MINUTES OF THE PEORIA CITY COUNCIL
CITY OF PEORIA, ARIZONA
PUBLIC SAFETY ADMINISTRATION BUILDING, PEORIA ROOM
May 3, 2008

A **Budget Study Session Meeting** of the City Council of the City of Peoria, Arizona was convened at the Public Safety Administration Building (PSAB), Peoria Room, 8351 West Cinnabar Avenue, in open and public session at 9:01 a.m.

Members Present: Mayor Bob Barrett; Vice Mayor Cathy Carlat; Councilmembers Ron Aames, Joan Evans, Vicki Hunt, Carlo Leone and Dave Pearson.

Members Absent: None

Other Municipal Officials Present: Terrence Ellis, City Manager; Carl Swenson, Deputy City Manager; Susan Thorpe, Deputy City Manager; John Wenderski, Deputy City Manager; Mary Jo Kief, City Clerk; Brent Mattingly, Jeff Tyne and James Mason.

Audience: Approximately 11 members of the public were present.

Fiscal Year 2009 Budget Workshop

Clerks' Note: The complete Proposed FY2009 Budget is on file in the City Clerk's Office.

Housekeeping

Jeff Tyne, Budget Director, informed Council that there may be an opportunity to program some additional one-time money from the General Fund. During the Finance Department discussion, Mr. Mattingly will be discussing a possible opportunity for approximately $215,000 available one-time in the General Fund, which is not programmed in the balanced budget.

Department Reviews

Human Resources

Jeff Tyne, Budget Director, reported that the Human Resources Department budget is funded by the General Fund. The recommended budget for FY2009 base is $2,959,815, which is an increase of approximately 9 percent. The recommended Human Resources Department budget includes notable one-time supplements.

Staff presented the following budget supplements:

- Ongoing Support Increases
- Class/Comp Study for AFSCME Employees
- PeopleSoft Human Capital Management (HCM) Projects
- Benefits Cafeteria Plan Study

Jackie Peterson, Interim Human Resources Director, provided an overview of the Human Resources Department and the recruitment and employee retention process and tools. Ms. Peterson informed that the Human Resources Department will provide ethics training to all employees by the end of 2008. Discussion ensued regarding the required Ethics Training Program. Ms. Peterson agreed to provide the Council with information regarding whether temporary employees are also taking the ethics classes offered by the Josephson Institute.

Ms. Peterson outlined the future goals for the Human Resources Department which includes:

- Increase strategic HR efforts to support diversity
- Monitor to ensure diversity is maintained in the City
- Improving program measurements
- Implementing a new performance management system for non-represented employees (Water's Study)
- Improve technology used for PeopleSoft Human Capital Management (HCM) Projects

Councilmember Aames inquired about the supplements for the PeopleSoft Software. Ms. Peterson explained that this supplement allows for the purchase of new systems that can enhance the current PeopleSoft software. Ms. Peterson stated the funding will also allow the Human Resources Department to purchase the portal pack which allows for a more user-friendly face at the desktop of the manager and supervisor out at the departments so they can access certain information to better manage their employees.

In response to a question from Councilmember Evans, Ms. Peterson explained that the supplemental request for "Other Professional Services" is to provide for professional consulting that is anticipated will be needed for the Lynell Badging System Interface with HCM.

In response to questions from Councilmember Pearson, Ms. Peterson assured that the Human Resources Department has been working closely with the Information Technology Department to ensure the centralized information is kept secure.

Finance Department

Jeff Tyne, Budget Director, reported that the Finance Department has two sources of funding, the General Fund and Utility Fund. The total recommended FY2009 budget for the Finance Department is $11.8 million, which is approximately a 5 percent increase from last year.

Staff presenting the FY2009 budget supplements to Council included Brent Mattingly, Chief Financial Officer; Debbie Card, Treasury Manager; Vicky Rios, Revenue Manager, Kent Meredith, Financial Services Manager; and Herman Koebergen, Materials Manager.

Mr. Mattingly discussed the department focus that includes customer service performance measures and service delivery methods. Supplements for FY2009 are requested to further enhance the customer service levels.

Supplements presented from the Finance Department include:

- Audit Services
- PeopleSoft Upgrade
- PeopleSoft Support Consultant
- Performance Based Procurement System
- Customer Service – Increased Bank Service Charges
- Revenue Recovery – Increased Postage and Printing Costs
- Meter Services – Fleet Services Charges

Kent Meredith, Financial Services Manager, informed Council that the PeopleSoft upgrade supplemental request for $542,039 will no longer be necessary as they have determined they can receive software support directly through Oracle for approximately $85,000. Discussion ensued regarding the PeopleSoft upgrade versus the Oracle support.

Terry Ellis, City Manager, explained that there is an enormous amount of money going through the City on contracts and the Performance Based Procurement System would assist the City in being more selective with the contract vendors and ensure the City contracts with good firms.

Mayor Barrett declared a short recess at 10:34 a.m. and resumed the meeting at 10:47 a.m.

Utilities

Jeff Tyne, Budget Director, reported that the Utilities Department has two sources of funding, the Water Fund and Wastewater Fund. The Fiscal Year 2009 base budget for the Utilities Water Fund is $36,547,000.

Stephen Bontrager, Utilities Director, provided an overview of the FY08 accomplishments and reminded that the Grand Opening for the Butler Water Reclamation Facility will be held on June 16th. Mr. Bontrager further reported to Council some of the upcoming challenges including tighter quality standards for water, the evolving Capital Improvement Program and maintenance.

Staff presenting information on the Utilities Department supplemental requests included Stephen Bontrager, Utilities Director; Brian Biesemeyer, Deputy Utilities Director; Linda Bezy-Botma, Treatment Operations Manager; and Dorothy O'Brien, Acting Water Resource Manager.

Supplements presented include:

- Butler Water Reclamation Facility – Butler Drive WRF Operation and Maintenance Costs
- Beardsley Water Reclamation Facility – Beardsley WRF Operation and Maintenance Costs
- Jomax Water Reclamation Facility – Jomax WRF Operation and Maintenance Costs
- Wastewater Industrial Users – Laboratory Technician – part-time and summers
- Wastewater Collection/Prevention – Wastewater System Flow Monitoring Equipment
- Production Services – CAP Water Delivery and Reuse Fees
- Greenway Potable Water Treatment Plant – Greenway WTP Operation and Maintenance Costs
- Utilities Operations Administration – Water and Wastewater System Optimization Study
- Water Resources/Conservation – Hydrogeological Services
- Utilities Environmental – Senior Water Quality Inspector
- Utilities Environmental – Total Organic Carbon Analyzer
- Utilities Environmental – Environmental Division Increase
- Greenway Potable Water Treatment Plant – Greenway Technology Improvements
- Quintero Treatment Plant – Quintero Laboratory Services
- Utilities Operations Admin – Treatment Plants Environmental Services
- Utilities Operations Admin – Treatment Plants Janitorial Services

New position requests include:

- Senior Water Quality Inspector

Communications and Public Affairs

Jeff Tyne, Budget Director, reported that the Communications and Public Affairs Department is responsible for providing timely and accurate information to citizens and staff through the news media. Mr. Tyne stated that the proposed FY2009 base budget is $2.488 million.

Presenting information on the supplemental requests for Communications and Public Affairs were Grady Miller, Director of Communications and Public Affairs; Kelly Corsette, Public Information Manager; and Shawn Lawson, Special Events Supervisor.

The supplemental requests for Communications and Public Affairs included:

- Public Information Officer – 2008 Bond Election Information
- Public Information office – Citizen Information Specialist
- Special Events Program – Festival of the Arts
- Peoria Channel 11 – Part-time Labor for meetings and studio productions
- Peoria Channel 11 – Closed Caption Services
- Special Events Program – Pioneer Days Parade and Festival

Discussion ensued regarding an additional staff to provide customer service at the front counter of the City Hall. The consensus of the Council is that this position is necessary and Staff should begin the recruitment process so that hiring can be made as soon after July 1 as possible.

Discussion ensued regarding the Festival of the Arts and how Staff can draw more guests and provide more activities geared toward children.

Discussion ensued regarding a news production. The Council discussed whether the monies should be allocated for a news program or whether the program should be district specific. Mayor Barrett requested the issue be reviewed and presented to Council at a Study Session for discussion.

Discussion ensued regarding the Pioneer Days Parade and Festival. The Council provided feedback on the local parking and planning of the parade. In response to questions of the Council, Mr. Ellis informed that the parades and festivals in the supplemental request are requests for one-time funding as it has not been determined whether these events should continue to be funded.

Mayor Barrett declared a lunch break at 12:25 p.m. and resumed the meeting at 1:00 p.m.

Municipal Court

Jeff Tyne, Budget Director, reported that the Municipal Court is funded by the General Fund. The recommendation for the FY2009 budget is $2,236,000 which is a 7 percent decrease.

Presenters included the Honorable George Anagnost, Presiding Municipal Court Judge and Toni Stevenson-Hale, Court Administrator.

Judge Anagnost presented the following budget supplements:

Municipal Court – Increased Court Costs which include:

- Increase in Interpreter Expenses
- Expected Increases in Bank Service Charges
- Record Shredding Requirement Service
- Leasing Agreement regarding Computer Laptops

Non-Departmental Budget

Jeff Tyne, Budget Director, summarized the Non-Departmental budget and reported that the total Non-Departmental budget is $1,248,355. The Non-Departmental summary of supplements totals $191,900.

Terry Ellis, City Manager, and James Mason, Assistant to City Manager, presented the following supplemental requests:

- Transportation Planning Contract
- Luke Fighter Country Partnership
- Human Resources Contracting

Half-Cent Sales Tax Fund

Brent Mattingly, Chief Financial Officer, provided an overview of the Half-Cent Sales Tax Fund that was originally enacted in 1989 for the construction of the City Hall campus. Mr. Mattingly reviewed Council's established priorities for the use of funds:

- Payment of debt service on Municipal Development Bonds
- Fund Balance
    - $1 million for the Debt Service Reserve
    - 35 percent Reserve Goal
    - City Complex Capital Replacement Fund
- Capital Expenditures, Economic Development and Community Promotions
- Specific City Operational Expenditures

Mr. Mattingly reviewed the on-going uses for the Half-Cent Sales Tax Fund in the proposed FY2009 Budget:

Transfers to:	
• Streets Fund	$ 1,000,000
• Building Replacement Fund	1,000,000
• Sports Complex – subsidy & one-time items	2,410,000
• Economic Development Fund	250,000
• General Fund for Economic Development Department	725,000
• IT Fund for Radio System Support	214,000
Transfers to support Public Safety:	
• General Fund for Public Safety Vehicles	500,000
• General Fund for Operating Costs	3,045,000
• General Fund for Fire Ladder Company	1,200,000
• General Fund for Fire Operating Costs	44,160
Support for Chamber, GPEC, Facilities, Misc.	249,600
Debt Service Payments – City Hall & Sports Complex	2,708,000
Development Agreement Payments	3,010,000
Debt Service Payments – Community Theater	250,000
Other (GPEC, Chamber, Facilities, Other)	199,300
Total	$ 16,805,060

In response to questions from Councilmember Pearson, Mr. Mattingly agreed to provide the Council with information related to the amount of debt related to the City Hall Building.

Follow-up Items

Bond Election Polling Results

Brent Mattingly, Chief Financial Officer, explained that the Arizona Constitution requires that voters provide their approval prior to the issuance of General Obligation or Revenue Bonds. This bond authorization process allows us to fund our Capital Improvement Plan. Mr. Mattingly provided background information on the Council appointed 29-member Citizens Bond Committee. In February 2008, the Committee presented to the Council their recommendations which included $364 million of bond projects to be sent to the voters in this upcoming November election. The Committee recommended that the Council consider conducting a poll to evaluate the level of voter support. The results of the poll are as follows:

Project Types	Amount	Support
Streets and traffic signals	$ 225 M	84 %
Fire and police stations	$ 24 M	80 %
Flood control and drainage	$ 38 M	81 %
Community parks and trails	$ 41 M	67 %
Facility upgrades	$ 36 M	59 %
Total	$ 364 M	

Facility Upgrades include upgrading the main library, improvements to the Sports Complex, renovating the downtown Community Center and Council Chambers, and purchasing land for a northern municipal support facility.

Mr. Mattingly explained that the next step is to develop citizen education materials by utilizing the following resources:

- Peoria Focus
- Special Newsletters
- Channel 11 Video
- Neighborhood Meetings
- Website Information
- Election Information Handbook

Mr. Mattingly went over the following election schedule:

Council Adopts Resolution Authorizing Election	06/03/2008
Last Day for Ballot Language to County	07/22/2008
Last Day to Submit Arguments	08/21/2008
Last Day-Mailing of Publicity Pamphlets	09/30/2008
First Day to Early Vote	10/02/2008
Last Day to Register to Vote	10/06/2008
ELECTION	11/04/2008

Discussion ensued about the bond election package and content and the likelihood of voters to vote for the bond issues given the current economic status. Discussion about the need for the bond elections as it relates to the Capital Improvement Plan ensued, and about the best time to send these questions to the voters. Vice Mayor Carlat stated that the new western truck route project needs to be added to the bond package. Mr. Ellis advised that the Staff recommendation is to include the truck route project in the bond package. Mr. Ellis stated that Maricopa County is also doing a study which may result in a possible funding source for the western truck route project.

In response to questions from Councilmember Pearson regarding rubberized asphalt on the north side of Union Hills from 86th Avenue to either 91st Avenue or the 101 Freeway, Mr. Mattingly explained that there is a rubberized program in the Capital Improvement Plan, though specific streets are not identified.

Councilmember Leone stated he would like to see a block wall at Sun Air Estates and a sound wall near the Loop 101 Freeway by Springer Ranch and street widening on 103rd Avenue placed in the Capital Improvement Plan. In response, David Moody, Engineering Director, stated with respect to the Loop 101 sound wall, there is Maricopa County funds that we have submitted the project for; ADOT is in the process of evaluating the request. Mr. Moody agreed to determine the status of that request on Monday. Mr. Moody stated the sound walls are expected to be funded through ADOT. Mr. Moody explained that right turn lanes added on 103rd Avenue have been included in the Capital Improvement Plan, subject to Council approval. In response to Mayor Barrett's question about how much it would cost to do the County's portion of the Loop 101 sound wall, Mr. Moody stated he would estimate $250,000 to do the portion right in front of the Peoria residence only, but he would need to confirm that information with Mr. Mattingly.

The consensus of the Council is to add the block wall at Sun Air project, the new western truck route project, and the rubberized asphalt on Union Hills to the Capital Improvement Plan to the Bond questions that will go before the voters in November. Total increase in the Bond amount for these projects is $378 million.

The Council also agreed Staff could begin working on the next steps for the Bond Election, which includes educating the public about the issues.

Discussion and Questions

James Mason, Assistant to the City Manager, addressed the Council regarding the supplemental request as it pertains to Council Assistant travel. Mr. Mason informed the Council that in previous years, the Council Assistants were budgeted $3,000 for in-state, out-of-state and training for two Council Assistants.

Discussion ensued regarding the training and the Council agreed on a budget of $3,500 for in-state training and travel only for Council Assistants.

Jeff Tyne, Budget Director, informed the Council that because of the savings related to the warranty extension for the Oracle Software, there are monies remaining in the General Fund. Should the Council see fit to include the $153,000 for the interim street improvements at 103rd Avenue, that would leave $62,000 in the General Fund available one-time that could be used or incorporated into the balance.

Mr. Tyne informed the Council of the next steps in the budget process which include adoption of the Tentative Budget on June 3rd, where the Council establishes their maximum appropriation for the year, and the Council will determine whether to authorize a bond election. The Council will then adopt a final budget on June 17th, and finally on July 1st, adopt a property tax.

Mr. Tyne listed the follow up items, which include:

- Human Resources Department - training plan for ethics training for temporary employees.
- Utilities Department - Butler Wastewater Reclamation Plant and quantifying the value of the water resource.
- Fire Department – begin supplemental request on the emergency management request related to the Emergency Operations Center, and the backup Emergency Operations Center.
- Begin search for the Citizen Information Specialist.
- Communication and Public Affairs Study Session regarding television programming.
- Public Works Department discussion on recycling and a break out of the recycling costs.
- Police Department – provide the Council with further information related to the status of that of Peoria Unified School District's budget and how it can relate to their ability to serve the School Resource Officer program.

- Police Department - private jails and the possibility of utilizing private jails.
- Information Technology Department - discussion on their visioning efforts as it relates to developing their strategic plan to include some of the visioning that would be required and some of the infrastructure and technological opportunities that are available for some of the commercial development on Loop 303.
- Half-cent sales tax fund debt as it relates to the municipal facility and the amortization.
- Council budget - add $3,500 to the Council budget on a one-time basis for the Council Assistants. Staff will provide a training plan for the Council Assistants and the Mayor and Council Staff.

Discussion ensued regarding passport services offered through the City Clerk's Office. Susan Thorpe, Deputy City Manager, informed the Council that she has had discussions with Mary Jo Kief, City Clerk, and data is being gathered to determine the best recommendation for the situation and that a recommendation will be brought back to the Council after the data is gathered.

Discussion ensued regarding an Early Voting Satellite location. Councilmember Pearson recommended research be done to determine whether we can share a satellite location with a neighboring city.

Ms. Kief informed the Council that she has discussed the request with the Glendale City Clerk and the indication she received is that Glendale will want to host their Early Voting Satellite location at the Glendale City Hall. Ms. Kief also informed the Council that Glendale may not have a November Election. The consensus of the Council is that Peoria should host an early voting satellite location at the City's Municipal Campus.

Adjournment:

Being no further business to come before the Council, the meeting was duly adjourned at 2:52 p.m.

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Bob Barrett, Mayor

ATTEST:

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Mary Jo Kief, City Clerk

CERTIFICATION

I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the Budget Study Session Meeting of the City Council of Peoria, Arizona held on the 3rd day of May, 2008. I further certify that the meeting was duly called and held and that a quorum was present.

Dated this 26th day of August, 2008.

(Seal)

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Mary Jo Kief, City Clerk