



CITY OF SURPRISE

City Council Meeting - Budget

**16000 North Civic Center Plaza
Surprise, AZ 85374**

Friday, April 29, 2011 @ 12:00 PM

CALL TO ORDER.

A. Roll Call

Mayor Truitt called the **Special City Council Meeting (Budget Retreat)** to order at 12:00 p.m. Surprise City Hall Council Chamber 16000 North Civic Center Plaza Surprise, Arizona 85374 , on **Friday, April 29, 2011**. Also in attendance with Mayor Truitt were Vice Mayor Hall, Council Member Alton, Council Member Wolcott, Council Member Williams, Council Member Villanueva, and Council Member Woodard.

Staff Present: City Attorney, Michael Bailey, Interim City Manager, Mark Coronado, and City Clerk, Sherry Aguilar.

B. Pledge of Allegiance

Special City Council Meeting Agenda:

#1.

I. WELCOME BY MAYOR TRUITT

II. CITY MANAGER'S MESSAGE

A. Budget Recommendation Guiding Principles

Vice Mayor Hall opened the meeting and turned it over the City Manager Coronado for Introductions.

CFO McCarty opened with a powerpoint presentation to outline the City Manager's Guiding Principles.

Vice Mayor Hall - if we decide to issue some bonds, we could go and show the bond company what we have done to remedy the situation to do a re-rating.

Review of Vacant Positions - 12 that are currently vacant and have been for some time.

Council Member Alton - Will these positions come to Council when they are being requested to be filled.

Mr. Coronado - Let's wait to address these positions when we get to the departmental budgets.

Line Item Review - Concerns from some Council:

Misc. Supplies

Misc. Services

Travel & Training

Dues & Memberships -

Food - Non-Travel -

Each department will address this issue. Some funds we may be able to eliminate if needed.

Council Member Wolcott - You have now increased the capacity to 3+ million, correct?

Council Member Alton - State shared revenue number increased to 5 million. Where is it?

Council Member Woodard - Increased revenues, 2 million absorbed into capacity, correct?

Council Member Alton - Anyway to solidify a repayment loan plan so that future Council can't make any changes to it?

Mr. McCarty - We need to take a serious look at our Asset Replacement Plan. This is going to be an issue down the road. We have newer buildings right now but we need to plan in advance for this.

Mayor Truitt - We need to focus on raising our capacity for emergency purposes, etc. What are our priorities?

Council Member Woodard - Pavement Program is one we need to look at and a reserve fund.

Council Member Villanueva - Would there be a time limit on building reserves?

Mr. McCarty - Several ways that we can approach this. Put funds in all at once or set aside a specific amount each year.

Council Member Wolcott - We need to have a real discussion regarding the legislative changes regarding impact fees. It could be looked at as a challenge but also an opportunity.

B. Key strategic issues and outcomes

1. Loan repayments

2. Building reserves

3. Debt restructuring

New Impact Fee Legislation - powerpoint presentation.

Mr. McCarty asked Intergovernmental Director Michael Celaya come to the table to help explain recent passed legislation regarding impact fees.

This represents a major policy change regarding funding and financing infrastructure - growth and non-growth.

Mr. Celaya - Not all cities were in favor of this bill. The Governor and Legislature wanted something done this year.

Mr. McCarty - There are a lot of elements to this and it is going to play out over time.

Council Member Villanueva- Has there been a challenge to this bill?

City Attorney, Michael Bailey - There is some talk of cities/towns taking legal action.

Mr. McCarty - This narrows the use of impact fees. Excludes City Hall, aquatic centers, parks over 30 acres, libraries over 10K SF, community centers over 3K SF.

Allows continuation of existing impact fees to pay debt service on existing bonds, even if the fees would no longer be allowed.

Debt must be issued before June 1, 2011.

Specific impact to City of Surprise's General Government Impact Fee Fund.

Council Member Alton - Can we leverage against City Hall in the next 30 days?

Mr. Bailey - We need to get to the crux of this issue. We had been tracking this bill and there were so many amendments made, very challenging.

Council Member Wolcott - If we can do this, are you comfortable that the language is clear enough and come back and say that's not what we meant.

Mr. McCarty - After August 1, 2014, the amount of construction sales tax in excess of general rate must be counted as a offset in the impact fee calculation, regardless of its use.

Specific impact to City of Surprise

Dedicated 1.5% construction sales tax.

The forecast of revenues generated by new service units (such as state shared revenue, federal revenue, ad valorem property taxes, construction contracting or similar excise tax) are used to determine the extent of the burden imposed by new development.

Requires infrastructure improvement plans to control the cost and types of projects constructed.

Council Member Alton - It almost sounds like there is going to be a bigger need for CFD's.

Council Member Wolcott - I struggle with the League saying they are neutral on this issue.

Council Member Williams - I have a hard time understanding how the league is staying neutral on this, it is not just about the development fees, it is several revenues.

Refunds to current property owner if infrastructure is not built within 10 years, 15 years for water and sewer.

End existing impact fee freeze on December 31, 2011.

Mayor Truitt called for a break at 2:00 p.m. and reconvened at 2:18 p.m.

Discuss Immediate Issue - Options and Directions

A - Do Nothing

B - Formalize terms of interfund loans

C - Refinance interfund loans by June 1, 2011

Option C - Direct placement with bank using a trust agreement authorized by City Council (Not MPC).

You can place funds in general CIP - Hold for strategic plan; replenish/establish reserves, repairs and replacement program or special projects.

Mr. McCarty - We are trying to match future benefits with future revenue sources.

Council Member Alton - Have we gotten any outside opinions regarding violations?

Mr. Bailey - This is not risk free, it is less risk.

Mr. McCarty - Need to discuss calendar timeline:

April 29 - 30 - Direct staff to enter into discussions re: direct placements

Early May - Bank to conduct Credit Analysis

May 10th Meeting - Emergency Clause - Authorizing resolution delegating CFO to enter into terms

May 24th - City Council ratification of Trust Agreement

By May 31st - Close Escrow

Council Member Alton - What is total maximum we could borrow? Would like to see City Attorney, City Manager and CFO on the documents.

Council will set perimeters in the resolution.

Council Member Williams - Any other cities doing this? What is the risk long term if the

court rules we cannot do this?

Mr. Bailey - We are in a unique situation. We would be repaying the loan with excise tax.

Council Member Alton - Sounds like you have consensus - proceed with discussions and bring back to Council.

Mr. McCarty - Discussed several loans that included projects that fall under non-impact fees. Discussed several options to pay off loans.

4. Funding CIP (or not)

III. BUDGET OVERVIEW

IV. DEPARTMENT PRESENTATIONS

A. Public Safety

1. Fire

2. Police

3. Court

Mr. Coronado - Commented that we will go into the Public Safety portion of the meeting. We will cover Fire, police and Court.

Chief White and Asst. Chief Pool presented the Fire Department Budget - power point presentation.

Council Comments/Questions:

Vice Mayor Hall - Under Administration - Office supplies.

Under Emergency Services - General Insurance

Emergency Services - Equipment - Spent \$14.00 but budgeted \$10,000.

Training & Education - Almost doubled - New position

Travel/Training - Emergency Services

Fire Prevention - Inspector and Plans Examiner positions?

Emergency Services - Service Agreements? What type

Personnel - Added Battalion Chief, Inspector, Financial Analyst

Council Member Alton - have a problem with reorganizing when times are tough and they received raises. That does not cut it. We did not anticipate this.

Mr. Coronado - Offered an explanation for the re-org. Also commented that we are in the process of completing Work Force Analysis.

Council Member Wolcott - Address the issue of response times. How can we get this time up?

Council Member Woodard - We are not showing holidays and vacations, where is it? Is there anyway it is tracked. What is used, what is available.

Mr. Coronado - Reviewed the process for employees and field managers.

Council Member Williams - Vehicle replacements? What are you looking at for the 4-5 years?

Police Department - Chief Mike Frazier Reviewed mission statement of the department. Asked employees for input when first came on board. Step 2 is to contribute to a vision statement to make sure we are on track.

Police Chief Frazier -

Personnel transfer will take place. Hr staff back to HR, It staff back to IT and finance staff back to Finance.

Completed hiring of new command staff.

Completed departmental reorganization/realignment - No promotions or pay increases.

Promoted Schneidmiller to Asst. Chief. He is second in command.

Currently researching Pawn Shop Ordinance. None here at present but could be in near future and we want to be prepared.

Council Comments/Questions:

Vice Mayor Hall - Admin - Office Supplies/furniture, fixtures, eqpt.

Anyway to cut jail service expenses. Frazier - This is a fee for service from the Sheriff's Office.

Vice Mayor Hall - Printing under Admin - Up 3 times over 2010.

John Poorte - \$75,000. for services - Communications.

Vice Mayor Hall - Supplies are up way over from 2010. Uniforms quadrupled from 2010.

Vice Mayor Hall - Complimented Police and Fire on their fabulous service.

Council Member Woodard - Ammunition costs. Cameras would be available to HOA's for vandalism apprehension. Is this program still available?

Council Member Williams - Also complimented the police dept. One issue that comes up all the time, is there anything we can do for educational purposes to education younger kids re; graffiti and vandalism, etc. These resources are so valuable.

Council Member Villanueva- What kind of interaction do you have at the schools? We have reached out to the schools, but we need to take a look to make sure we are reaching out more.

Council Member Wolcott - An agency in Goodyear - RICO Money. Are we funding this?

Chief Frazier - Not in our budget at this time. I support this program so will take a look at this.

Mr. Coronado - I am hearing Council to bring back a summary on this program.

Court - Judge Logan and Court Administrator, Linda Rodriguez gave a power point presentation.

Judge Logan - We are basically a reactive department - the business comes to us. Currently working on an online payment program which would minimize the amount of traffic coming in through the door. Implementing various federal and state legislative mandates, rules and policy initiatives.

Slides that explained SB 1398 - Pending signature

Council Comments/Questions:

Council Member Woodard - Doing a great job.

Office Supplies - Budget for \$20,000. but spending \$10,000.

Computer Supplies - High estimate, low expenditure.

Service Agreements - spent very little - \$5,000. budgeted.

Postage/Mailing - Using half - notice mailings to defendants.

Travel/Training - Session mostly in May and June.

Council Member Alton - I was totally impressed with your professionalism and demeanor. Sense that Surprise really does care even in our court system.

Vice Mayor Hall - Salaries remained the same but part-time salaries went up.

B. External Services

1. Community and Economic Development

2. Community and Recreation Services (including library)

3. Public Works

C. Internal Services

1. Intergovernmental Relations

2. Finance

3. Information Technology

4. Human Resources

5. Communications

D. City Offices

1. City Manager's Office

2. City Clerk's Office

3. City Attorney's Office

4. Mayor and City Council

V. Presentation Wrap-up

VI. Council discussion, feedback and policy direction

#2. Consideration and action to adjourn the Council Meeting and enter into executive session - NO ACTION

EXECUTIVE SESSION: NONE

#3. Pursuant to A.R.S. § 38-431.03(A)(3), the City Council may go into executive session with the City Attorney for legal advice on any item listed on the agenda.

#4. Consideration and action on executive session items.

CALL TO THE PUBLIC:

Ken Wright - Concerned with the Street Maintenance Program. it is so easy to put this off for several years but the further you will get behind. It is going to be hard to catch up. Also concerned with mobile capital equipment, the same thing applies. The longer you defer acquisition, the worse it becomes. These two things are of a big concern to me. Priorities should be the replenishment of the reserve fund.

REGULAR AGENDA ITEM - NON-PUBLIC HEARING:

ADJOURNMENT:

Mayor Truitt adjourned the Special City Council Meeting of April 29, 2011 at 4:39 p.m.

Excerpt 2

Excerpt 1

L.E. Truitt, Mayor

ATTEST:

Sherry Ann Aguilar, City Clerk,

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 (Budget Retreat) of **Friday, April 29, 2011.**

Sherry Ann Aguilar, City Clerk,