



## Minutes City Council Issue Review Session May 28, 2009

Minutes of the Tempe City Council Issue Review Session held on Thursday, May 28, 2009, 6:00 p.m., in the City Council Chambers, Tempe City Hall, 31 E. Fifth Street, Tempe, Arizona.

### **COUNCIL PRESENT:**

Mayor Hugh Hallman  
Vice Mayor Shana Ellis  
Councilmember P. Ben Arredondo  
Councilmember Mark W. Mitchell  
Councilmember Joel Navarro  
Councilmember Onnie Shekerjian  
Councilmember Corey D. Woods

*Mayor Hallman called the meeting to order at 6:25 p.m.*

### **Call to the Audience**

No one came forward to speak.

### **Sustainability Committee Work Plan**

INFORMATIONAL BACKGROUND availability in the City Clerk's Office.

Mayor Hallman summarized that four councilmembers participated in preparation of the Work Plan and he asked if there were further comments. There were none.

### **CONSENSUS**

Acceptable as presented.

Follow-up Responsibility: Lisa Collins

### **Presentation of Social Media Tools**

INFORMATIONAL BACKGROUND available in City Clerk's Office.

DISCUSSION – Presenters: Community Relations Manager Shelley Hearn; Assistant City Attorney Jenae Naumann

Shelley Hearn summarized that at the direction of the Council's Technology, Economic and Community Development Committee, a Social Media Subcommittee was developed to examine ways to utilize social media tools to reach out to a

broader audience. The subcommittee was comprised of members of the communication team, the creative team, the webmasters, and the City Attorney's office. The subcommittee did an excellent job of researching, developing, and testing some of the tools to ensure that what was put out to the public would be the best quality product possible. She thanked Michelle Gurrieri for the design of the site, Kris Baxter for testing the tools, and Charlie Smith for making it work. The group determined that the best way to launch this site was to develop a newsroom page that would house all the social media tools in a central location. This created an alternative way for the Tempe community to get Tempe news. She conducted a tour of the site.

- Media contacts – This is composed of every communicator in the City, their departments, and contact information, as well as the community partners.
- Press releases – Every press release from all departments and every communicator will be housed in this one location. The title of every press release will go directly to a twitter so those subscribers will be able to see the press release. This would be especially helpful for reporters.
- Story of the Day – This highlights the top news.
- Photos for non-commercial purposes.
- Links to all the City's newsletters.
- A rotating ad
- Tempe Today, current issue as well as archives of stories.
- Tempe 11 will have all of the 411 stories, videos, streaming, etc.
- Email subscriptions – Opportunity to sign up for any list serve account.
- Social Media Box – This includes the community partners' social media:
  - Tempe Development Blog – will feature different developments
  - Twitter with Tempe – first twitter announcing the site will be launched tonight
  - U-Tube site – videos are being posted
  - Kodak Easy Share – will allow easy access to pictures taken at Council meetings
  - Photo Bucket – place to store high resolution photos for public and news media
- New Council pages which will provide bios, Council committee information, links to agendas, minutes, etc.

She added that this is the start of what staff hopes to accomplish with social media. The committee also created some guidelines for policy and a form to be filled out to answer questions and help direct to the right tools.

Jenae Naumann summarized that the subcommittee looked at the best practices of other private companies with social media policies. The guidelines are very common sense with the reminder that electronic communication is rather immortal. The guidelines include reminders to obey intellectual property laws, the blur between public and private persona and that we take personal responsibility for what we write electronically.

Councilmember Shekerjian added that this is very cutting edge. The timing regarding communication is a transitional stage. The next generation down doesn't communicate in the traditional sense, but rather through blogs and text messaging. We must make sure that we are communicating with our community in all possible forms and this provides the opportunity to involve the younger generation. Instead of depending upon the traditional media to get the word out, we now have the opportunity to drive the City's stories by creating, essentially, our own newspaper on line. This is also an economic development tool. When we talk to people involved with technology-based companies and they are looking to move here, they will look at our website, and if that website encompasses all of the latest in terms of communication devices, that says something about who we are and whether we can handle another company of that type. This has been a huge effort by the staff.

City Manager Charlie Meyer added that Human Resources Manager Renie Broderick has been running citywide labor

management meetings. This was discussed at a meeting yesterday. Some employees had very real concerns that their first amendment rights were somehow being infringed upon by the guidelines. We said we would continue to work with our employees to make sure they are comfortable with these guidelines, but they were concerned that if an employee is using social media on their own computer on their own time, there were references that there could still be City ramifications to their employment. That has always been true. When you have a private conversation with someone, you have some control over that, but if you post something on social media, you have no idea where that will go. He felt good progress has been made to allay employee concerns that this is not somehow abridging their first amendment rights, however, it is intended to warn them that no matter what medium is being used, there is always the common sense rule that has to apply in terms of how you represent yourself as a representative of the City or not.

#### **INFORMATION ONLY – NO CONSENSUS**

## **Proposed Changes to the Personnel Rules and Regulations**

INFORMATIONAL BACKGROUND available in the City Clerk's Office.

DISCUSSION – Presenter: City Manager Charlie Meyer; Human Resources Manager Renie Broderick

Mayor Hallman stated that Council had read the proposed changes and asked if there were questions.

There were none.

City Manager Meyer reminded Council that these changes have been around since July of 2007. It has been the practice in the past that the rules are amended to generally conform to our employee groups that have MOUs. Again, the labor management process is underway, and timing is not the greatest on this. These rules were actually drafted in late 2007. There were discussions about changes at that time, but they did not move forward. Had they been moved forward at that point, there wouldn't have been any discussion about it. These are not new things to the employees, except for one thing. The change in timing for eligibility for sabbatical leave has not been implemented. There have been no employees who have sought a sabbatical leave between 15 and 20 years, so we can't say it has been in implementation, but the other changes have been implemented for the last two years. He added that this is a Council policy. The City Manager does not unilaterally change the rules and these rules have been around for nearly two years without Council's official sanction. It is important that we not do that. A predecessor did put these out in July of 2007, and he now brings them to Council to make sure Council approves them.

Mayor Hallman added that these proposed changes will come forward at a Formal Council meeting.

#### **CONSENSUS**

Proceed to Formal Council meeting to seek approval.

Follow-up Responsibility: Renie Broderick

## **Water and Wastewater Rate Study Review**

INFORMATIONAL BACKGROUND available in City Clerk's Office.

DISCUSSION – Presenter: Water Utilities Manager Don Hawkes

Mayor Hallman summarized that Council is familiar with this study. Council launched a phased approach for the water/wastewater rates based on what was necessary for infrastructure improvements, and that has driven everything else being done. He asked for questions.

Councilmember Arredondo clarified that Tempe is maintaining one of the lowest rates in the Valley.

Don Hawkes summarized that federal regulations have been tightening for several years and that is what is driving the bulk of the rate increases. Being able to comply with the Safe Drinking Water Act and the Clean Water Act are the two things that really drive what we have to do from a capital perspective (building plants, replacing lines, putting in new and improved processes that will enable the City to meet those two regulations).

Mayor Hallman clarified that given those costs, we use the water, sewer and sanitation fees to pay the costs of the capital infrastructure. We sell bonds, borrow the money, and use the water and wastewater fees to pay those bonds. That capital program that we must do to stay in line with federal regulations drives what we have to charge. We don't charge more for water, wastewater and sanitation than it costs to run those divisions. We will spend down reserve on our water/wastewater funds at a significant rate based on where we think we will land at the end of the six-year period so that we will not overcharge our customers, and we will spend reserves to try to keep our water/wastewater rates from going higher than they would otherwise.

Mr. Hawkes added that the policy that Council established was to maintain 100% of the revenue as a reserve. During this study period, we are spending that down to about 33% to 34% during the ten-year study period to protect our rate payers from rate spikes. It is a judicious use of the fund to be able to make sure we don't adversely impact our customers.

Mayor Hallman added that, by the same token, we are still monitoring with our bond rating agencies that the spend-down is accepted by the market as prudent and that we will still have enough reserve to protect our bond holders. He asked for the current bond rating for water/wastewater.

Jerry Hart responded that the City has a AAA rating for water/wastewater bonds. The City of Tempe has historically issued general obligation bonds for its water/wastewater program. General obligation bonds are secured by property taxes but for the portion issued for our water utility, they are repaid with user fees.

Mayor Hallman clarified that this last year, as part of the City's capital program, we had the option to de-couple our water/wastewater bonds so that they would only be secured by water/wastewater fees. The bond language on the ballot was that we could issue water/wastewater bonds that are secured only by those fees and the assessment at that time was that the market would probably respond favorably allowing us to de-couple those.

Mr. Hart agreed.

Mr. Hawkes summarized that staff is not asking for Council direction, but staff is presenting the calendar. The next step will be on July 2 when Council would adopt a Notice of Intention. The public hearing will be held in September and the rates would go into effect in November.

**INFORMATION ONLY – NO CONSENSUS**

## **2010 Census Complete Count Committee**

INFORMATIONAL BACKGROUND available in City Clerk's Office.

Mayor Hallman summarized that following the last Issue Review Session, staff put together a proposal to go forward to create a Complete Count Committee for the 2010 Census. Although the regulations that govern this require that the committee operates within the jurisdiction of the highest elected official, at the last meeting, Council concurred that they would participate equally in looking to appoint a committee. Staff has presented recommendations on eight potential subcommittees that should be formed. He asked if there were other additions to the subcommittees that should be added.

Vice Mayor Ellis suggested adding a senior group.

Mayor Hallman added that staff recommended that they would look for people to apply to assist in this. He suggested waiting to see who applies and then go forward.

#### **CONSENSUS**

**Proceed with application process.**

**Follow-up Responsibility: Amber Wakeman**

### **Affordable Housing Trust Fund Board Applications/Residency Requirement**

Mayor Hallman summarized that he asked for this item to be placed on the agenda. The big issue is, given the import for the community and that a lot of focus was put on affordable housing, he was distressed by the number of applications received. The number was small compared to the number of positions available. Secondly, it became clear that in this ordinance, unlike almost any other ordinance, there is a provision that the member does not have to be a Tempe resident. Having looked at the minutes from the Council committee, it doesn't appear that that had ever been discussed. He was curious about the reasoning for that.

Craig Hittie responded that discussion was started over a year ago when the initial draft was started at one of the ad hoc committees comprised of community members, developers, non-profit partners, and people who attended the first Affordable Housing Forum. That committee eventually decided to target an affordable housing trust fund as its objective. The original focus of the discussion and the residency requirement wrapped around the idea that affordable housing is a regional issue and regional buy-in was desirable. Secondly, it was decided to restrict the membership to specific disciplines with a seven-member board.

Mayor Hallman asked if he thought transit was a regional issue.

Mr. Hittie agreed.

Mayor Hallman asked why we wouldn't waive the residency requirement on a transportation commission. In looking at the specific interests (lender, developer and real estate), a community of 165,000 people should have people that fit those criteria. He asked if other councilmembers felt we should first seek Tempe residents for the positions.

Councilmember Woods stated that he served on the Transportation Commission in the past, and during that time it was pretty much an issue of whether a person lived in Tempe or worked in Tempe and Tempe residency was not a specific requirement.

Mayor Hallman stated that there is a residency requirement in nearly all of the commissions. He asked Chris Salomone

what process was followed in making people aware that this commission was available.

Chris Salomone responded that the standard methodology was used.

Councilmember Woods stated that he received 21 applications.

Mayor Hallman added that five of them were non-residents. He had provided the applications to Councilmember Woods and Councilmember Shekerjian.

Chris Salomone added that a March 6<sup>th</sup> press release was issued to 800 list serve subscribers, and a February 10<sup>th</sup> press release was released via the same means.

Councilmember Woods recalled that there were a couple of newspaper articles about it.

Councilmember Mitchell felt there were ample applications.

Mayor Hallman asked if the preference was to appoint only Tempe residents.

Vice Mayor Ellis asked if he felt there weren't qualified people who applied.

Mayor Hallman stated that he felt there were a sufficient number of qualified people to appoint.

Councilmember Shekerjian stated that she felt it was important to instill the residency requirement in this group and that the piece in the ordinance that says that the residency requirement is not applicable.

Mayor Hallman stated that there are currently enough Tempe residents to appoint, but he suggested looking at how we are using our media systems to get word out on these kinds of things. This is a fairly narrow line of interest and the likelihood is pretty small that any of the residents who are interested are on one of our list serves. Given the high profile this effort has had, he was surprised that so few applications were received. He will move forward with the selections with Council's direction that they prefer Tempe residents and at some other time proceed to change the ordinance.

Councilmember Shekerjian agreed that Tempe has a vested interest in this issue and Tempe residents should serve on this commission.

Councilmember Woods stated that he had issue with whether it was an actual requirement or a preference. Mr. Hittie specified that there was consideration given when the ordinance was drafted that because it was a regional effort it was important to make sure we were pulling intellectual capital from the region and not just Tempe. His concern was whether to go with a specific requirement or a preference.

Mayor Hallman stated that it is a requirement with almost every other board and commission, and he didn't see why this one would be any different. He asked if anyone else thought it should be a requirement rather than a preference.

There was agreement that it be a residency requirement.

#### **CONSENSUS**

- **Move forward with appointments, with Tempe resident preference.**
- **Move to change ordinance to reflect Tempe residency requirement.**

**Follow-up Responsibility:** Chris Salomone, Craig Hittie

## **Supplemental Discretionary Grant for Surface Transportation Infrastructure**

INFORMATIONAL BACKGROUND available in City Clerk's Office

DISCUSSION – Presenters: Community Development Manager Chris Salomone; Deputy Public Works Manager Jyme Sue McLaren

Chris Salomone summarized that staff, in its search for opportunities in the stimulus funds, is seeking Council's permission and direction to pursue an opportunity. The American Recovery and Reinvestment Act includes a discretionary grant called "Transportation Investment Generating Economic Recovery" or TIGER grant. It is a \$1.5B discretionary grant, and the primary criteria is job creation and economic stimulus, and the secondary criteria is a demonstration of innovation. Another major criteria is that it demonstrate regional support and benefit. Staff believes a project that would meet the criteria is the commuter rail project through the South Corridor Study. There may be other appropriate projects to apply for this grant, but the commuter rail project has the opportunity to succeed. The deadline for the grant is September 15, 2009, and this would allow it to be brought back through the Transportation Council Committee and then back to Council.

Mayor Hallman summarized that two and a half years ago ADOT decided to cram a 24-lane I-10 along the Broadway curve into Tempe which had the potential of driving even more people off the freeway into Tempe's residential streets. We have been pushing the federal government in a variety of ways to consider alternatives to how to get people from Tucson and Maricopa off of the freeway and onto some other mode. The only mode that fits that kind of distance is commuter rail. Council has been trying to advance its ball, and it is a hard one because commuter rail has some interesting politics to it. We have worked with Union Pacific which has the right-of-way running from downtown Tempe toward Maricopa, and the right-of-way that runs through the middle of Tempe to the east, and it is a railroad that exercises immense power politically. Progress has been made and he commended staff.

There was consensus to move forward.

### **CONSENSUS**

**Move forward.**

**Follow-up Responsibility:** Chris Salomone, Jyme Sue McLaren

## **Council Work Session Schedule**

Mayor Hallman stated that since most of July was cleared out, he suggested looking into August for a date. The goal would be to have a mini-discussion on an afternoon to look at what the Council committee's have succeeded in accomplishing over the last year and what additional items we want to go after as a team.

Following discussion, the date of August 21<sup>st</sup> from 1:00 to 5:00 p.m. was selected.

Councilmember Arredondo suggested that it might be held at the Library's Connection Conference Room.

### **CONSENSUS**

**Scheduled for August 21, 2009, from 1:00 to 5:00 p.m.**

**Follow-up Responsibility: Charlie Meyer**

## Budget Balancing Policy and Issues

Mayor Hallman asked that this be placed on the agenda to provide the community an update on the approach the Council has taken. The last public hearings were in April. The December 1<sup>st</sup> model required avoiding increases in benefits by \$1.7M, and avoiding increases in salaries and wages of \$4.3M. Based on that, we have continued to work since then on development of principles.

Charlie Meyer summarized that there were two critical components

- if the fund balance were used for something, it should be used for a one-time expense
- if it is a recurring expense, there should be recurring revenue to offset it

Mayor Hallman added that we could look for a one-time reduction.

Mr. Meyer continued that the Voluntary Separation Program was a one-time expense. It would reduce the staffing levels down, and it would be paid for out of the fund balance. Once those employees have retired, then that expense goes away.

There were similar discussions with the employee groups regarding one-time expenses and recurring expense, and the direction the Council would like to take is that if there is a one-time cost, it could be offset by some one-time offset. For example, if there was a bonus paid, then that bonus would be paid for by some temporary reduction, such as furloughs. In contrast, anything that was recurring, such as a salary increase, would be paid for by something that would be recurring.

Mayor Hallman clarified that if a one-time savings was found in a budget, it could be used for a one-time expense. If a recurring savings could be found in a budget, it could be used for a recurring expense.

Mr. Meyer continued that the costs of such offsets would be recognized within the employee groups. There are five groups, four of whom have bargaining Memorandums of Understanding (MOU) with the City Council, and a fifth group which is comprised of those not part of any bargaining group, the management and confidential employees.

Mayor Hallman added that the premise of that was that once it was determine how much money had to be cut out of the budget, not necessarily by having reductions from this year, but not having increases, that the employee groups could find how they wanted to save that money within their group, and they may make different choices. Each one was assigned an amount of money based on a proportionate share, and each group would find that savings, but if they found a savings, they got to use that savings in their group, rather than having some other group get to spend it.

Mr. Meyer stated that a corollary principle to that is the idea that the cost be apportioned to the various groups. If there were \$1M cut and a particular group represented 20% of the total city, then 20% of that cost would be apportioned back to the group. The last item discussed was that if there were employee groups that were unable to come to agreement on a particular offset savings, then Council would give consideration to four different benefit areas, including tuition reimbursement, mediflex, deferred compensation match, and personal holiday.

Mayor Hallman clarified that if Council takes those steps and imposes those upon a group because they couldn't come to terms, the money that is saved through these reductions would go to that group's credit, not to some other group.

Councilmember Arredondo stated that he hoped that the City Manager and staff could work with the employee groups. If they can't, then he has an obligation to do what is best for all of the employees, no matter which group they belong to.

Mayor Hallman clarified that everyone is created equally and it is a matter of fairness.

Councilmember Arredondo added that he is a steward for the whole city, not for a particular group.

Mayor Hallman added that it is important that the employee groups understand the principles Council is applying. For example, the SEIU uses tuition reimbursement much more than Fire. If Council says it take away tuition reimbursement and Fire is only giving up \$3K, but the SEUI is giving up \$600K, that savings ought to be credited to the SEIU group. If the proposed cut hits everyone equally, then it already will be proportionally hitting the employee groups. If they take different benefits differently, however, and they have already negotiated for those benefits and given something else up to get a benefit they preferred, it wouldn't be fair that if this group of 300 employees only loses \$1K and this group of 10 employees loses \$100K, to take some of the \$100K and put it over to another group.

Councilmember Arredondo stated that at some point, all of these people work for the City of Tempe.

Mayor Hallman clarified that we have potentially added a fairness principle. The budget balancing principle is that if a group comes up with a one-time cut, they only get to spend that on a one-time expenditure. If a group comes up with recurring cuts, that can be spent every year.

Councilmember Arredondo stated, for example, that the City has been very good to its employees by keeping them at the 75<sup>th</sup> percentile. Maybe now we keep them at the 50<sup>th</sup> percentile. He just wanted to have that kind of flexibility.

Councilmember Navarro agreed that the principles are great, but we do have to be cautious. With deferred compensation across the board, for example, there are certain groups that negotiated deferred compensation and took less of a package on medical benefits.

Mayor Hallman clarified that if a group gets hit differently than the other groups, they get that credit for all of that savings. Councilmember Navarro added that it is important to be cautious, because when we get more information, the numbers can change and we need the flexibility to change.

Mayor Hallman clarified that if it is a principle, it doesn't matter what the amount is. We just know how we will apply it to get there. All of this is in the context that each employee group has to come up with its proportionate share of savings. On December 1<sup>st</sup>, we said the number was \$6M, with \$1.7M to come out of benefits, and the balance from salaries. It meant we didn't have to cut, but we couldn't have increases. Now it may be harder, so we may have to look at that again, but Council's goal was to make all the cuts we could without affecting services and without layoffs. We premised that on a freezing of expenses, no range adjustment and no STEP increases. Now it appears that people are thinking the Council already said no layoffs and that means they can come back in and ask for salary increases. His commitment is that while other people are out there suffering, we can't cut our services and at the same time tell people we're going to give raises. On December 1<sup>st</sup> we all agreed we are freezing expenses and that's how we are going to get this balanced, and we have been lucky because we were able to get reductions in healthcare costs and other things so we don't have to make a cut in any of our benefits in that original \$1.7M cut, but we still have to freeze our wages.

Councilmember Navarro added that he hoped the City Manager and the work groups could work together and negotiate what is right for their group and their city.

Mayor Hallman asked whether Council is sticking to what it said on December 1<sup>st</sup> which was freezing our wage costs.

Councilmember Shekerjian agreed. She thought the budget Council has been looking at since December 1<sup>st</sup> had the basic

premise that there was going to be a freeze.

Mayor Hallman added that we have a budget on our agenda to adopt, but it is a work in progress.

Councilmember Shekerjian added that she believed the employee groups do understand the severity of what we are looking at and if they look at the other municipalities, they will understand that a freeze is what we need to do in order to make sure no one gets laid off.

Councilmember Woods agreed with the notion of having guiding principles with which to move forward helps the public understand what we are trying to accomplish. He wants to make sure that as a Council we maintain whatever flexibility we need to balance this budget. The principles are fine, but if something changes, we have the flexibility to accomplish that.

Mayor Hallman asked if he concurred that the commitment to no layoffs is premised on no cost increases for wages.

Councilmember Woods agreed.

Vice Mayor Ellis stated that she is uncomfortable with this conversation. The agenda item back-up had one sentence regarding "budget balancing policies" and she had no idea what that referred to. She would have preferred to prepare for this because of on-going discussions with the unions. She understood that the Council was going to let that process go in its direction and let the City Manager negotiate it.

Mayor Hallman clarified that the City Manager only does what Council directs him to do with respect to the negotiations. Council has been talking about this since December. This is only a discussion of the principles. He is only asking about a December 1<sup>st</sup> agreement that avoiding layoffs was premised on freezing wages and salaries. He is merely seeking confirmation that is where we are still at.

Councilmember Arredondo understood the principles, and he will maintain the flexibility.

Mayor Hallman clarified that this Council stated they would avoid layoffs at all costs and the State law required that anybody who could be laid off had to receive a notice. The same thing occurred at the State and in the school districts. We concluded we would have no layoffs premised on the fact that we would freeze wages and salaries. Now people are telling him that they have been told that we are going to lay off employees, notwithstanding our commitment, because some employees are demanding 5% raises. That's why he thought it was important that this Council recommit in public that we have premised no layoffs on a freeze. If people don't understand that and think they can now ask for 5% increases, he finds that totally unacceptable. He hoped everyone at this table would join him in that feeling. We have worked very hard to make sure the budget gets balanced without anyone losing a job. His commitment remains to every police officer, firefighter, SEIU employee, TSC, and non-represented employee that we are trying to avoid layoffs at any cost. We sacrificed from \$56M down to \$28M in reserve to allow us to avoid layoffs with the effort to eliminate peoples' jobs without them getting a layoff by having severance packages. We now have 131 employees who have decided to voluntarily separate from the City.

Mr. Meyer added that the cost of that program itself is about \$3.3M.

Mayor Hallman added that everyone should be proud of the discussion they had on that subject, because today Scottsdale got blasted because it didn't think it through as this Council and staff did. Because they didn't do that, they've blown a hole in their reserve of between \$9M and \$13M and if you haven't seen the list of the top fifteen people getting parachutes, it exceeds in many cases \$200K. We refused to let our highest paid employees do that kind of thing to preserve the money

for our lower paid employees. That was well thought out. We are still working diligently to balance our budget, we all agreed we would freeze wages and salaries so we could avoid layoffs, and now people are playing games with us, and he doesn't appreciate it.

#### **CONSENSUS**

**Consensus to avoid layoffs premised on freezing of wages/salaries.**

**Follow-up Responsibility: Charlie Meyer**

### **Formal Council Agenda Items**

None.

### **Future Agenda Items**

None.

### **Mayor's Announcements/Manager's Announcements**

Charlie Meyer announced that the results of the Voluntary Separation Program were 131. There were a number of people who made initial application and then dropped out. Two people were placed today in positions that became vacant because of the Voluntary Separation Program. We have estimated our savings as a result of the Voluntary Separation Program. There are a number of people who took advantage of the Voluntary Separation Program who were in positions that were slotted to be eliminated and those are guaranteed savings. There are a number of other employees who have taken advantage of the program in positions where other individuals will be moved into them, just as was done today. It is staff's estimate that the savings should be about \$4M in 2009/2010. It looks as though the program will pay for itself if we are able to implement that which we are trying to implement. It may not be all recurring savings, but certainly the positions that are eliminated will be recurring. Some of it may be positions that get held vacant and we tracking all of that so with time we can report directly what happens.

Mayor Hallman clarified that if the revenue numbers were to stay constant where we hoped they would be, and we held the expense side constant, we would hit the numbers we originally thought we could hit and avoid layoffs. If the revenue numbers get worse, we will adjust, and if they get better, this Council's commitment was that the first money goes back to employees, with the preferences first to STEPS and second to market adjustments.

*Meeting adjourned at 7:45 p.m.*

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Jan Hort  
City Clerk