Special City Council Meeting Minutes (Budget Retreat) – April 18, 2008

Call to Order:

Roll Call:

Mayor Lyn Truitt called the Special City Council Meeting to order at 8:30 a.m. on Friday, April 18, 2008 at Surprise City Hall – 12425 W. Bell Road, Suite D-100, Surprise, Arizona 85374. Also in attendance with Mayor Truitt were Vice-Mayor Villanueva; Council Members John Longabaugh; Richard Alton; John Williams; Joe Johnson and Skip Hall.

Staff Present: City Manager, Prisila Ferreira; Assistant City Manager, Doug Sandstrom; Assistant City Manager, Kathy Rice; City Attorney, Michael Bailey; Deputy City Manager, Sintra Hoffman; Director of Intergovernmental Relations, Michelle Lehman; Chief Information Officer, Randy Jackson; City Engineer, Robert Maki; Police Chief, Dan Hughes; Fire Chief, Michael White; Community Initiatives Director, Dan Lundberg; Public Information Officer, Ken Lynch; Management and Budget Director, Michael Schrock; Finance Director, Robert Nilles; Director of Economic Development, John Hagen; Director of Human Resources, James Bowers; Director of Community and Recreation Services, Mark Coronado; Director of Public Works, Robert Beckley; Budget Manager, Jared Askelson; M& B Staff (Stephen Copeland, Shelly Hohman, Cathy Pool) and City Clerk, Sherry Ann Aguilar.

CITY MANAGER INTRODUCTIONS:

City Manager, Prisila Ferreira commented that staff will be presenting the 2009 budget and 5 year forecast.

Ground Rules – We will use flip chart if issues need to be discussed in further detail later on in the meeting. The majority of Council is new so we will be going into further detail on critical issues. This year is challenging due to economic hard times statewide. Some cities and towns have reduced their work force and reduced their service levels but in Surprise, we are doing better than most. However, we do have our challenges. We need to look 5 years down the road so that we do not need to reduce services. Today, staff is presenting a balanced budget. Ms. Ferreira explained the difference between one time and ongoing expenditures and the effects it will have in the long run on the City.

Limited recommendations from staff to high priority only. We will discuss this in detail later today.

Staff increases and pay for performance had been eliminated, but will approve a cost of living increase to keep employees at the 75% level as previously promised to remain competitive. Employees are experiencing an increase in health insurance so this will assist employees with this. All Directors were asked to take a look at their base budgets, if increases were needed, they needed to justify to City Manager's Office before presenting to Council. The largest increase in staff is in the Water Services Division due to a new plant. Community Development Department decreased 6 positions that were not filled during last year and due to decrease in building, these positions are no longer needed.

Departmental requests were reduced drastically from 14 million to 1.2 million ongoing requests. Tomorrow, we will talk about the CIP.

Thank Management & Budget staff for their efforts during this very difficult budget process.

BUDGET OVERVIEW:

Budget Director, Schrock asked Council to turn to page 1 of the budget handbook. Schrock gave a general overview of the changes that have occurred since the budget books went out last week. He asked that Council change the first figure from $281,031,500 to $276,008,770 this is due to a reduction in State Shared Revenues. The numbers changed since the budget books went out to Council.

The 09 budget does not include any carryovers; he gave a brief description of what a carryover item is. $124 million dollars in carryovers requested. That is the starting point for today. The 2009 budget is being presented to you as balanced and that is required by law to present to the City Council. We are committed to completing projects that are underway, and to complete and deliver on time to the residents.

Reviewed Powerpoint Presentation labeled FY2009 Recommended Budget Overview – marked #1.

No Council comments or questions.

Reviewed powerpoint presentation for FY2009 Revenue – marked #2.

Council comments/questions:

Council Member Williams – What if the 700 projected permits drop to 300. What's the plan? Staff would get with management and review the capital projects plan, discuss and come back to Council for a solution.

Budget Director, Schrock – Our numbers have been historically hire than projected, yes, this does put us on notice from what is happening in other cities/towns. March, we issued 65 permits, and 700 is a conservative number at this time. Ongoing is at 43%, and more than half of our budget is one time expenditures.

Budget Manager, Jared Askelson presented a powerpoint presentation relating to Expenditures – Marked #3.

Council Member Alton – Transit is dial-a-ride? Askelson, that is correct!

Council Member Hall – discuss Transit Operations? Could you please explain one more time?

Askelson explained lottery fund process. This will affect the LTAF money we will receive this year. We are drawing off a fund balance.

City Manager Ferriera commented that we will be monitoring the stream flow and all expenditure throughout the year so we won't have a shortfall.

Budget Director, Schrock – This concludes our presentation and turned it over to the Mayor.

PUBLIC QUESTIONS & COMMENT BREAK:

Ken Wright – Commented that he appreciates being able to speak. Addressed comments by City Manager – they were excellent comments and summed it up clearly. Agree that you need to keep close monitoring on spending throughout the year. The amount of services being provided, are coordinated really well. Congratulated staff on their detailed and clear presentation especially for new Council on board. Finally, it is a matter of confidence, and not an easy task for Council – this has set the stage.

Martha Bails – summarized comments – the water situation, not clear on this subject. Is the City going to take over the billing process? Always remember, the residents will have to pay. $635,000 For the 10% set aside is very high. General fund subsidies – you need to spend more time on this subject. We can't afford year after year to subsidize swimming pools. BNSF needs to use this money elsewhere. Paving of 219th Avenue and Saguaro view to do some of their streets.

Mike Woodard – Revenue side property tax questions. Increase in property tax, wondering where is the increase coming from? Don't understand that part of it. 10% set aside is City policy but needs to be looked again. What happens when we reach a billion dollar budget, that's a lot of money for revitalization to take care of other taxpayers. Just some questions I have.

Budget Director, Schrock discussed power point presentation marked #4.

Council Member Alton – 80% increase is for the overall operations which several line items were in the Clerk's Office. Where will those funds be located now?

Mayor/Council – One full time position and district funds for day to day business. $5,000 for each Council Member. Would help for small capital expenditures and accommodate a neighborhood for items such as potholes, curb cut, memberships, fund raising activities, events, etc ., There would be an opportunity to discuss a policy for use of district funds and that would be up to the Mayor and Council. This is needed to conduct the day to day operations. This is not uncommon with other cities.

Chief of Staff – provide direct professional management for Mayor & Council. This is a natural type of position. State and regional level representation is very much needed; we need to have a seat at the table. Issues are much more complicated than before and this position will play a significant role with these types of issues.

Council Questions:

Council Member Williams – District Funds? $5,000 for each Council Member. What types of improvements? Please explain. I am concerned about the size of my district compared to others, need to be clarified.

Council Member Longabaugh – We spent a lot of the money in supporting special programs such as police & fire programs and for a neighborhood block party to get neighborhoods together.

Mayor Truitt – What were the amounts previously?

Budget Director, Schrock - $17,000 per Council district and $48,000 for the Mayor.

Council Member Alton – This has been something I wanted to come back to the table, and I thought it was incorrect that the previous council threw this out. I have found it very difficult to conduct City business using my personal funds. I am all for discretionary funds but not how it was done before. Need to have some rules.

Mayor Truitt – I fully support Mr. Alton's concerns, I have also been in this situation where I could find funds.

Council Member Hall – Capital improvements could be one aspect of the funds, but we need written guidelines that are specific and set parameters on how we spend the money. Specifically, the money needs to be spent in

Council Member Johnson – I find it ironic that this comes up again as one of the last old council. We continually went back to the list to review, and made the motion to throw it in to Council Contingencies and you would have to bring it back to Council for consideration. It is a subjective issue; someone is going to question those details. It does not matter, it will always be questioned and we will come under fire.

Mayor Truitt – We are elected by the City residents, and if they don't like them, they will speak out. This seems to be the right blend.

Council Member Alton – I would like to talk about the Chief of Staff. It was a Mayor & Council Assistant and now it is Chief of Staff. We need to talk about the title, and functionality of this position. It is a big concern to our constituency and we need to talk about this whether or not it is a position that we would like to hire.

Mayor Truitt – This position brings polish to the Mayor & Council and I did this right away at the State and Federal level. This is a position of a big city. This is a definite need. I am told that it is incredible that we have this particular person in our employment and that is brilliant. She has connections in DC, and all over the State. We have to pay a lobbyist $500 per hour. I fully support this position and this will do us well.

Council Member Hall – The articulation of this job has not got out to the residents. They want to know what this buys the City, the job description and what exactly is she doing for the City. Is it justifiable at this time? Part of our package should have been a job description because I am still not clear.

Mayor Truitt – Customer resolution, road map for Council to reach their goals, works with IGR department, building regional relationships with school districts, coordinating BNSF meetings, Luke Air Force Base, All American City Award, making Council aware of events going on in your districts and transportation issues.

Council Member Alton – I do not use Miryam, I make my contacts on my own. It comes into City Hall, but we don't have preview of everything, just our districts. She determines who should go to a meeting, but we should all be allowed to go to any meetings the Mayor goes to. I use the existing staff member for the Mayor & Council which is currently under utilized. I have a problem from the pay and the title, and should be considered as the Mayor's Assistant, not Chief of Staff. Should continue with the Mayor, but not increase the salary. Utilize the existing staff (IGR).

Mayor Truitt – There is no filtering process taking place, I include Council in on everything. If you are here, I will invite you in.

Budget Director Schrock – The range that we used for this position is comparable to the Special Assistant the City Manager range and is appropriate for the duties and responsibilities. The benefits add up to 30% roughly.

Council Member Hall – Is the intent of value for this position is to interact at the regional and state level, correct? How would she interact with the Intergovernmental Department? Are they crossing each other?

City Manager Ferreira – IGR is mostly during the legislative process. That's where Michelle is at; she is there but no opportunity to take care of other things for Mayor & Council. 95% of Michelle's time is at the legislator. That info is returned to Miryam and then work with Council to promote or kill it.

Mayor Truitt – We had the retreat in February and we talked about Team Work and we each have our own individual goals.

Council Member Longabaugh – We are still having problems talking about a person, not a position. We need to get away from the person, is the position appropriate. Do we have a chance to vote on these items today? What is the process?

Council Member Alton – The title of the position is misleading? There is no staff under this person.

City Manager Ferreira - The Executive Assistant would go under this person.

Mayor Truitt – No action in Work Session but could do a consensus. Currently, no consensus against this position, but the salary and title is the question.

Council Member Williams – asked that the City Manager gather a list of comparable salaries and job descriptions for this position.

Human Resources Director James Bowers – If approved, we'll go out and get those comparables and then this position would be posted.

Mayor Truitt – I suggest we let you do your job, and then bring back to Council for approval.

Council Member Johnson – Could we make this person appointed?

Council Member Alton – I am totally against an appointed position, should be managed by the City. Staff is hearing a consensus, I don't hear that. Are you going to bring back for a line by line vote, or a whole budget, how will this work?

Mayor Truitt – This is the time if we are going to have specific discussions, this is the day needs to be said with this. Why is it under the Mayor & Council budget and not City Manager?

City Manager Ferreira – Not typically, usually under City Manager. That's normal. Can we come back with job description, salary range, etc., for another date?

Mayor Truitt – Staff has received some direction and I think we should move on. It is my position that there is a time when you need to move forward and now is the time to do that.

ACM Sandstrom – Discussed goals set from the Mayor/Council & Staff Retreat in February.

City Manager Review – Marketing Position turned over to the City Manager for review. We are proposing a one time cost of $100,000 to cover marketing activities and needs. This will provide for hiring a consultant to create an overall marketing plan and to give us a distinct brand and to provide a strategy to guide the joint efforts.

Council Member Alton – My comment is that marketing is very important in any business and we need to be able to considerably spend less than $100,000. Will take longer than one year to see the benefits of this job.

Council Member Hall – Based on the economic environment we are in, it is going to get worse and adding a position like this is not prudent spending. I would like to look internally, Parks & Recreation, Communications and Economic Development for a combined effort. You need to have one person in charge to do this and they can all work together as a team. This is an excellent opportunity to do this.

City Manager Ferreira – I don't disagree with that, they are doing excellent work together, but that is not their jobs specifically. This position could assist them as a short term goal with the possibility of long range position.

Community & Recreation Services Director Mark Coronado – Marketing covers a number of areas, and I had some apprehension about this and would be challenging but after explanation, this could bring the triangle together.

Council Member Alton – Do you think it will go away at the end of the year? Should this be a full time position?

Community & Recreation Services Director Coronado – This will compliment PIO of what has already been done today. He is the conduit that brings all areas of the City together.

Communications Director, Ken Lynch – This is a discussion we need to have, who should be responsible? It is coming out of 3 different departments currently. I am in support of looking at a firm that specializing in marketing and put together a scope and bring to Council.

Council Member Alton – Very good explanation and I take back my comment about a full time person for this year.

Council Member Johnson – Needs to be an ongoing process for Surprise. I agree that we need a full time position, but for now, should get the firm together and find out what we want, and what our goals are. I feel we have the staff right now that can do this since we have slowed down for now.

Government Relations, Michelle Lehman – Gave an explanation of budget requests.

Communications – Ken Lynch explained budget request for Granicus for a monthly cost and supplemental for Broadcast Center.

Mayor Truitt – Your department has been doing a fabulous job with getting the word out to the public and your professionalism!

City Attorney's Office – No additional staff at this point. One adjustment to outside legal counsel.

City Clerk, Sherry Ann Aguilar gave an overview of budget requests. No additional staff is being requested. Current projects being budgeted for include: Iron Mountain/Records & Recycling Project; Laserfiche and Microfilming.

Finance Department – Robert Nilles gave a brief overview of budget requests.

Management & Budget – Jared Askelson gave a brief overview of budget requests. Discussion also took place regarding: Budget process; 5 year capital plan; Base adjustments total $21,000 for this year.

Information Services – Randy Jackson gave a brief overview of budget requests. Discussion also included: Increases due to software costs.

Council Member Hall – Do you have a list of the different types of maps you have?

Economic Development – John Hagen gave a brief overview of budget requests.

Community Development – Kathy Rice gave a brief overview of budget requests. Discussion also included: Add $50,000 in case we need temporary staff since 6 positions were eliminated.

Council Member Alton commented on the position of code enforcement relating to foreclosures.

Council Member Williams – Requested code enforcement officers for foreclosures. Better understanding of what the role of the officers will be. My request was for two officers, but may not be what we need. Would like to see what Council wants to do.

Council Member Johnson – Not sure if we need more inspectors out there, not sure if I agree. Don't we have qualified staff that can be trained?

Vice-Mayor Villanueva – If you have the $50,000 aside if you need it, will the permits cover this cost? Rice commented that potentially, yes.

BREAK - 12:35 p.m. to 1:00 p.m.

Public Safety Overview:

Fire Department - Chief White gave a brief overview of departmental requests and goals. Reviewed powerpoint presentation.

Council Member Alton – NIMS question. You have your act together in the Fire Department training. From what I have heard, we need to step it up for all City departments. Where are we on this?

Chief White commented that he is coming before Council on May 1st to talk about NIMS and the importance of this program. Very detailed and confusing but well worth the effort. Council adopted the emergency plan last November and we have come quite a way.

Council Member Alton – Do you need at least one person to oversee the whole NIMS project?

Chief White – There are pros and cons to all of this and I see emergency management shifting, should be done on a regional basis.

Police Department – Chief Hughes gave a brief overview of departmental requests and goals. Reviewed powerpoint presentation.

Council Member Alton – Don't you think that we should charge for false alarms? They take a lot of staff time.

Council Member Johnson – Would like to give you more staff even though the budget is tight this year. If we have any contingency in 10% set aside, to hire police officers instead of code enforcement officers.

Chief White – We are in support of the City Manager's recommended budget.

Mayor Truitt – Thanked both police & fire for a wonderful ballgame last weekend and for the money raised for charity.

Court - Judge Logan gave a brief overview of the Municipal Court departmental requests and goals.

Mayor Truitt – Thanked the Judge and staff for a tour of the Municipal Court.

Council Member Longabaugh – How far are we away from hiring a third Judge? Two-thirds there.

Community & Recreation Services Department – Mark Coronado gave a brief overview of departmental requests and goals. Surprise 50th Anniversary event currently being planned. Staff is very excited about this.

Skate Park – Coronado commented that staff is recommending to build an unsupervised facility due to costs.

Council Member Alton – Can we talk about the Skate Park? The previous Council voted on the Skate Park. Is there money currently budgeted for this project? What was going to be the cost? Yes, in the design phase.

Council Member Alton – Has there been any discussion to postpone or dissolve it? In these economic times, I don't think it is a good idea and money could be better spent if we completed

Surprise Farms that would service many more people. Maybe later we could reconsider the Skate Park. I don't see it as a priority.

Council Member Johnson – World Festival Event, there are some requests that did not make it to the presented document. I would like to thank your staff, you provide first class events. I disagree with Alton about eliminating the Skate Park. Not everyone plays the same types of sports.

Mark Coronado – To be honest with the Council, we have 482 total acres that we maintain right now, but we are all in a tough time and we are all going to have to work smarter, and work together as a team. We should take a look at the over seed process especially with water restrictions, etc. They will still be safe, just won't be green grass. The priorities should change with the times.

Mayor Truitt – I really appreciate your attitudes, especially during these difficult times. We cannot determine how long the economic turn down will last.

Council Member Williams – I agree regarding maintaining what we have. Anything we can do to highlight specific areas, I fully support. Surprise Farms Park is a really big issue right now.

City Manager Ferreira – Anything that we have removed, would not hamper our community, this is setting the foundation for the next 3-5 years. We don't want to cut staff, but need to look at cutting back on certain areas.

Council Member Hall – The right-of-way is contracted out? The majority is. Also, the Outback hotel rooms, how many room night are projected?

Council Member Alton – One of the concerns I had regarding Outback Tournament was buying an insurance policy due to weather. Has the City purchased this? Not at this time, but will be doing so.

Community Initiatives – Dan Lundberg gave a brief overview of budget requests.

Council Member Hall – Questioned the meals programs and asked " Isn't the cost per meal listed excessively high"?

Dan Lundberg – We went out for an RFP and this was the low bid.

Council Member Hall – The third departure leaves from Library? Yes, and goes all the way to Downtown Phoenix and the demand has increased for a second bus very soon.

Council Member Williams – Overall budget for services is taking a hit, what are we losing? Askelson commented that CDBG Grants will be carried over so you won't see a large increase.

Council Member Longabaugh – What about the Dial-A-Ride Services reduction in budget. Is there a need for this service? Lundberg, there are other tools that the City has to provide mobility, this was an additional enhancement.

Public Comments:

Debra Kotila – Code Enforcement is actually an issue of safety, it takes of many issues and it is not just about weeds. The funding of $100,000 May not be enough – you want to be ahead of the curve, not trailing it. Also, please consider the Block Party to get people out in the communities to get to know each other and to get them out of their homes.

Lou & Eileen Provenzano – The Block Party has affected our community because in the beginning I felt disconnected from my community and sounded like a fun thing to do. It has connected neighbors and people wanted to serve as Block Captains. People want to be involved, but they don't know how and the Block Party Trailer really assisted with this. We have created a database of residents who want to get involved. It makes a difference. We love this City and have never seen the kind of support that we have seen here.

Martha Bails – Thanks Mark Coronado for bringing forward the statement of "That's always the way we have done it". Council Redistricting – Need to start right now based on our current population. Also, talking about parks but it is a long way out to Section 10 Park, less than an acre and is not being utilized. Cut down on maintenance and dumping trash.

Mike Woodard – Concerned about Council Member wanting to be involved with the hiring process for the new position. Reminded Council that you just passed an Ethics Policy that addresses this use of hiring employees. Just a reminder that you can't get involved with hiring. Need to look at the amount of officers we need for the amount of square miles that we have.

Ken Wright – Regarding Community Initiatives , I thought the Block Party Trailer was going to be negatively impacted, but I was incorrect. CI staff is great, and should not be forgotten since they are out of sight, out of mind. Last year the Block Party Trailer was utilized in various communities.

Also, regarding the proposed position of Chief of Staff, I hope this position is being reviewed, this needs to be carefully addressed, this should not be allowed to happen again. It needs to be done correctly and you need to follow the rules.

Returned to the meeting @ 2:45 p.m.

Engineering – Civil & Traffic: Dr. Bob Maki gave a brief overview of requests and goals.

Council Member Hall – Could you explain in more detail, the REACT Program?

Dr. Maki – Gave an overview of this program.

Council Member Alton – Can you give a specific incident? Dr. Maki gave an example of a fatal accident and a rear end crash on the 303. This freed up the officers to do their jobs.

Council Member Johnson – Why spend another $100,000 to finish the study, can't this be done in-house?

Council Member Hall – Will this manual help expedite the permit process? Maki- Yes, we will know what we are looking for and will be in one book.

Mayor Truitt – A special thank you to Maki from ADOT – They complimented our staff, especially Maki.

Public Works Department – Streets, Sanitation, Fleet, Facilities & Project Management. Bob Beckley gave an overview of budget requests and goals.

Council Member Johnson – How do we know when to retire vehicles and how do we sell them? Each vehicle has an estimated value of life, usually 7 years. We look at mileage logs, maintenance reports, etc., and if it appears to be necessary, it goes up for auction.

Council Member Johnson- Have you explored the option of selling the vehicle on the internet?

Budget Director Schrock – We use Sierra Auctions and they have the internet component, we have had good success with Sierra Auctions. The City is not looking at doing this at this time.

Council Member Alton – Resurfacing of Bell Road Project for rubberized asphalt for noise solution? Beckley, we are looking at this, and will provide costs for both asphalt and rubberized.

Robert Beckley, we will look into this, it definitely provides sound attenuation of high speed traffic, not so much slower traffic.

Council Member Alton – Is there a contract dispute if we provide recycling

Water Services – Rich Williams gave a brief overview of budget requests.

Martha Bails - $600,000 is questionable, is this overage? The 10% set aside needs to be looked into. $4 million, would suggest looking into what that subsidy is for and why? The other thing is Recreation Fees, the non-resident fees are too low and needs to be looked at. We are at the point where the evens should not be free any longer except the eggstravaganza. The Recreation Department does not pay for itself.

Mayor Truitt – Meeting tomorrow at 8:30 a.m. Some staff will not need to be here tomorrow. All employees who do not have anything on the CIP do not need to be here.

Executive Session

Executive Session:

Council Member Alton made the motion to enter Executive Session at 3:35 p.m. Council Member Johnson seconded the motion. Motion carried.

ADJOURNMENT:

Mayor Truitt adjourned the Special City Council Meeting of Friday, April 18, 2008 at 4:09 p.m.

L.E. Truitt, Mayor

ATTEST:

Sherry Ann Aguilar, City Clerk, CMC

CERTIFICATION:

I, Sherry Ann Aguilar, City Clerk for the City of Surprise, Maricopa County, Arizona, do hereby verify that these are the true and correct minutes of the Special City Council Meeting of **Thursday, April 18, 2008.**

Sherry Ann Aguilar, City Clerk, CMC