

***PLEASE NOTE: Since the Glendale City Council does not take formal action at the Workshops, Workshop minutes are not approved by the City Council.**



**MINUTES OF THE
GLENDALE CITY COUNCIL WORKSHOP SESSION
Council Chambers – Room B3
5850 West Glendale Avenue
January 7, 2014
1:30 p.m.**

PRESENT: Mayor Jerry P. Weiers, Vice Mayor Yvonne J. Knaack and Councilmembers Norma S. Alvarez, Ian Hugh, Manuel D. Martinez, Gary D. Sherwood, and Samuel U. Chavira

ALSO PRESENT: Brenda Fischer, City Manager; Julie Frisoni, Interim Assistant City Manager; Michael Bailey, City Attorney; and Pamela Hanna, City Clerk

CALL TO ORDER

WORKSHOP SESSION

1. 2014 STATE LEGISLATIVE AGENDA
PRESENTED BY: Brent Stoddard, Director Intergovernmental Programs

This is a request for City Council to review and provide guidance on the proposed 2014 state legislative agenda and to give a legislative preview.

The Intergovernmental Programs staff recommends prioritizing the state legislative agenda to a few key issues to allow the city to have a stronger, more consistent message on the items of greatest priority. The proposed key priority issues for consideration are described in the reports that were provided.

Mr. Stoddard said based on Council direction in the past, staff recommends staying with a few key items so the city has a consistent and clear voice on the issues that are most important to the city.

Ms. Jenna Goad, Intergovernmental Programs Administrator said the second regular session of the 51st Arizona Legislature will convene on January 13, 2014. She discussed the Republican Majority in both the House and the Senate.

Mr. Stoddard went over the major themes of this legislative session. Those included the FY 2015 budget, CPS reform, the economic recovery and job creation, transportation and infrastructure funding and the upcoming election.

Ms. Goad went over the legislative priorities and said their greatest priority is always to maintain the revenue streams that fund critical city services. She said one of their top issues was fully funding HURF and said a letter has been sent to the governor on this issue. She said they will also be protecting the city's local taxing authority and opposing any unfunded mandates. She also said job creation will also be a major theme and they will try to enhance the economic development tools available to the city to create jobs.

Mr. Stoddard said they will also try to maintain local authority for land use decisions and will work for military preservation to preserve the mission of Luke Air Force Base, supporting military airports and ensuring capability for future mission expansion.

Ms. Goad said they will continue to track legislation to preserve and enhance the quality of life in neighborhoods. She also said they will strategically plan for and respond to emergencies and other public safety issues. Ms. Goad also went over the city's priorities for transportation and water, which include supporting voter approved Prop 400 and regional coordination and protect implementation of Prop 400 and ensuring the wise use of natural resources.

Mr. Stoddard said public safety for major events is also a top priority. He said hosting these major events brings notoriety and revenue to the state. The host city is solely responsible for providing the critical public safety protection at these major events. They will continue to pursue legislation that allows the state to help by reimbursing public safety costs.

Councilmember Martinez noted with regard to the state helping with public safety costs and Mr. Stoddard's comment, the city hasn't been successful in past years. He asked if there was a core of legislators that were in support of this and asked if the city's chances were getting better. Mr. Stoddard asked if he was referring to the city's effort in 2007, prior to the 2008 Super Bowl, where the city came up short in the Senate in passing the legislation. Mr. Stoddard continued that in conversations they have had with legislators, they are supportive of public safety and there is a willingness to try to help. He said there are limited funds and resources and there are a lot of entities wanting funds restored now that the economy is starting to get better. He said the support is there, but it is always difficult to get legislation for a new program passed. He said they do have a support system and they understand the importance of public safety. Mr. Stoddard said it was a statewide obligation. He said they have had positive conversations with leadership, and they will continue to try and make this happen.

Councilmember Sherwood said they came close in 2007 and there seemed to be a desire to get this through last year as well. He asked Mr. Stoddard if this was really going to go and if something was really going to be passed this year. Mr. Stoddard said he believes there is a willingness to try and do something, although any legislative session is unpredictable. He said they will try and take a comprehensive approach and he felt there is a willingness to

do this. Councilmember Sherwood asked if Mr. Stoddard will help with contacts and tactics as they move closer to the 2015 Super Bowl deadline. Mr. Stoddard said he would provide updates and would continue to seek direction from Council on this issue.

Councilmember Chavira wanted to clarify if precedence had already been set with the Texas model being in play for funding for big events. Mr. Stoddard said yes. He said they are competing with the same cities and states that are in the same business Glendale is in. He said those entities have already developed policies to deal with these issues and have a more comprehensive approach. He said those discussions need to be held at the legislative level so Arizona can stay competitive.

Vice Mayor Knaack said she just doesn't get it. She said this is a statewide event and the state reaps the benefits from this probably more than Glendale does. She said she didn't understand why the legislature doesn't want to help more. She said the citizens should get involved to get the legislature to do something about this.

Mayor Weiers said there hasn't been movement in the last seven years, because there hasn't been any pressure to resolve this issue in that time. Mayor Weiers said both he and Mr. Stoddard have made efforts to get this issue to the forefront. He said he is optimistic that something will be done this year. He said patience and planning will make all the difference. He said it is his priority this year to make this happen.

Vice Mayor Knaack asked Mayor Weiers what he felt the problem was with the legislature approving this issue. Mayor Weiers said the issue did pass the House and it was two votes short in the Senate. He said he is optimistic that this will happen this year.

Mr. Stoddard said one of the most important components of his job is the interaction with the neighborhood leaders. He said they have tried to provide as many resources as possible to get residents engaged in the process, including the legislative link which provides citizens information about their state legislator and congressman, Glendale district boundaries, contact information, the state legislative agenda and staff contact information for residence support. He said citizens can sign up online and the information is also posted on the website.

Councilmember Sherwood commented on the state shared revenue at 15 percent. He asked Mr. Stoddard if that has been at a higher level in the past. Mr. Stoddard said state shared revenue is made up of several different funding sources and this 15 percent is distributed on a per population basis. He said over the years, the legislature has shifted that percentage up or down a little bit. There was further discussion about HURF funds and state shared revenue. Mr. Stoddard explained further how the distribution works. Councilmember Sherwood asked Mr. Stoddard if he knew of any pending mandates coming forward that could affect the city. Mr. Stoddard said it was a little too early to start hearing about those yet. He said as the session starts moving, arguments will be brought forward on anything being pursued at this point.

Mayor Weiers said there was Council consensus to move forward on the proposed 2014 state legislative agenda as presented.

2. MUNICIPAL MARKETING

PRESENTED BY: Julie Frisoni, Interim Assistant City Manager, and
Julie Watters, Interim Executive Communications Director

The purpose of this item is to provide information on the city of Glendale potentially engaging in municipal marketing to generate new revenue and enhance partnership opportunities.

Ms. Frisoni explained the concept of municipal marketing as an opportunity to generate revenue via advertising and/or naming rights. Some examples include the sports and entertainment district, sports fields, city buildings and buses, bus shelters, the city website and more. She provided examples of municipal marketing being used in Mesa, Arizona and in cities in California.

Ms. Watters explained the two phase process and the costs for each phase. She said phase 1 would entail an RFP, a survey of the city's assets and revenue opportunities and a 90 to 120 day time frame. She said phase 2 would include approval of the list of marketing assets and opportunities, approving guidelines for implementing the program and approving the implementation cost, which can be commission based or a flat rate. They learned that commission based is the most common practice.

Ms. Frisoni said there is great value in an opportunity like this. She said Glendale would be a strong contender in this program. She discussed different options for the cost of this program. She said there are salary savings available in this budget year for any costs associated with inventorying the city's assets.

Councilmember Martinez said he liked what he heard in this presentation. He asked if the city has been approached by any businesses that are interested in participating or is it a fresh idea. Ms. Frisoni said they are starting fresh. She said they felt it was time to bring this idea out and revisit it again. Councilmember Martinez said he recalled this idea being brought forward in 2004 and he was not supportive of the idea at that time, but he said it is a different time now. He said they didn't want to be known as a city with advertisements splashed all over the place. He said this is an idea that might be worth pursuing. He said this idea has a lot of potential. He asked about the funding to get this project started. He asked how long it would take to get this project going if they got the go ahead. Ms. Frisoni said they would work with Mr. Duensing to get the RFP on the street within a couple of weeks. She said every step of this process is managed and controlled by the city, including approval of what is acceptable and not acceptable advertising. City staff will create the list and the guidelines of who can advertise.

Councilmember Alvarez asked if this would include the billboards. Ms. Frisoni said this would be separate ~~and~~ as it is only city-owned property. Councilmember Alvarez said she thinks this should be a city-wide project. She did not want to vote for something where the

neighborhood would dictate to the city. Ms. Frisoni said that is the reason they are here today. She said many departments have looked at so many options for revenue generation. She said it was brought forward from a citywide perspective so it would be a citywide project. Councilmember Alvarez questioned the amount of revenue generated by Mesa since 2010. She said it did not seem like a lot of money. She asked how this would work out. Ms. Watters said during the RFP process, they will be able to look at the responding companies to determine the costs. She explained in more detail the costs and revenue generated by the city of Mesa. Councilmember Alvarez asked if the money would go to the general fund and what the priority was on how that money is spent. Ms. Frisoni said the dollars would go into the General Fund, but the spending priorities area Council decision and the Council would decide how that money would be spent.

Councilmember Chavira said this idea is really thinking outside the box and asked Ms. Frisoni to explain the no cost up-front option. Ms. Frisoni said they would place an option in the RFP for the winning company that there would be no upfront cost to the city for survey of the city's assets. One option is that the cost comes out of the commission from the first sponsorship deal obtained.

Councilmember Sherwood said this is a great idea and any money the city can gain out of this proposal is a benefit. He also liked the idea of making the initial assessment cost free.

Councilmember Hugh asked what they learned from the RFP process in 2004. Ms. Frisoni said they only got as far as a presentation at that time and Council direction was to continue pursuing sponsorships with the city's festivals. Councilmember Hugh said everyone liked the idea of no costs upfront. Correction: After the meeting, Ms. Frisoni learned the city had done an RFP in 2004.

Vice Mayor Knaack supports this presentation and moving forward with this.

Mayor Weiers said he supports this and is disappointed this didn't start a year ago.

Councilmember Alvarez would support this if she knew the money sent to the general fund would go to the people that needed it. She cannot support something that is not clear to her as how the money will be spent.

Councilmember Martinez commented ~~said~~ the time isn't right because they aren't into budget discussions yet, but if the Council were willing to come up with some money from their own funds, they could come up with the funds to get started.

Ms. Fischer said they would be coming back to Council with how much funding could be generated, but that the plan is to put those dollars into the General Fund. She said the intent was to proceed in the current fiscal year. She said what they want most out of this is a company that will bring them the most for their advertising dollars possible. She said they will look at the best return on their investment and they will come back before Council with recommendations on how they will come up with the funds if they need to.

Mayor Weiers said there was consensus to move forward, but Councilmember Alvarez stated for the record she does not support this.

3. ORGANIZATIONAL STRUCTURE

PRESENTED BY: Julie Frisoni, Interim Assistant City Manager
Andrew S. Belknap, Regional Vice President, Management Partners, Inc.
Cathy Standiford, Partner, Management Partners, Inc.

Management Partners, Inc. will present to Council a recommended organizational restructuring following a high-level review of the city's current structure and departmental staffing highlighting opportunities to achieve cost savings and increased efficiency. The presentation will include recommended organizational changes with an anticipated timeline for implementation at the start of the new fiscal year on July 1, 2014.

Andrew S. Belknap, Regional Vice President, and Cathy Standiford, Partner, of Management Partners, Inc. will make this presentation.

Ms. Frisoni provided explanation of the project purpose, which included a review of the city's organizational structure and key executive positions, ensuring divisions and functions are appropriately placed to maximize efficiency and effectiveness and identify opportunities for optimization based on best management practices. This organization review will allow the city to adopt a long-term organizational structure that will support Glendale's 5 year forecast and create organizational stability and facilitate the preparation of a comprehensive, physical reorganization that could generate revenues from the sale or lease of underutilized assets.

Mr. Belknap explained the project approach, which included conducting interviews with elected and appointed officials, reviewing a variety of documents, reviewing organizational charts from peer agencies and analyzing functions, spans of control, reporting relationships and comparing those with best practices and guiding principles. He said his general observations included peer research suggests no trends or patterns for the perfect organizational structure, significant organizational fatigue and low morale, a current structure indicating a history of management by accommodation and a culture of low accountability. He said they saw departments with small numbers of employees, redundant titles; lack of alignment between similar functions, and prior promotions based on personality or favored status. He also discussed signs of low accountability within the organization. Those included performance standards and expectations that were not always clear, limited use of metrics to measure performance, and performance metrics that are based on outputs, not outcomes and an attitude of impunity by managers in the wake of certain decisions.

Mr. Belknap said an effective organizational structure is designed around desired outcomes instead of specialties; it is based on a clear statement of outcomes and clarity about a core mission and services. He said there is also a clear chain of command, but expectations of horizontal teamwork to achieve desired outcomes and there are fewer executives who are expected to work collaboratively to achieve results. Putting these objectives into practice

will include clustered services that maximize economies of scale, eliminate duplications and align functions with common core missions, creating a sustainable and fiscally viable organization able to foster innovation and plan for the future and to value the reengineering process to improve efficiency, effectiveness and customer service. Other guiding principles include a culture where value is placed on sharing knowledge, making decisions at the lowest possible level and focusing on management by accountability, not accommodation.

Ms. Standiford explained the recommendations, which included reducing the number of operating departments and that the recommendations take effect in July of 2014, which would give the city the time to plan these changes effectively. She said the second recommendation was to centralize and align functions where they would add value, improve coordination and generate potential economies of scale, which included capital improvement planning, engineering and project management, activities related to street and right of way maintenance, community facilities rental and management and internal support functions that are co-dependent and serve the entire enterprise.

Ms. Standiford said their third recommendation was to retain the two assistant city manager positions and fill the current vacancy immediately. She said one of the assistant city manager positions should be responsible for the development and infrastructure asset management departments and functions, and the other should be responsible for community programs and services, intergovernmental relations, economic development, mega-events and high priority special projects. Ms. Standiford also recommended title changes for remaining department heads from executive director to director, which is a more common title. This change in title would not affect any current compensation.

Ms. Standiford next discussed the proposed organizational structure. She said there were no proposed changes to the City Auditor, Police, Fire, Human Resources/Risk Management, Water Services, City Attorney and Court departments. All other departments were recommended for change by either consolidation or reassignment of functions. She explained the changes in the Public Works department and explained moving Transportation under the direction of Public Works. She went over the changes in the Development Services Department and why they wanted to streamline Planning, Building and Code Compliance. Ms. Standiford also reviewed the new Community Services Department, which includes Parks and Recreation, Library Services and Human Services. She said all the quality of life programs and services are housed within one department. She also mentioned rental of the Civic Center should be the responsibility of the Parks and Recreation Department instead of the Communications department. She said they wanted to create a stronger relationship between Finance and Information Technology by merging those into a Finance and Technology Department.

Ms. Fischer asked Ms. Standiford to provide further explanation of the Assistant or Deputy Director in the Community Services Department. Ms. Standiford said after the reorganization, this was the only department without a second in command, so a Deputy Director was placed into the chain of command for this department.

Councilmember Martinez said a second in command was not shown on any of the other materials for any other departments other than the Community Services Department. Ms. Standiford said it was not shown on the other slides, because all the other large departments already had that position.

Ms. Standiford said they are recommending Economic Development become an office within the City Manager's Office as well as the Office of Intergovernmental Programs as they are interrelated in how they function. She next discussed reporting relationships and explained which departments would directly report to the City Manager and the rest of the departments would report to the assistant city managers. She said the benefits of these proposed changes reduces the number of executive level positions, improves efficiency and effectiveness by consolidating like functions, foster inter- and intra- department knowledge sharing, creates long-term stability in support of the city's 5-year financial forecast and creates opportunities for enhanced asset utilization through physical relocation. These changes also ensure clarity about chain of command ensures capacity to manage special projects and coordinate external affairs at the executive level and creates opportunity for future savings by streamlining department functions and physical locations once initial consolidations are complete.

Ms. Standiford also discussed some additional observations, which included technology not being used to its fullest potential due to lack of strategic investment planning, and information technology functions are more decentralized than other internal support functions. She also stated that the culture has not embraced technology to its fullest extent. Further recommendations include instituting a stronger governance structure for making decisions about information technology priorities and resource allocation on an organization wide basis and developing a citywide information technology strategic investment plan. Additional observations included opportunities to achieve significant cost savings through alternative service delivery of certain functions. She suggested cost savings between 10-50 percent, depending on the service, without degradation in service quality. She provided a list of service delivery opportunities that should be reviewed for alternative delivery. Ms. Standiford said the next steps are to develop a detailed implementation action plan to execute proposed changes. She said most of the changes will not be effective until FY2014-15 and the assistant city manager positions needs to be filled as soon as practical.

Councilmember Martinez asked why the deputy director position did not show on the large organization chart that was prepared. Ms. Standiford said it did not show to maintain consistency in presentation of this organizational chart. She said it was only highlighted in the power point presentation because it was a new position. Councilmember Martinez said it troubled him that the position was a deputy and it was not shown on the chart. He said it showed the director was probably going to have some of the department heads report to him and then split it up. Ms. Fischer said all the changes would be done through the budgetary process. She said she only highlighted that particular position because it was a newly created position and did not already exist.

Councilmember Sherwood said as they went through this proposal he was able to review prior organizational charts. He said the alignment is so much better than what the city has had previously. He said he wants to move forward with this and it is better for reporting structure and accountability.

Councilmember Chavira appreciated the attention to detail in the presentation and he is glad the organization is moving forward to meet new demands.

Vice Mayor Knaack thanked the presenters for their hard work and said it was a great start. She also thanked Ms. Fischer for briefing the Council before this meeting. She said it is good to transition slowly to make the changes. She would like to move forward with this.

Mayor Weiers expressed his concern over putting the offices of the elected officials under intergovernmental programs. He said they have to answer differently than everyone else. He said that is his only concern with the proposal.

Ms. Fischer reassured the Council that this is a proposal and she is mindful of the Mayor's concern over this proposal.

Councilmember Martinez said he does support this, in view of the comments he has made, he wished to make sure everyone knew he supported it.

There was consensus to move forward with this item.

CITY MANAGER'S REPORT

Ms. Fischer wanted to wish everyone a Happy New Year.

COUNCIL ITEMS OF SPECIAL INTEREST

Councilmember Alvarez said she would like to look at the charter. She said there is a group in the community looking at it and the Council needs to take a look at it as well. She said they need more information on term limits. She would like to discuss charter changes. She requested they begin discussing the issue of the casino. She said they cannot negotiate, but they need to vote and make a decision. She said they cannot spend any more money in legal fees.

Councilmember Chavira wished his daughter a happy birthday this Friday.

Mayor Weiers said none of the Council will be participating in the Super Bowl this year. He said they will do the best they can and will make it work.

ADJOURNMENT

The meeting was adjourned at 3:15 p.m.