

**AS APPROVED OCTOBER 22, 2009**



**CITY OF SCOTTSDALE  
BUDGET REVIEW COMMISSION  
REGULAR MEETING**

**MONDAY, APRIL 27, 2009**

**CITY HALL KIVA FORUM  
3939 N. DRINKWATER BLVD  
SCOTTSDALE, AZ 85251**

**PRESENT:**

Louis Schmitt, Chairman  
David Smith, Vice Chairman  
Michael Foster, Commissioner  
Bob Berlese, Commissioner  
Eric Borowsky, Commissioner  
Martha Ecton, Commissioner

**ABSENT:**

Donna Reagan, Commissioner

**STAFF:**

Deborah Robberson, City Attorney  
John Little, City Manager  
Scott McCarty, Financial Services General Manager  
Neal Shearer, Assistant City Manager  
David Ellison, Assistant City Manager  
Lisa Blyler, Assistant to the Mayor & Council  
Harold Stewart, Economic Vitality Acting General Manager  
La Verne Parker-Diggs, Human Resources General Manager  
Brad Hartig, CIO  
Joyce Gilbride, Assistant City Auditor  
Judy McIlray, Sr. Budget Analyst  
Malcom Hankins, Code Enforcement Manager  
Ken Nemec, Benefits Manager  
Bryan Dygert, WestWorld General Manager  
Michelle Korf, Acting Executive Director, Downtown Group  
Scott Gray, Aviation Director

**Call to Order**

Chair Schmitt called the Budget Review Commission meeting to order at 5:01 p.m.

## **Roll Call**

A formal roll call was conducted, confirming the presence of Commissioners as noted above.

Chair Schmitt announced Commissioner Reagan has been absent due to the flu.

## **Commissioner Comments**

Commissioner Ecton stated she would like the Commission to have the opportunity to ask questions and make comments after each group, division, or department presentation.

### **1. RESPONSES TO OUTSTANDING ITEMS FROM 04/23/09 MEETING**

Financial Services General Manager Scott McCarty presented the Commission with a memo breaking out each department's personnel services line item.

### **2. DIVISION BUDGET REVIEW**

#### **1. Mayor & Council**

Assistant to the Mayor and City Council Lisa Blyler presented the Mayor, City Council, and support staff organizational chart. There are 10 FTEs, which represent the seven members of the Council and three support staff. There is one management position.

Contractual services for this division cover cell phones, car allowances, travel, and the civic events that the Council attends. The budget includes travel costs for the Council to attend National League of Cities conferences and other out-of-town conferences. Two Council members are on National League of Cities steering committees, which require two additional out-of-town regional trips each year.

Major budget adjustments for FY 2009/2010:

- Reduced meeting supplies and refreshments by 50 percent
- Travel reduction

#### **2. Strategic Resources Group**

Assistant City Manager David Ellison explained that the Strategic Resources Group is headed by the City Manager. There are no formal supervisory roles within the group. It is intended to be a strategic, active, flexible resource to the City Manager as he serves the community, Council, and full Executive Committee. The group reports directly to the City Manager. There has been a 4.72 FTE reduction proposed for this group.

Key Points in this budget proposal:

- Two Assistant City Manager positions were eliminated through the retirement incentive program.
- Two full and one part-time secretarial positions were eliminated
- 32 percent reduction in personnel services

Commissioner Ecton asked for clarification regarding the contractual services within the budget. Ms. Blyler indicated they include cell phones, car allowances, and printing. The bulk of this line item is City memberships to organizations like the National League of Cities and Arizona League of Cities and Towns.

Commissioner Ecton noted that one of the primary functions is listed as advocating the City's position on issues before the U.S. Congress and State Legislature; however, it does not specify that this be in conjunction with or under the direction of the Mayor and City Council. She feels this is an important point.

Vice Chair Smith indicated the Commission previously received a summary of proposed FY 2009/2010 departmental expenses, and the figure was \$758,000 for this group. He noted in this presentation that figure is \$1.3 million. Mr. McCarty stated the number in the presentation represents the inclusion of the City Manager's budget.

Vice Chair Smith asked Mr. Ellison to discuss some of the metrics mentioned in their report. Mr. Ellison said the City Manager has challenged the group to start with the General Plan as a broad metric, using it as a guidepost for the community's vision for the future and working down to every member of the team, defining how they fit into accomplishing that vision.

### **3. Economic Vitality**

Economic Vitality Acting General Manager Harold Stewart discussed the purpose of this new division, stating it is a combination of five essential organizations to the economic health and vitality of the community. Several different organizational pieces are being formed into a common organization.

Five departments have been consolidated into this division:

- WestWorld
- Downtown Group
- Economic Vitality
- Aviation
- Code Enforcement

Economic Vitality is responsible for:

- Recruiting businesses to the City
- Tourism
- Revitalization
- Retaining existing businesses
- Business services

Commissioner Berlese asked Mr. Stewart to break out management versus non-management FTEs within the division. Mr. Stewart indicated there are 10 managerial positions out of the 71 FTEs.

Commissioner Ecton said she would expect a combination of reduced salaries and one FTE to produce more than \$11,000 in savings in personnel services. Mr. McCarty explained there are several moving parts within the personnel service line items that do not necessarily equate to FTE activity.

Commissioner Ecton asked for clarification regarding moving salaries into the Bed Tax Fund. Mr. Stewart stated 2.5 FTEs would be charged to the tourism/Bed Tax Program, equaling approximately \$176,000.

In response to an inquiry by Commissioner Foster, Mr. Stewart explained the Bed Tax is the only other special revenue that the division has to charge salaries to.

Commissioner Berlese asked whether this would be a permanent transfer, or whether those positions will return to the General Fund at a later date. Mr. Stewart said it is not the intention to return them to the General Fund.

Vice Chair Smith asked if those 2.5 FTEs are still included in the total FTE count. Mr. McCarty indicated they are still in the total count.

In response to an inquiry by Vice Chair Smith, Mr. Stewart explained the contractual proposal with the CVB for FY 2009/2010 would be a portion of 80 percent of the Bed Tax, based on projected revenues. 20 percent of that fund is reserved for the General Fund, and the other 80 percent pays for the CVB contract and other tourism activities. The Tourism Development Commission makes recommendations regarding how the 80 percent funding is spent.

Mr. Stewart indicated the contractual services that are tied to Economic Vitality are as follows:

- Convention and Visitor's Bureau contract
- Greater Phoenix Economic Council
- Miscellaneous operational contracts

Commissioner Ecton asked for clarification regarding projected losses for WestWorld operations in FY 2008/2009 and FY 2009/2010. WestWorld General Manager Brian Dygert the projected revenue for FY 2008/2009 and FY 2009/2010 is approximately \$2.8 million per year, leaving a 15 to 20 percent deficit to be subsidized.

Commissioner Ecton asked whether the WestWorld Subcommittee is active in supporting the department. Mr. Dygert said a new subcommittee was recently appointed. Past subcommittees have been very supportive and interactive.

Vice Chair Smith asked for prior year Downtown Group numbers, particularly for the Cultural Council. Michelle Korf indicated last year's figures included a one-time only subsidy from the City Council to offset the operating impacts of the renovation of the Center for the Performing Arts. The budget number, minus the one-time subsidy, was \$4,084,209. Under normal circumstances, the Cultural Council is contractually entitled to a 3 percent adjustment each year; however, due to the current economic circumstances, they offered to forgo that adjustment.

The Economic Vitality Division works with the following boards and commissions:

- Airport Advisory Commission
- Industrial Development Authority
- Tourism Development Commission
- WestWorld Sub-Committee

Major Division initiatives:

- New Airport business plan
- More public outreach regarding Code Enforcement
- Update Chapter 18 (Property Maintenance Ordinance)
- Promoting Downtown special events
- WestWorld Master Plan
- Effort to call an election to increase the Bed Tax by 2 percent

Chair Schmitt asked whether the Airport has problems with abandoned aircraft, and whether a fee is charged in those cases. Aviation Director Scott Gray said the Airport does not have any abandoned aircraft. If there is a fee collection issue, the aircraft are secured until payment is received.

Mr. Stewart explained the increased Bed Tax funds should be included in the tentative budget in order to allow expenditures from that fund for the last half of FY 2009/2010.

Vice Chair Smith asked how additional Bed Tax funds would be used. Mr. Stewart said the TDC has recommended continuing with the 80/20 split. The 80 percent would be used for increased marketing and, upon Council approval, additional projects such as the Desert Discovery Center, update the tourism plan, and create activities to create additional tourism assets.

Commissioner Ecton spoke in support of the Bed Tax, stating getting tourists to the City is critical.

Ms. Korf, Downtown Group, discussed the City's arts and cultural programs. The City has had a relationship with the Scottsdale Cultural Council for over 20 years, which operates programs such as:

- Scottsdale Center for the Performing Arts
- Scottsdale Museum of Contemporary Art
- Community Arts Grants Program
- Sunday A'Fair

Last May, the City Council approved a new master agreement that extends this partnership for another 20 years, as well as a new public art ordinance. The Cultural Council recently completed a new strategic plan, which was presented to the City Council in February.

Staff asked the Cultural Council to revisit their expectations when preparing their FY 2009/2010 budget in light of the current economic difficulties. They developed a list of possible reductions to their contract that staff is currently evaluating. Further reductions in the City's participation would negatively impact free programs that are offered to the community, including public art, Sunday A'Fair, and the Community Arts Grants Program.

Vice Chair Smith asked what adjustments are necessary due to the lack of the 3 percent increase in funding alone. Ms. Korf stated they have indicated travel, training, and staffing will be affected. President and CEO of the Scottsdale Cultural Council Bill Banks explained foregoing the 3 percent increase is a relatively small amount in the overall budget of over \$10 million. The Cultural Council planned to make small cuts across the board due to the loss of those funds including a salary freeze, reduced training, and travel. Other significant cuts will need to be made in response to falling revenues, contributions, and ticket sales.

Commissioner Ecton stated it is important to complete the renovation of the Center for the Performing Arts, but not at the expense of reducing public art activities or significantly reducing education and community grants.

Commissioner Berlese asked for additional information regarding Bed Tax revenues from prior years. Mr. McCarty stated it generates approximately \$8 million per year.

Commissioner Berlese asked what services are provided to the Downtown area that other parts of the City do not receive. Ms. Korf said the Downtown Group provides space for the police officers assigned to the Downtown District, as well as the Planning staff who supports Downtown businesses, property owners, and realtors. There are 45 active volunteers who have donated over 2,000 hours to the Downtown District over the last six months. Commissioner Berlese asked if any of those additional costs are charged off to the Bed Tax Fund. Ms. Korf said none of those items are charged to the Bed Tax.

City Manager John Little noted that in other cities, City ambassadors are frequently paid; in Scottsdale they are volunteers.

Code Enforcement Manager Malcom Hankins discussed the Code Enforcement Budget, indicating that the increase in foreclosed properties has greatly impacted the department. The abatement process takes care of abandoned property issues such as maintenance, nuisance violations, green swimming pools, and open and vacant

structures. The City has taken a very proactive stance in identifying these issues ahead of time and taking prompt action to resolve them.

Mr. Stewart reviewed the Economic Vitality Division's activities as follows:

- Over 600,000 visitors per year to WestWorld
- 20,000 business licenses in the City
- 200,000 Airport operations
- 22,000 Code Enforcement actions and 40,000 inspections per year
- 30,000 to 50,000 people in the Downtown area per weekend

Chair Schmitt opened public comment.

Mike Surguine, Vice Chair, TDC, stated the City's tourism industry is an important and vital component of its economic and lifestyle wellbeing. In 2007, tourists generated an estimated \$3.7 billion in overall economic impact in Scottsdale and 20 percent of the City's total privilege tax revenue. The tourism industry is currently at risk, with occupancies down 13.8 percent and Bed Tax receipts down 18 percent, resulting in significant job losses within the City.

The TDC has evaluated various methods of increasing revenue for the promotion of tourism and the General Fund, and came to the conclusion that an increase in the City's Bed Tax was the appropriate answer. A recommendation has been made to the City Council to increase the tax. The hotel and resort community support this tax, as long as a majority of the funds are used to further tourism.

Chair Schmitt asked what the forecasted recovery is for the tourism industry. Mr. Surguine said he believes recovery will be slow. Occupancy will recover more quickly than rates.

#### **4. Human Resources**

Human Resources General Manager Laverne Parker-Diggs gave an overview of the division after the reorganization, outlined as follows:

- Inclusion of Payroll Department (previously in Finance)
- Inclusion of Risk Management Department (previously in Finance)
  - Safety
  - Workers' Compensation
  - Claims and Contracts
- 47.5 total FTEs
- Manager to Employee Ratios:
  - Managing Director 1:10
  - Human Resources Director 1:12
  - Benefits Manager 1:10
  - Employee and Labor Relations 1:17
- All managers are working managers

Major budget adjustments within the division include:

- Personnel services reduced by \$124,000
  - Reduced 5 FTEs
- Contractual services reduced by \$1.1 million
  - Reduced health insurance claims
  - Decrease in insurance premiums
- \$77,000 reduction in commodities
- \$47,000 reduction in capital outlays
- Overall budget reduction of 3 percent

Ms. Parker-Diggs noted that some costs previously paid by the General Fund are now being paid by the Healthcare Self-Insurance Fund, including a portion of the salaries of the Benefits staff, supplies, and administrative costs. This generates a savings to the HR budget of \$378,000, and allows for a significant budget reduction in the Human Resources operating budget. It provides for the continuation of full services in the administration of the City's benefits Live Life Well Program.

Operational enhancements and efficiencies include:

- Reopened an improved full service Human Resources Office at the North Corp Yard to serve employees working in the area.
- Introduced an online version of Supervisor's Report of Accident to improve the process of reporting citizen and employee accidents.
- Implemented Citywide Contract Administrators Academy
- Consolidation of medical plans with Aetna for a better discount on medical services.
- Online web-based benefits
- In-house exit interview process
- Accepting employment applications online
- Developing an RFP to acquire a web-based system that will allow the City to advertise positions and manage the workflow of the hiring process
- Developing a tuition reimbursement tracking system

Major CIP projects were outlined as follows:

- Online application system
- Application tracking system
- Tuition reimbursement tracking system.

Human Resources staff the following boards and commissions:

- Human Relations Commission
- Judicial Appointment Advisory Board
- Personnel Board
- Public Safety Personnel Retirement System Boards (Police/Fire)
- Loss Trust Fund Board

Major initiatives and policy issues for the division include:

- Reviewing employee healthcare cost sharing options
- Implement the Retirement Health Savings Plan
- Proactive in response to employee relations issues
- Preparing for the passage of the Public Safety Employee/Employer Cooperation Act
- Continue to work towards adapting processes, procedures, and policies for greater efficiencies and effectiveness.
- Reduce and contain financial impact of liability and employee injury claims

Commissioner Berlese asked if the transfer of personnel service funds from the General Fund to the Healthcare Self-Insurance Fund would be permanent. Ms. Parker-Diggs indicated five employees in the Benefits Department would be transferred. Mr. McCarty explained that fund is funded by premium equivalents charged to user departments based on the number of employees and levels of coverage. Approximately 80 percent of the money going into the fund is from the General Fund. He explained a portion of costs related to services provided by departments to other departments within the City are assessed to the enterprise funds.

Commissioner Berlese asked for clarification regarding how the Healthcare Self-Insurance Fund is funded. Mr. McCarty explained the projected \$25 million per year for healthcare claims is allocated through a premium-sharing model. 100 percent of the amount comes from either the employees' pay or employees' department.

Vice Chair Smith noted that health and dental coverage is forecasted at \$19.5 million, and asked for clarification regarding the other \$5 million. Mr. McCarty explained the \$19.5 million is just the City's share of the healthcare costs, and the other \$5 million comes from employees' paychecks for premium sharing.

In response to an inquiry by Vice Chair Smith, Benefits Manager Ken Nemec stated there is a high deductible Aetna PPO medical plan available to employees at no cost them. Only approximately 4 percent of employees are currently enrolled in that particular program. Vice Chair Smith stated there is no economic incentive for employees to enroll in that plan, since the paid plan is so low cost. Mr. Nemec remarked that the high deductibles associated with the no cost plan discourage employees from choosing it. Vice Chair Smith suggested the City consider a cost-sharing ratio that would cause some migration into the no cost plan.

Commissioner Borowsky asked how Scottsdale compares with other Valley cities in regard to benefits. Ms. Parker-Diggs said she would provide that information to the Commission. She indicated the City is not paying a significantly higher amount in compensation as compared to other cities in the Valley.

In response to an inquiry by Commissioner Foster, Mr. Little explained that historically the public sector is a place where people are drawn to serve their communities. Governments are bureaucracies designed to change very slowly, methodically, and predictably; therefore, there is inherently less risk and lower reward.

Commissioner Foster asked for clarification regarding the contractual services used in Human Resources. Ms. Parker-Diggs indicated those contracts are for training, healthcare claims, and property and liability claims. Mr. McCarty stated the healthcare claims are approximately \$25 million; property liability claims are approximately \$7.5 million.

Commissioner Berlese asked if any other City Departments have an Assistant General Manager. Ms. Parker-Diggs said there were three Assistant General Managers in the organization; going forward after the reorganization those titles will not exist.

Commissioner Berlese cautioned against losing employees due to uncompetitive salaries and compensation plans. Mr. Little agreed that the City must take that into account, especially when the economy turns around. Ms. Parker-Diggs indicated there are employees who are responsible for benchmarking, job studies, and compensation analysis to ensure the City knows where the market stands.

Vice Chair Smith asked for clarification regarding the transfer of the Payroll Department into the Human Resources Division. Mr. McCarty stated eight FTEs were transferred. Vice Chair Smith asked for historical information regarding employee turnover. Ms. Parker-Diggs said the turnover rate has been reducing recently, and now stands at 6.3 percent; retirement is at 2.2 percent. Assistant City Manager Neal Shearer noted that turnover rates typically follow the economy.

Vice Chair Smith asked if the City benchmarks against the public sector. Mr. Little said it varies by department and the nature of the job. The City Council determines the pay and compensation policies; however, recently payroll has been driven by economics rather than policy.

Commissioner Ecton asked if the Health and Safety Engineer for the City is now in the Human Relations Division. Ms. Parker-Diggs said the Safety Officer has been moved into her division. She indicated that the safety issue would be dealt with very proactively in order to mitigate any problems. Any OSHA violations would now be handled by this division. Mr. Little explained by placing safety in Human Resources, safety becomes everyone's concern.

## **5. Information Technology**

Chief Information Officer Brad Hartig stated Information Technology's mission is to provide reliable, secure, flexible technologies supported by excellent customer service and leadership in technical innovation. This division partners with other divisions throughout the City to meet their technology and automation needs. Technology has played a key role in fulfilling the City's goals in creating operational efficiencies.

Information Systems can be broken down into eight primary functions:

- Application and Database Development and Support
- Scottsdale University and Technology Training
- GIS Data Services
- Network Operations

- Network Security
- Help Desk
- Project Management
- Web and Media Services Group

The reorganization has resulted in a reduction of 11 FTEs. The management ratio is 15:1. All managers are working managers who perform the same level of duties and responsibilities as their team.

Contractual services include hardware and software management including the internet, intranet, enterprise document management, enterprise content management, Scottsdale University, and GIS.

Commodities for this division include network components, hardware, digital certificates, storage media, office supplies, and mapping and mounting supplies for GIS Services.

Major budget adjustments include:

- Reduced staffing levels by 12 percent
- Transfer of 3 GIS technicians to Water Operations
- Transfer of Web and Media Services
- Transfer of Financial Services Technology Director into Information Systems
- Deferred biannual aerial photography
- Elimination of one truck
- Travel and training reduced by 44 percent

Operational Enhancements and Efficiencies for this division:

- Telephone system upgrade
- Fiber transition for District 4 and WestWorld to eliminate dependency on leased lines
- E-Subpoena application
- Migrating City's intranet to an enterprise content management system
- Backup application
- Data Center infrastructure improvements

Major CIPs:

- Public Safety Radio System
- Public Safety Microwave Radio
- Work Order Management System replacement
- Telephone system replacement

Major initiatives and policy issues for the division include:

- Payment card industry compliance
- Regional wireless consortium
- Bidirectional Amplification Ordinance

- Web 2.0
- Propose a new wireless communications facility fee structure

Mr. Little noted that in a recent national awards competition for technology and innovation, the City earned five of the ten awards.

Vice Chair Smith asked if there would be a way to partner with other cities to incorporate other users in the new phone system. Mr. Hartig explained this type of infrastructure should be managed and operated on a closed network.

Vice Chair Smith asked why the City takes credit cards for water bill payments. Mr. McCarty said it is for the customer's convenience, as well as collectability. Mr. Hartig added that the more e-services the City can provide to customers, the less staff and infrastructure is required.

Commissioner Berlese asked if the fees charged by the credit card companies are added to the amount the customer pays. Mr. Hartig said it is considered an operating cost to the utility, which is factored in when setting rates.

Commissioner Berlese asked if both the bodies and salaries of the three GIS FTEs were moved to Water Operations. Mr. Hartig said the salaries were transferred, and the employees are being managed by the central IT organization.

Commissioner Berlese asked whether the City could utilize Google Earth while the aerial photography is deferred. Mr. Hartig said that is an alternative, as well as partnering with the County. The City's GIS system is extremely accurate; many other systems are within two or three feet. Field operations use this level of accuracy to their benefit, and the existing aerial photography could never be replaced.

Commissioner Borowsky noted that northern areas of the City have limited mobile phone service, which the companies blame on Scottsdale ordinances that limit cell phone tower height. He asked for clarification regarding this matter. Mr. Hartig said there are restrictions in place, but service generally depends on the carrier and the infrastructure they have invested in.

In response to a question from Commissioner Foster, Mr. Hartig indicated that the GIS aerial photography costs approximately \$170,000.

Chair Schmitt discussed the difficulties of working with higher radio frequencies, and asked whether the City has considered going down in frequency. Mr. Hartig said the public radio system would be implemented on the 700-megahertz spectrum, which was freed up solely for public safety.

## **6. City Auditor**

Assistant City Auditor Joyce Gilbride presented the proposed budget for FY 2009/2010 as follows:

- One budget center

- One internal auditor reports to the City Council
- All audits conducted in compliance with generally accepted government auditing standards.
- City Code requires an Audit Committee consisting of three members of the City Council
- Responsible for developing an annual Audit Plan

Proposed FY 2009/2010 budget:

- 14 percent reduction, or 8 percent reduction when removing one-time budget items associated with an office move in FY 2008/2009
- Reducing staff by one FTE
- Eliminated consultant budget
- Eliminated software license agreement
- Reduced contractual and commodity items totaling approximately \$8,500

Operational enhancements and efficiencies include:

- Increased number of audits completed
- Continue to review policies and procedures in order to streamline the audit process while maintaining compliance with Yellow Book standards

## **7. Financial Management**

Mr. McCarty presented the Financial Management organizational chart, and indicated much of the City's in-house printing and graphics services are performed under the Procurement area. Customer Service has to do with billing and collections, including utilities and sales tax collections.

The primary functions of Financial Management are as follows:

- Long-term financial planning
- Financial Management
- Educate external customers

75 percent of all costs in the division are related to personnel services for the 123+ FTEs.

Contractual services can be broken down into three areas:

- Printing and graphic functions, postage
- Software maintenance costs
- Regulatory requirements

Major budget adjustments include:

- Payroll and Risk Management transferred to the HR Division
- Elimination of three management positions (12:123.5 manager to employee ratio)

- Reduced citywide copier contract

Operational enhancements and efficiencies for the division:

- Healthcare cost containment strategies
- Automated meter reading program

CIP:

- Technology

Boards and commissions staffed by Financial Management:

- Loss Trust Fund Board
- Citizens' Bond Review Commission
- Budget Review Commission

Major Initiatives and Policy issues facing Financial Management:

- Bond 2000 issuance
- \$20 million public safety radio project
- Initiate a new bond program
- Bed Tax increase
- Residential property rental tax revision

Vice Chair Smith asked how much the City spends for credit card service fees. Mr. McCarty stated that expense is approximately \$265,000 per year.

Vice Chair Smith asked for clarification regarding retiree healthcare coverage. Mr. McCarty explained they can be on the plan until they turn 65. Retirees pay 100 percent of plan costs. Retirees hired after July 1<sup>st</sup>, 2009 will not be eligible for this coverage. In addition, current employees will not be eligible as a retiree unless they take coverage by July 1, 2010. Current retirees have been grandfathered until they reach age 65.

Vice Chair Smith asked for additional information regarding the City's interest income, and why staff is projecting a jump to \$4 million in three years. Mr. McCarty explained those numbers are relative to the financial forecast.

Commissioner Berlese asked for clarification regarding the City's property rental interest earnings. Mr. McCarty that line item is in regard to long-term leases on City-owned property.

Commissioner Berlese asked whether the reduction of 11.5 FTEs include the 8 employees who were transferred to Human Resources. Mr. McCarty stated those are true FTE eliminations, and that number does not include any transfers.

Commissioner Berlese asked if there were plans to expand the automated meter reading program. Mr. McCarty said that program would be expanded in the future.

Commissioner Berlese asked what would happen to the old 900-megahertz radio system after the new system is put into place. Mr. Hartig indicated the old radio system is owned and operated by the County.

### **Commissioner Comments**

The Commission thanked staff for their presentations.

### **Chairman's Comments**

Chair Schmitt noted there is one more scheduled meeting on Thursday, with a deadline for recommendations to the Council by Tuesday, May 5<sup>th</sup>.

City Attorney Deborah Robberson reminded the Commission that under the Open Meeting Law, meetings must occur in public. This includes electronic or phone communications. She stated the Commission's options include additional public meetings, or meetings among Commissioners where less than a quorum is present.

Commissioner Ecton suggested another meeting might be necessary, where each department budget is discussed and voted upon.

Mr. Little reminded the Commissioners that the Mayor and City Council tasked them with four things:

- Review, comment on, and provide recommendations relative to the City's financial policies.
- Provide recommendations and observations on rates and fees.
- Review the CIP budget and make recommendations and/or observations
- Operating budget recommendations

Mr. Little said the Commission is welcome to contact City staff for follow-up questions before Thursday's meeting.

Commissioner Berlese expressed concern regarding the Commission's ability to do an adequate job of preparing recommendations to the City Council in the time given. He suggested Commissioners email topic recommendations among themselves, with no discussion regarding those topics, in preparation for a public work session.

Ms. Robberson said that would be acceptable, as long as there is no substantive discussion regarding those topic areas. A draft could be prepared as a basis for the discussions. Chair Schmitt asked if he could circulate that draft prior to the meeting. Ms. Robberson said it could be distributed as packet material. Commissioners could receive it to look at it, but there could be no discussion about it until the public meeting.

Ms. Robberson recommended the Commission send any email communications to staff for distribution.

Commissioner Foster asked if the Commission could go into executive session to discuss some of the budget issues. Ms. Robberson indicated this does not qualify for executive session under State law.

Ms. Robberson stated any documents reflecting the Commission's deliberations could be created after the meeting. Reaching a consensus is the most important issue at this time.

Commissioner Berlese said a work-study session would be helpful in preparing for Thursday's meeting.

The Commission discussed Open Meeting Laws with staff, and how to proceed in making their recommendations.

Mr. Little stated staff would put together a template for the Commissioners to follow, so each Commissioner's recommendations will be in the same format. Each Commissioner will send their information to Mr. McCarty, who will package them and send them back out to the Commission. Staff will then put together an agenda based on those items so the Commission will have the necessary range of discussion on all of the items. He suggested that the work product be finished at the Thursday meeting, and no additional meetings be scheduled before the meeting with City Council.

**Public Comment**

None noted.

**Adjournment**

Being duly moved and seconded, the meeting adjourned at 9:32 p.m.

Respectfully submitted,

A/V Tronics Inc., DBA AVTranz