

City of Glendale

*5850 West Glendale Avenue
Glendale, AZ 85301*



Meeting Minutes - Final

Tuesday, March 21, 2017

9:00 AM

Budget Workshop

Council Chambers

City Council Workshop

Mayor Jerry Weiers

Vice Mayor Ian Hugh

Councilmember Jamie Aldama

Councilmember Joyce Clark

Councilmember Ray Malnar

Councilmember Lauren Tolmachoff

Councilmember Bart Turner

CALL TO ORDER**ROLL CALL**

Present 7 - Mayor Jerry Weiers, Vice Mayor Ian Hugh, Councilmember Jamie Aldama, Councilmember Joyce Clark, Councilmember Ray Malnar, Councilmember Lauren Tolmachoff, and Councilmember Bart Turner

Also present were Kevin Phelps, City Manager; Michael Bailey, City Attorney; and Julie K. Bower, City Clerk.

WORKSHOP SESSION**1. [17-092](#)****FY17-18 BUDGET WORKSHOP**

Staff Contact and Presenter, Vicki Rios, Director, Budget and Finance

Staff Presenter: Tom Duensing, Assistant City Manager

Staff Presenter: Terri Canada, Budget Administrator

Mr. Phelps said the budget process required a lot of Council time and asked for any suggestions to make the process easier.

Mr. Duensing said this was the first look at the draft Capital Improvement Plan (CIP) and staff was looking for Council feedback. Mr. Duensing reviewed the budget calendar and said staff would like to reschedule the budget workshops to April 25th and April 27th.

Councilmember Tolmachoff said four Councilmembers were registered for a conference on April 25th and 26th.

Mr. Duensing would find two days that worked with Council's schedule.

Ms. Rios said the CIP was for assets valued at over \$50,000 with a useful life of at least five years. It included land, buildings, streets and improvements, plants and large equipment. Funding sources for the first five years of the plan had been identified, but Council only adopted the first year of the plan during the budget process. She said some of the projects carried over from year to year. Purposes for the CIP items included improving existing assets, replacing existing assets as needed and constructing new assets.

Councilmember Clark asked why a five-year time frame was chosen.

Mr. Duensing said the five years was a policy, although some cities used a longer period. It depended on what was the easiest way to manage multi-year projects

Councilmember Clark was uncomfortable with a five-year life span, but understood why it was adopted. She said it had to do with computer software but most items associated with the CIP were physical things that had a long span of depreciation. Computer software did not have that long of a lifespan. Councilmember Clark asked under what parameters would a new asset be constructed rather than replaced.

Mr. Duensing said it was up to Council discretion. He agreed with the order of improving,

replacing or constructing new assets and said it was one of the most important things that Council did.

Councilmember Clark said there were many new projects in the budget prepared by staff for Council review. She asked what staff's rationale was to include all the new projects.

Mr. Duensing said staff took Council priorities into consideration when developing the budget.

Mr. Phelps said the order of the priorities were general guidelines and if taken in strict order, new projects would be rare. He explained several projects had been moved, based on discussions with Council.

Councilmember Clark asked if the contingency fund should be used for new projects, as the projects came up during the year.

Mr. Duensing said if staff appropriated the project, a funding source must be identified. He usually viewed contingency for short-term projects. Long-term projects could be funded out of future budgets.

Ms. Rios said staff was looking for Council feedback regarding whether projects should be reduced or eliminated altogether; if projects should be increased or added; or if the timing of projects should be moved up or deferred.

Ms. Rios reviewed the various funding sources which included pay-as-you-go, bonds, development impact fees (DIF), transportation sales tax, enterprise user fees and grants. She explained that some bonds would be paid off around FY22-23 and there would be new opportunities to issue bonds to fund future projects. She also went over the Municipal Property Corporation and excise bonds and said the current debt service would be paid off around FY34.

Councilmember Clark spoke about authorized but unissued bond totals and asked when the City should go back to the voters regarding more funding.

Ms. Rios said staff did provide Council with information about the number of outstanding bonds and explained how the figures were listed.

Mr. Duensing said there were a couple of projects that could be funded with general obligation bonds and it would not throw the City over the secondary property tax levy. He said the levy would remain flat. He had been asked when the City could begin working on projects such as fire station rehabilitation and park upgrades. Staff was still working under the Council direction of keeping the secondary levy flat. In upcoming years, some of the projects could start moving into the CIP to be funded.

Councilmember Clark asked from what fund the bonds for the parking garage were issued.

Mr. Duensing said the bonds issued were general obligation bonds.

Councilmember Clark asked about the \$22 million in GO bonds for the parking garage at Westgate that could have been spent on other projects and amenities for Glendale residents.

Mr. Duensing said the intent was to use GO bonds for the parking garage. He said the

City was able to settle that claim.

Councilmember Clark said Mr. Duensing was saying it was the nature of the project that determined GO bonds. She said the City could have funded it from the streets and parking fund as well.

Mr. Duensing asked if Councilmember Clark was referring to the transportation sales tax fund or HURF funds.

Councilmember Clark said she was looking at voter authorization under streets and parking.

Mr. Duensing said those were taken out of the streets and parking bond authorizations and some of the parking lot south of the stadium was economic development bond authorization. He said the intent was to have flexibility to develop some of the acreage on that lot.

Councilmember Clark asked how much of that project was funded by GO bonds and in what amount.

Mr. Duensing said the total amount for the two lots and the improvements to one of those lots was \$27 million.

Councilmember Clark said she was asking out of that \$27 million, how much was funded with GO bonds as opposed to the voter authorized, streets, parking or economic development funds.

Mr. Duensing said the amount of GO bonds issued for those two lots and improvements to one of those lots was \$27 million. Of the \$27 million, \$17 million came out of the streets and parking and \$10 million came out of economic development. He said he was not exactly sure his numbers were correct.

Councilmember Clark said the entire \$27 million in GO bonds took away the Council's capacity to identify projects within their districts that needed to be done.

Mr. Duensing said the \$27 million did take out \$27 million of authorized capacity. He said staff looked at that every year. He said there was adequate capacity for the streets without having to go to the voters.

Councilmember Clark asked for confirmation that the City wouldn't have the capacity for any major bond funding for five more years.

Mr. Duensing said the City would not have the ability to fund significant projects until FY21 or 22. He said they could appropriate for projects in advance of issuing the bonds and staff was currently looking at the 2018 CIP.

Mayor Weiers clarified that the properties Councilmember Clark was talking about were the Pendergast properties.

Mr. Duensing said that was correct.

Mayor Weiers asked if all the information was presented to Council previously and that Council had approved it.

Mr. Duensing said that was correct.

Councilmember Turner said the City had an obligation under the parking agreement to provide parking and the strategy was to build a parking garage. The Council came up with a different strategy of buying land to provide more surface parking. He said the decision saved the taxpayers millions of dollars.

Councilmember Clark was not opposed to the parking project and understood the rationale behind it. She was concerned about the funding, which robbed the Council and citizens of the ability to look at amenities within the City.

Councilmember Turner was not comfortable with the assessment that the decision made by Council robbed the citizens of doing other things. He said the strategy used moved opportunities to do other projects closer. If Council had to come up with all the money for the parking garage, it would not be looking at FY21 or 22, but several years further down the road. He said those decisions belonged to previous Councils, not the current Council.

Ms. Rios explained the CIP process began in November 2016 and requests were due in December 2016. The CIP operating impacts were considered when developing the operating fund forecasts. She said carryforward appropriations were not included in the FY17-18 plan, and those appropriations would be estimated in April and would be part of the FY17-18 tentative and final budget requests.

Ms. Rios went over the entire 10-year, \$940 million, CIP plan, most of which was in the enterprise funds. She said much of these projects included pavement maintenance, water and sewer plan improvements, landfill and solid waste. She said FY17-18 CIP total was \$89 million, funded primarily by enterprise funds. Notable projects for FY17-18 included regional wireless cooperative, western area library, ERP system replacement, replacing Camelback Ranch scoreboard and the Fire Department air pack replacements.

Councilmember Tolmachoff asked if the City was contractually obligated to replace the Camelback Ranch scoreboard.

Ms. Rios said the City had a contractual obligation to provide about \$830,000 a year to Camelback Ranch for capital projects. She said the project was over and above the normal obligations.

Mr. Duensing said there was specific language in the agreement regarding the upgrades.

Councilmember Tolmachoff asked if the upgrades at Camelback Ranch were about "keeping up with the Joneses."

Mr. Duensing said the 2007 facility use agreement said the City was not responsible for this type of capital upgrade for seven years. The agreement also said when other local spring training facilities made similar upgrades, the City must provide those upgrades as well.

Councilmember Tolmachoff said whether the upgrades were needed or not.

Mr. Phelps said Councilmember Tolmachoff was correct in her assessment, but the scoreboard was at the end of its life and needed to be replaced.

Councilmember Tolmachoff said her point was that the Council was obligated by previous

decisions to provide things whether they were needed or not.

Mr. Phelps said that was correct, but in this case, the scoreboard was needed. He said it was timely to replace the scoreboard now because it needed to be replaced.

Ms. Rios said the water/sewer FY17-18 projects included improvements to Arrowhead WRF, Cholla Water Plant, Pyramid Peak Plant and water and sewer line replacements. She explained there was an expansion planned for Pyramid Peak Plant that was being paid for by the City of Peoria. She said other projects included purchasing additional water rights, West Area WRF improvements and fire hydrant replacements. Street/Transportation projects for FY17-18 included pavement management and reconstruction, 95th Avenue extension and the Ballpark Boulevard extension.

Councilmember Clark asked why transportation bonds were not being used for the 95th Avenue extension.

Mr. Duensing believed transportation bonds could be used but it came down to affordability and how it related to other transportation issues including light rail. Staff had to look at how the projects fit into the transportation finance plan.

Councilmember Clark asked why transportation funding was not being used for the 95th Avenue extension.

Mr. Friedline said both projects qualified for transportation funding, GO bonds and HURF funds but the issue was the pavement management and reconstruction program previously presented to Council. He said staff asked for GO bonds for the reconstruction part of that program but when modeling the HURF funding and GO funding, they saw no room to do that. There was a need to have more discussions about the funding, especially with the larger appropriations such as light rail and other large projects.

Councilmember Clark didn't want the City to rely on GO bonds for such projects and said it would be more appropriate to fund the projects with transportation or HURF funding.

Councilmember Turner said people might be confused with the terminology mentioned - GO transportation bonds and G.O. Bonds. He hoped everyone understood the difference.

Ms. Rios said the CIP project summary report provided a listing of projects by fund and the CIP project detail report provided detailed project information.

Councilmember Clark said funds were used to pay for a right-of-way to the John F. Long Trust. She said this had never happened before and asked that staff not to continue the precedent.

Councilmember Aldama saw nothing in the CIP for the district that he served. He would like to see a mechanism that allowed for projects to be equally disbursed among the districts.

Councilmember Clark agreed with Councilmember Aldama's remarks. She asked where were the commitments to improve and maintain existing amenities. Why didn't the CIP show that maintaining and improving amenities was equally as important as projects identified by individual departments. She spoke about the problems with repairing or replacing O'Neill Pool and said it was an equity issue.

Councilmember Clark said the Western Branch Library was first mentioned in the

FY98-99 budget book. She was grateful that Council had committed to phase 1 of the project but said it couldn't ignore projects for so many years. There had been no problem building a library as well as the aquatics center in a 6-year period in the northern part of the City. She said that the districts were created based on an equal number of residents in each district. Councilmember Clark asked the Council to give priority to O'Neill Pool and Heroes Park and get the projects completed within the next five years.

Councilmember Tolmachoff reminded Councilmember Clark there was a park built for millionaires and it was Camelback Ranch. She didn't want to argue the fact that the newer part of town got more development. Councilmember Tolmachoff said the City had invested a significant amount of money in Westgate and the Renaissance Hotel. She said Council had committed to doing a lot in the last couple of years, but it also had a lot of problems to solve.

Mr. Phelps said the City had under-invested in core infrastructure facilities. It had been a pattern over the last several years and the City had aging streets, fire stations and an aging City Hall. Major progress was being made working toward a \$50 million fund balance. He said staff was also being asked to lower tax rates to moderate the incoming revenues. The City was close to obtaining a \$50 million fund balance and improved debt capacity was right around the corner. Staff was trying to moderate programs and FTEs to have a better balance for investing in capital projects moving forward but investing in capital projects would slow down progress somewhere else. He said staff understood the frustration and was committed to protecting assets and infrastructure as well as balancing the requirements for new programs.

Councilmember Aldama said O'Neill Park was a failed project. He said there was a need to continue to fund the integrity of existing City buildings. Councilmember Aldama was concerned that his district had deteriorating facilities and parks and nothing was in the CIP budget. He was not sure of the thought process on how the funds were allocated.

Councilmember Turner said things changed over time and the Council should be mindful of the funds that had been spent at Camelback Ranch. He said many of the amenities the Councilmembers were looking for in their districts were over at Camelback Ranch. These were decisions made by a previous Council. This Council was doing its best to recover from those decisions and stretch the remaining money as far as it could to do the necessary projects.

Councilmember Turner said the primary reason O'Neill Park Pool was closed was because attendance had dropped. Other pools were also closed during the summer months. Council had tried to serve the needs of the public by building the large aquatics center, which could better provide the necessary services. Staff might need to find creative ways to get residents in districts without a summer swimming pool to a district that had an open pool. He said the library at Heroes Park had been under discussion recently, but neighbors did not like what was proposed and the project had been put off for the time being. The issues must be looked at in full context throughout the entire City.

Councilmember Clark said Council had done a superb job in managing the budget but it was time to look at other needs. She spoke about Camelback Ranch and the arena and said she did not support most of those projects because the amenities were not a benefit to the Glendale residents or the Yucca District. She said O'Neill Pool needed major repairs and was then closed. She asked when a commitment would be made for the projects because she was not seeing Council make projects in every district a priority.

Councilmember Clark asked for an explanation regarding funds that were moved from upgrading Pasadena Park to fund an entirely new project.

Mr. Strunk said Orangewood Vista Park had been in the CIP for many years. He said it was the portion of the park that had yet to be developed. DIF funds were being used for the project and the funding could only be used for new development.

Councilmember Clark wanted to know if the DIF money was citywide or zoned.

Mr. Strunk said it was split, with both City money and zoned money. He said the total was approximately \$350,000 for irrigation, landscaping, ramadas, and concrete and earth work.

Councilmember Clark asked if it was an IGA park and if the work had to be completed now.

Mr. Strunk said the preference would be to take care of it now but it did not have to be completed now.

Councilmember Clark asked Council to consider postponing the project and free up the funds for other parks in the City that had a greater need.

Mr. Strunk clarified the funds could not be used for older parks or facilities because the funding was growth-related.

Mayor Weiers asked if the funds could be used for a property that had been named as a park but had not been developed yet.

Mr. Strunk said the funds could be used for that.

Councilmember Clark suggested a new project at O'Neill Park or Heroes Park.

Mr. Strunk said staff conducted a public outreach for O'Neill Park and had come up with three top projects. Staff was going back to the public to get feedback and said that would be plugged into the CIP when completed.

Councilmember Clark asked how much longer before the new project would be developed.

Mr. Strunk said it depended on what the community wanted and the available funding. A formal recommendation would be made through the Parks and Recreation Commission.

Councilmember Clark said if the funds couldn't be used for O'Neill Park, she would like to see them used for something new at Heroes Park.

Mr. Strunk said he could agree to that.

Councilmember Tolmachoff asked if there was a way to share the existing skate park with both skateboarders and bicycles, so any extra funds could be freed up for projects at other parks.

Mr. Strunk said the skate park was designed specifically for skateboards and not for bikes or scooters, which caused damage to the skate court. He said staff wanted to use DIF money originally intended for Pasadena Park to create a bike ramp area adjacent to the skate park.

Councilmember Tolmachoff was aware of the issues surrounding the skate park and was interested in seeing what the new bike park would look like.

Mr. Strunk said he would provide the information to Council.

Councilmember Turner was concerned about diverting funds from Orangewood Park because there was an IGA with the school district. He suggested having conversations with the school district before those funds were moved somewhere else.

Mr. Strunk said he would provide Council with the information contained in the IGA. He explained typically with IGAs, the City agreed to use a portion of land and do the build-out and shared in maintenance. Staff would hold conversations with the district.

Councilmember Aldama was familiar with the IGA and didn't think there was anything in it requiring completion of the park. He agreed having the conversation was the right thing to do. He said the money could be better spent elsewhere. He asked when that park was developed or completed.

Mr. Strunk said the park was completed around 2000-2001.

Councilmember Aldama said it was not a new park. He said Mr. Strunk indicated the funds could not be used in an old park.

Mr. Strunk said the development impact fees were used for the construction of new parks and facilities. He said phase 1 of the park was built years ago, but phase 2 was never developed. It was eligible for the development impact fee money.

Councilmember Aldama said there was nothing programmed in for the parks in his district, and asked how staff went about determining which parks received funding for development.

Mr. Strunk said there were areas that had yet to be developed; areas that were currently being developed; and mature areas in the City's park system. He said most of the parks in Councilmember Aldama's district were built-out and the majority of the fund requests were in the out years of the budget. He said funding was needed at some point to make sure the parks were maintained properly but DIF money couldn't be used for the maintenance and replacement of outdated equipment.

Mr. Strunk said over the last few years there had not been enough money to earmark for the older park projects. There were many older parks in the Cactus, Barrel and Ocotillo Districts and that was where staff would focus the funds. He said there was also about \$9 million in facilities money budgeted in the out years. That money could be used specifically for community centers and other park buildings. Requests were based on the safety and security of the facility and emergency repairs were handled right away with the money available.

Councilmember Aldama said last year there was not much money in the budget for the declining facilities in the Ocotillo District and it now seemed they were back to square one. He added that Camelback Ranch was the greatest mistake the City had ever made. Those funds could have been used to repair O'Neill Park. His philosophy was not to give in and that was why he had asked for a disparity study to make sure the City was equitable across the board. He would keep the conversation going about the declining areas of the City.

Councilmember Clark wished Councilmember Aldama had walked in her shoes during the discussions about Camelback Ranch. She asked if the project at Discovery Park was still moving forward. When Council passed the CIP, it expected the projects to be completed and not be redirected in the middle of the year to something else. She said Council was not even notified of the changes.

Councilmember Turner asked what project Councilmember Clark was referring to.

Councilmember Clark was referring to two projects in last year's CIP, one for Discovery Park and one for Pasadena Park.

Mr. Strunk said the Discovery Park project was moving forward as planned and there was no diversion with that particular project. He said the Pasadena Park project was the only one he was aware of where there had been a change.

Councilmember Malnar wanted to know what could be done in the future to bring the concerns of Council into the budget preparation process.

Mr. Phelps said Mr. Strunk's team had been working with the community to identify priorities and bring those ideas to Council for approval. He said staff could meet with each Councilmember to discuss the CIP but as a rule the Council acted as a body. Staff would welcome suggestions on any ideas for creating the next CIP with more input and discussion from Council.

Mr. Duensing said the question came down to did the City have the funds it needed to complete the necessary projects. He said development impact fees funds were available. The City did not have GO bond capacity as discussed earlier. The capacity to complete the projects was coming, just not in the next few years. It was a CIP designed to hold the secondary levy flat. Mr. Duensing said the input he had received from Council was that it wanted to start prioritizing the infrastructure needs in the out years.

Mr. Phelps said staff understood that four or five years sounded like a long time and he was aware there were needs that should be addressed sooner than that. Staff had identified a number of capital assets that could be used to free up capital dollars to work on some of the projects.

Councilmember Tolmachoff asked if there was a better way to get Council input on moving CIP appropriations from one project to another. She asked if the changes could be submitted as an attachment with an explanation of the changes that were made so the Council was aware of them from one year to another.

Ms. Rios said staff could look at providing a different type of report that had more explanation.

Councilmember Clark said Councilmember Tolmachoff's comments were right on target. She said it was a matter of courtesy that staff let Council know the monies were being diverted to another project.

Councilmember Tolmachoff said there were still ongoing problems with Fire Station 152. There was funding in the budget for a new fire station, but nothing that showed repairs to Fire Station 152. She asked if development impact fees could be used for the repairs.

Mr. Phelps said there were a number of facility issues with several of the fire stations.

Discussions were ongoing to make sure the problems were corrected. The discussion had just begun and was not reflected in the CIP figures provided. He said generally DIF fees were used for growth and his guess was that the fees could not be used for that type of a project.

Councilmember Tolmachoff asked if a new fire station would be eligible for development impact fees.

Mr. Duensing said he would have to confirm that.

Mayor Weiers said the station at 83rd Avenue and Bethany Home was not heavily used and asked if a new fire station would be built closer to Luke Air Force Base.

Chief Garrison said the station at 83rd Avenue and Bethany was an extremely busy fire station. The positioning of all the fire stations was going to be evaluated in discussions with management. He said another station might be necessary due to the current call volume at the existing fire stations and the inability to add more staff to the current stations.

Mayor Weiers asked how many years in the future was the project.

Chief Garrison said it was currently being looked at for FY23-27.

Councilmember Turner said a cover memo with more information would be helpful in the future and would increase transparency. He was concerned about the condition of Fire Station 152 and wanted Council to look at replacement. He would support a study regarding Station 152 and said it was past due. He said the low acuity units had been helpful and well-received by the public.

Councilmember Turner did not see any funding allocated for the court, which also had capital needs.

Mr. Phelps had recent discussions with Judge Finn and there was a need for funds for the court but currently there was not money in the CIP. He had asked Judge Finn to look into partnering with not-for-profit service providers. They were assessing whether the existing underground infrastructure was still usable and the right size.

Councilmember Clark requested for more information on the SCADA study and the asset management program. The projects sounded similar and she would like to discuss the differences. She said the total CIP appropriation was over \$8 million and wanted to know what percentage of the total water and sewer CIP appropriation for 2018 did it represent. She asked staff to respond to the following questions and to share the information with the entire Council: 1) why Arrowhead sewer lines had separate funding instead of being part of the overall city sewer line project; 2) why it wasn't rated at the same time as the other sewer lines; 3) the total CIP for sewer was over \$4 million, what percentage of the total estimated revenue for 2018 did that represent.

Councilmember Clark asked why, under the improvement of existing assets in transportation, was there no allocation of revenues to support existing bus shelters. She said the fund that dealt with bus shelters seemed to have disappeared.

Councilmember Clark said an LED project was not scheduled until FY23. The project had the potential to save the City over \$500,000 a year. She asked why cost savings was not a priority and why the project was not implemented immediately to begin saving

the City money.

Councilmember Clark said landfill CIP funding was over \$1 million and asked what percentage of the estimated 2018 revenue did that represent. Councilmember Clark said there were other very important projects that were not scheduled to be funded until FY23. She suggested putting some money away for the projects now.

Mr. Phelps said staff would follow up with answers to Councilmember Clark's questions. He said the benefit of looking at CIP projects 10 years out was to be able to identify items that would need to be replaced. Staff was trying to give Council notice that the projects would need attention in the upcoming years. The projects would need funding in the next 6 to 10 years.

Councilmember Clark explained she was suggesting putting money away for the big expenses or catastrophic repairs so the City didn't have to look at the contingency fund.

Councilmember Aldama suggested an RFP on the LED lighting project. He supported replacing Station 152. He asked staff to provide Council with a copy of the policy and guidelines regarding development impact fee funding.

Councilmember Clark wanted to know why computer software such as the ERP, was included in the CIP. She thought it made more sense to be included in the technology replacement fund. Councilmember Clark said PeopleSoft had two more years left on its contract and wanted to know why replacement funding was included in the CIP now. She asked what was wrong with PeopleSoft.

Ms. Rios said putting an ERP in the CIP program was standard practice and helped staff keep track of the costs, helped Council see what it was investing in; and it was a multi-year project. Due to the significant up front cost, the ERP did qualify for the CIP.

Councilmember Clark respectfully disagreed.

2. [17-093](#)

PRESENTATION ON THE ENTERPRISE RESOURCE PLANNING (ERP) SYSTEM SELECTION PROJECT

Staff Contact and Presenter: Vicki Rios, Director, Budget and Finance

Staff Presenter: Lisette Camacho, Assistant Director, Budget and Finance

Guest Presenter: Seth Hedstrom, Senior Manager, BerryDunn

Ms. Rios said the PeopleSoft system was nearing the end of its life and support would end in January 2019. A new system would need to be in place by that date. It took about 2 years to get a new system in place and staff would like to go live with the new system in July 2018. A contract was being negotiated with the preferred vendor and was expected to be brought before Council in May. Ms. Rios explained both the financial and payroll systems would be implemented together as it was an integrated system.

Mr. Hedstrom said the RFP development and evaluation included fact finding sessions, joint requirements planning, core functional areas, deployment methods and RFP evaluation criteria and weighting. He provided a list of evaluation activities and discussed the three highest rated vendors. He said vendors were able to provide demonstrations as well as their implementation approach. After a second round of scoring, Cherry Road and Tyler were the two highest scoring vendors.

Mayor Weiers asked if other cities of similar size to Glendale were using the system.

Mr. Hedstrom said there were other cities and local governments using the system and he would be happy to provide information about cities with more comparable demographics.

Councilmember Tolmachoff asked how critical it was to combine the two functions into one platform.

Ms. Rios said the purpose of an ERP system was to have all components of the data in one system. It allowed for workflow and security to be set up in one system, as well as other functionality. She said other separate systems, such as Neogov, would not be eliminated and would be integrated into the new system. Ms. Rios said the new system would allow for budgeting and forecasting all in one system, which could not be done now.

Councilmember Clark asked if the project was brought before Council for approval prior to doing the RFP.

Ms. Rios said staff did not come to Council before the RFP but came to Council with the contract for the ERP consultant.

Councilmember Clark asked why it wasn't brought to Council before the RFP.

Ms. Rios said the PeopleSoft support was running out, so staff issued an RFP and hired a consultant. She said at the time of issuing the RFP, staff didn't know if the system would be replaced, but it was looking at the feasibility of replacing the system. The consultant assisted in guiding staff to determine the best course of action, which was to issue an RFP.

Councilmember Clark asked for the cost of the contract with the consultant.

Ms. Rios said the cost was \$140,000.

Councilmember Clark asked why the project was not broken into two separate components with two separate costs. She said by combining the two systems into one project, staff might find the system did not meet all the needs upon implementation. The City would be locked into a system several years before support ended for PeopleSoft.

Ms. Rios said the goal was to go live with the financials part of the system at the end of the fiscal year. It was a very aggressive timeline but if the timeline did not hold, staff would be pushing up against the January 2019 timeline of when support would end for PeopleSoft financial systems.

Ms. Rios said staff felt it was in the City's best interest to have an integrated financials and payroll system. There would be additional costs to integrate the PeopleSoft system separately. She explained it was best practice to put an H.R. system in at the beginning of a calendar year. Payments for the PeopleSoft system would stop when they go live with the ERP system.

Councilmember Clark asked about the current cost for support for Peoplesoft.

Ms. Rios said the average cost per year over the last five years had been \$673,000.

Councilmember Clark said the new system would cost \$1 million per year and asked if

that included upgrades.

Ms. Rios stated the preferred vendor had a cloud-based system. Once the system was installed and configured, any upgrades were included in the cost of the annual subscriptions.

Councilmember Clark asked if the cost of the new system would remain a consistent \$1 million per year.

Ms. Rios explained contract negotiations were ongoing. A recommended contract would be brought forward to Council and preliminary estimates showed the cost to be about \$1 million per year.

Councilmember Clark asked why the information that annual support costs were still being determined was not provided to Council. Staff had only presented the \$1 million per year figure.

Ms. Rios said that was what was in the current bid documents.

Councilmember Clark asked if the figure was firm as final negotiations had not taken place.

Ms. Rios did not believe the figure would go up.

Mayor Weiers said with all the information in one place, he was concerned about a breach in the City's security by hackers. He asked what assurances the Council had the information was protected.

Mr. Hedstrom said that was a topic of the current negotiations and it was their intent that part of the annual subscription costs would include guarantees from the vendor and assurances regarding security, as well as any damages clearly laid out if something were to happen.

Councilmember Turner said Councilmember Clark raised good questions. He asked if Council approved the \$140,000 contract with BerryDunn.

Ms. Rios said the contract with BerryDunn came before Council and was approved.

Councilmember Tolmachoff asked if other support systems would still be required. She asked for the actual cost of all the support systems being utilized now and what the cost would be of the support systems and the new system after implementation.

Mr. Hedstrom explained there would be two phases to implementation. Phase 1 would consist of core financials, procurement and budget. Phase 2 would consist of human resources and payroll. He said implementation would require approximately 14,400 City team hours over a period of 20 months. There would be approximately \$2.4 million in one-time costs and \$1 million in annual subscription, maintenance and support costs. Mr. Hedstrom said benefits of the product included fully integrated solutions, electronic approval routing and user-friendly access to information.

Councilmember Tolmachoff asked if the staff hours were included in the \$2.4 million one-time cost.

Mr. Hedstrom said staff hours were not included in that cost.

Councilmember Tolmachoff said that would be another \$5-600,000 in costs.

Ms. Rios said some staff would be pulled away from their normal job duties to work on the project and other staff would be used to backfill while the project was underway.

Councilmember Tolmachoff asked what type of support and how long the support would last for the \$2.4 million payment to the vendor.

Mr. Hedstrom said the \$2.4 million represented the one-cost for the implementation. That consisted of the onsite configuration, analysis work, training, and testing of software. The recurring cost included maintenance, upgrades and a support line from the vendor.

Councilmember Tolmachoff asked how big was the training team and how long would it be onsite to provide training.

Ms. Rios said all those things were included in the budget. She said staff would request an extension of BerryDunn's contract so that they could assist staff and continue in their consulting role to document processes, configure the system and work with the team to go through implementation. She said that would cost approximately \$550,000.

Councilmember Tolmachoff asked if any vendor offered a support team and staff included in the package.

Ms. Rios said they offered staff, but the role of BerryDunn was different than the role of the staff provided by the software company. The company knew the software and what it could do. City staff and BerryDunn knew how the City functioned.

Councilmember Clark said she would like the following information: all the costs associated with the project; and justification as to why the payroll module needed to be implemented at the same time as the financials module. She also wanted it pulled out of the budget and presented separately.

Councilmember Malnar asked about figures on hourly savings by using the new system.

Ms. Rios said staff anticipated savings in staff time but did not have estimates at this point. She said staff would be able to work in higher, value-added uses, such as being able to provide analysis of future revenue trends and better reporting for Council. The City currently had a lot of processes that took a lot of time and anticipated saving time, working more efficiently and providing better reporting upon implementation of the new system.

Councilmember Malnar asked why the City was switching systems instead of upgrading Peoplesoft.

Ms. Rios said the PeopleSoft software was being migrated into an Oracle Fusion product and there was no longer a PeopleSoft program.

Councilmember Malnar asked about the life expectancy of the new product.

Mr. Hedstrom said those questions were asked of other cities when vendor references were checked. He said there would be a 5-year term on the contract and would include provisions for software support and options.

Mayor Weiers asked if the reference cities were using the exact same parts of the system that Glendale would be using. He would like to get information for a city comparable in size and population using the same parts of the system that Glendale would be using.

Mr. Phelps said it was a position control system, rather than a people control system. It was an opportunity to identify all the systems and processes and determine what processes were still needed. He said many current processes were very cumbersome and the new system allowed reports to be customized to manage resources and financials more efficiently. The system would allow better financial forecasting. He said it was a long-term investment to ensure efficiency. Mr. Phelps said picking the correct vendor that allowed upgrades to be included in the annual fee, eliminated the need for larger upgrades every 10 or 15 years which reduced expenses.

Councilmember Tolmachoff asked what was wrong with Oracle's new product.

Ms. Camacho said the Oracle Fusion product was not developed for local governments and was made for larger corporations. It had fallen short during vendor demonstrations compared to Tyler Munis.

Councilmember Tolmachoff said the systems needed to be able to work together and asked if Oracle was better at building the bridge for the current system to work with the new system.

Ms. Rios said Oracle was not a better product based on the criteria requirements. She said it did not provide the functionality the City required.

Ms. Camacho explained the Tyler Munis product offered an integrated employee self-service and vendor self-service system.

Ms. Rios said an RFP for an e-procurement system was done and would have cost about \$100,000 per year to implement. The Tyler Munis product provided the procurement functionality without having a separate procurement system. She said staff also looked at a contract management system and Tyler had this capability as well.

Ms. Camacho said the next steps included bringing the contract forward for approval. Implementation planning would begin next. BerryDunn would identify key stakeholder groups and develop the project charter, project management tools and templates as well as the communication plan. BerryDunn would also assist with change management when resistance to the change was encountered.

Councilmember Clark said the information requested by Council would require another workshop session prior to approving the contract.

Ms. Rios asked for clarification if another workshop was required.

Mayor Weiers said staff would provide the information as soon as possible.

Councilmember Clark said Council might as well hold another workshop.

ADJOURNMENT

The City Council adjourned at 12:33 p.m.

