

Minutes of the Special Meeting held April 11, 2016 at 6:05 p.m. in the Council Chambers.

**MEMBERS PRESENT**

Mayor Kenn Weise and Council Members

Stephanie Karlin, Vice Mayor  
David Iwanski  
Bryan Kilgore  
Jim McDonald  
Lorenzo Sierra

**ABSENCE EXCUSED**

Sandi Nielson

**ALSO PRESENT**

David Fitzhugh, City Manager  
Kevin Artz, Assistant City Manager  
Gina Montes, Assistant City Manager  
Abbe Yacoben, Finance and Budget Director  
Rob Lloyd, CIO  
Pier Simeri, Community Relations and Public Affairs Director  
Cherlene Penilla, Human Resources Director  
Tracy Stevens, Development & Engineering Services Director  
Carmen Martinez, City Clerk  
Dale Nannenga, Police Chief  
Craig Jennings, City Judge  
Abril Ruiz Ortega, Court Administrator  
Andrew McGuire, City Attorney

**1 ROLL CALL BY THE CITY CLERK**

**2 FY 2016-2017 BUDGET WORK SESSION**

David Fitzhugh, City Manager, said he worked with Finance and Budget and the heads of City departments to put together a balanced budget proposal for City Council's consideration. State statutes require public notification regarding budget estimates, taxes, changes in fees or charges, and the adoption of the budget.

Mr. Fitzhugh said the City has a number of policies that guide development of the budget. Expenditures must be balanced against revenues. Enterprise funds need to be self-sustaining. Property tax values are limited to \$2 or less per \$100 of assessed valuation. Rates, fees and charges are evaluated to ensure that the amount of money recovered is adequate to cover expenses. The legislative impact of state shared revenues is monitored and evaluated so that the City can react if it is threatened.

Indirect charges are reviewed every year to ensure they are allocated appropriately to various departments. Department heads put together their independent budgets, which are reviewed to make sure they have requested the appropriations necessary to do their jobs. Mid-year ongoing resource budget requests are prohibited. Departments are responsible for monitoring their budgets so that they do not exceed the appropriations granted by Council. The General Fund contingency is available, but is used sparingly and only with Council approval. Council must also approve any appropriations between funds or functional groups.

Mr. Fitzhugh stated that the City does extensive capital planning, anticipating needs as many as ten years ahead. The CIP Citizens Committee reviews the plan in February of each year. The CIP must conform to legal and financial limitations. Staff also evaluates the impact each project may have on the operating budget. All of these expenditures must support Council goals and strategic initiatives. Council established a stabilization fund of not less than 35% of the budgeted prior year General Fund expenditures and transfers out. This is to ensure that sufficient cash is available should there be a significant change in revenue.

Mr. Fitzhugh reported that economic activity has significantly increased year over year over the last several years. Growth is steady if not robust. Staff is preparing for an increase in development activity.

In terms of the Employee Compensation Plan, two new contracts were negotiated this year for the Fire and Police groups. Given the resources available, the best effort was made to maintain equity for the non-represented employees. Funding is available for parks and special events, which residents always ask for. Expansion of the ZOOM into the north Avondale area will begin this year with capital expenditures, and continue next year with operations funding. Funds are also allocated to asset management to ensure that the taxpayers' investments over the past 15 years are well cared for.

Mr. Fitzhugh explained that the budget contains nothing that is not needed, but there is only so much money available. In order for some programs to be successful, they have to be fully funded, which means that strategic decisions have to be made for reductions elsewhere. The proposed budget includes 13.5 new positions, which is more than the City has had in many years. Seven of these are patrol officers at a cost of \$1.3 million. This funding comes from the half cent public safety sales tax. The other positions are for a police communications manager, building inspector, engineering inspector, an administrative assistant, a treatment operator, and a SCADA technician. The half FTE is to turn one part-time recreation specialist position into a full-time one.

Through this budget, Avondale will continue with Accelerate Now. It has received positive feedback from the development community and has generated interest in Avondale. The proposed budget includes \$100,000 for Billy Moore Days. Compensation and vacation accrual has been evaluated to ensure that Avondale remains competitive with other cities.

Council Member Sierra asked whether the budget item for the 13.5 FTEs included overhead. Mr. Fitzhugh said the figure represents the full cost. Mayor Weise requested that department heads focus on supplemental requests during their presentations.

- Revenue Forecast and Goals and Objectives

Abbe Yacoben, Finance and Budget Director, said the budget assumes moderate revenue growth, and moderate service improvements. The non-represented employee compensation increase is almost \$1.1 million, which consists of a 3% merit increase and 1% discretionary increase. There is no health or dental increase this year.

Ms. Yacoben explained that supplementals are new additions to the budget. Ongoing supplemental requests are funded by revenue that comes in every year. One-time supplementals are funded by revenue that is only available for the current year.

Ongoing supplementals in the General Fund are \$800,000, compensation is \$700,000, one-time supplementals are \$4.2 million, and transfers out of the General Fund to subsidize CIP totals \$6.2 million this year. Economic indicators are mixed. Energy-related expenses have gone down, which offsets increases in food, shelter, apparel, and medical care expenses. The unemployment rate is down nationally and in Arizona, and jobs are increasing. State shared revenue is up 4%. Avondale's sales tax revenues have increased by 4.5%. The total General Fund revenue increase is 5.6%, while the total revenue budget is \$180 million.

Ms. Yacoben compared the proposed budget to last year's. The main changes are the supplementals, which are at \$7.7 million, and the capital projects, which rose by \$20 million. The budget priorities are on Public Works, Public Safety, and Parks, Recreation, and Libraries. General Fund expenditures are \$59.5 million. The City Council budget did not increase.

Vice Mayor Karlin said that when City Council Members are representing the City at various functions, it is paid for out of individual discretionary accounts. She proposed the establishment of a fund to send City representatives to functions when no City Council Members are free to attend. Currently there is no fund set up for that purpose. Mayor Weise felt that it would be difficult to control the fund and divide it up fairly. He would prefer to leave it as is.

Mayor Weise inquired whether the City would pay for a staff person to attend an event if no City Council Member could. Mr. Fitzhugh responded that many departments have funds allocated to training, meeting expenses, and/or travel that is intended for these types of circumstances. Council Member Sierra suggested looking at other communities to see how they handle discretionary funds. He would like to maintain a high level of service without having to spend money out of pocket. Mayor Weise proposed a work session agenda item to review the discretionary funds.

Council Member Iwanski asked whether the discretionary funds could be carried over continuously. Mr. Fitzhugh explained that there is a limit. No more than one year can be carried over.

- City Administration

David Fitzhugh, City Manager, explained that the Administration's budget includes a one-time supplemental for Emerging Leaders Development. The intent is to train interested and qualified individuals to become a city manager or an assistant city manager through the International City Managers Association, and to partially fund one person's attendance at the ICMA National Conference. Another supplemental is an ongoing one for employee job satisfaction engagement survey services, and a residential satisfaction survey to be conducted by a third party. The City Attorney's annual contract increased \$17,500, a 3% increase over the current year.

- Information Technology

Rob Lloyd, CIO, presented the IT's section of the City's annual budget and financial plan for 2016/17. IT has six supplemental requests. Increased Citizen Relationship Management (CRM) maintenance and support allows procurement of a solution that can integrate with the City's work management systems over time, providing a singular system for receiving and tracking citizen contacts across departments. The one-time wireless infrastructure replacement allows IT to provide a better level of service for wireless coverage at City libraries, while the ongoing supplemental would account for the wireless hardware investments throughout the City on an ongoing basis. The increased internet bandwidth \$6,000 supplemental accommodates the increased overall use of the internet that all departments are experiencing. Increased use of video surveillance and on-body cameras creates much more data throughput than before.

Mr. Lloyd said Chapter 16 requires that IT engage in a biannual cyber security audit, which costs \$40,000. Increasingly, insurers and financial auditors require some attestation of information system security. The \$7,000 Volunteers/Interns License Pool supplemental accommodates additional online and full feature Office 365 licenses for interns and volunteer positions that are increasingly being used by City departments. The final supplemental is for fiber updates/upgrades at Civic Center. The existing infrastructure has served well, but is approaching its limits. A \$65,000 upgrade would create a 20GB backbone between all Civic Center campus buildings, which will be able to support the increased usage anticipated in the future, especially the video data from on-body police cameras.

Vice Mayor Karlin felt that Avondale should utilize videoconferencing to cut down on travel costs and time commitments. Mr. Lloyd said videoconferencing is currently available in three modes, including one in the Ocotillo Room, which connects with MAG. More can be done in this area if it becomes a priority.

Council Member McDonald inquired about the prevention of attacks on Avondale's security. Mr. Lloyd explained that the first layer of protection is to ensure that malicious emails do not reach the intended recipients. The next layer is to stop the payload of whatever mail gets through. The third layer is to restore data to a period right before it was infected. Avondale is part of a cyber security alliance that shares information and best practices to deal with attacks. Avondale's system is built on resilience, and is designed to get back to a running state as soon as possible. The level of cyber security insurance has been raised to a sufficient amount.

Council Member Sierra asked about website enhancements this year. Mr. Lloyd responded that IT worked with Community Relations on their website options and strategies, and is prepared to support whatever decisions they make.

- Community Relations and Public Affairs

Pier Simeri, Community Relations and Public Affairs Director, said a recent Valley Metro study recommended expansion of ZOOM to include a route in northern Avondale. The ten-mile route will start running in 2017, but in order to proceed, the buses need to be procured.

The purchase of five vehicles will bring the fleet up to 13. The supplement of \$190,000 would cover Community Relations' share of the cost.

Vice Mayor Karlin inquired about the ZOOM route. Ms. Simeri said it will be tweaked, but essentially it will start at 99th Avenue, and run along McDowell Road, 107th Avenue, Indian School Road, through Corte Sierra and ends at Dysart and McDowell. It will not go to Estrella Mountain Community College (EMCC). People will have to transfer to the ZOOM South to get there. Vice Mayor Karlin stated that it should stop at EMCC since the route is right in the neighborhood. She also felt that the requested supplemental budget was not high enough when compared to previous requests. Mr. Fitzhugh explained that previous years budgets included transfers out that are not necessary anymore. Vice Mayor Karlin asked whether the Public Arts Fund money went straight to the Municipal Arts Committee. Mr. Fitzhugh confirmed that it did.

Council Member Iwanski asked whether the ZOOM vehicles are available for use by the City staff or Council when they have to travel to training sessions or special events. Ms. Simeri responded that the use guidelines are still being developed, but federal funding comes with tight limitations. Mr. Fitzhugh said the City does have some limited access to other vehicles for such purposes, and buses have been chartered for tours. Council Member Kilgore said ZOOM North will help children in the area attend after school activities more easily.

- Finance and Budget

Abbe Yacoben said the Economic Opportunities Program is listed under the Non-departmental portion of the budget. City Council requested this item last year. So far about \$475,000 of expenditure has been committed from the \$2 million budgeted. The unspent remainder will be allowed to lapse and another \$2 million supplemental can be allocated this year if City Council so wishes. The company that created Avondale's current online procurement system, Buy Hub, is no longer in business, and their software is no longer being updated. The \$25,000 is requested for a more modern system. Some communities are charging vendors to register, but Avondale does not.

Ms. Yacoben said the remaining three supplementals are mandatory. The Impact Fees Audit comes every two years and this time will cost \$34,000. A \$165,000 payment to the Department of Revenue is to begin collecting sales taxes. The last supplemental is \$45,000 for investment fees. Avondale is moving to a financial advisor model where the City receives the entire amount of the investment yield and then is billed for basis points of the total portfolio. The estimate of revenue and interest has increased to compensate for the increased fee. Currently the City is paying six basis points.

Council Member McDonald asked whether the DOR fee changes every year. Ms. Yacoben said the estimate received from the League of Cities this year did not, but it is unclear what will happen in the future. She explained that it is presented as a one-time item until it can become a base item with the cost netted against the savings. Council Member Iwanski said he has been receiving very positive feedback about the Economic Opportunities Program, and strongly supports it.

- Human Resources

Cherlene Penilla, Human Resources Director, explained that compared to other cities, Avondale was behind in terms of vacation accruals for employees. Other cities accrued more vacation time faster. That will be corrected for both represented and non-represented provided a change is made to the ordinance on personnel policies and procedures.

Vice Mayor Karlin said this change would help alleviate some of the high attrition rate for employees. Council Member Sierra asked whether Avondale allows employees to donate banked vacation time. Ms. Penilla said it used to be offered, but it was eliminated once the City removed the cap on sick leave accrual, which now serves as the short-term disability program. Once sick leave runs out, the City carries at 60%. Donated sick leave became a popularity contest, whereas the current method makes it available to everyone if needed.

Ms. Penilla said it has been 15 years since Avondale has done a complete classification and compensation study. A supplemental of \$187,500 would hire a consultant for that purpose. The study is necessary to ensure that job descriptions are accurate and compensation is equitable. Police and Fire compensation will not be changed, but they do need new job descriptions. The consultants may also be asked for recommendations on salary systems to ensure that Avondale remains competitive.

Mayor Weise noted that employee turnover is between 9% and 10%, which is standard, but it would be nice to reduce that, because the cost of retraining is huge.

Ms. Penilla stated that the ADP Benefits Module requires an ongoing supplemental of \$26,000. The new system will allow employees to make benefits selections on their own online, and that data will be transferred directly to the vendors, which will save time and reduce errors. More time can be spent helping employees understand their benefits and use them more efficiently.

Vice Mayor Karlin inquired about in-house injury prevention programs. Ms. Penilla said the city's new safety manager has been hired who has been updating safety procedures at the water treatment facility. Once that is finished he will work on ergonomics throughout the City.

Council Member Sierra inquired whether the classification and compensation review was being attached to the sealed contract in Glendale. Mr. Fitzhugh responded that it was. Council Member Sierra said he would recuse himself from this portion of the budget. Andrew McGuire explained that Council Member Sierra would not have to recuse himself from the line item authorization, just the expenditure when it comes up on the agenda.

Mayor Weise inquired about the quality of the applications for vacant City positions. Ms. Penilla responded that it depends on the position. Some positions attract many qualified applicants, whereas others only a few. Mayor Weise inquired about Avondale's performance when it comes to gender pay equity. Ms. Penilla said compensation offers are based on past experience, not on gender. The EEOC will soon begin requiring employers to supply certain information in regard to gender-based pay, but it will first affect private

employers. Big changes are coming to the Fair Labor Standard Act, which will make it more difficult for positions to be classified as exempt from overtime pay.

Mayor Weise asked why HR's training and development line item was at zero, down from \$20,000. Ms. Penilla explained that much training is handled in-house. Departments are also encouraged to utilize Arizona Governmental Training Services, which is a thorough supervisors training that is hosted by Avondale, but paid for by AGTS. Mr. Fitzhugh pointed out that when ADP was shifted to the Finance Department, staff was freed up to provide more training opportunities.

- Development and Engineering Services

Tracy Stevens explained that since the Transportation Plan is being updated, it is important that the ten-year Street CIP be reviewed to see what changes need to be made. This supplemental will cost \$200,000. The LED streetlight conversion debt service payment requires a supplemental of \$400,000. Avondale typically sponsors the Stewardship Summit every May, and the supplemental identifies \$2,500 for that purpose. Union Pacific identified three specific crossings in Avondale that require upgrades, which require a supplemental of \$117,000.

Mayor Weise said the development community has really noticed the department's renewed focus on customer service. Vice Mayor Karlin noted that Union Pacific put an emphasis on the importance of road/rail grade crossing safety upgrades and questioned why they were not contributing money for that purpose.

- City Clerk

Carmen Martinez stated that the City Clerk's office has no supplementals this year. She reviewed some of the objectives that will be pursued in the coming year. SharePoint is a new tool that will be used to provide better customer service to employees and residents. The IT department has been assisting in the implementation of record management improvements. Staff will continue to look at options to restructure boards and commissions. Voters will be informed as to their options during the elections. Community Relations will help the City Clerk's Office develop a social media archiving solution. Staff has been very busy with passport traffic, which has increased over 30% in the past year.

Vice Mayor Karlin said the City Clerk's staff has always been extremely helpful, and the customer service is exceptional. Council Member Kilgore concurred. Mayor Weise inquired about the effort to inform voters on their polling places. Ms. Martinez said the City does not have the budget to send mailers to the voters but will use social media and the City website to spread the word.

- Police Department

Chief Nannenga said the Police Department is focused on crime reduction and the efficient flow of traffic through the city. Most of the goals and initiatives will aim to foster good relationships with community partners and citizens. The department has eight ongoing supplemental requests. The Gang Task Force Detective will be transferred back to the

City's Detective Bureau to specifically focus on gang issues for a supplemental of \$70,230. The Spillman Technology supplemental covers the yearly maintenance increase, as well as a one-time expense to replace the server that the program runs on. Jail rates are set by Maricopa County and they increase every year, which will cost an extra \$5,000 this time. The three-year Taser replacement program is in its final year and will cost \$54,000. In 2008, the department replaced its Communications Manager position with a rotation of lieutenants. A supplemental will bring back an expert in communications to manage the radio system.

Chief Nannenga said \$1,269,810 will be used to fund seven new police officers for a new patrol squad to relieve day shift officers who are currently operating by themselves. Avondale has a comparatively large number of calls for service. The APD sells unclaimed property each year and would like to use \$25,000 of those proceeds to buy police equipment each year. The Family Advocacy Center has an opportunity to expand into spaces recently vacated by two businesses. This will negate the need to move into a larger space and gives a better rate on the lease for a longer period.

Vice Mayor Karlin said the public is not generally aware of many of the good things the APD is doing. She said the community has to be involved in making a safe and secure neighborhood, and anything the City can do to promote that notion is important. Council Member Sierra expressed appreciation for the department's approach and their reputation for professionalism. He inquired whether the firearm sales could run afoul of state restrictions against buyback programs. Chief Nannenga responded that the guns to be sold are either confiscated or have been turned in by court order. Council Member McDonald asked whether all seven officers would be patrol officers. Chief Nannenga said only five would go to the new squad, while the other two would be used elsewhere in the organization.

Mayor Weise asked whether the Chief had a wish list for the department in the future. Chief Nannenga said the department has not added professional staff in nearly ten years, even though the number of prisoners being brought in continues to grow. This means that officers have to be used for support work though they make a much higher salary. Mr. Fitzhugh added that the workloads for other departments are impacted as well. For example, more court personnel are needed to handle the increased volume of tickets, and more employees are needed for fleet maintenance.

Mayor Weise said he would like to get to a point where APD adds the maximum amount of people necessary to function as best as it can. A wish list will help the City Council understand what it would take to get the department to where it needs to be. Chief Nannenga said strategic plan is done every year. It takes a year to replace an officer, and it will always be a challenge to keep the department fully staffed, even though Avondale has a reputation of being a good place to work.

Mr. Fitzhugh said a sufficiently staffed police force has to be balanced against the needs of 12 other departments whose missions are just as critical to City Council and citizens. Mayor Weise agreed, but noted that public safety and water are the most visible of the City's services. He said every year he has been on Council he has seen an uphill battle to get the department fully staffed. Council may or may not approve a fully staffed Police Department,

but it would help to know how much funding that would require. The proposed budget does a good job of addressing priorities.

- City Court

Craig Jennings, Presiding Judge, presented two supplemental requests designed to enhance the professionalism and efficiency of the court. A \$6,900 supplemental would be used to purchase audio and video equipment to record court proceedings. Recordings will be stored on an external hard drive. Funding for a Court Clerk III position will be reflected in the tentative budget documents to be presented on May 16. The position will continue to provide the support needed to comply with the recommendations of the Arizona Supreme Court Operational Review, will provide relief to the Clerk's existing workload, and allows compliance with criminal and civil case processing.

Judge Jennings said the court is also tasked with implementing the strategic agenda prepared by the Chief Justice of the Arizona Supreme Court. The agenda has five goals: promoting access to justice; protecting children, families and communities; improving court processes; enhancing professionalism; and improving communications and community participation. These goals align nicely with City Council's strategic objectives.

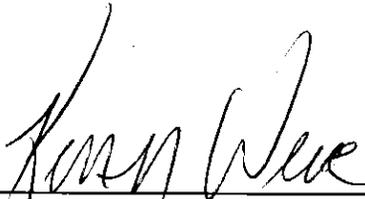
Council Member Sierra asked how the new Maricopa County Court might affect the court's workload. Judge Jennings explained that it is set to open in April of 2017. The only area that potentially could be affected is in protection orders. Avondale issues many orders compared to other courts, and this new court could alleviate some of that. Mr. Fitzhugh clarified that the Court Clerk III should be funded on an ongoing basis starting next year, but will be funded through grants for one more year.

Vice Mayor asked where the audio files are stored. Court Administrator Ruiz-Ortega explained that the supplemental is for a audio/video package that includes an external hard drive. Vice Mayor expressed her appreciation to Judge Jennings and Ms. Ruiz-Ortega regarding their involvement with the community.

### 3 ADJOURNMENT

There being no further business before the Council, Council Member Kilgore moved to adjourn the regular meeting into executive session. Council Member Sierra seconded the motion, which carried unanimously.

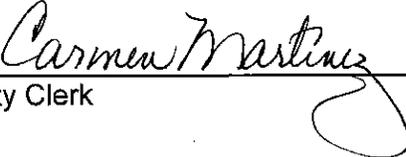
City Council meeting adjourned at 9:25 p.m.

  
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Mayor Weise

  
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Carmen Martinez, MMC  
City Clerk

CERTIFICATION

I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the Special Meeting of the Council of the City of Avondale held on the 11th day of April, 2016. I further certify that the meeting was duly called and held and that the quorum was present.

  
\_\_\_\_\_  
City Clerk