say they have not been treated properly by the Sales Tax department and he has to serve as their advocate.

Mayor Hallman added that having that position in Tax and License would be the correct place to have it. We are continuing to see a huge number of rentals out there that are listed as owner/occupied at the County but for which we are not collecting sales tax, and those identifications at the County are giving a property tax reduction to landlords of rental properties.

Vice Mayor Hutson added that he would support pushing that really hard.

Councilmember Shekerjian stated that it would be really good to know, of the ideas generated by Internal Audit, how much has been saved for the City.

Mr. Jones responded that the City Manager recently asked him if he kept a detailed list and he advised that he does not. The City Manager advised not doing that because it would put a barrier between Internal Audit and the other departments.

Councilmember Shekerjian clarified that she was speaking only of the amount.

Mayor Hallman added that if it were done, other departments would look at them as the guys who are stealing money out of their budgets.

Mr. Jones added that they have always been comfortable not taking the credit, and just passing along recommendations to Jerry Hart.

Councilmember Shekerjian clarified that she was thinking of it in terms of justifying the current positions.

Mayor Hallman clarified that Mr. Jones seems to be thinking about the external contract relationships where we ought to keep examining, in terms of ethics and proper operation, but eventually every contract should be subject to audit.

Mr. Jones responded that the audits were actually contracts of which the City is a part, so those are internal. External audits of other peoples' books aren't as good for them, and one of the recommendations in their revenue-generating contract audit was to make sure the provisions within those contracts are tightened up so they have to pay to give the City an audited financial statement. That helps a lot, and makes the books available for verification.

Mayor Hallman clarified that he was referring to the 126 contract relationships we have. Those relationships ought to be subject to audit during some period of their life cycle. If not, everyone knows that the only audits conducted are where most of the money is; where lesser monies are involved, that's where a lot of that fraud could be taking place. We audited, for example, Sister Cities as a third party relationship. We were not getting paid. We only found a few thousand dollars, and although it wasn't ultimately worth the time, it also makes sure that everyone else with a similar kind of relationship understands that their number may come up.

Vice Mayor Hutson added that over the last couple of years, every time Council gets a contract, he has asked whose responsibility is it to monitor that contract. He has always been amazed as to whose responsibility it is. He is still not comfortable with that.

Mr. Jones responded that they have identified all of the contracts and assembled a database that lists the contract monitors. They go to that monitor for information, and there is responsibility. It has improved tremendously.

Mayor Hallman asked whether the contract monitor on the Pier 202 sales property is Community Development.

Mr. Jones responded that he would find out.

Mayor Hallman added that the problem has already been solved in that case, but it was a contract that had a really clear obligation to pay and no one ever collected the payment.

Mr. Jones added that the database includes all the communication that takes place.

Councilmember Shekerjian suggested in looking at departments that the committee consider whether during the last streamlining process there was a staff reduction that wasn't filled back in. Some departments did and some didn't. That needs to be considered when we are asking departments to take another hit.

Mr. Jones stated that the Mayor has mentioned some possible salaries and benefits that the Committee might need to examine this year. His department is fully supportive of anything that is across the board.

Mayor Hallman added that before we get there, the departments need to be doing those calculations. For example, what does changing the STEP add up to, what does freezing our ranges currently and allowing them drift back down to 50<sup>th</sup> percentile mean? We need to look at department by department first before we look at those overall things. A lot of little numbers can add up, so we need to look at that first. He asked Mr. Jones if there is reason to believe that with an additional staff person, would the revenue generated by the recapture of money justify the increased expense.

Mr. Jones responded that if they had more people, they would have more opportunities to go out and investigate.

Mayor Hallman added that it may not be a good time to do that in this budget cycle, but in the future, if there were opportunities, it might be good.

Mayor Hallman summarized that this department, given what it was downsized to last time and the other limitations on its budget, which is small, there is still \$75,000 that has to be imposed somewhere else if no changes are proposed. In addition, it sounds like Mr. Jones is already in conversation with the City Manager about if and when additional auditing makes sense to enhance the likelihood that we reduce potential fraud and enhance revenues that might have otherwise been lost. He would anticipate receiving those recommendations on an ongoing basis. It also argues that, perhaps not through a report on how much his department's efforts have resulted in recaptured revenue but some kind of internal notion of that amount, there may be a reason to want to add a staff person back into this department that would not only justify the position itself, but also result in that revenue. We would be foolish not to look at that.

Dianna Nunez asked that because staff is so expensive, whether there is equipment that would increase the productivity of his staff.

Mr. Jones responded that they either have or borrow what they need.

**Agenda Item 7– Set future meeting schedule**

Mayor Hallman stated that this process will have to “ramp up” to be valuable as part of this budgeting effort. To continue this process beyond June doesn’t make a lot of sense. The goal is not only to complete this process as part of this year’s close-out and see where we can enhance the results for this year, but also systemic recommendations on the line-by-line base budget. This process is about the underlying established budget as it is currently created and pulling that apart, looking at what we’ve been doing for years that may no longer make sense and how we are going to make those adjustments. He asked Jerry Hart to choose departments that will be the lion’s share of the main budget. The current budget process is helping departments to think about the line-by-lines they already have in their budget, so minimal research should be required.

Jerry Hart stated that the Fire Department has agreed to make a presentation at the next meeting. He will need to find a second department. He distributed a meeting schedule.

Mayor Hallman stated that the goal is to complete the process by June 26<sup>th</sup>. The scheduled meeting on March 13 is during Spring Break, and he suggested moving it back to March 6<sup>th</sup>. He suggested leaving the meetings scheduled for July and August in case they are needed.

There was agreement.

Mr. Hart noted that adoption of the tentative budget is scheduled for May 22<sup>nd</sup>.

Mayor Hallman added that twelve departments will have been completed prior to that date. Again, the committee’s focus is the existing base budget as much as anything else.

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

- Councilmember Shekerjian asked Mr. Hart to take the long list and just show the things that were not carried forward to Council, which things that were carried forward but not adopted, and whether they are recurring or non-recurring.
- There was a suggestion to include a representative from Internal Audit on the committee. Mayor Hallman will speak to Charlie Meyer.
- Carol Martsch noted that the SEC will begin bargaining the meet and confer process on every non-Council Thursday. The meetings scheduled to go until 5 p.m., but she will have a substitute present at this meeting for the first hour.

***Meeting adjourned at 6:00 p.m.***

Prepared by: Connie Krosschell  
Reviewed by: Jerry Hart



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Jan Hort  
City Clerk